

Making Sense of Generative Governance

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Reference: *Leadership as Governance*. R. Chait, W.Ryan and B.Taylor. Board Source. 2005.

Introductions



Why are we exploring generative governance?

- Trends...
 - Many non-profit managers are sophisticated professionals and assume leadership roles, so what should the board do?
 - Many boards are acting like managers and have assumed an operational focus and recruit to support operational needs (accountants, government relations, fund-raisers)
 - Increasing complexity requiring leaders to think and work effectively and concurrently in multiple modes: as managers, entrepreneurs, politicians, visionaries, analysts, culture makers...

Challenges - Problems of Performance



Board Dynamics

Challenge

- Disengaged board
 - Attendance problems
 - Little knowledge of what is going on in the organization
 - “checked brains at door” prior to meeting

Conventional Solution

- Carrots and Sticks
 - Increase psychic and social rewards - events, interaction
 - Favoured treatment
 - Recruited with promise of little work to do
 - Fear of personal liability

Board Dynamics

Challenge

- Sense of rubber stamping
 - Not sure why they are there or what difference they make

Conventional Solution

- Make work projects or overemphasize strategy



Board Dynamics

Challenge

- Ensuring people get along and avoiding
 - rivalries
 - domination of a few
 - one way communication
 - bad chemistry

Conventional Solution

- Roberts Rules of Order
 - strict rules of how and what can be talked about

Board Dynamics

Challenge

- Don't know what job is
 - Lack of clarity regarding roles



Conventional Solution

- Roles and responsibilities approach
 - Job descriptions to provide clarity

Problems of Purpose

- Could real issue be lack of compelling purpose?
- Could many board members be ineffective not because they are confused about their role but because they are dissatisfied with their role?
- When board members ask “why am I here”, “What difference do I make?”, this may offer greater diagnosis of the challenge.

Three modes of governance are needed

- Type 1 - Fiduciary Mode
 - Concerned primarily with stewardship of tangible assets, mission, accountable for performance, compliance
 - Ensure organization's resources are used effectively and efficiently in pursuit of its mission
- Type 2 - Strategic Mode
 - Where boards set organization's priorities and course, and deploy resources accordingly
 - Figuring out how to get the organization from its present to its preferred future
- Type 3 - Generative Mode
 - inquiry that focuses on creating new meaning

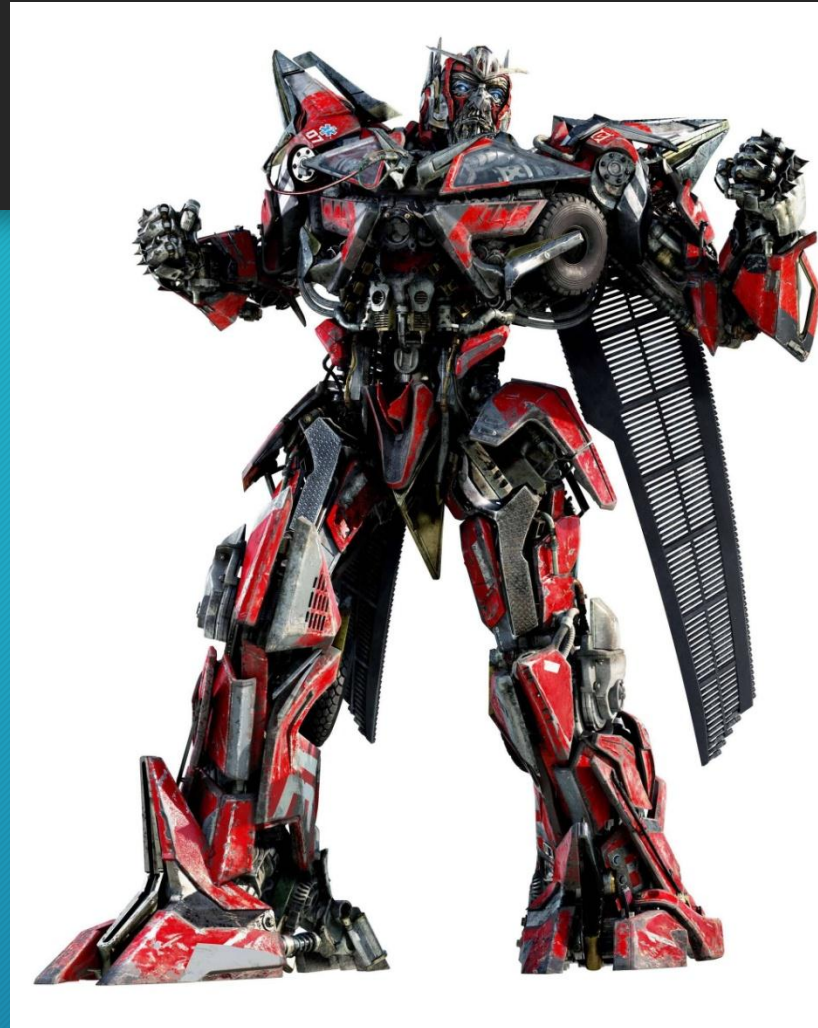
Fiduciary

THE SENTINAL

Is everything in order?

Purpose:

- to ensure resources are deployed effectively and efficiently;
- safeguard and protect mission against drift;
- ensure trustees operate solely in best interests of organization
- ethical, legal, policies, oversight of finances, facilities, executive and board performance, compliance, program fit, accountability



Strategic

THE STRATEGIST



Attention shifts from inside to outside – external influences and environment considered

Details how an organization expects to move from current circumstances to a preferred state

What drives strategy occurs before strategic planning starts

strat.e.gy

(strāt' ə-jē) *n.*

1. Plan of action
designed to achieve
a particular goal.

Generative



THE SENSE-MAKER

What is the question?

What does this mean?

Why generative thinking?

Generate

- to produce or bring into existence (root: genesis meaning origin, creation)

Generative Thinking

- playful, inventive, inquiring, creating meaning

- most important work that takes place in an organization is when people first begin to identify and discern what the important challenges, problems, opportunities, and questions are.
- Way in which intellectual agenda of the organization is constructed
- encourages boards to be present at those times when the organization tries to make sense of circumstances, tries to make meaning of events.
- boards need to get way upstream; they tend to wade in much too far downstream

How do people make sense of things?

- Structural Frame - focus on authority, rules, priorities, plans, chain of command and performance
- Human Frame - focus on relationship or fit between people and organization, member's needs, skills, commitment and development
- Political Frame - focus on exercise of power, constituents, coalitions, conflict, compromise, negotiation, allocation of resources
- Symbolic Frame - focus on organizational culture, meaning, beliefs, rituals, stories, expression

Exercise 1: Applying generative thinking to governance...

- Think of your organization.
- Generate and write on the flipchart all of the questions that you have about the organization or its work that you feel need answers.
- Share with your table.

Exploring Scenarios

- What if....
 - We merged with ABC organization?
 - We lost all our funding?
 - What are the two biggest external factors that impact our organization?
How would we respond if things changed in these environments? How can we proactively prepare to be adaptive?
 - How do we work with others to address this complex challenge?
 - What do we need to know about this before we take action?

Applying generative thinking to fiduciary governance...

Oversight questions

- Can we afford it?
- Did we get a clean audit?
- Is the budget balanced?
- Should we increase the budget by 2% or 3%?
- Will the proposed program attract enough clients?
- Is it legal?
- Is staff turnover reasonable?
- How much money do we need to raise?

Generative Questions

- What's the opportunity cost?
- What can we learn from our audit?
- Does the budget reflect our priorities?
- Should we move resources from one program to another?
- How will this program advance our mission?
- Is it ethical?
- Are we treating staff fairly and respectfully?
- What's the case for raising money?

Generative Fiduciary Questions

- What do we hold in trust and for whom?
- What are the fiduciary, but nonfinancial, roles of our board?
- How do we know the organization is fulfilling its mission?
- What are some examples of times when we earned the title of “trustworthy”?
- What are our major risks and vulnerabilities? What are we doing to address them?
- If we held a stakeholders’ meeting, what would we say about the organization’s fiduciary performance and the board’s effectiveness as a steward?

Applying generative thinking to strategic governance...

Strategic questions

- Do we approve of the strategic plan developed by the staff?
- What programs need funding?
- What are the steps we follow to do the plan this weekend?
- What is our desired future?
- What is the list of strategies needed to achieve the goals?
- What outcomes do we want to achieve?
- How do we expand on the details of the plan?

Generative Questions

- How do we create and guide the development of the plan?
- What do our clients need?
- How do we consider the current reality and move forward towards our desired future?
- What are the drivers that need to be considered and what will we do to respond to them?
- How do we capture any unanticipated outcomes?
- How do we expand the essence of this great idea?

Generative Strategy Questions

- How do we develop strategic thinkers on our board?
- What are our BHAGs? (big hairy audacious goals)
- What are our competitive threats?
- How can we anticipate changes in the environment that may affect our plan? How might we adapt?
- How do we ensure our people, structures(committees) and processes (meetings) connect and mirror our strategies?
- How do we create strategic alliances to support our goals?
- Do we have the problem right? Are we asking the right questions?
- What are we good at? How do we leverage what we are good at?
- How do we get data from multiple sources to understand the drivers?
- How do we work as a team with staff to move this plan forward?

Generative Governance Questions

- How do we work at the boundary (internally and externally) to increase our exposure to cues and clues about our organization and our environment?
- What was the most important problem we tackled in the last year? What was the most important lesson we learned in the process?
- What should be atop the board's agenda next year?
- What are we overlooking at the organization's peril?
- What is the most valuable step we could take to be a better board?

Exercise 2: The Board's Part in Achieving Priority Strategies

- “This priority would not have been achieved if the board has not _____.”

When is generative governance most needed?

- When there are multiple interpretations of what is really going on and it requires attention and resolution
- When the issue, however defined means a great deal to many people, especially influential or important constituencies
- When the stakes are high because the discussion does or could invoke questions of core values and organizational identity
- When the prospects for confusion and conflict and the desire for consensus is high
- When the decision or action cannot be easily revised or reversed

Reflecting on generative...

- Think about your board meetings, how were the issues before you framed and by whom? Examples?
- How do you seek multiple perspectives on a topic, issue, challenge? How might you change this in the future to get a more holistic understanding of issues and solutions?
- How far back do you go to find causes of an issue? What happened when you didn't?
- How do you avoid accepting the first solution that is suggested?

EXHIBIT 6.9 THREE TYPES OF GOVERNANCE: DISTINCTIVE CHARACTERISTICS

	Type I Fiduciary	Type II Strategic	Type III Generative
Nature of organizations	Bureaucratic	Open System	Nonrational
Nature of leadership	Hierarchical	Analytical/visionary	Reflective learners
Board's central purpose	Stewardship of tangible assets	Strategic partnership with management	Source of leadership for organization
Board's core work	Technical: oversee operations, ensure accountability	Analytical: shape strategy, review performance	Creative: discern problems, engage in sense-making
Board's principal role	Sentinel	Strategist	Sense maker
Key question	What's wrong?	What's the plan?	What's the question?
Problems are to be	Spotted	Solved	Framed
Deliberative process	Parliamentary and orderly	Empirical and logical	Robust and sometimes playful
Way of deciding	Reaching resolution	Reaching consensus	Grappling and grasping
Way of knowing	It stands to reason	The pieces all fit	It makes sense
Communication with constituents	Limited, ritualized to legitimate	Bilateral, episodic to advocate	Multilateral, ongoing to learn
Performance metrics	Facts, figures, finances, reports	Strategic indicators, competitive analysis	Signs of learning and discerning

What will be different?

- A different view of organizations - not linear
- A different definition of leadership - increased emphasis on framing and inquiry
- A different mindset - beyond fiduciary and strategic
- A different role - board becomes an asset
- A different way of thinking - more playful and inventive
- A different notion of work - framing higher order problems and asks catalytic questions (vrs technical)
- A different way to do business - more robust meetings, boundary work, learning, curiosity

Thank you

Please complete your evaluation form and leave it on the front table. Have a safe trip home...