Making Sense of Generative Governance

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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

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
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 to 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

<table>
<thead>
<tr>
<th>Nature of Organizations</th>
<th>Type I: Fiduciary</th>
<th>Type II: Strategic</th>
<th>Type III: Generative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bureaucratic</td>
<td>Open System</td>
<td>Nonrational</td>
</tr>
<tr>
<td>Nature of Leadership</td>
<td>Hierarchical</td>
<td>Analytical/visionary</td>
<td>Reflective learners</td>
</tr>
<tr>
<td>Board's Central Purpose</td>
<td>Stewardship of tangible assets</td>
<td>Strategic partnership with management</td>
<td>Source of leadership for organization</td>
</tr>
<tr>
<td>Board's Core Work</td>
<td>Technical: oversee operations, ensure accountability</td>
<td>Analytical: shape strategy, review performance</td>
<td>Creative: discern problems, engage in sense-making</td>
</tr>
<tr>
<td>Board's Principal Role</td>
<td>Sentinel</td>
<td>Strategist</td>
<td>Sense maker</td>
</tr>
<tr>
<td>Key Question</td>
<td>What's wrong?</td>
<td>What's the plan?</td>
<td>What's the question?</td>
</tr>
<tr>
<td>Problems Are to Be</td>
<td>Spotted</td>
<td>Solved</td>
<td>Framed</td>
</tr>
<tr>
<td>Deliberative Process</td>
<td>Parliamentary and orderly</td>
<td>Empirical and logical</td>
<td>Robust and sometimes playful</td>
</tr>
<tr>
<td>Way of Deciding</td>
<td>Reaching resolution</td>
<td>Reaching consensus</td>
<td>Grappling and grasping</td>
</tr>
<tr>
<td>Way of Knowing</td>
<td>It stands to reason</td>
<td>The pieces all fit</td>
<td>It makes sense</td>
</tr>
<tr>
<td>Communication with constituents</td>
<td>Limited, ritualized to legitimate</td>
<td>Bilateral, episodic to advocate</td>
<td>Multilateral, ongoing to learn</td>
</tr>
<tr>
<td>Performance Metrics</td>
<td>Facts, figures, finances, reports</td>
<td>Strategic indicators, competitive analysis</td>
<td>Signs of learning and discerning</td>
</tr>
</tbody>
</table>
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...