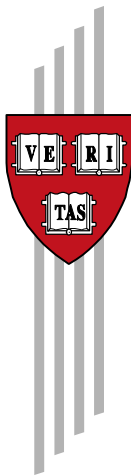# Learning to Engage New Investors for Economic Diversification: PDIA in action in Sri Lanka

Matt Andrews, Duminda Ariyasinghe, Krishantha Britto, Peter Harrington, Nelson Kumaratunga, M.K.D. Lawrance, Tim McNaught, Hemadree Naotunna, Ganga Palaketiya, Anisha Poobalan, Dilip Samarasinghe, and Prasanjith Wijayathilake

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Learning to Engage New Investors for Economic Diversification

PDIA in action in Sri Lanka

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Abstract

Many countries, like Sri Lanka, are trying to diversify their economies but often lack the capabilities to lead diversification programs. One of these capabilities relates to engaging new investors—in new sectors—to bring their FDI and know-how to a new country and kick-start new sources of activity. This paper narrates a recent (and ongoing) initiative to establish this kind of capability in Sri Lanka. The initiative adopted a Problem Driven Iterative Adaptation (PDIA) process, where a team of Sri Lankan officials worked with Harvard Center for International Development (CID) facilitators to build capabilities over a six-month period. The paper tells the story of this process, providing documented evidence of the progress over time (and describing thinking behind the PDIA process as well). It shows how an investment engagement approach can emerge in a reasonably limited period, when a committed team of public officials are effectively authorized and engaged. The paper will be of particular interest to those thinking about investor engagement challenges and to those interested in processes (like PDIA) focused on building state capability and fostering policy implementation in public contexts.

Introduction

As is in many countries, Sri Lanka's economy needs to diversify. This will require capital, which the country does not have in vast supply domestically.[1] It will also require new know-how—especially in how to produce new goods or services—which is also in less than optimal supply locally.[2] This means that the country needs to urgently attract foreign investors—for both their money and know-how. A specific kind of investor is needed, however, that produces complex, high value products for export.[3] The country has had very limited experience attracting such investment over the last generation, however, which leaves it with a capability gap: it lacks capabilities to identify, woo, engage with, and ultimately land the kind of investors needed.

This paper tracks the efforts of a team in the Board of Investment of Sri Lanka (BOI) to build the capabilities needed for such work, in a rapid period, through a learning-by-doing approach. The work took place through an engagement with Harvard's Center for International Development (CID). This engagement involved a small group of government officials adopting a Problem Driven Iterative Adaptation (PDIA) process. The PDIA process is used by CID to address complex challenges in governments,[4] and engages officials in a work program comprising multiple two-week iterations through which they find their own solutions to pressing problems, learning as they progress, and releasing new or latent capabilities in the process.

The paper is being written at the tail end of the first part of this PDIA process (in February 2017) after about five months of work. It intends to show how the PDIA process works, and to reveal the investment promotion capabilities that are emerging in Sri Lanka through this process.

The paper offers a qualitative, dense, case narrative[5] of the PDIA engagement (which shares many characteristics of an action research initiative).[6] The narrative is based on a sequential presentation of documentary evidence produced every two weeks over the short period covered. Referenced documents included regular (bi-monthly) progress updates by the team of government officials, and regular (monthly) participant observation reports by facilitators from Harvard's CID. These materials were combined into the narrative provided here, written primarily by the CID team members. The overall story is also enhanced by 'lessons learned' from the government team members (to provide a control on individual interpretive bias and ensure the narrative captured multiple views on the story[7]). Given the inclusive process of doing

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[1] Jayasekara, S.D. 2014. Determinants of foreign direct investment in Sri Lanka. *Journal of the University of Ruhuna*, 2: 4-13

[2] See the 10 January 2017 article by Chandeepa Wettasinghe, Words of wisdom from Prof. Hausmann over Lankan exports push - See more at: http://www.dailymirror.lk/article/Words-of-wisdom-from-Prof-Hausmann-over-Lankan-exports-push-121962.html#sthash.yXCGMlep.dpuf

[3] This is to help the country provide jobs to its lower middle income population and to address a balance of payments problem that is typical to countries moving from a lower middle income status where consumption (and higher value imports) are growing, but where production is still of lower value products.

[4] The PDIA methodology has emerged in the CID work stream over the past five years, and is actively used by the Building State Capability program (BSC) at CID. See the BSC website: https://buildingstatecapability.com Also see the initial work on PDIA: Andrews, M., Pritchett, L., & Woolcock, M. 2013. "Escaping Capability Traps Through Problem Driven Iterative Adaptation (PDIA)." *World Development* 51(2013): 234 – 244.

[5] This is a linear story of the PDIA work process in this team (the case), as written by those involved in the process.

[6] The PDIA process is designed in much the same way as an action research initiative, where external facilitators work with teams to iteratively solve problems, learning all the while about the kinds of capabilities they lack and need to develop—and actively developing those capabilities.

[7] Case narratives are often not considered serious research, especially in 'hard' social sciences. They are seen to lack rigorous data collection and are also considered susceptible to various other research limits (especially related to the

this work, the co-authors include everyone involved—as authorizers, team members, and facilitators—who also had a hand in writing or improving or commenting on the final piece.[8]

PDIA to build an internal investor engagement capability

Realizing the limits of its own investment promotion capabilities, government leaders in the Ministry of Development Strategies and International Trade (MODSIT), and the Board of Investment (BOI) in Sri Lanka decided, in August 2016, to appoint a team of BOI staffers to work on building the capabilities needed for Sri Lanka in this area. Team members were drawn from across the organization, as identified by the Director General. They were nominated to participate with four other teams also working on addressing problems related to Sri Lanka's growth challenge. The teams would work with a Harvard CID team in a multi-month Problem Driven Iterative Adaptation (PDIA) workshop.

The PDIA workshop employs an approach to building state capability that involves local teams identifying, addressing, and solving pressing problems through a process of repeated iteration. Teams work consistently for a six or seven-month period, stopping every two weeks to assess progress and determine next steps. The goal is to both resolve the problem and build capabilities to ensure the problem can be more organically—and repeatedly—resolved in the future.

The PDIA process engages agents in a purposeful set of actions designed to foster quick lessons and new engagement and interactions. This action learning and interaction is intended to promote what complexity theorists call 'emergence', of new capabilities and solutions (where 'emergence' is defined as follows by the sociologist Herbert Mead: "When things get together, there then arises something that was not there before, and that character is something that cannot be stated in terms of the elements which go to make up the combination").[9]

As described, there is obviously an element of serendipity in the PDIA process; it yields something new that could not be foreseen or pre-planned or pre-programmed. In a sense, then, PDIA is about 'creating luck' to promote novelty.[10] The application of such approach is particularly appropriate in Sri Lanka, given that the island state was named 'Serendib' by Persian traders, and the word 'serendipity' came from such root (when Englishman Horace Walpole used the word on the inspiration of a Persian fairy tale, "The Three Princes of Serendip," whose heroes often made discoveries by chance—including the discovery of Sri Lanka). This is an

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many difficulties involved in collecting evidence about 'the story' and of managing bias in interpreting evidence that is collected). This paper attempts to ensure a high level of reliability in the narrative by: (i) reporting on a recent, short process (that is still in progress, and is hence subject to limited bias because of memory concerns); (ii) drawing on regularly developed, procedural documents (that were designed to ensure a constant and consistent source of evidence about progress); (iii) engaging all individuals involved in the process to either write primary documents used as evidence, or gather these together for the final paper, or review and comment on this paper.

[8] This multi-author approach is common in the sciences, where many researchers participating in an experiment are credited with the final published article. This is also the approach taken when publishing results of randomized control trials (RCTs), which are also presented as experiments. One could consider the current case paper as a non-random, non-controlled, trial (or organizational action research experiment) involving all those credited as authors.

[9] This is a quote from page 30 of Mihata, K. (1997). The Persistence of 'Emergence' in Eve, R. Horsfall, S, and Lee, M. (Eds) *Chaos, Complexity & Sociology: Myths, Models & Theories*. Thousand Oaks, Ca: Sage. pp. 30-38.

[10] The CID team regularly characterizes PDIA as a process where agents work aggressively to prepare themselves for emergent opportunities, reflecting the oft-cited comment attributed to the Roman philosopher Seneca that, "luck is what happens when preparation meets opportunity."

island of luck, where government officials are now looking to create more luck—in the form of high quality foreign direct investors coming to their shores. This paper describes a first set of steps towards such luck.

An initial PDIA workshop

Members of the investment promotions (or 'I') team were drawn from promotions, legal, research and policy advocacy, investment appraisal, and zone management departments in the BOI. They met for the first time in early September, 2016, in a workshop facilitated by Harvard's CID. This workshop introduced the team to PDIA, which was presented as a policy development and implementation process CID uses to help governments address complicated and complex challenges (where complicated challenges involve many parts, often requiring significant coordination, and where complex challenges are additionally fraught with uncertainty and risk—where policymakers and/or implementers do not know what the solution is, or how to implement such, and thus face risks in even pursuing the challenge[11]).

In this first workshop, the team was initially challenged with constructing the problem: identifying what the targeting problem was, why it mattered, who it mattered to, and who it needed to matter to more (to become a serious policy issue worthy of political and bureaucratic support). Problem construction like this is a key starting point in PDIA, given the rationale that change occurs when the status quo is disrupted, and enough agents care sufficiently about this disruption to work on finding a solution.[12] Well-constructed problems can promote disruption and mobilization, and hence facilitate a change-inducing context.[13]

With this background, the I-Team identified their problem as "The lack of export catalyzing FDI" which they indicated matters because of implications for the Balance of Payments deficit, employment opportunities, and the domestic currency (see Figure 1). They specified what was meant by 'export catalyzing FDI', in describing such as 'Foreign direct investment from a source country into Sri Lanka for the purpose of exporting to a third country."

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[11] A large literature has emerged to describe differences between complex and complicated problems. See, for instance, Snowdon, D., and Boone, M. 2007. A Leader's Framework for Decision Making. *Harvard Business Review.* November. (Available at https://hbr.org/2007/11/a-leaders-framework-for-decision-making).

[12] Many literatures emphasize the importance of disruption as a facilitator of change, including new institutional theory and complexity theory (which speaks of the importance of a 'dis-equilibirum state' for fostering change). See, for instance, Lichtenstein and Plowman (2009); Greenwood, R., Suddaby, R., and Hinings, C. R. (2002). Theorising Change: The Role of Professional Associations in the Transformation of Institutional Fields. *Academy of Management Journal* 45(1), 58–80; and Andrews, M. (2013). The *Limits of Institutional Reform in Development.* Cambridge: New York.

[13] For a longer discussion on the role of problems in fostering change, see Andrews, M., Pritchett, L., and Woolcock, M. 2015. Doing Problem Drive Work. Harvard Center for International Development Working Paper 307. See also the view of Lichtenstein et al (2014, as already cited, page 4) that [in complex systems] "emergence starts when individuals or groups identify a problem or opportunity, and begin to actively pursue it, initiating a phase of disequilibrium."

Figure 1. How the I-Team conceptualized 'the problem' they were dealing with

This discussion led to a second set of PDIA questions, focused on problem deconstruction (breaking the problem down to identify potential entry points for action). The questions centered on 'why' the problem persisted (what was causing the problem). These questions inspire a rapid root cause analysis, where the team identifies factors underlying the problem.

This proved a robust exercise, and the team advanced quickly to produce a detailed and complex Ishikawa diagram (fishbone diagram) (Figure 2, the product of work in Figure 3). Among 15 'causes', the team noted that the problem festered because of the lack of a master plan for FDI, the lack of FTAs (Free Trade Agreements), and the lack of transparency, a supportive government, and marketing strategies.

Figure 2. The I-Team Fishbone, showing the complex causes of low FDI attraction
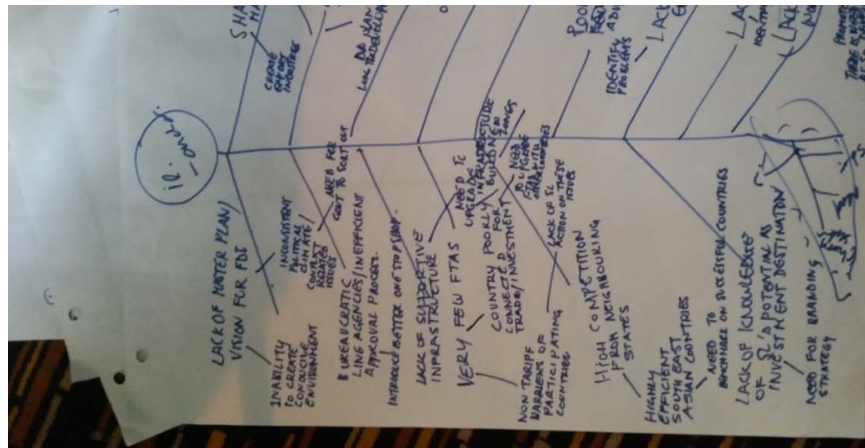
Figure 3. The I-Team discussing its problem

Not all the causal strands identified by the team were fully explained or explored by the team, as the process pushed them to rapidly move beyond this stage and identify where they could *take action* (given that PDIA has a bias towards promoting immediate action, which creates opportunities for experiential learning, the basis of building new capabilities in PDIA processes[14]).

In pushing towards action, the team members were asked to identify the criticality and accessibility of each strand. 'Criticality' focuses on the importance of the cause to the problem (where 1 is low importance and 10 is high importance). 'Accessibility' focuses on whether the team feels it can do something to address the problem in the short run (where 1 implies that it cannot act in the short run, and 10 implies that it can act in the short run).[15]

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[14] There is a definite trade-off between moving to action quickly and ensuring a water-tight deconstruction of the problem, or determination of a plan of action. The CID team has observed that the bias in organizational consulting and international development tends to be towards spending more time on diagnosis and planning, often by experts (to ensure the 'expertise' quotient of the work is well considered). The CID team does not question whether expertise matters, but often observes that the bias towards planning and 'expertise' comes at the expense of getting those who are not experts readily engaged and learning. This is a key observation in the action learning literature emerging particularly from work by Reg Revans, which also has a bias against the role of already-established 'experts' in dominating a learning process, and promotes a move to action instead of spending excessive time in planning and programming (unless, of course, these are the 'actions' in which learning is required).

[15] The two dimensions are a simplification of the 'change space' or 'triple A' method CID employs to assess the accessibility of causal areas for change. See Andrews, M., Pritchett, L., and Woolcock, M. 2015. Doing Problem Driven Work. Harvard Center for International Development Working Paper 307.

Various areas were considered both critical and accessible, especially in the area around 'poor marketing strategies.' Given this, the team identified five areas where they should *and could* start acting (see Figure 4) without significant new resources or external help: 1. Identifying the type of anchor investor to target; 2. Learning who the main investors are; 3. Learning what investors look for in a destination; 4. Identifying the changes needed to make Sri Lanka an attractive investment destination; 5. Getting government changes in action to make Sri Lanka an attractive investment destination; and 6. Reaching out to (and engaging with) investors.

The team was then asked to identify the action it could take to start addressing each of the selected 'entry points', as well as what they hoped to achieve in two months and then in six months in each area (where the 6-month PDIA objective is always defined as 'what would the problem look like solved, in this period').

The PDIA focus is always on being practical, and ensuring that the 'next steps' identified are small enough to be possible (so that the teams feel empowered to act) but also provide enough action through which to learn and to create space for the 'next steps' thereafter. In

Figure 4. Areas to engage

promoting such practicality, and given that they worked in government, the team was encouraged to think about who would authorize their work and how they would reach out to their authorizers to gain necessary support as a first order of business.

Beyond this, they were also asked to consider specific activities they could take to explore four potential domains where 'ideas' are often found when solutions are unknown: (i) examining current practices to see if there are opportunities for improvement (what are called 'Kaizen' ideas in the PDIA method);[16] (ii) reflecting on ways to promote new practice, by pressuring incumbent actors to use existing capabilities in new and more aggressive ways ('Latent' ideas in PDIA);[17] (iii) searching for instances where the problems being addressed have been solved in the local context, and attempting to describe and diffuse the practices observed ('Positive Deviance' in the

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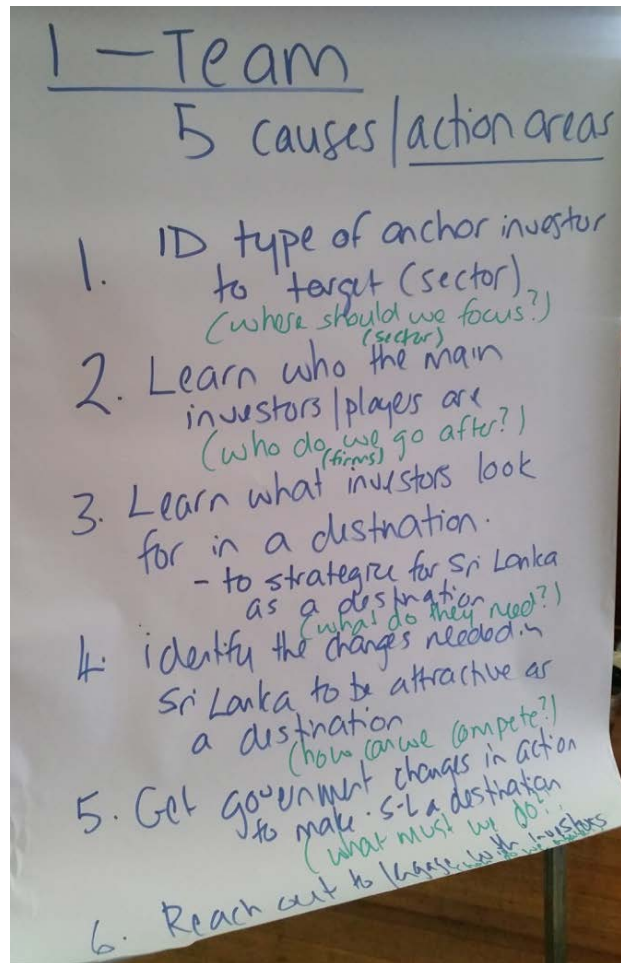
[16] Where Kaizen is a Japanese philosophy of constant process improvement. See a definition and explanation of the approach at the Kaizen Institute (https://www.kaizen.com/about-us/definition-of-kaizen.html).
[17] The CID team often employs tools similar to those used in the 'rapid results' process to foster the emergence of latent ideas and capabilities. These are discussed at the Rapid Results Institute web site (http://www.rapidresults.org) and in Matta, N., and Morgan, P. (2011). *Local Empowerment through Rapid Results. Stanford Social Innovation Review* (Summer), 51–55.

PDIA method);[18] and (iv) identifying practices that have solved the problems in places other than the context in question, and describing and adopting such ('External Best Practice' in PDIA).[19]

Some team members were surprised that they were being pressed into this kind of action, and so quickly. They indicated that most workshops or externally supported activities were designed to yield discussion only—or to shape a project preparation process that would emerge gradually over years in the future. A focus on immediate next steps ('what are you doing in the next months, month, two weeks, and even week') was quite new.

With this realization, the team decided to focus on three causal strands for action (which they called 'objectives'): identifying target sectors, identifying a pool of investors to focus on, and identifying factors to attract investors. (See Figure 5 on 'The solution: Timelines'). They also identified 'next steps' in the three areas: (i) Allocate sectors to the team and begin detailed industry research; (ii) Re-evaluate sectors for relevance (discard unsuitable sectors & re-select); (iii) Conclude in-depth research on selected target sectors and list main players; (iv) Initial engagement with potential investors; and (v) Possible learnings from other investment promotion agencies.

As shown in Figure 5, the team had already taken its first step—identifying and allocating sectors to examine. This happened during the workshop itself, as the team realized it could not take any of the other steps without identifying some sectors to work on. Another team in the PDIA process was embarking on the task of officially identifying targeted sectors, but their product would be three to six months away. Hence, the team needed some sectors to 'practice' on. They nominated sectors amongst themselves, engaged with the Harvard CID team for their ideas about sectors, and ultimately decided to look at solar panels, agricultural machinery, auto components, and other industrial machinery. All these were products that Sri Lanka was not engaged in, but which those in the team thought could be part of the country's export basket. They were all products that the team also agreed could only be produced in Sri Lanka with the help of new FDI.

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[18] The idea of positive deviance draws on an established literature. For example, read Marsh, D.R., Schroeder, D.G., Dearden, K.A., Sternin, J. and Sternin, M., 2004. The power of positive deviance. *BMJ: British Medical Journal*, *329*(7475), p.1177.

[19] External best practice is an important source of ideas, and policy ideas need to transfer better between governments. However, the process of policy transfer is a difficult one and governments should be careful in choosing what external best practice they choose to work with and how they learn from the experiences underlying the adoption of such practice. For a discussion, see Andrews, M. (2012). The Logical Limits of Best Practice Administrative Solutions in Developing Countries. *Public Administration and Development*, 32 (2), 137-153.

Figure 5. The team's objectives, and a timeline for action

The steps shown in Figure 5 were further broken down (in Figure 6). The team would start by going back to their authorizer (the Director General) for advice on the sectors they had selected, and then assign officers to the final sectors. They would then do in-depth research on the sectors, and communicate with key stakeholders.

The goal would be to produce a report based on the findings, by November, and to be in discussion with potential investors in these sectors by March 2017.

Figure 6. The I-Team next steps as envisaged in early September's workshop
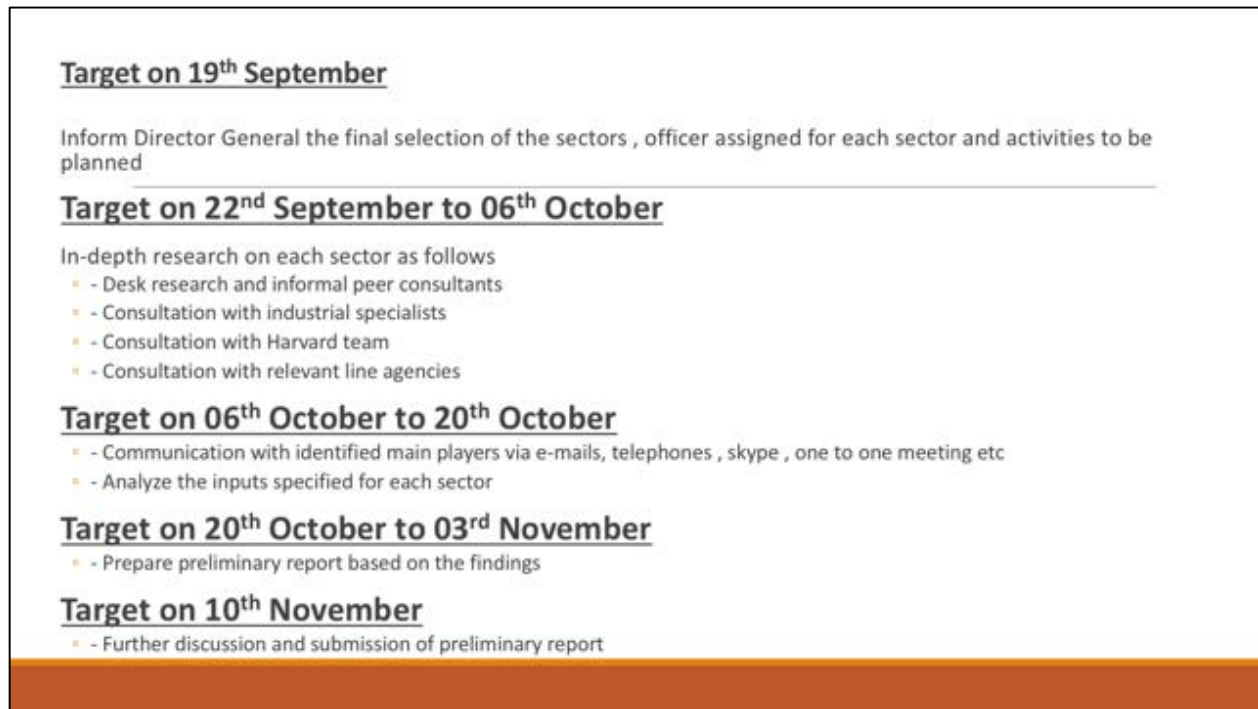
A first PDIA check-in

Beyond the first framing workshop, the PDIA process involves a set of action iterations where teams go away and take the action they identify, agreeing to meet again at a set date and time to 'check-in' on progress. Each iteration is called a 'push period' in which team members push themselves and others to take action and make progress they otherwise would not.[20] The team then reassembles, with the PDIA facilitators, at the 'check-in' date—and reflects on three questions: 'What was done? What was learned? What is next?' (a fourth question, sometimes employed, also asks 'What are your concerns?').[21]

When considered as one full iteration, the blend of programmed action with check-in questions and reflection is intended to foster action learning and promote progress in solving the nominated problems.[22] The combination of learning while producing results (through solving problems) is key to building new capability and even institutions.

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[20] The Scrum version of agile project management processes has similar time-bound iterations, called Sprints, which are described as 'time-boxed' efforts (see http://scrummethodology.com/scrum-sprint/). The CID team refers to 'push-periods' instead of Sprints, partly to reflect the real challenges of doing this in governments (where CID focuses its PDIA work). Team members are pushing themselves to go beyond themselves in these exercises, and the name recognizes such.

[21] Reflection is central to the PDIA approach, as a key element in the learning-by-doing process, as per Di Stefano, G., Gino, F., Pisano, G., & Staats, B. 2014. Learning By Thinking: How Reflection Improves Performance**.** Harvard Business School Working Paper 14-093. Drawing on famous statements by John Dewey, the authors explain (in the paper's abstract): "Learning from direct experience can be more effective if coupled with reflection-that is, the intentional attempt to synthesize, abstract, and articulate the key lessons taught by experience."

[22] This approach builds on PDIA experience in places as diverse as Mozambique and Albania and South Africa, which has attempted to operationalize the action learning ideas of Reg Revans (1980) and recent studies by

The first I-Team check-in occurred two weeks after the framing workshop. It was held by Skype, where the full team engaged with a CID facilitator in Boston, and started with a reflection on the actions taken since the framing workshop (which were provided in written form before the meeting). These included: (i) holding a first group meeting and finalizing their group plan; (ii) uploading the group plan to a common site; (iii) meeting as a group with their authorizer (the Director General); (iv) uploading a summary document from their authorizer meeting to their common site; (v) commencing with preliminary research on sectors; (vi) holding a second group meeting and conducting further discussions on sector selection and analysis (to learn from everyone's initial experiences); (vii) sending preliminary research reports to CID for comments and suggestions; (viii) crafting a draft template for analysis (based on initial research) and circulating it amongst team members to use in doing their work; and (ix) meeting with industry representatives to learn about their industries, and the challenge of being an investor in Sri Lanka.

These actions are a mix of substantive steps (researching sectors, determining the structure of analytical templates, and engaging industry officials) and procedural steps (gaining authorization to act and then organizing the basis of team operations). The team identified lessons in both areas as well. They had expanded its list of focal sectors after learning about targets of the BOI (and engaging a new member with a new interest). The new sectors were automobiles, high-end projects, logistics, industrial machinery (broken down into agricultural machinery and light engineering products), knowledge services, solar panel manufacturing, and pharmaceuticals.

The team also adopted a new analytical template to use in examining each sector. This happened after one member started analyzing the solar panel sector, producing a guiding document for such work. In doing their initial work, and engaging with industry representatives, the team also learned that this work could not be done by desk analysis only. As their bi-weekly report noted, they learned that "a more practical approach not limited to desk research is needed to finalize investors/companies to be targeted."

From a procedural perspective, the team learned the importance of specifying next steps clearly, such that "Group members should work on a plan to achieve the targets prior to the deadlines stipulated." They also learned that, "team work is a key factor in achieving the ultimate target of the group," especially after seeing how much progress was possible with the interactive learning from each other (where one person's analytical work helped shape the template for work by everyone else, for instance).

Given their focus on team work, they identified a series of next steps for the work ahead. These included: (i) Complete the preliminary research on allocated sectors by 28th September 2016; (ii) Finalize the list of companies to be engaged with from each sector by 6th October 2016; (iii) Find

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Marquardt et al. (2009). These combined efforts identify learning as the product of programmed learning (which everyone has), questioning, and reflection (L=P+Q+R), which the PDIA process attempts to foster in the structure of each iteration (with action to foster experience, a check-in with simple questions about such experience, and an opportunity for reflection—facilitated by an external 'coach' figure). The questions asked in the PDIA check-in are much more abbreviated than those suggested by Revans and others, largely because experience with this work in busy governments suggests that there are major limits to the time and patience of officials, and asking more questions can be counter-productive (and lead to non-participation in the reflection process). The three questions posed to teams are thus used to open opportunities for additional questions: like 'who needed to be engaged and was not?' or 'why did you not do what you said you would?' or 'what is the main obstacle facing your team now?' As the team progresses through iterations, they start to ask these more specified questions themselves, and come into the check-in reflection session with such questions in their own minds.

the factors that can make a significant influence on the investment destination decision of target anchor investors; and (iv) Find effective ways and means to engage with target investors and convince them to invest in Sri Lanka.

A second PDIA check-in

The PDIA check-in at the four or five-week point is usually more involved than the mid-month check-in. A team first meets with CID facilitators for a discussion centered on the same prompt questions ('What was done? What was learned? What is next? What are your concerns?') and then—a day or two later—the team participates in a PDIA workshop with other teams (usually four or five other teams) and shows their progress (using the same questions to structure brief 10-15 minute presentations). The closed session with CID facilitators allows for intra-team discussion and learning, and the open session with other teams (and CID facilitators) creates opportunities for cross- (or inter-) team learning. The open session is also designed to create some friendly competition across teams, where all attendees vote for the team with most progress and a small prize is given to members of the selected team.

Outside observers of these meetings sometimes ask about how 'progress' is assessed. This is an important question, because it is very hard to produce 'results' in many cases (especially early on). Most teams that CID works with in the PDIA process are addressing complex or complicated tasks (where they do not know 'solutions' to stated problems and/or where there are wicked hard coordination problems that are fraught with uncertainty, making solutions difficult to employ). Drawing from the literature on complexity, the PDIA process focuses on ensuring all teams are moving ahead by learning new things and engaging with new partners—assuming that solutions to complex problems emerge from the combination of new lessons and new and dynamic interactions between agents.[23] When combined, new lessons and interactions are assumed to lead to a new 'recombination' of latent capabilities in a system, and the emergence of new properties (including 'solutions' to problems and capabilities to implement and sustain these solutions).

As such, progress is assessed by reflecting on the way a team is learning and engaging and interacting (assuming this will lead, in time, to a 'serendipitous' or 'lucky' moment (or moments) and the emergence of a new and surprising capability and/or solution).[24]

The 'push period' preceding this second check-in did not lead to such a 'moment' for the I-Team. However, the team had done a lot of analysis in the preceding weeks, acting as a team to complete the tasks identified at the first check-in. It reported to its peers on the new sectors that had been identified, and on the initial analysis that had been conducted in each area (Figure 7); and on lessons learned (Figure 8).

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[23] The concept of 'Emergence' has already been introduced in this paper. The idea that emergence is facilitated by engaging agents in action learning and by promoting new interactions in extant or new networks is discussed in, amongst others: Dickens, Peter Martin, "Facilitating Emergence: Complex, Adaptive Systems Theory and the Shape of Change" (2012). Dissertations & Theses. Paper 114. http://aura.antioch.edu/etds/114 ; Lichtenstein, B. and Plowman, D. 2009. "The leadership of emergence: A complex systems leadership theory of emergence at successive organizational levels" *The Leadership Quarterly* 20(4), 617–630

[24] Lichtenstein et al. (2014 as cited, page 4) refer to these moments as 'critical thresholds' that can occur when "disequilibrium and experimentation continue".

Figure 7. The I-Team action report for its first month   Figure 8. The I-Team firs month lessons learned
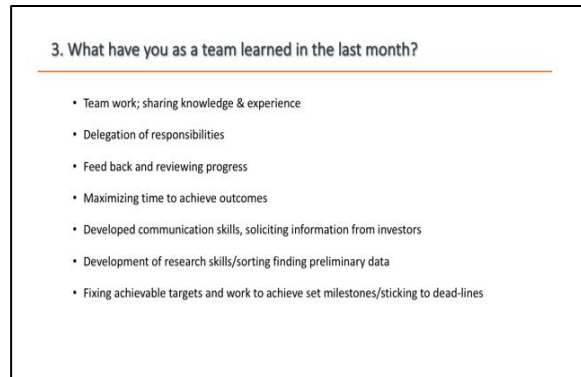
Figure 9. Concerns of the I-Team, after the second push period
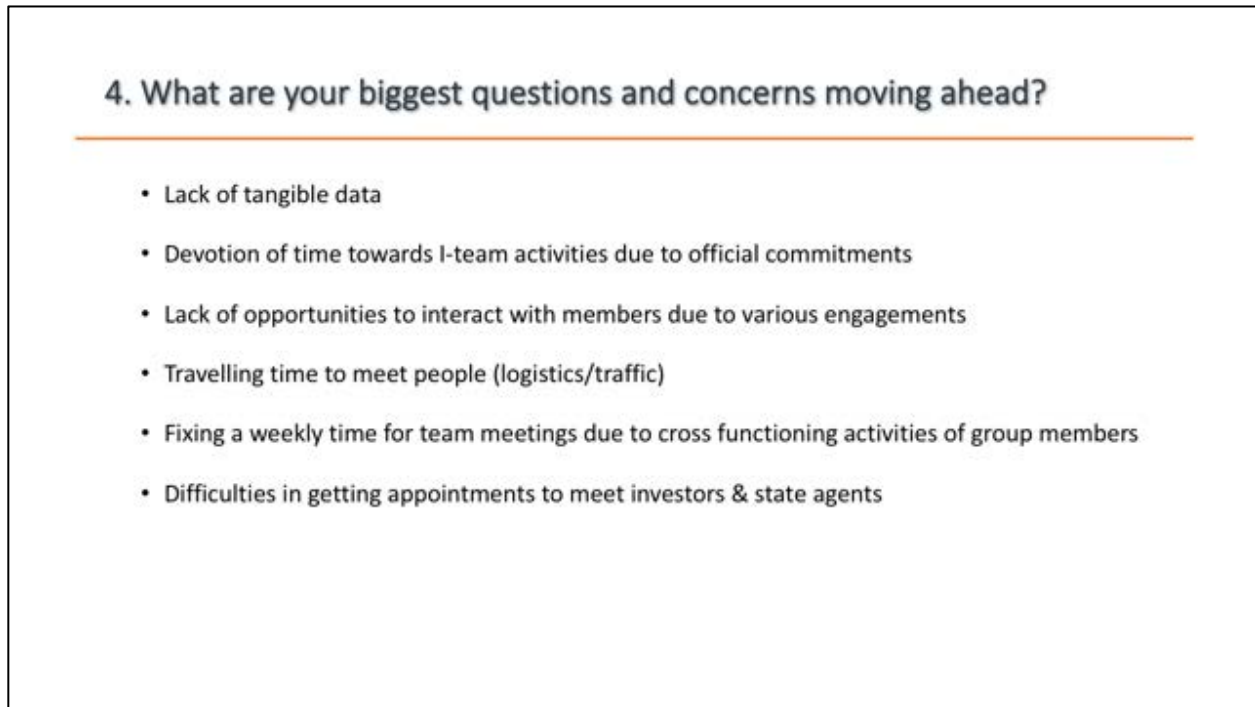
The report on action and learning was illuminating, indicating the team's progress in prior weeks. Officers who had never worked on investor promotion had been through interactive discussions on how to target sectors for promotions. They had done desk-based analyses of sectors that did not exist in Sri Lanka—to identify the fundamental production characteristics in these sectors, the countries from where investors typically hailed, who those investors are, and more. In their discussions with business representatives, the team members had also learned things that were new and illuminating to them. The connections they made gave them a view into 'how investors think', which led to fresh lessons and realizations: like the importance of being practical and clear, and not acting as (just) a conceptual policy specialist when engaging potential investors.

They had also learned a lot about getting a diffused team to work well, and setting work targets for the team members. This was paying off for them, as different members were learning from each other and helping each other chart a new path forward.

But there were concerns, as the team identified. Some of these are shown in Figure 9, especially focused on procedural issues like the lack of time to work on the project, the demands of travel and administration, and difficulties of interacting with investors and state agents. The team was also concerned about the lack of tangible data to use in their analysis.

A lucky moment, or initial emergence

Interestingly, the second check-in workshop provided a major learning experience and 'lucky moment' for the I-Team. The PDIA workshop heard a presentation from a businessman, Pierre Pringiers, who had come to Sri Lanka from Europe decades previously and was responsible for initiating various new sector activities in the private sector (including pneumatic tires and whale watching). He discussed the way investors think, and gave an example of a project he was pursuing, trying to attract overseas investors into a new sector in the country. Pringiers offered many ideas on how to reach investors, including the need for a product or idea to share, the importance of using connectors to reach investors (people who have contacts with new agents), and the need to be persistent in pursuing investors ("go to them many times", he said).

The I-Team was very interested in this presentation, especially because Pringiers was talking about investors and how to reach investors. The team was particularly intrigued by Pringiers' explanation of how he engaged potential investors. He told them that he produced simple booklets that explained why Sri Lanka would be a good choice for the sector he was focused on, and shared these booklets directly with investors (and with people who could contact investors).

The I-Team members asked if they could see the booklets. They made a copy and held an immediate discussion about the value of such a product. This led to a decision to turn the internal desk analyses they had begun for each sector into a set of external-facing 'pitch books'. These would not just be analytical products, but would in-time be shared with potential investors (given that Pringiers stressed the importance of having a product in hand to communicate why Sri Lanka made sense as an investment destination for those involved in specific sectors).

The team used this new lesson about pitch books to structure an adaptive pivot in its work agenda, setting a new set of 'next steps' for the month ahead. The goal, for October 26th, was to "create a pitch book for each sector." The goals from 12 to 26 October were to "agree on a format for the pitch book", "collect and organize data/information related to the assigned sectors by each member in accordance with the agreed format", "present pitch book format and way forward to the Authorizer". The team then wanted to initiate an investor engagement by 9 November, which would require various steps between 26 October and 9 November, including: "Do a dry run/presentation of pitch book to a suitable audience" and "Finalize identification of key personnel at targeted firms." Additionally, all team members agreed to employ weekly time management experiments to learn how to find and protect time to achieve the tasks identified.[25]

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[25] The experiment was intentionally action-oriented and short-term. Each person would start by identifying (on a Sunday night) how much time they planned to work on what action during the week. They would then reflect (on Friday afternoon) about how much time they spent on the actions, as well as what challenges they had in spending time on the actions and what lessons they learned about protecting time for this work.

The CID team finds that observers can be disparaging about these kinds of 'next steps'; critiquing such for being 'too small' or 'not ambitious enough'. Observers also prefer having longer-term goals to 'sell' what the work is doing. In response to this pressure, it is good to remember that the PDIA approach is used where medium and long term goals are extremely difficult to set, because teams lack knowledge about what is possible. In such situations, teams need to focus on short-term 'doing' to find out what is possible, with regular reflection points to ensure that the teams do find out (or learn) what is possible. This approach calls for smaller (and more do-able) action steps over shorter periods, which guarantee that agents take the action and are close enough to the work to learn about what worked, why, and what they could do differently.

This is not to say that progress does not matter in PDIA. As already discussed, the progress that matters is that which builds capabilities in the face of complex problems (measured, as discussed, in the degree of new learning and engagement emerging through the work). While the CID team does not use this tool directly, such progress can be shown graphically on a two-dimensional chart in which learning and engagement gains are actively registered (see Figure 10). Periods of greater progress in recording such gains reflect 'moments' that have the potential to foster emergence of new capabilities and solutions. This is what the second check-in fostered for this I-Team.

Figure 10. The team's 'progress' after two iterations
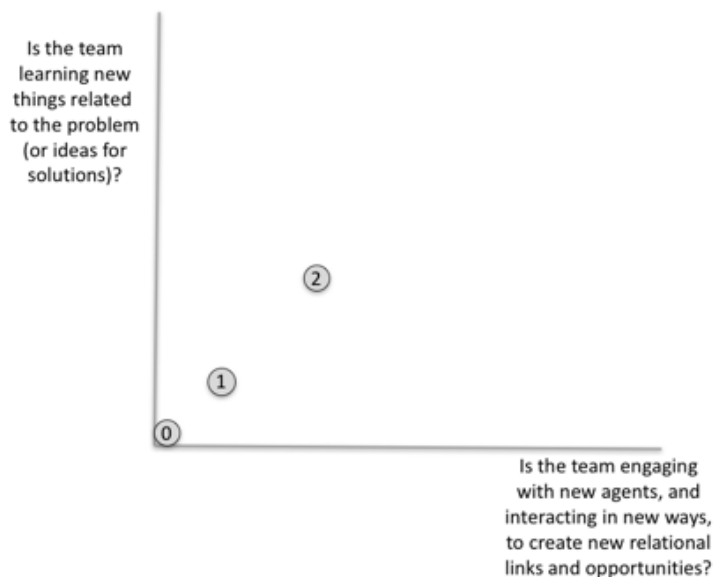
A third PDIA check-in

By the third week of October, the I-Team showed even more progress, having been energized by the 'pitch book' idea. They enjoyed a fruitful meeting with their authorizer, the Director General (DG), who had positive and constructive ideas for creating the pitch books (see Figure 11). Such books had been written to promote Sri Lanka as a nation in the past, but not to make a case for investors in specific sectors coming to the country. However, lessons from the past were usefully introduced to the team, and the DG suggested ways in which to improve (sharing ideas on

structuring the books, about the length of such books, and examples on doing the work well). It was particularly important to note that the entire team met with the authorizer, not just one top leader. All members of the team were working on the activities, and behaving as a connected unit rather than individual operators. This showed how much focus and momentum had entered the team's work program: there was a tangible sense that they were working on something exciting and important, and that their work could have a meaningful impact on the country.

Figure 11. Notes from the October meeting with the I-team authorizer

Meeting with Authorizer/DG on 21st October 2016 at 1.30 p.m.

- Each & every member (7 members) participated at the meeting (Mr. Lawrance was connected via conference call)
- Discussed on the strategies that the I team will be adopted in engaging with investors during next month.
    - ✓ As the initial step, a comprehensive Pitch book will be forwarded to the target investor of each sector- Authorizer agreed with initial step
    - ✓ Authorizer was in view of that the Pitch Book should be designed in a way to provide a positive first image to the investor
- After going through the draft pitch book presentation, the Authorizer/DG suggested few changes and improvements while expressing his overall satisfaction with the initiatives taken in designing a pitch book.

    Views and Suggestions made by the Authorizer;

    - ✓ After the cover page of the Pitch Book, the first page would include compelling reasons which should be sector specific.
    - ✓ The maximum number of slides should be 10 (Preferable 7 slides)
    - ✓ Refer similar materials published by other investment agencies (E.g. MIDA, Invest Singapore, Slovenia, Croatia etc.)
    - ✓ Information should be more sector specific
    - ✓ Add/Edit components of country profile and add relevant factor cost information. (Suggested Source material - JETRO)
    - ✓ Step by step should be followed in improving the attractiveness of the pitch book while searching information from best practices.
- The Authorizer was in view that each & every member should manage time effectively to involve in this project. Further, he emphasized that with the absence of the Team Leader during the next month, each & every member should take the responsibility of the team work.
- The team will be able to come up with more comprehensive pitch books for each sector with the valuable inputs given by the authorizer.

Figure 12. October mid-month report (third check-in)

Team Assignment 7:

1. What was done
    - Preliminary researches for the assigned sectors were completed
    - Finalized the list of companies to be engaged with each & every sector. (Came up with minimum 3 target investors for each sector)
    - Agreed upon the pitch book format and started work on gathering information/data to be included to pitch books
    - The first draft of the pitch book format was presented to Authorizer to get the feedback
    - Pitch book format was further developed with the inputs of the authorizer and the 2nd draft was completed.
    - Solar pitch book as the model was developed further in terms of concepts in designing and the content.
    - 3rd draft of the pitch book was presented to the Harvard team.
    - Commenced the work on designing pitch books for other sectors following the 3rd draft.
2. What was learned
    - Following best practices would provide more effective ways and means of doing a task
    - Team work is a key factor in achieving the ultimate target of the group
    - Each & every member should participate and contribute equally in achieving targets
3. What is next
    Following targets were set;
    By 2nd November – Finalized version of the Pitch Book for Solar Panel Manufacturing to be forwarded to the Harvard Team
    By 7th November - Draft Pitch Book for Airport Hotel to be forwarded to the Harvard Team
    By 7th November - Do a dry run presentation of finalized Pitch books (Airport Hotel /Solar) to Agency of development
    By 8th November - Draft Pitch Book for Light Engineering Sector to be forwarded to the Harvard Team
    By 9th November - Be ready with 3 Pitch books (Solar-finalized, Airport Hotel, Light Engineering- Draft) to be presented at the workshop
    Come up with identified key personals of target firms (Minimum 3)

The team pointed to a lengthy list of actions it had taken. They had completed preliminary research on assigned sectors, finalized the list of (at least three) companies to engage in every sector, and agreed on the pitch book format and started work on gathering information/data to be included to pitch books. They had improved the structure and format of the pitch book, given inputs of the authorizer, and a third draft had been shared with the CID team from Harvard for comments. Even while waiting for comments, however, the team had produced a pitch book draft for the Solar Panel sector. This was being used as an internal 'best practice' model for others to follow.

This rich action yielded important lessons. Notably, the team realized that they could learn lessons from others. The pitch book idea was considered a 'best practice' that they learned from Pierre Pringers and that accelerated their own work (giving structure and outward-orientation to their own analytical work). They also reflected—as before—on the importance of team work; where all members participated and contributed. They now had very specific next steps for the

coming weeks as well—writing pitch books for additional sectors to present at the November multi-team workshop and to share with other entities in government (like the Agency for Development Board, which included numerous business leaders in Sri Lanka—the kinds of investors the team would ultimately need to understand, access, and impress).

Figure 13. The cover of the team's solar panel pitch book

A fourth PDIA check-in

The team's next push period ended on November 9, with a monthly check-in (where it reported progress alongside other teams). The team had a lot to reflect on at this point. They could share all their analysis, the new pitch book idea, and three draft pitch books—for the solar sector (the cover is shown in Figure 13 and the inside pages are shown in Figure 14), an airport hotel, and logistics.

The team could also reflect on their presentation of this pitch book to the Agency for Development (AFD) Board. The I-Team presentation to this group had not been easy, given challenges from board members about content and quality in the report. This had been a key engagement with private sector representatives, however, and a chance for the team to see how these business-people thought; about investments, industry, and their own pitch book approach.

As explained, the PDIA process is structured to ensure that new interactions occur and promote new learning. This is an example of both things happening at one time. The AFD members questioned why solar panels were chosen as a target sector; they advised that the I-Team ensure to 'sell' Sri Lanka's positive record with intellectual property (IP); they pushed the I-Team to learn more about the solar panel industry (noting that you need to know your target well if you want to pursue it). The clearest message was (paraphrased): "Go out and speak to solar panel companies to learn about their industry and see what they think about your pitch books."

Figure 14. The internal pages in the draft pitch book, as of early November

The I-Team took these and other lessons to heart, and made immediate improvements in their solar panel pitch book (updating pages after the November 7 meeting, in advance of the November 9 PDIA workshop). While it was still a draft, the pitch book was now a complete draft. It had not been in anyone's thoughts in September, but had emerged through the step-wise work of the I-Team as its own product, by November 9.

After presenting the list of actions that led to the pitch book and presentation, the I-Team also discussed its lessons learned in the PDIA workshop check-in. The list of lessons was long, showing what the PDIA finds is a positive correlation between action and learning. The list included references to lessons about how to study the sectors, and lessons about the sectors themselves. There were also process lessons, centered on the importance of coordination and the

sharing of knowledge and experience in teams, the value of providing recognition to hard working members (and motivating these members), and the way a team can achieve more with effective delegation of responsibilities. The team also shared about how much they learned from the feedback and reviewing progress. The presentation of action, lessons and pitch books impressed the other teams in the monthly workshop; they voted to reward the I-Team with the October PDIA progress award.

These positive developments were not cause for stopping the work, however, and the team were committed to strong next steps. These steps could also be specified quite aggressively, for the weeks ahead at least, because the team now knew where it needed to go. Figure 15 breaks the steps down from November 10 to December 7, showing how specific they were.

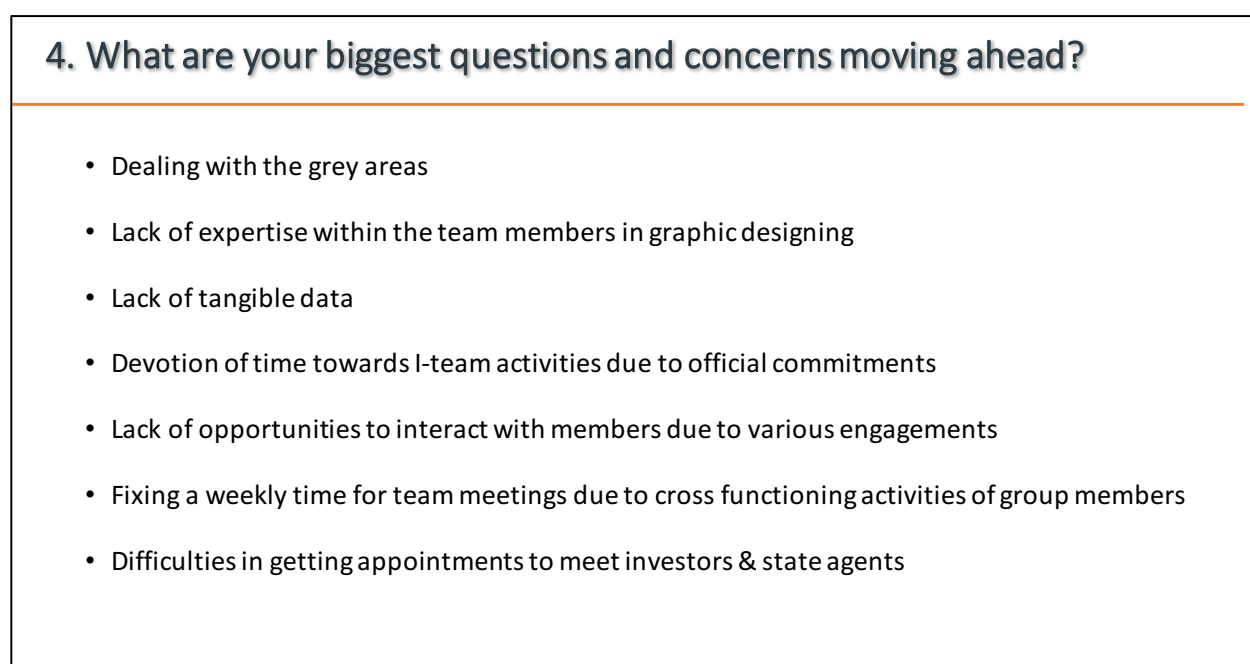Figure 15. I-Team strategy for November and early December

No	Activity/ Actions to be taken	Target date
	GOAL ON PITCH BOOKS BY 23.11.2016	
01	**Solar Panel Manufacturing**	
1.1	List out the stakeholders list to be dealt with and put them in an order to interact	15.11.2016
1.2	Meeting with [names withheld]	15.11.2016
1.3	Meeting with Solar panel expert	15.11.2016
1.4	Field visit to the solar farm at Hambanthota	18.11.2106
1.5	Initiate intaractions with stakeholders on priority baisis (Emails,calls,Skype/imo meetings etc)	21.11.2016 onwards
1.6	Complete Solar Pitchbook with all comments	23.11.2016
1.7	Submit draft to the DG for the approval before finalizing & printing	25.11.2016
02	**Light Engineering Manufacturing**	
2.1	List out the stakeholders list to be dealt with and put them in an order to interact	15.11.2016
2.2	Initiate interactions with stakeholders on priority baisis (Emails,calls,Skype/imo ,meetings etc)	16.11.2016 onwards
2.3	Complete the first draft	21.11.2016
2.4	Present the draft to the DG	25.11.2016
03	**Airport Transit Hotel**	
3.1	List out the stakeholders list to be dealt with and put them in an order to interact	15.11.2016
3.2	Initiate intaractions with stakeholders on priority baisis (Emails,calls,Skype/imo ,meetings etc)	16.11.2016 onwards
3.2	Complete the first draft	21.11.2016
3.4	Present the draft to the DG	25.11.2016
04	**Logistics & Entreport**	
4.1	List out the stakeholders list to be dealt with and put them in an order to interact	15.11.2016
4.2	Initiate intaractions with stakeholders on priority baisis (Emails,calls,Skype/imo ,meetings etc)	16.11.2016 onwards
4.3	Complete the first draft	21.11.2016
4.4	Present the draft to the DG	25.11.2016
05	**Agriculture Machinery**	
5.1	List out the stakeholders list to be dealt with and put them in an order to interact	15.11.2016
5.2	Initiate intaractions with stakeholders on priority baisis (Emails,calls,Skype/imo ,meetings etc	16.11.2016 onwards
5.3	Complete the first draft	21.11.2016
5.4	Present the draft to the DG	
06	**Automobile**	
6.1	Initiate collecting and compiling information with regard to the automobile sector	15.11.2016
6.2	Be ready with the 1st draft of the pitch book for automobile sector and get team comments	18.11.2016
6.3	Develop the Pitch book further and present the 1st Draft to DG	25.11.2016
	GOAL ON PITCH BOOKS BY 07.12.2016	
7.1	Complete ALL FOUR pitchbooks on all sectors	28.11.2016
7.2	Commence activities on pharmeciutical sectors	28.11.2016
7.3	Complete the 2nd draft of the pitch book for automobile sector	29.11.2016
7.4	Discuss pitch books in detail with the Harvard team	29.11.2016
7.5	Present pitchbooks to the DG & AFD	02.12.2016
7.6	Prepare presentation on the progress of last month to present to Harverd CID	05.12.2016
7.7	Dissiminate finalized pitchbooks among potential investors, embassies , web sites etc	05.12.2016
8	**Present the progress to Harverd team**	**07.12.2016**

As explained, the PDIA process in place in Sri Lanka does not only ask about 'next steps'. It also calls on teams to note their 'concerns'. This is designed to ensure risks are effectively considered in next steps, and no assumption is left passive (given that assumptions are always required when acting, these need to be identified and made 'active'—removing potential for blind spots).

The I-Team identified a range of concerns moving ahead, even though they were in a highly motivated and positive state (Figure 16). They were very aware of their own limitations in researching the sectors of interest (where they had no experience, and which did not exist in Sri Lanka). The limits of such situation worried the team, given the many grey areas they did not know how to cover. Similarly, they worried about getting data on the investors and being able to meet and engage with investors (which they recognized was important but also did not know how to do). Procedurally, they worried about the lack of time to do the work (given that almost all the team members were working on this project in addition to their existing organizational roles). They were worried about being able to hold weekly meetings as well (especially given that they recognized how valuable the team meetings were). They also worried about the lack of graphic designing capacities to turn the pitch books into final products.

An additional concern was that the team leader (head of promotions at the BOI) would be absent from the team for the entire next two push periods (until early December) due to a pre-planned month long training workshop in Japan.

Figure 16. The I-Team's concerns and questions in November

4. What are your biggest questions and concerns moving ahead?

- Dealing with the grey areas

- Lack of expertise within the team members in graphic designing

- Lack of tangible data

- Devotion of time towards I-team activities due to official commitments

- Lack of opportunities to interact with members due to various engagements

- Fixing a weekly time for team meetings due to cross functioning activities of group members

- Difficulties in getting appointments to meet investors & state agents

These concerns will resonate with civil servants tasked to do complex tasks around the world. These tasks often require the civil servants to do things they have never done, through connections with other officials who are hard to engage with (politically and practically), and often with many disruptions. While the concerns cannot all be addressed in the PDIA process, it is important to recognize how they may limit progress and to try and mitigate such impact.

As part of this mitigation process, the team was already thinking about the kinds of help and decisions they would need in the weeks and months to come (see Figure 17). They pointed to the importance of engaging with other line agencies, to create strong sector policies to attract anchor

investors. They also flagged the need to get their team members empowered by the Prime Minister's Office, to allow and facilitate engagement with anchor investors and relevant agencies. As of November 2016, the teams did not have any of this engagement in place, and were operating almost completely incognito; they knew this would need to change if their work were to succeed.

Figure 17. What help did the I-Team see it would need from other institutions, decision-makers?

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5. What actions or decisions do you think you will need from other Institutions or decision makers to solve problem?

- Strong sector specific policies to attract anchor investors
- Strong communication among line agencies on policy matters
- Introduction of promotional tools integration with a master plan
- Access to refined/verified data
- Empowering the I-team members with Harvard/Prime-Minister's office recognition to engage with anchor investors and relevant agencies


A fifth PDIA check-in

The team worked on these next steps until the 22nd of November, when they again met with a CID facilitator in a check-in session. They had continued with fast and aggressive action, and had a lot to report on—in specific areas.

In respect of the Solar Panel work, the team had responded to the AFD suggestion to engage with operators in the sector and made a field visit to a local firm. It was a very useful learning experience, and the team came back with solar panel components (see Figure 18). The company said that Sri Lanka had everything needed to produce solar panels and they were simply waiting for a foreign investor to bring money and technology. One of the I-Team members also met with a solar sector expert. This expert was also optimistic about the solar panel industry's potential in Sri Lanka and offered to help, including providing good contacts in the industry.

These interactions helped the team members develop a deeper, firmer grasp of the technology of solar panels and the production process. They also helped foster lessons about some challenges they would encounter in trying to bring solar panel manufacturing to Sri Lanka, which had not been known before. For instance, the price of electricity was identified as a major constraint and something the team would need to take into consideration as it moved ahead.

Figure 18. The team got a hands-on experience with solar panels, to learn more
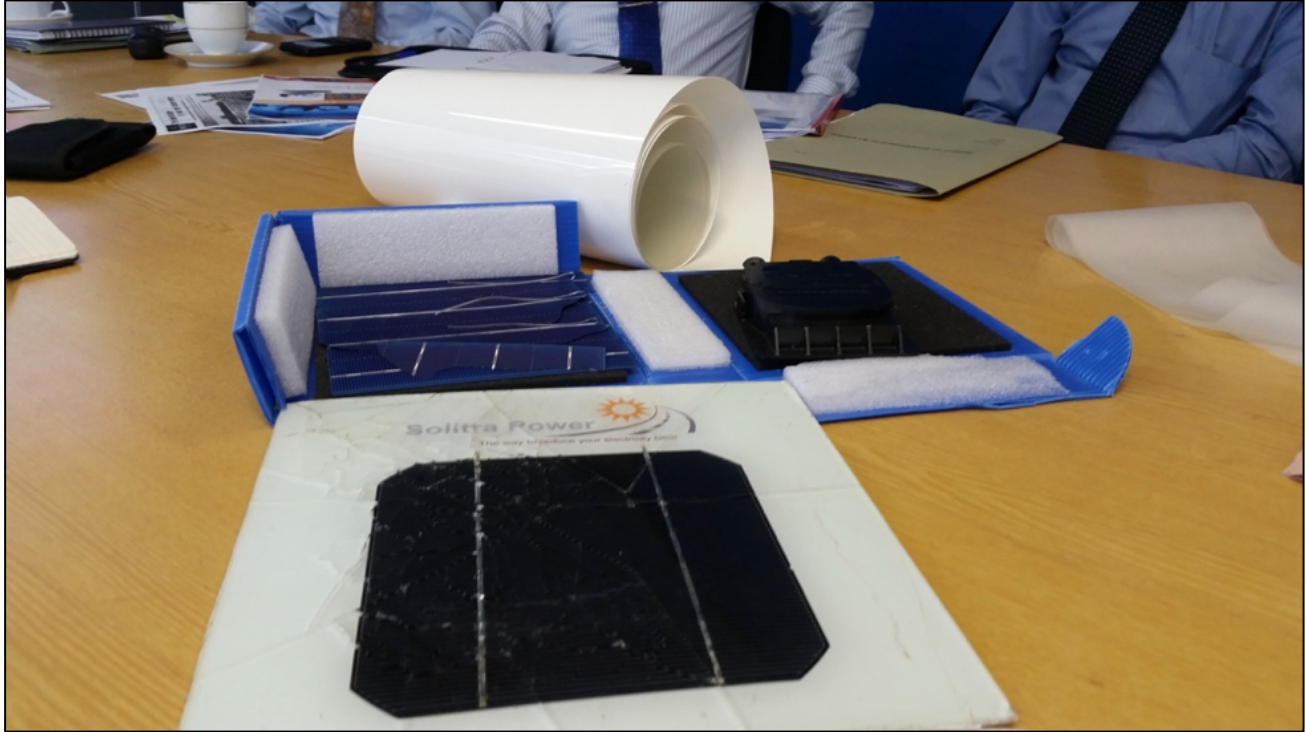
In respect of airport hotels, the team also decided to reach out to private sector operators and learn. They contacted hotels nearest to the airport and found that occupancy was high, which suggested potential need for new investment at the airport itself. The team also found that the land they had earmarked for investment had been the subject to a recent call for investors. They noted the importance of engaging with the agents who put out the call, and ensuring that there was good coordination with the ongoing bidding process. Finally, they identified Sri Lankan ambassadors abroad as an important focal point for reach out to potential investors. This would be a strategy to develop in the next push period.

In the logistics area, the team members reported on research showing that the capacity of Sri Lankan ports were underutilized. This reflected the potential to promote 'free zones'. Relevant team members committed to meet with current companies in the sector and identify potential firms that might be interested in coming to Sri Lanka. (A list of these firms, with contacts, was provided).

While not in their list of three focal sectors, the team was still considering agricultural machinery as a potential sector to promote. The team member responsible for this sector had, however, also followed the advice of the AFD and met with a private sector colleague to learn more. This colleague said that the domestic market is not large enough to attract many investors. This meant that there should be a focus on assembly and exports, not local distribution. While this had to be verified, it provided an interesting piece of information for the I-Team to consider (and something they were not previously aware of). The relevant team member identified three additional companies to follow up with, to learn more (and test feedback of the first interviewee).

Team members were also trying to learn more about light engineering, and spoke with an official responsible for the sector at the Export Development Board (EDB). The EDB official agreed with the pitch book reasons for investing in Sri Lanka and recommended the name of an additional expert for the team to meet. Additionally, the team scheduled a visit for an industrial park, where a firm makes sensors for a global airplane manufacturer, and spoke to the legal counsel of a German firm which could be a potential anchor investor for Sri Lanka. Team members were also developing a questionnaire to give to potential investors to better understand how to attract them.

The team had also started some initial work on an automobile pitch book. They decided to interview private sector agents in parallel to this process, to fast-track lessons they could learn (and ensure these lessons influenced early pitch book drafts). One meeting was with the Sri Lanka Automotive Manufacturer Association, which had released a new "Automotive Mission Plan".

All this progress showed a big shift from doing desk-based analysis within the team to stepping outside of the boundaries of government offices and interacting with private sector operators, to engage and learn. The team was enthused by these steps, but they were once again concerned about making the time to keep the process moving. The pace of the work was also proving too quick for the Harvard CID facilitators, who the team looked to for advice and comments on work. Further, some of the members were starting to show signs of burn-out, given the high pace of work. Other members were taking on more workload to balance the demands, but the team was clear that the demands of the project were stretching them thin.

The team presented its progress to the Director General of BOI (the authorizer) on November 25 (Figure 19). As usual, his engagement was constructive, and he offered various suggestions to help with the next steps (expanding those in Figure 17). These included some changes in the pitch books, and ideas to connect with Sri Lankans abroad. He also agreed to include this work in budget proposals, which responded to a team concern about resources required for further implementation.

Figure 19. Notes from the 25 November team meeting with the authorizer

Meeting with Authorizer/DG on 25.11.2016 at 2.00 p.m.

After going through the 5 pitch book drafts, the Authorizer/DG suggested few changes while expressing his overall satisfaction with the progress.

Suggestions of DG:

- Some format changes of Pitch Books such as using contrasting colours for fonts and using pictures that demonstrate Sri Lankan viability of manufacturing (e.g. Agriculture Machinery)

- To develop a list of Sri Lankans working overseas who could help in setting up meetings with key stakeholders.

- To think about promotional strategies beyond writing to embassies which will be more specific on targeting identified companies

- Agreed on including budget proposals on investment incentives to pitch books as appropriate. However, he pointed out that we should wait without printing pitch books until the 3rd Budget Speech passed in the parliament

- To focus on major investments (Minimum US$ 10 Mn)

Figure 20. Four pitch books available in December

A sixth PDIA check-in

The team worked on these actions until December 7, and then met for a sixth check-in (three months into the PDIA work-stream). As always, they presented their progress: what they had done, what they had learned, what was next, and what they were concerned about.

The focus of their work had been mixed; (i) on producing, refining, and finalizing the existing pitch books, and working on new ones (with four in advanced draft stages by this time, as shown in Figure 20); and (ii) on engaging with external parties to keep learning and to try and find ways to access investors.

The team was excited about connections they were making, with a variety of new agents. For instance, a Chinese delegation had visited Sri Lanka. An I-Team member asked to meet this delegation, armed with the solar panel pitch book and a list of Chinese firms that manufactured in this space and sold product into India—an attractive potential target for Sri Lanka.

In the meeting, the I-Team member met a Chinese lawyer working for a sustainable development organization (linked to the solar panel industry), who shared his contact details.

The team members were also engaging with research industry contacts to discuss light engineering, airport hotels, and solar panels. They were finding that "every conversation has the potential to lead to something new" or, as one member put it, "when we talk to people many opportunities just keep opening up!"

Based on this experience, the team was concerned about failures to record and track its growing number of interactions. The suggestion was to keep a database of investor engagements and their status. The CID facilitators advised that this was a very good idea, with experience in other countries showing that it took many discussions and opportunities before 'landing' an investor.

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The many connections need to be managed properly, however, to know where contacts are, when contacts turn to leads, and more.

The team was also thinking about its connections beyond the calls made to companies on the 'hit lists' of contacts. Members had proposals to publish one-page advertisements in business class magazines, for instance. They also discussed working with economic consuls in embassies, and Sri Lankan business-people abroad (ideas that had been germinating since the presentation by Pierre Pringiers in October, and the November presentation to the AFD board).

The team also shared some lessons and concerns about technical issues pertaining to the sectors they were examining. For instance, they were concerned that because solar manufacturing is a capital-intensive sector, it would not be successful in Sri Lanka. They worried that it would not be considered for BOI incentives (which include access to land in dedicated zones), given that the BOI requires that investors employ 500 workers. Additionally, team members were learning about specific land needs of sectors like pharmaceuticals (where access to wastewater treatment facilities is paramount), and trying to strategize about finding such land to include in pitch books.

Figure 21. The I-Team's way forward between December 7 and January 19

The way forward: I team

By April 2017:

- At least one confirmed leading investor (A Big Fish) for each sector should express interest in investing in Sri Lanka.

By early march 2017:

- Analysis of competitor countries must be completed.
- Set up the framework to handle investors
- Communicate with Sri Lankan embassies/ chambers of commerce/well connected individuals/ local line agencies.

By 19th January 2017

- Completion of current pitch books(two remaining)
- Work on 5 new pitch books(based on the findings of the T team)
- Share pitch books with existing investors both foreign and local for feedback (select 2 per sector).
- Engage with investor on sectors covered in completed pitch books

With such issues in mind, the team decided to continue its work in preparing and finalizing pitch books in December, share these books with investors, and continue learning from the responses received (see Figure 21). They were focused on using the period between January and March to set up a framework for handling investors (including a database of investor engagement) and a set of links to Sri Lankan embassies and other connectors abroad, and conducting analyses to determine who the competitor countries are.

The goal, by April 2017, was to have investors showing interest in Sri Lanka.

The focus of this plan (on luring investors, to solve the problem of low FDI in key sectors) was very much the same as that expressed three months earlier in September. The details on how to get there had changed, however, partly because the team had already benefited from emergent capabilities (the pitch book idea, in particular, but also the connections they had made) and partly because the team was learning that the work was even more complex than they had thought in September (where it seemed possible to say that an analytical study—the initial goal—could lead to engaging an investor in a six-month period). After three months of active work, the team had learned that the job was more action-oriented, and demanded more outward focus. They had begun with such outward engagement, but now needed to provide more structure to their efforts.

A seventh PDIA check-in

The I-Team had a very substantive internal team meeting on December 15, which served as a de-facto seventh check-in (given how much had been done in the prior week). The team had learned a great deal in the week, thanks to another 'lucky moment'.

This moment occurred quickly after the December 7 workshop, when an I-Team member received an email response to earlier communications with the Chinese contact she had met a few weeks earlier. The man worked with an institute focused on sustainable development, and had agreed to put the I-Team member in touch with a friend who had direct contacts in the solar panel manufacturing industry. This contact was made quickly, and the I-Team member found that the second contact worked directly with two of the largest companies on her 'hit list'. She shared the solar panel pitch book with this contact, who promised to share it on for comments.

This connection has not yielded more since that time, which is disappointing for the team. The process by which it emerged was instructive, however, because it showed how fairly innocuous contacts can lead one closer and closer to an investor:

- As shown in Figure 22, investment officers in a government like Sri Lanka (a) sit far from an investor (f), who is effectively unreachable (and even unknowable) to the investment officers.
- But the investment officer can make some contacts with agents who share things in common with the unknown investor: perhaps coming from the same country (if the investment officer knows which countries host firms investing in targeted sectors), or knowledgeable in the sector (like a professor working in the sector discipline), or in a related industry.
- In the case at hand, the investment officer in the I-Team (a) contacted a Chinese delegate from an organization interested in sustainable development and visiting Sri Lanka (b), who then contacted a friend working in the solar panel industry (c), who then contacted a colleague in a solar panel firm (d). This puts the team closer to investor (f) than they were before, even if the last two connections (to (e) and (f)) were not yet made.

- The reality of complex networks is that one never knows when connections will lead to real opportunity. Agent (d) may—in time—return to the pitch book and share it with agents (e) and (f), for instance. This makes it vital to have pitch books in as many hands as possible.
- The connection to (e) might also occur along a totally different connection route. Investment officer (a) might meet another contact from an academic organization (g) who might know agents (h) and (i), who connect to agents (d), (e), and (i). These links might ultimately generate a final connection to investor (f), and potentially all these leads will reach that point simultaneously (with multiple agents telling investor (f) about Sri Lankan opportunities).

Figure 22. Connections for investment engagement
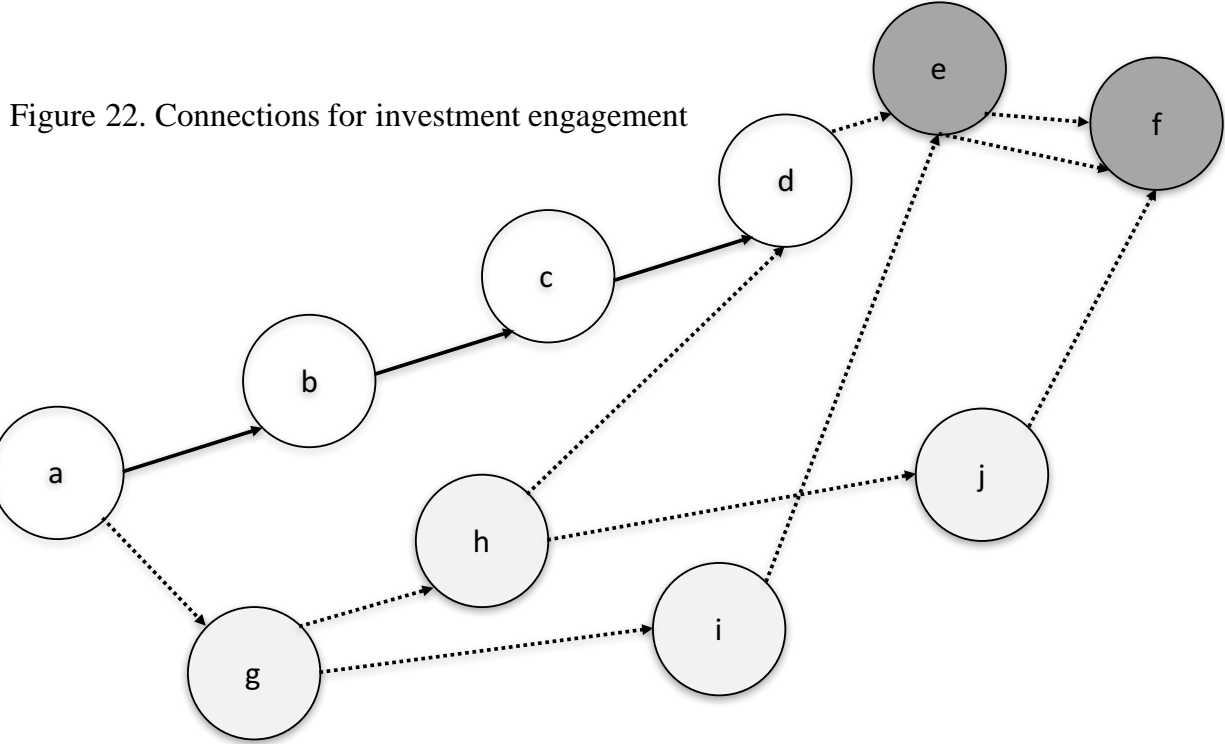
The team was very open to this kind of discussion, and certainly saw their efforts at making linkages as part of a broad and patient strategy to reach investors. This is a difficult realization in government, however, where the pressure to deliver quickly and on-call is very high. This kind of pressure is not useful when one is pursuing investors patiently, however, and the 'game' is all about preparing in quality ways for an encounter, pursuing many investors, and being ready for the moment where the investor says 'yes'.

This thinking had been very much in the minds of the I-Team members for a while now, which is why they had taken a series of important steps in this push period. The airport transit hotel pitch book had been sent to a hotel chain in the Middle East, which had emailed the Director General (DG) showing interest in Sri Lanka. The DG shared this email with a member of the I-Team responsible for the airport transit hotel sector, who arranged to meet a firm representative. Feedback on the pitch book was expected by mid-January.

Another team member tried to contact a light engineering firm in Germany (that had been identified by examining lists of major manufacturers in the target sector). The goal was to obtain

information on what the firm was interested in as an investor, and to create a contact for further discussion. She used a short email-based questionnaire to try and make this connection, as an experiment in ways to contact new and far-flung entities (see Figure 23). She was also trying to get an appointment with a colleague who was apparently an expert in light engineering in Sri Lanka, to share the pitch book and learn about the sector.

Apart from these efforts to make contacts and turn these to leads, the team was focusing seriously on the questions investors had already asked in prior contacts. They were especially interested in the land issue (where investors had routinely noted the need for land to locate on). Given these conversations, the team members had learned that they would need to be able to tell interested investors where they could set up, which raised the question: where is the land to market when an investor comes?

Figure 23. Questionnaire for investors

QUESTIONNAIRE TO BE SENT TO POTENTIAL INVESTORS

1. a) What factors does your firm consider most important when reaching out to invest in a country?

1.

2.

3.

4.

5.

b) What data do you use to consider such factors?
_____

2. What would it take to make you interested in investing in Sri Lanka?
_____
_____

3. Have you considered investing in Sri Lanka? If not, what are the reasons to not consider although you are investing in neighboring countries?
_____
_____

4. Have you experienced any difficulties when investing in the Asian Region? If so, what are they?
_____
_____

5. What ideas would you have to improve the investment climate in Sri Lanka?
_____
_____

6. What are the criteria you would look into when you start a joint venture with a local partner?
_____
_____

The team discussed space in existing export zones like Katunayake and Biyagama, which some members felt were the only two land areas with adequate infrastructure. Unfortunately, however, the team members' information was that both zones were already full.

This led to a discussion about mapping out available areas. Team members discussed contacting the Ministry of Industries to discuss this issue. They knew that a different team working on export promotion in the PDIA process had a good contact in this ministry, and suggested trying to engage through such link. The CID facilitator noted that two other PDIA teams (working on investor constraints and targeting) had also raised the land issue. They were thinking—like the I-Team—about identifying available land and matching land with the specific criteria for investors in different sectors. An I-Team member agreed to set a meeting with these other parties, to discuss the emerging idea of a Land Bank (something the government had tried to introduce in prior periods, but without success).

The team also spent time discussing the lack of skilled workers. Some members foresaw this as a big issue and suggested that they start coordinating with local universities to train youth in the identified sectors. Once again, it was useful to share that another PDIA team (working on investor constraints) was also working on this topic, creating opportunities for synergy.

Team members agreed to coordinate with other agents around this issue. They also agreed to continue finalizing their pitch books (with a number in process, including the pharmaceuticals sector, automobile components, and boats).

An eighth PDIA check-in

The team met again on December 23 for its official mid-month check-in, with CID facilitators joining by Skype in Boston. The team leader noted that the week had been slow, even though another key 'moment' had occurred during the week. The team had been advocating for higher-level attention to their work since October, noting that any advanced engagement with investors would require significant authorization and support. It was thus important that the Minister of the Ministry of Development Strategies and International Trade (MODSIT) had asked the team to present their work to him just a day before their check-in.

The team had started the presentation with a summary of the problem they were tasked with and how they had gone about addressing such. The minister was provided with physical copies of the pitch books so he could go through them. He asked various questions about the rationale behind selecting the sectors the team was working on, which allowed the team to explain that they had chosen 'practice' sectors to learn how to engage. They explained that the final sector selection would happen after an additional targeting team had completed a more thorough analysis to identify sectors.

The Minister was happy with this explanation, and turned to comments about the team's strategy for investor engagement. Given time constraints, the team did not list the contacts it had already made, or what it had learned from these contacts, or the fact that it was already working out a strategy to reach new contacts (like economic representatives in embassies). Interestingly, the Minister made similar suggestions to those that the team had already been working on. He suggested using Chambers and business associations to source contacts, for instance. The Director General of BOI (the I-Team authorizer) also suggested using trade commissioners at the embassies abroad, but only after these agents were properly trained. The Minister encouraged the team to behave like business-people and be proactive and keep pushing forward, which was another message they had heard over and over since Pierre Pringiers' presentation in October (and something the team was learning to do with each contact they made with private operators).

The Director General concluded the meeting by explaining that the team had been building its tools to reach out to investors, and would now start engaging investors more aggressively.

The team was happy with this interaction, where they felt their authorizers (the Minister and DG) were endorsing the work and pushing them to the next step—of more active engagement. They also heard that the team's work fitted into a broader government strategy, which mitigated some

concerns about coordination in government (especially about having a coordinated vision with regards to things like land and training). The team also felt that the meeting reinforced their growing focus on coordinating with other PDIA teams (to better address issues like land and training and to investigate sectors that the targeting team was identifying as key to Sri Lanka's future).

The team then reflected on how its engagements were progressing with different investors. The reports were mixed, but specific, as team members were now tracking their contacts (building on past lessons that a contact only matters if one follows it). For instance, a team member reported that the Chinese solar panel company contacted in early December was undergoing an internal clearing process, which meant that a response to earlier emails could take some time. Another team member mentioned that he had engaged another manufacturer in the solar sector, sharing the pitch book with this contact. Another team member contacted a local firm that was trying to set up a pharmaceutical manufacturing plant in Sri Lanka. Representatives of this firm suggested that the I-Team make a pitch for R&D or warehousing/logistics aspect of pharmaceutical, rather than manufacturing (explaining that local firms can manufacture because they are small scale and assured that their drugs will be purchased by the government, but FDI would be useful in research and logistics). The team agreed to follow-up on this potential 'learning' to better understand how investors in the sector would think when faced with the prospect of working in Sri Lanka.

The team was still motivated at this meeting, but started reflecting on the limits of its approach and the difficulty of the task. They had received quite a lot of feedback that the pitch books were 'too general', for instance, and that their strategy to reach investors was not 'sharp enough'. The CID facilitators advised that these comments were probably accurate, but also that the team needed to remember how far it had come in the three months since September. The products and strategies they had developed were not in place at all at that time, and better products and strategies would be in place in three months' time. The message was simple: products and strategies emerge through processes, and the ones the I-Team had already developed provided an amazing foundation for future work. An additional message was that there were many more contacts needed to bring these products to life (with economic attachés (commercial counsellors) in embassies, etc.). These connections would take some time to put in place, but this time would be less than normal working at the I-Team pace; in essence, results would be forthcoming if the work continued.

The team noted that they had tried to make some of the connections previously, and could learn lessons from those engagements. In 2010, for instance, they had a meeting to engage with commercial counsellors in Sri Lankan embassies. These counsellors were given a set of promotional material to share with potential investors in their countries. The initiative had not been successful, however, even though the team did not know why (no one tracked whether the counsellors shared the materials or if they followed up with investors, or if investors found the materials useful). I-Team members noted that any effort to create these contacts would need to better incentivize the counsellors, and provide serious follow-up to the work. The team decided on next steps, which resembled those derived earlier in the month—but with a greater sense of urgency (see Figure 24).

A ninth PDIA check-in

The team met for another mid-month check-in that straddled two days (January 10 and January 11). They reported—as usual—on what was done, what was learned, what was next, and what concerns existed (see Figure 25).

The team had been continuing with stakeholder meetings, completed first drafts of two more pitch books (for logistics and pharmaceuticals), shared the pitch books for comment, and began engaging with new investors (a new Chinese firm involved in the solar panel sector). They had learned 'first-hand perspectives' from business-people about how they prioritize investment decisions, what kinds of economic factors influence activity, and how local conditions matter.

The team planned on continuing interactions in key sectors and was meeting other PDIA teams to identify new sectors and discuss land issues. It was keen on ensuring that all steps were practical, and not 'academic' in nature. The team was finding it difficult to allocate time to the work, however (with the New Year period making it hard to set meetings). They also found the continual editing of pitch books frustrating and demotivating. They were struggling to work out how to reach global investors and to navigate inconsistent government policies.

Figure 24. Rough notes capturing next steps for the I-Team, December 23 2016

Next steps –
1. Automobile and Logistics pitch book
2. Engage investors
3. Using T team's sectors and make pitch book for those – this needs to be a collaborative thing, we won't just take all the sectors they suggest. Plan to start off with at least 2 or 3 targeted sectors (identify workable sectors and keep that conversation going)
4. Keep going back to the existing pitch books – is it specific enough? Try to put it in front of experts in the sector and ask them if it is targeted enough. At least two people from the team should review each pitch book
5. It's time to get back to our desks and put all this to action!

Figure 25. Mid-month update, January 9, 2017

1.	**What was done in the last two weeks?**
1.	Conducted Stakeholder meetings with (names removed for privacy)
2.	Completed the 1st draft of Pitch books for the following sectors and submitted for Harvard comments Pharmaceutical Sector; Logistics Sector
3.	Shared the draft pitch books with stakeholders for comments (names removed for privacy)
4.	Initial engagements with investors Shared Solar Panel Pitch Book with [name removed for privacy reasons]

2. What was learned?

First-hand perspective from relevant industry players: What they prioritize when considering an investment destination; A better understanding of economic factors (e.g.: pharmaceutical/water) to be considered in relation to a specific industry; Interpretation of local conditions such as local market size, joint venture potential etc.

3. What is Next?

Scheduled interaction with industry stakeholders for: Automotive parts; Boat manufacturing; Hotel industry

Scheduled meeting with "T-Team" to compare findings as well as identify potential new sectors (T-Team will be profiling each sector and this information will be valuable input for pitch books; T-Team is compiling a land bank, to which our industry level findings will provide a useful input)

Differentiating this initiative from an academic exercise to a real world proposition – approaching & engaging with a potential investor (consider a JV proposition between an established local entity & an anchor investor)

4. What are your concerns?

- Time: Beginning of the calendar year + short weeks, scheduling appointments with external parties/stakeholders is proving to be difficult
- Continuous editing of documents diluting its original purpose
- Access to top tier global investors whose feedback would be useful/vital
- Consistency of pitch books with future government policy

The check-in meetings coincided with a visit from the head of Harvard CID, Professor Ricardo Hausmann. The team presented their progress to Professor Hausmann and received feedback to build on. This feedback echoed prior messages that encouraged a team pivot towards reaching out and engaging investors even more than was done in December. The team responded quickly to these ideas, creating a list of potential strategies to target and reach investors (as part of the 'framework to handle investors' the team had proposed developing in early December). Ideas included the following:

- Sending pitch books to the World Economic Forum (WEF) meeting in Davos.
- Building on lessons a team member had gleaned from a training in South Carolina (placing representatives in top FDI generating countries, or hiring agents in these countries, or working through commercial attachés in these target countries).
- Studying how similar countries have attracted investors (including Malaysia, Vietnam, Costa Rica, the Czech Republic, and Ireland).
- Working with honorary consuls in target countries (nationals of the targeted country charged with promoting Sri Lanka).
- Using existing investors (like Pierre Pringiers) to reach out to their contacts (especially those involved in Joint Ventures).
- Engaging with the Ceylon Chamber of Commerce to see if any relationships exist with Chambers in targeted countries.

The team agreed to work on these ideas, and put them together into a comprehensive engagement strategy. They shared these ideas in a public meeting on Sri Lanka's growth strategy (at a

Colombo-based think-tank), where local business-people had the opportunity of learning about the progress that had already been made in the team's work.

Figure 26. Prasanjith Wijayathilake (I-Team leader) presents to public audience on team progress
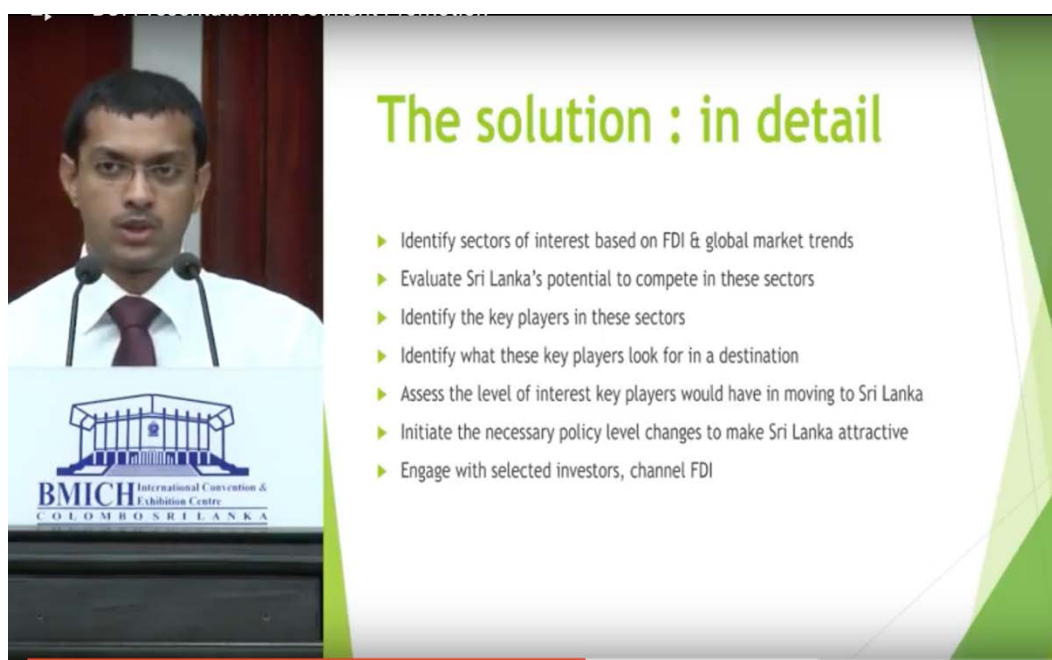
A tenth PDIA check-in

A tenth check-in occurred during the week of January 16 (the week after the prior check in). This was not optimal, given that there was limited time for action between check-ins, but the objective was to ensure that the team started its new year with clarity and purpose.

The team met at the broader PDIA workshop and shared its progress with other teams, especially noting its decision to focus on engaging investors aggressively. The team had decided to focus on three 'immediate' sectors and five countries (as in Figure 27). This strategy had resulted from initial research into the countries where FDI was most common for the sectors (with solar FDI coming from China and Korea, predominantly, logistics FDI coming from China and Japan, predominantly, and hotel FDI coming from China, UAE, UK, France, predominantly).

Figure 27. The focal sectors and countries for I-Team engagement

Priority – Sector and country selection

Immediate/First Tier

- Solar Panel Manufacturing

- Airport Hotel

- Logistics

- China

- Korea

- Japan

- UAE

- India

- France

The team also informed the broader group that it would add sectors for analysis, given emerging work from the targeting team (the T-Team), which had done extensive work to show sectors in which Sri Lanka should focus (given potential gains and the size of global interest). These included general sectors like: (i) industrial machinery and equipment, (ii) transport equipment (motor vehicles, trailers), (iii) computer, electronic and optical products, (iv) accommodation and food service activities (tourism), (v) fabricated metal products, (vi) cement, ceramics, glass, and other mineral products, (vii) transport equipment (ships, motorcycles/bicycles, other), (viii) electrical equipment, (ix) chemicals and chemical products, and (x) education.

Interestingly, the three sectors in which the I-Team has already focused fell into these general sectors, and featured positively as target sectors. Solar panels featured as a specific sector in the general sector 'Computer, electronic and optical products', and scored positively in terms of both 'impact for the Sri Lankan economy' and 'market opportunity and investor interest' (as shown in Figure 28). Airport hotels were part of the tourism sector, which has both potential for significant impact in Sri Lanka and a large market opportunity and investor interest. Logistics was not seen as having a very large impact on the Sri Lankan economy but did score highly in terms of market opportunity and investor interest.

Figure 28. T-team sector analysis, December 2016
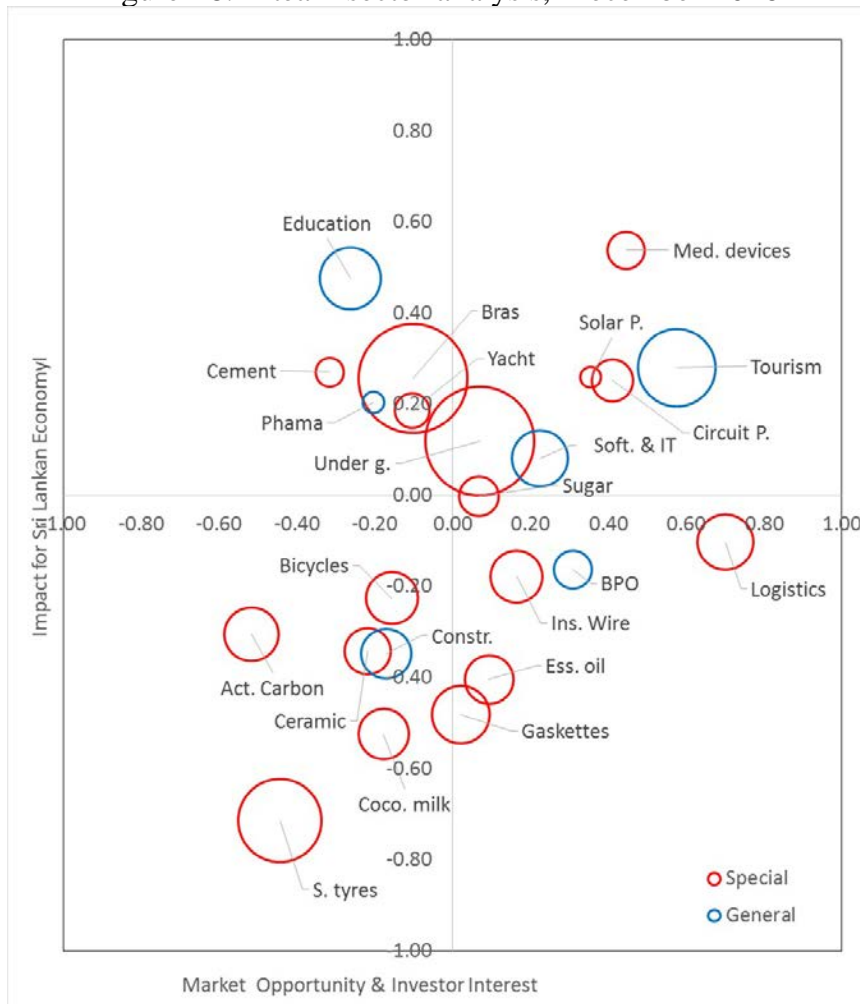
Other special sectors the I-Team were considering for future inclusion (based on the T-Team work) included: Circuit protection, medical devices, auto components, cement, ceramics, boats and yachts, and education.

Beyond this sector selection, the I-Team also updated colleagues in other teams on its progress in determining how to find and engage investors. Team members had already obtained the contact details of honorary consuls and were drafting an initial letter of engagement with these consuls. The team described how it would initiate contact by writing to these honorary consuls, and thereafter follow-up through phone calls and emails.

They also described a strategy to contact regional offices of larger companies identified as key FDI sources in the target sectors. Team members had already identified 10 companies in the solar sector in China, Korea, and Taiwan. Beyond this, the team also described how it would identify contacts with Chambers of Commerce and Business Councils, and work with representatives from countries like Japan working in the BOI. Finally, they outlined ideas to pursue investors at international gatherings, and meetings.

The team did have concerns at this point, focused on the importance of motivation for team members, and having clear short-term tasks and goals to organize their activity. They also needed more members as the work now included (i) developing pitch books (which were now also needed for new sectors identified by the PDIA targeting team), (ii) refining existing pitch books, and (iii) building contact lists to reach investors. These concerns indicated that the team's success in defining a course of action was now stretching its structure and composition. This is common when organizational change starts to take hold, but can be difficult to manage.

Even with such concerns, the team was committed to a series of aggressive and ambitious next steps (Figure 29). They were committed to identify the 'hit list' of companies, network with other PDIA teams, promote initial sectors via honorary consuls, business councils, existing major players in Sri Lanka, and international gatherings. They also committed to finalize and professionalize the existing pitch books and to produce first drafts of a set of new pitch books.

Figure 29. The I-Team's next step actions beyond mid-January

Action	Outcome	Target Date
Identify target companies/investors		
list of target companies/investors for 3 sectors selected	10 names/sector	23rd January
Cross reference above list with potential countries	Identify target investor with corresponding country	
Networking with Teams		
Arrange meetings with C, T, K and E teams	Sharing findings and gathering new information	25th Jan onwards
Promotion via Hon. Consuls		
Prepare the letter to Hon. Consuls/ get DG's approval (for each sector)	Draft/final	23rd January
Send the request letter to Hon. consuls of corresponding countries	Build contacts for promotion	30th January
Promotion via Business Councils of Chamber of Commerce		
Build up contacts with Business councils of chamber of commerce	Build contacts for promotion	7st February
Send the request letter to business councils of corresponding countries		
Promotion via existing major players		
Arrange individual meetings with AFD members via Ryan/DG	Build contacts for promotion	23rd January onwards
Build network with AFD recommended investors		
Promotion via International gatherings		
Search for international gatherings during the year of and short list according to the relevancy	Build contacts for promotion	31st January
Initiate participation		
Designing/Printing Pitch Books		
Short list,initiate the tender procedure/ special approval procedure to commence designing/printing of pitch books	Select a suitable designer/printer for Professional Designating and printing of pitch books	18th February

The team had learned that it worked well with short-term goals, and clear assignments. It thus detailed each step into sub-steps, with target dates and responsibilities (Figure 30, which omits the column listing responsibilities, to protect identities of team members).

Figure 30. Details of the I-Team's next steps, up to the middle of February

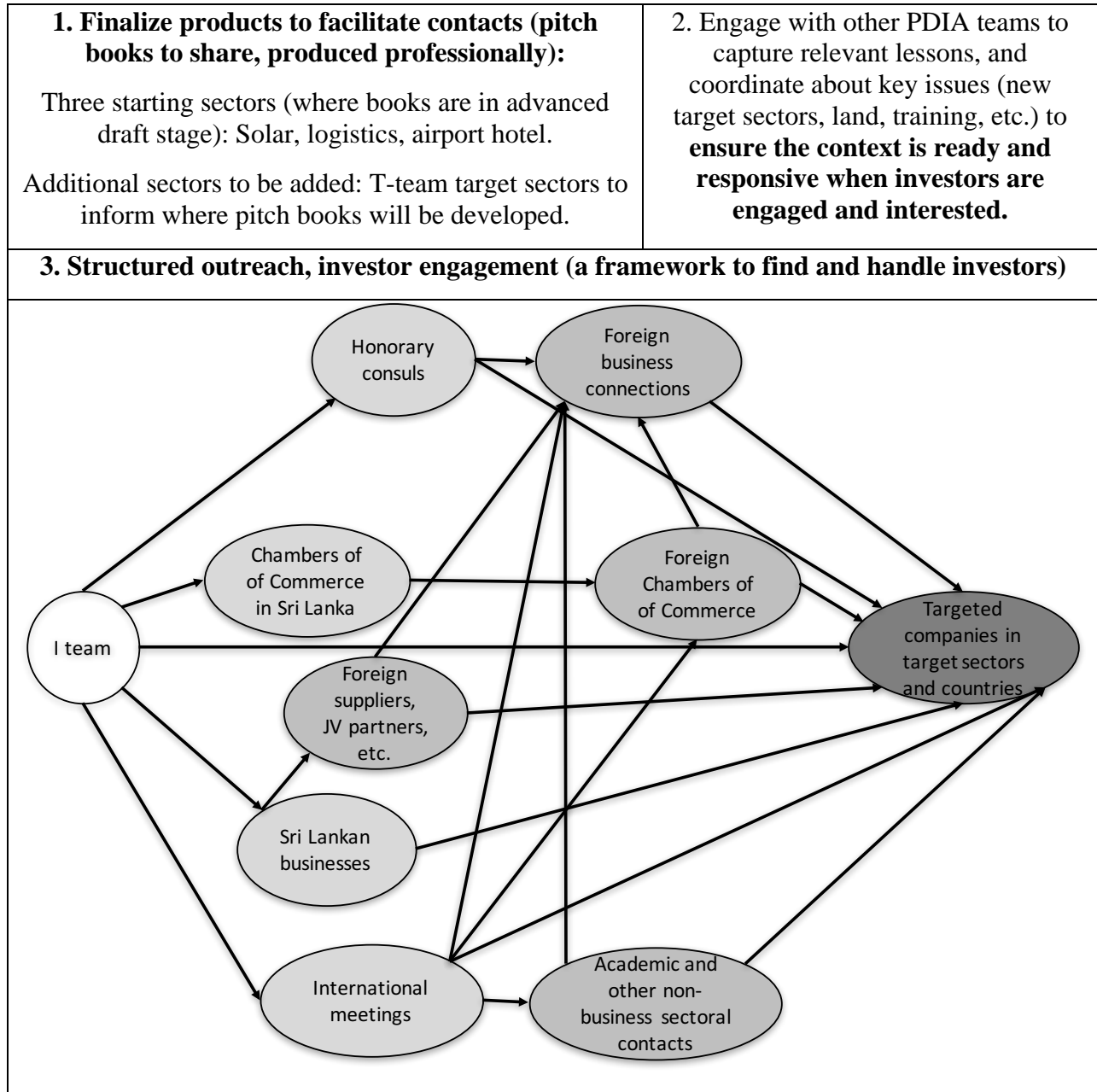**The emergent I-Team investment engagement approach, as at end January 2017**

Activity/Actions to be taken	Target Date
Sector Specific Actions	
Solar Panel Manufacturing	
Finalize the list of 10 target companies	23rd Jan
Prepare letter for hon. consuls of selected countries, submit for DG's approval/signature	23rd Jan
Contact hon. consuls via email/telephone and take actions to send the letter	30th Jan
Build up contacts with Business Councils of selected countries under Chamber of Commerce	7th Feb
Finalize the letter to Business Council take actions to send the letter	8th Feb
Search for other contacts for solar panel manufacturing	
- Search for at least 3 contacts of existing importers	25th Jan
- Arrange a meeting with [firm name removed]	
Airport Hotel	
Finalize the list of at least 10 target companies and cross reference the above list with potential countries	23rd Jan
Prepare the final letter for hon. consuls of selected countries and submit for DG's approval/signature	23rd Jan
Contact hon. consuls via email/telephone and take actions to send the letter	30th Jan
Build up contacts with Business Councils of selected countries under Chamber of Commerce	7th Feb
Finalize the letter to Business Council take actions to send the letter	8th Feb
Search for other contacts for Airport Hotel	25th Jan
Logistics	
Finalize list of at least 10 target companies; cross reference with potential countries	23rd Jan
Prepare the final letter for hon. consuls of selected countries and submit for DG's approval/signature	23rd Jan
Contact hon. consuls via email/telephone and take actions to send the letter	30th Jan
Build up contacts with Business Councils of selected countries under Chamber of Commerce	7th Feb
Finalize the letter to Business Council take actions to send the letter	8th Feb
Search for other contacts for Logistics	25th Jan
General Actions	
Arrange meetings with C, T,K and E teams	25th Jan
Contact AFD members via DG	23rd Jan onwards
Build network with AFD recommended investors	
Search for international gatherings during the year of and short list according to the relevancy	31st Jan
Short list and initiate the tender procedure/ special approval procedure to commence designing/printing of pitch books	18th Feb

The team has not completed its work. Indeed, it has months to go in the PDIA process. However, it has already developed a structured—though still emergent—investment engagement approach, adapted for the Sri Lankan situation (where capacity to do this work is limited by the fact that it has not been done successfully before, and by a resultant lack of manifest capacity).

The emergent methodology builds on lessons learned through action over the September-January period, and addresses three dimensions of an FDI promotions approach outlined by Pierre Pringiers in October and reinforced by authorizers and private sector agents repeatedly at other points: (1) any approach needs specific products to share (the sector pitch books, with underlying homework and sectoral analysis); (2) with coordinated connections to address concerns from

investors and ready the context for investors; and (3) based on a structured approach to finding and securing investor interest. Figure 31 shows this emergent strategy in simple, stylized form.

Figure 31. A visual depiction of the I-Team's emergent strategy, January 2017

1. Finalize products to facilitate contacts (pitch books to share, produced professionally): Three starting sectors (where books are in advanced draft stage): Solar, logistics, airport hotel. Additional sectors to be added: T-team target sectors to inform where pitch books will be developed.	2. Engage with other PDIA teams to capture relevant lessons, and coordinate about key issues (new target sectors, land, training, etc.) to **ensure the context is ready and responsive when investors are engaged and interested.**
3. Structured outreach, investor engagement (a framework to find and handle investors)	

As the figure shows, the I-Team is using its pitch books as a 'product' to share with potential investors. These are hardly the 'final word' or only device that will be used in engaging investors, but they do allow for some initial engagement and outreach. The team has decided to focus on three of the 'practice' sectors it started working on in October (and which do seem

appropriate sectors to engage in) but will be expanding beyond these sectors as well. The team will be coordinating with other teams in the PDIA workshop to ensure it is focusing on the right sectors, and can get answers for questions about land, regulations, skills, and more (such that there are connections to tap within the government when an investor makes a request). Finally, the I-Team is building an elaborate strategy to create contacts in different domains (like honorary consuls, Sri Lankan Chambers of Commerce, and Sri Lankan business) that might facilitate onward-contacts to other entities (including foreign businesses, and foreign chambers of commerce) and ultimately allow for contacts with targeted companies in the target sectors and countries.

As the figure also shows, the multi-contact approach that the I Team is establishing creates the potential for many pathways to the FDI targets; some direct and some indirect. The strategy requires making many contacts—in a sense, flooding the field of contacts—and working relentlessly to connect and impress targets. The story of Sri Lanka's interest and desire to host FDI will come to targeted companies through at least eight channels in this approach (which allows for more connectivity and opportunity than an approach that centered only on the I-Team looking for investors): direct contacts, honorary consuls, Sri Lankan Chambers, Sri Lankan business, foreign firms in relationships with Sri Lankan firms, foreign chambers of commerce, international meetings, and academic and other non-business sectoral contacts.

This strategy bears resemblance to similar approaches used in place like Singapore in the 1960s and Costa Rica in the 1990s, the Czech Republic in the 1990s, and Turkey in the early 2000s. In all these cases the investor engagement strategy was focused on certain sectors, and was aggressive in pursuing many contacts in multiple domains. In some cases, the ultimate FDI deals come from direct contacts, but in many cases the FDI deals come through an agglomeration of indirect contacts that lead to the important meeting with a direct target.

The amount of work involved in doing investment outreach is significant. This realization is a sobering but important reality for the team as it moves into the next steps of its work, but one they have accepted. Investor engagement involves a numbers game, in which the focus must be on building a large database of contacts and engaging with these contacts in 'thick' ways (pressing a lot, following up a lot, and building relationships from which they can learn—about target sectors and companies—and in which they can build trust—needed when investors finally show interest). The team has been learning about past processes like this in Singapore and Costa Rica,[26] and working hard to establish the patient but resilient foundation they will need to

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[26] The 'stories' of these cases were provided by the CID facilitators as 'nudges' to influence team thinking. For the Singapore story, the team members have been reading The Miracle by Michael Schuman, and learning from video sessions of Chan Chin Bock, a former Economic Development Board official who was responsible for landing deals with companies like General Electric and Texas Instruments. For Costa Rica, the team has been learning about the work of CINDE, as written in a World Bank case by author Deborah Spar. As part of the PDIA process, the CID team regularly provide such 'nudges' to try and motivate and inspire and otherwise influence the direction and engagement of teams. The idea of 'nudges' draws on Thaler and Sunstein's seminal book, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (Penguin). A nudge is anything that influences choices. In the PDIA context these choices are made by team members, authorizers, and other stakeholders. The PDIA team tries to influence what the Nudge blog refers to as the *Choice Architecture* (http://nudges.org). The importance of this 'architecture' is explained here: "Decision makers do not make choices in a vacuum. They make them in an environment where many features, noticed and unnoticed, can influence their decisions. The person who creates that environment is, in our terminology, a choice architect. The goal of Nudge is to show how choice architecture can be used to help nudge people to make better choices (as judged by themselves) without forcing certain outcomes upon

reproduce the successes of these countries in Sri Lanka. In a sense, they are in a game structured around what some marketers call the '300, 30, 3, and 1' rule—where one gets hold of 300 contacts, expects to actually speak to 30, expects to have follow-up meetings with 3, and eventually land 1.[27]

Figure 32 shows what this rule looks like as a 'pipeline' of potential FDI engagement: at the broad end of the pipeline one has contacts identified. One gradually works through this pipeline in accessing investors: contacting the investors (the 300), getting replies (the 30), actively engaging (the 3), vetting proposals, and ultimately negotiating deals (the 1).

Figure 32. The 300, 30, 3, and 1 pipeline of contacts in the I-Team's main sectors, February 2017
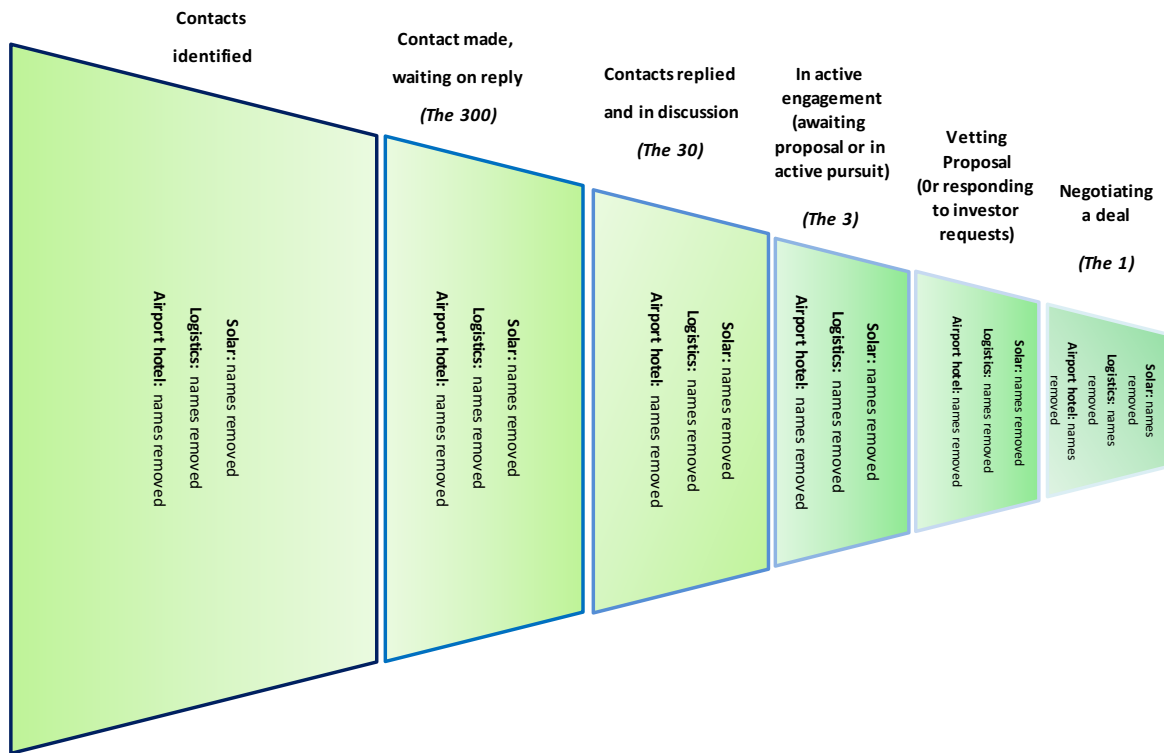
Different contact and engagement nodes identified by the I team (to mobilize in coming months and promote greater contact):

1. Direct (the BOI, I team and promotions department), 2. Sri Lankan industry leaders (), 3. Honorary consuls (), 4. Trade fairs (), 5. Consular offices (economic offices and ambassadors) (India, Singapore, Thailand, UAE, China, Japan, Germany, Korea, France, Hong Kong, UK, Canada, Sweden, Saudi Arabia, Netherlands, Malaysia)

As of writing, when the first six-month period of the PDIA work is coming to an end. it is important to note that the I-Team has at least three potential investors in 'The 3' box—where they are actively engaging, after multiple meetings, and waiting on proposals. This is where they had planned to be by March/April, and indicates that the work is successfully delivering on its objectives.

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anyone, a philosophy we call libertarian paternalism. The tools highlighted are: defaults, expecting error, understanding mappings, giving feedback, structuring complex choices, and creating incentives." The CID team employs a number of nudges (including feedback, and stories for inspiration and direction).

[27] In an interview with the Singapore Economic Development Board, Chan Chin Bock recalls a similar 'yield rate' for investor promoters in this, best practice, agency: for every 300 calls one would get three investors.

Through a bit of serendipity and a lot of hard work, the team is actively engaging investors and getting into discussions that are the stepping stone to real FDI deals.

Capturing team learning after four months of work

It is impressive that Sri Lanka's I-Team is already engaging with potential investors (even if it has not yet landed the deals). It is more impressive that the team has done this all by itself, building capabilities to find, woo, and engage investors. It has developed a strategy—though still emergent and likely to grow and improve—in just four months of work, and is already building capabilities to implement this strategy effectively—it is not just written in paper, but is something that the I-Team is *already doing*.

This comes from the work of one team of authorized and dedicated officials, who have also shown what they can do when effectively focused and empowered. It is also a product of active learning in that period. This learning was captured in February 2017, after the tenth check-in, through a brief survey designed to assist self-reflection and provide the basis for a mid-point assessment of the PDIA experience.

The first question in this survey asked if team members had done this kind of work in the past. Half answered 'no', showing how novel the approach and work has been for some in the team. Another member gave a more fleshed out answer, reflecting on the novelty of working as a team and acting through repeated iterations: "I think this is the first time I have been involved in a program like this that has been organized to work as team and closely monitored the progress."

Another member indicated that they had not worked in this area before, but the BOI had done so, even if in a more general manner that was now being made more specific: "I have not done any work like this before. On the whole, promotion done by the BOI has been general; although in recent years there have been steps to make it more targeted by contacting companies and individual CEOs and Chairmen." Only one member commented that they had done this work before, answering, "Yes, When I was attached to the promotion department of BOI, I handled the Malaysia & Singapore country desk and Healthcare sector. During that period some potential investors were targeted and we arranged some meetings. Also [a] Healthcare sector specific leaflet was produced as promotion material."

A final team member reflected on how the entire exercise allowed her to apply existing knowledge in new ways: "I have been working in the Research Department for over 10 years and was engaged with sector specific research activities. However, the research findings have never been used or directed to promotional activities. Therefore, this is kind of an extended work for me where I can use my research capabilities and use the same in promoting FDI to the country."

Such answers reveal two important realities of doing this work in Sri Lanka. First, the people doing this work had very limited experience doing it before, and thus lacked the functional capabilities to do it. Second, there is always a mix of existing work to build on (in the specified area, like investment promotion, and in adjacent and related areas, like research). In respect of this second observation, there is always a set of latent capabilities to draw on when building new capabilities. These are individuals who have not worked on such areas but whose experience and know-how bring value nonetheless. New capabilities are often best established by building on these different kinds of knowledge. This building process requires a coordinating activity (like

the PDIA process) that allows old capabilities to pivot, interact with other capabilities, and produce new practices.

A second question asked team members, "What did you learn, about the substance of the work?" Various respondents pointed to new research skills, like "how to find data" and "how to filter already existing data." Another response went beyond recognizing just the importance of accessing data to also note how vital it is to actually engage stakeholders for knowledge and data: "The main thing we learned was the importance of collecting relevant data and do research and getting observations of relevant parties/stake holders to decide on any potential industry for promotion." A similar comment also reflected on the core lesson about engaging real people, to learn about actual behavior, which sometimes looked very different from desk research:

"Secondary data and information needed to learn about the sector could be obtained through internet, publications, newspapers, bulletins, etc. However, it was quite useful that the discussion we had with sector experts, stakeholders and existing investors [allowed us] to get the real picture of the sector. *It was sometimes totally different with the output of the analysis done with secondary data when we see the real picture of the sector.* Therefore, the most important factor that I learnt through this exercise is that selecting a target sector to be promoted for investments into Sri Lanka should not totally depend on secondary data analysis, it should seriously concern on the practical situation of the sector."

A similar comment focused on a key lesson about 'thinking like an investor': "The main lesson I learnt was that one has to get into the mindset of the investor and understand what he / she wants. To achieve this, it is necessary to find the relevant data, and research potential companies that may be interested in investing in Sri Lanka. Also, it is vital to look at ways to communicate with enterprises." A related answer came from another team member who reflected on the difficulty of engaging with players, but also on how this could be overcome through patient persistence. He writes, "Preparing questions to enterprises and obtaining answers for the same was a little bit difficult. However, it was possible to convince them patiently."

Another area of learning related to writing pitch books, which one member described as "a quite difficult task at the beginning." Implicitly describing the learning process, this member notes that, "the feedback from experts (either good or bad) directed us to develop them [the pitch books] up to an expected standard. However, still we are working on developing them further."

Beyond this learning about the substance of investment promotion, team members also reflected on lessons about the process (beyond learning about 'what' they were doing, members were also learning about 'how' difficult tasks are done). One member noted that he had learned a lot about, "How to communicate to people and how to build a rapport" and another said that he "was able to improve [his] thinking pattern in streamlining activities related to a specific task." These lessons had not been gained in a sanitized classroom or a one-off session. They had been earned as well as learned, through a process of action-oriented engagement in which the team members worked together in new ways on new topics. This was not at easy process, as one member describes:

"Initially it was rather difficult to concentrate for a new work in this nature with lot of day to day involvements as my personal duties are totally different from the area of engagement. However, once the requirement was emphasized…it was possible to prioritize activities in everyday schedule and allocate time slots for this activity also effectively without disturbing routine activities."

This member pointed to specific gains of the learning, saying that "capacity has been improved remarkably … [especially as the team learned to] … carry out the tasks by delegating to staff appropriately". Another member also focused on the process of learning, noting that this was harder than the substantive part of the work: "The work itself is simple when it is broken down to a series of related tasks. Understanding the breakdown, creating a sequence of tasks and, most importantly, applying ourselves as a team to stick to this sequence, is the tricky part."

Team members were also asked about lessons they learned from working as a team. The answers were wide ranging, but tended to focus on the benefits of having colleagues with different talents engaged together around a complex task. This is captured in a comment that, "My colleagues in the team represent a very wide range of skills and experiences." Another member noted that this kind of engagement led to greater "capacity and [underpinned] the capability of multi-tasking" in the team. Another commented that, "Our team members are attached to different sectors and departments in BOI. They have different competencies. Through this event we were able to share the knowledge and experience each other to deliver better results as team."

Another comment reflected on the 'synergy' that came from working together: "I learned that everybody in the team was willing and able and contribute towards the achievement of targets and working as a team is interesting and create synergies." Other comments showed that this was not an altogether natural process, however, but required that the team engage thoughtfully with each other—listening, delegating, and being respectful and diplomatic:

"It was understood that team members are having different abilities with different work experience. Therefore, delegating as well as listening to members with an open mind made remarkable changes in the group activities as well in individual works."

"[Working as a] team is challenging because we are dealing with varying degrees of seniority both institution-wise and age-wise… [and everyone had] … to employ a lot of diplomacy. The capabilities of the team are wide and varied, and it's fair to say that when they do come through, a majority [of team members] bring some substance to the table."

Team synergies resulted from this active team work, as best reflected in the following comment:

"The I team practiced a sector based approach where we assigned sectors for each and every member to work on. Due to the team spirit and sharing knowledge and capabilities among the members, we could come up with a productive output. For instance, as an officer having a research background, I could help the team in doing in-depth research on sectors, while the other members contributed in building contacts, arranging meetings with experts, finding investor contacts etc. Therefore, the team could work as a perfect blend."

Team members also answered a question about what had been learned regarding the potential of their organization, through the PDIA process. Some comments focused on lessons about the

organization's shortcomings—ostensibly contrasting their recent experience with past endeavors. For instance, one member noted that, "The BOI has a unique potential to promote and facilitate investors. However, sometimes it is difficult to produce results quickly because of compartmentalization and lack of authority / delegation by few officers. Lack of confidence in taking decision has also created delays in serving investors." A similar comment focused on the fact that existing capabilities were scattered in the BOI and needed some convening process to combine: "I realized that we have enough human resources with different knowledge and expertise. But it is scattered. This kind of event [the PDIA process] is required to collect these resources and direct them to a specific task. It will be beneficial for the organization as well as individual." Another member pointed similarly to their new awareness of the quality of staff, but bemoaned a general lack of 'strategy and focus' which, it seems, makes it difficult to direct and coordinate the talent that exists:

"There has always been a potential in the BOI to work well because of the general high quality of the staff of the organization who are highly educated and experienced in many fields. BOI staff are economists, lawyers, accountants, engineers, town planners to name just a few areas. However; the problem has always been a lack of strategy and focus."

One team member provided a short summary statement resonating with this view: "With the right people and policies in place, the BOI does have potential to deliver. But the 2 factors mentioned [having the right people and policies] have to work in tandem." Another member focused on the personnel side of things in saying, "We learned that there is a high possibility to produce meaningful products, especially with the available resources, but maybe with better training."

A final lesson about the organization's capability honed in on the importance of a pivot in policy focus and towards external engagement:

"Through this exercise, we learned how to be more focused in promoting investments. It was rather different from the practice we had earlier. Through the learning we had, the organization can work on specific target sectors and target countries with specific target investors. Therefore, the methodology the I-Team learnt can apply to produce a meaningful and quick output."

A final survey question asked respondents what they had learned, personally, in the PDIA process. Various comments centered on substantive improvements in personal capabilities:

"Studying fish-bone analysis, preparing action plans, presentation skills, and the experience of many countries … were very helpful to improve my abilities. Some examples were important in all our daily activities. We normally do not come up with the suggestions and feed backs of the customers/investors. [We learned] the need to adjust to customer requirements [as was emphasized in our classes] and it was really important."

"The program was really helpful to understand what we can do for promoting FDI."

"I was used to do desk research and come up with research output through data analysis. With the learning I had through this exercise, I could go beyond desk research. I was interested in finding real world factors and comparing these with the desk research output. This understanding enhanced my research capabilities."

"I have never been used to investor engagement. This made me interested in talking with people, understanding investor requirements, finding ways and means for problem solving, and finally get them convinced in investing in Sri Lanka."

Another team member reflected on lessons she learned about managing day-to-day work: "[I learned] how to manage office work and the allocated time specified goals, how to focus on a specific and reachable task, [how to] identify my capabilities in a team work environment (and how to improve my gaps), [and] what are approaches available to target potential investors."

The lessons on practice were not all positive, however, as one team member learned that the workload stretched personal resources too far: "This exercise has made me stretch my workload & capacity to absorb extra work a fair bit – further than I would have expected myself to. It has also established new boundaries for myself in terms of discipline & diplomacy. However, it has taken a toll on my work-life balance which I am not happy about."

A final comment reflected on the way lessons from the work could influence the government more generally, with further testing and 'fine tuning': "Whilst we have produced many brochures in the past and engaged in promotional campaigns overseas, this approach is a new one. It should definitely be tried out and fine-tuned to suit our requirements."

Continuing the progress

The lessons learned by team members suggest that the team gained a lot from the six months of work, although it had not been easy. This is a hallmark of the PDIA process (and action learning methods in general); the learning is earned, through practice, which stretches learners in real ways.

Importantly, the learners are not only stretched by what they have done—they are also inspired about what they could do in the weeks and months ahead. This is often revealed in the way they reflect on a final question asked in the mini survey: "What do you think the next step should be?"

Answers to this question suggest the need for more work—and also speak to an appetite for such. Revealing the lessons learned about the importance of actively building authorization for such work (rather than depending on authorizers to give the work their blessing), two members reflected on the need for the team to try and grow its high-level organizational support: "[We need to] make the top management aware on the output of the exercise and implement the strategies with their full support and authorization"; "[We must] Get the higher authorities actively involved."

Others noted that the key next step involved connecting to others in the engagement process, and reaching out to potential investors. One member volunteered that the team needed to "finalize the pitch books and share that material with commercial attaches" and "find some more sources to target potential investors." Another commented, similarly, that the team still needed to "Make use of the pitch books in investor engagement and come up with effective promotional strategies and implement them." Two other members revealed the same ambition—to engage real investors—having built a platform for such: "The next step is to communicate with the selected investors using the tools we have developed and understand the real world issues in engaging anchor investors"; "[we must still] engage with investors as much as possible and promote them for different projects for identified sectors."

The embedded message that they needed to learn about 'real world' issues is important to note. The team members were keenly aware that this was not an academic exercise and also that they needed to learn what the 'real world' was all about. This view is reflected in another comment about 'next steps', which focused on the importance of continuing the work that had been started, by testing and refining lessons in the 'real world' context:

> "A major problem which any organization faces is that lessons learned are often forgotten after a few weeks. Ideally the work should be tried out and tested in real life situations to gauge how well it works. Also; the process should be refined and updated continually so that it remains of value over the years."

A final, motivating comment, opines similarly that, "[the next step is to] apply our knowledge, apply the skillset that we've been enhancing. Show results based on the capabilities we have gained. The results may take time, but the journey has to begin."

This is a very true observation: lessons earned through practice are most valuable when turned into results through more practice. Thus, lessons must be acted upon, again and again, in the real world, as an athlete works on her stroke or method, often for months and years, before the big competition. The PDIA process initiates a process for this practice (in the regular, short iterations), with the idea that—over time—it generates 'lucky moments' (where the Roman philosopher Seneca defines luck as "what happens when preparation meets opportunity"). As noted in the early sections of this paper, Sri Lanka is the land of Serendib. It was found out of a 'lucky moment' and is now looking for more of the same. These will come as this I-Team—and the others—continue building their capabilities, learning, practicing, and persevering. It will not be easy, and it may not be quick, but the odds are in favor of these teams creating their own luck in the months and years to come—in the form of new investors and FDI coming to Sri Lanka.

This requires, of course, that the work continue—in a patient and persistent manner—much as was done in high profile examples like Singapore of the 1960s. When Lee Kuan Yew's government pursued investors in this period, they found that success was slow to come. Michael Schuman writes of this in his book, 'The Miracle', noting that "Companies … did not come knocking [even when government worked hard to attract them]."[28] Singapore pursued the same kinds of investors that Sri Lanka is now trying to attract, pushing hard between 1964 and 1969 when "The effort began to payoff" and ultimately led to a lucky moment, after years of targeting sectors (including the US semiconductor sector) and building the capabilities, pipelines, connections, and materials needed to engage with investors:[29]

> "[The] big break came unexpectedly. On a flight from Taipei to Hong Kong, I. F. Tang [then head of the Economic Development Board] happened to be sitting next to Mark Shepherd, president of Texas Instruments (TI). Shepherd explained that he was in Taiwan examining a possible investment in a chip assembly plant there. Tang, taking advantage of his captive audience, pitched Singapore as an alternative. Upon landing in Singapore, Tang had the EDB shoot off a telegram to [the EDB representative in New York] Chan telling him to expect a phone call from TI. When it came, Chan was ordered to drop everything and do whatever it took to get the company to invest.
>
> The call came through and Chan flew to Dallas, TI's home city. Whisked into a meeting with

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[28] Schuman, M. 2009. *The Miracle*. New York: Harper Business, pp. 70-71.
[29] Ibid, pages 78-79.

Shepherd and other executives, Chan gave his best pitch. He stressed Singapore's English-language skills, low labor costs, and tax incentives, and argued that the country's small size would allow the government to organize what TI needed quickly. Speed was on Shepherd's mind. The executives told Chan that TI wanted the operation up, running, and exporting within fifty days of the decision to invest. Could Singapore make that happen? Chan was stunned. It was a commitment he could not make, but he promised Shepherd: "We will try our best." After the meeting, Chan warned his EDB colleagues in Singapore about the fifty-day deadline in a telegram. "You must get your act together," Chan says he told them.

Shepherd decided to investigate Singapore in person. When he arrived in September 1968, the EDB was ready. Shepherd had flown in from Taipei and was in a grumpy mood. The proposed site for TI's factory [in Taiwan] was still just rice paddies. The EDB had a chance to outmaneuver the Taiwanese. Shepherd was shown a ready-made factory building, developed by the government, which could quickly be converted into TI's assembly plant.

Shepherd was convinced. TI opened its plant in Singapore in 1969, as did two other major chip firms, National and Fairchild, making a major export for the island. "The future began to look promising for the first time since Singapore became independent," Chan later wrote."

This kind of story will be written of the I-Team and its work in Sri Lanka. If nurtured, supported, pushed and motivated to continue on its path, it will be one of the creators of the country's future economy.