

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