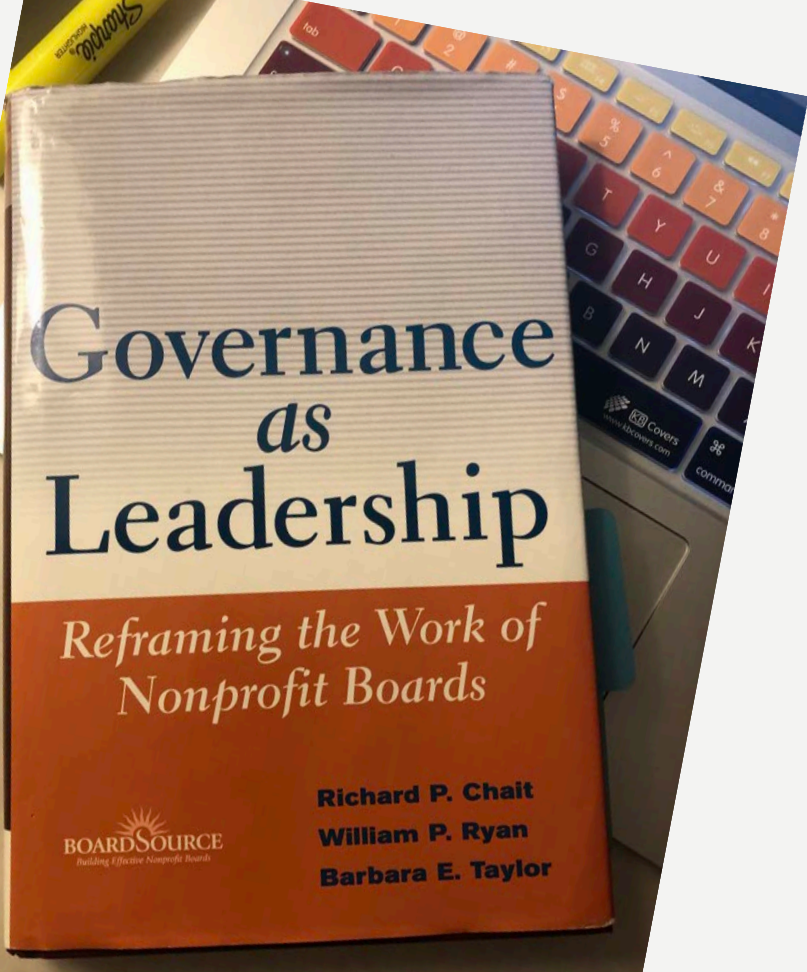


DEMYSTIFYING GENERATIVE GOVERNANCE

Sara A. Peterson, JD, Management Consultant





Governance *as* Leadership

*Reframing the Work of
Nonprofit Boards*

BOARDSOURCE
Building Effective Nonprofit Boards

**Richard P. Chait
William P. Ryan
Barbara E. Taylor**

DEMYSTIFYING GENERATIVE GOVERNANCE

Generative governance?

Break myths and mis-
conceptions

What it is and isn't

Tips to help CEOs and
governing body chairs

THREE SESSIONS

Demystifying Generative Governance

12–12:30 pm, Monday, Regency T

Challenging the Notion of "Efficient" Meetings

11–11:30 am, Tue, Regency T

(Re)Setting the Table for Generative Thinking

10–10:30 am, Wed, Regency T

DEFINITIONS

Type I: Fiduciary Mode

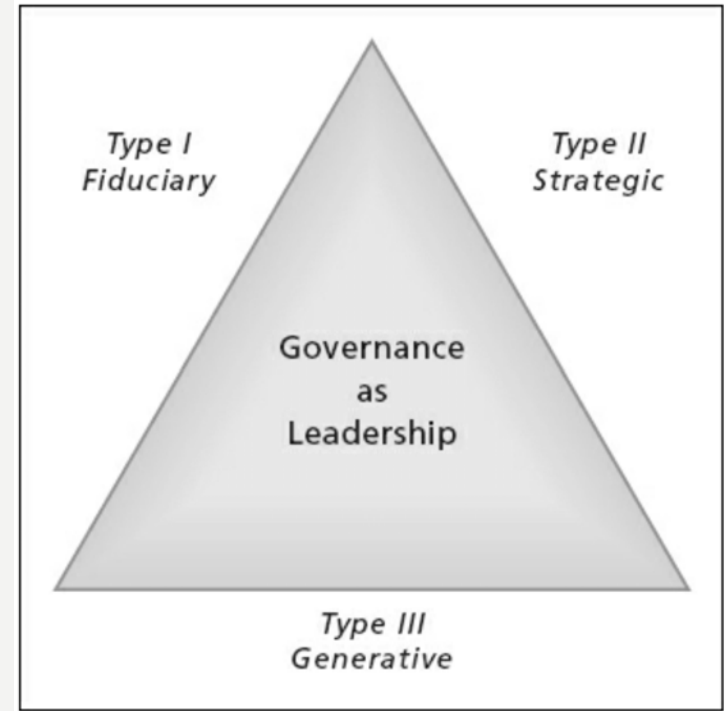
- Steward tangible assets; ensuring faithful to mission, accountable for performance, and compliant with laws and regulations

Type II: Strategic Mode

- Create strategic partnership with management; setting priorities/course, employing resources accordingly

Type III: Generative Mode

- Critical leadership for the organization; bringing wisdom and insight to critical issues before or while policies, strategies, plans, and tactics are formed and discussed.



The Governance Triangle Source: Chait et al. 2005

MYTHS & MISCONCEPTIONS

- #1: A new theory to supplant the past + detailed jargon
- #2: A Board is either Type I, II or III (*fiduciary, strategic or generative*)
OR Type I, II and III are sequential or developmental
- #3: Generative is better than strategic or fiduciary

#1

A new theory to supplant
the past with detailed
language to learn

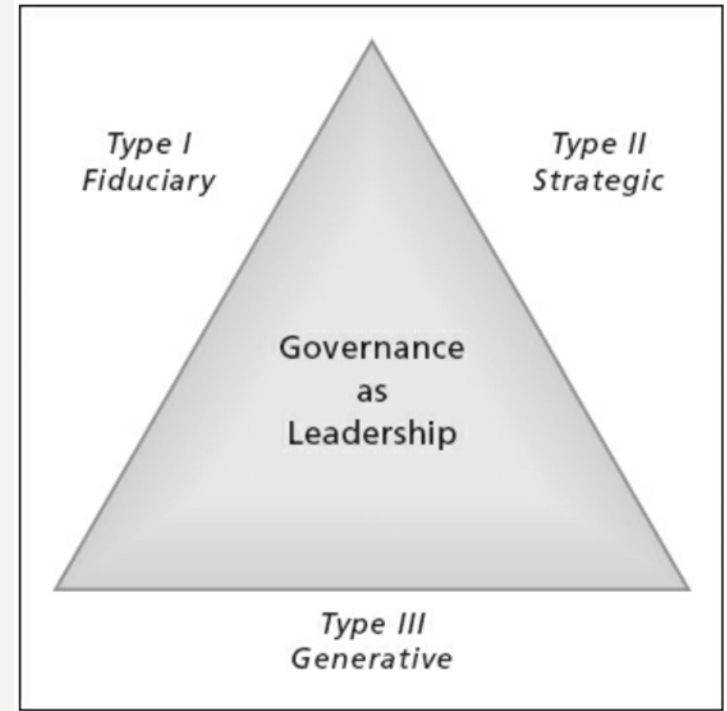
GENERATIVE THINKING

THE COGNITIVE PROCESS DESCRIBED BY “DOZENS” SINCE
AT LEAST THE EARLY 1970S (GAL, p. 83)

Sense-Making (Weick) • Reflective Practice (Schon) •
Emergent Strategy (Mintzberg) • Adaptive Leadership
(Heifetz) • Personal Knowledge (Polanyi) • Cognitive
Complexity (Birnbaum) • Framing Organizations
(Bolman/Deal) • Sensible Foolishness (March/Cohen)

CLARIFYING LANGUAGE

- **Type > Thinking**
- **Mode > Mindset**
- **Generative**



The Governance Triangle Source: Chait et al. 2005

Governance as Leadership encouraged trustees to think...: as fiduciaries, strategists, and sense-makers—or, as we now like to say, trustees should provide

OVERSIGHT, FORESIGHT, AND INSIGHT.

This approach, effectively enacted, yields...

Consequential Governance.

Richard Chait, in Foreword to “The Practitioner’s Guide to Governance as Leadership” Cathy A Trower (2013)

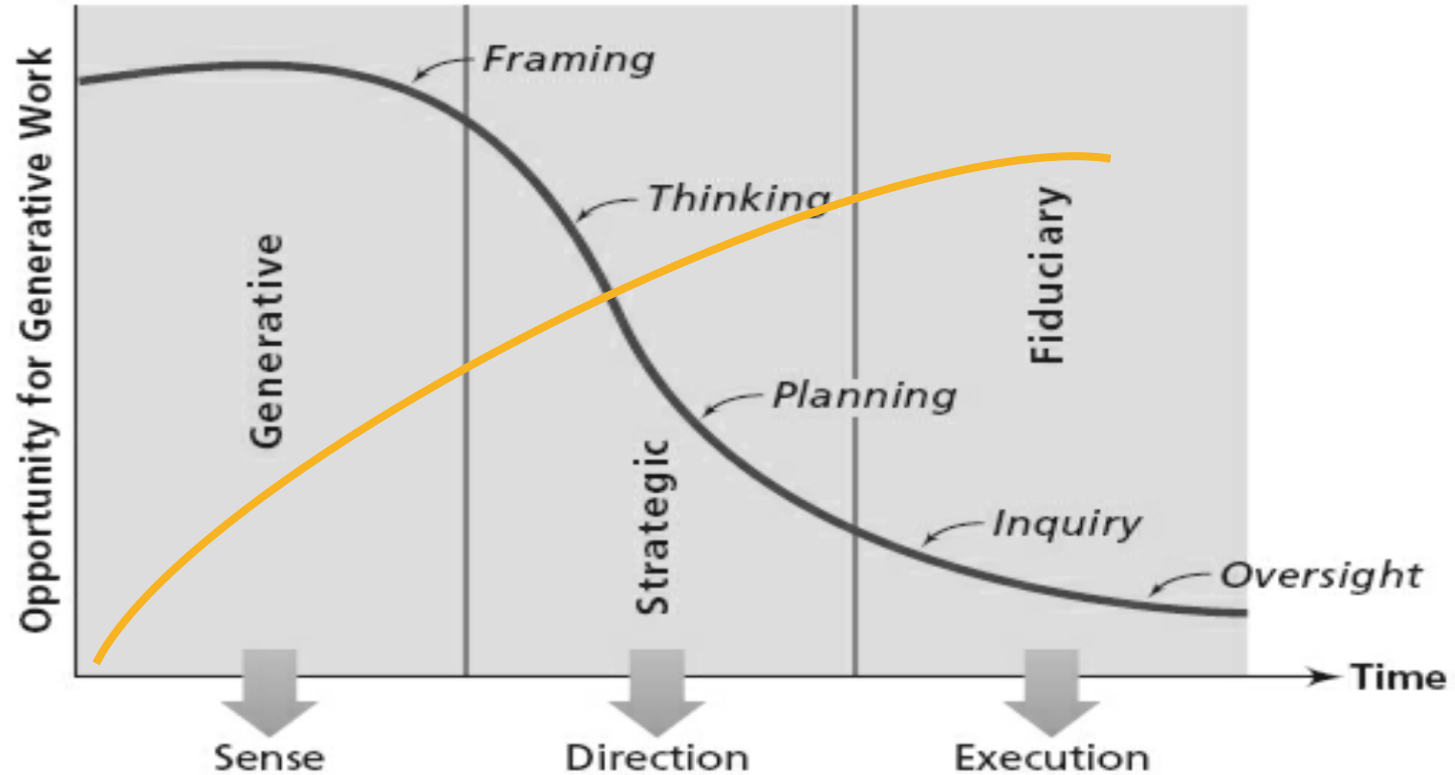
#2

A Board is Type I, II or III

OR

The Types are sequential
or developmental

Governance Modes



#3

Generative is better than
strategic or fiduciary
governance

THREE MODES OF GOVERNANCE

	Fiduciary	Strategic	Generative
Board's Role			
Key Question			
Problems are to be...			
Way of Deciding			



*fiduci-
what?*

adj. fi · du · ci · ar · y

- of or relating to a holding of something in trust for another: a fiduciary heir; a fiduciary contract
- of or being a trustee or trusteeship
- held in trust

n. pl. fi · du · ci · ar · ies

- one, such as an agent of a principal or a company director, that stands in a special relation of trust, confidence, or responsibility in certain obligations to others

SO WHAT THE
HECK IS IT?

MODES & MINDSETS OVER TASKS & MECHANICS

Even more significantly, we should have highlighted that generative work serves to **generate the understanding, meaning, and insight that create a shared perception of the problems and opportunities** at hand and on the horizon. Generative work means think first and think hard about what's at issue and what's at stake. In shorthand, we urged boards to **Find, Frame, and then Focus** on **matters of paramount importance** to the organization's current and future welfare.

Chait in Trower, Cathy A.. The Practitioner's Guide to Governance as Leadership

NOT

- Synonymous with bold ideas, radical departures, pie-in-the-sky planning
- Wholesale change in core mission, or bet-the-organization decisions
- Clever solutions to operational problems
- To be used in lieu of fiduciary and strategic thinking
- The answer to every question or crisis

Trower, Cathy A.. The Practitioner's Guide to Governance as Leadership . Wiley. Kindle Edition.

WHY IS THIS IMPORTANT TO POOLS?

■ Corporate Boards *(for-profit)*

- Private entities
- Subject to industry regulations
- Shareholders and profits
- Paid board members

■ Nonprofit Boards

- Sub-set of corp. – different rules
- Private entities with public duties
- Fundraising and volunteers
- Different divisions of labor
- Balance mission and money

■ Government Councils

- Public elections
- Open meeting laws
- Constitutional and legislative mandates/ constraints

Pool Boards

Are complex with elements of all 3

Pools

Can have ambiguous or contested goals

Work in uncertain environments

Face constant change

Meaning matters

LET'S THINK OF A COUPLE EXAMPLES

Ripe for Generative Thinking

- Setting Pool Surplus
 - Dividends?
 - Justifications?
 - Confidence Levels?
- Leadership Succession, Pipelines & Culture
 - Board?
 - Administrator/Executive Director?
 - Turnover, Retirement or Emergency?

GETTING STARTED

GOVERNANCE AS LEADERSHIP RECOMMENDS

- Noticing cues and clues
- Choosing and using frames
- Thinking retrospectively

*“Generative thinking is where goal-setting
and direction-setting originate.”*

(GAL p. 89)

Generative Landmarks

- Ambiguity
- Saliency
- Stakes
- Strife
- Irreversibility

(GAL p. 107)

COMPARING TYPE I AND TYPE II GOVERNANCE

Type I Governance	Type II Governance
Management defines problems and opportunities; develops formal plans. Board listens and learns, approves and monitors.	Board and management think together to discover strategic priorities and drivers.
Board structure parallels administrative functions. Premium on permanency.	Board structure mirrors organization's strategic priorities. Premium on flexibility.
Board meetings are process-driven. Function follows form. Protocol rarely varies.	Board meetings are content-driven. Form follows function. Protocol often varies.
Staff transmits to board large quantities of technical data from few sources.	Board and staff discuss strategic data from multiple sources.

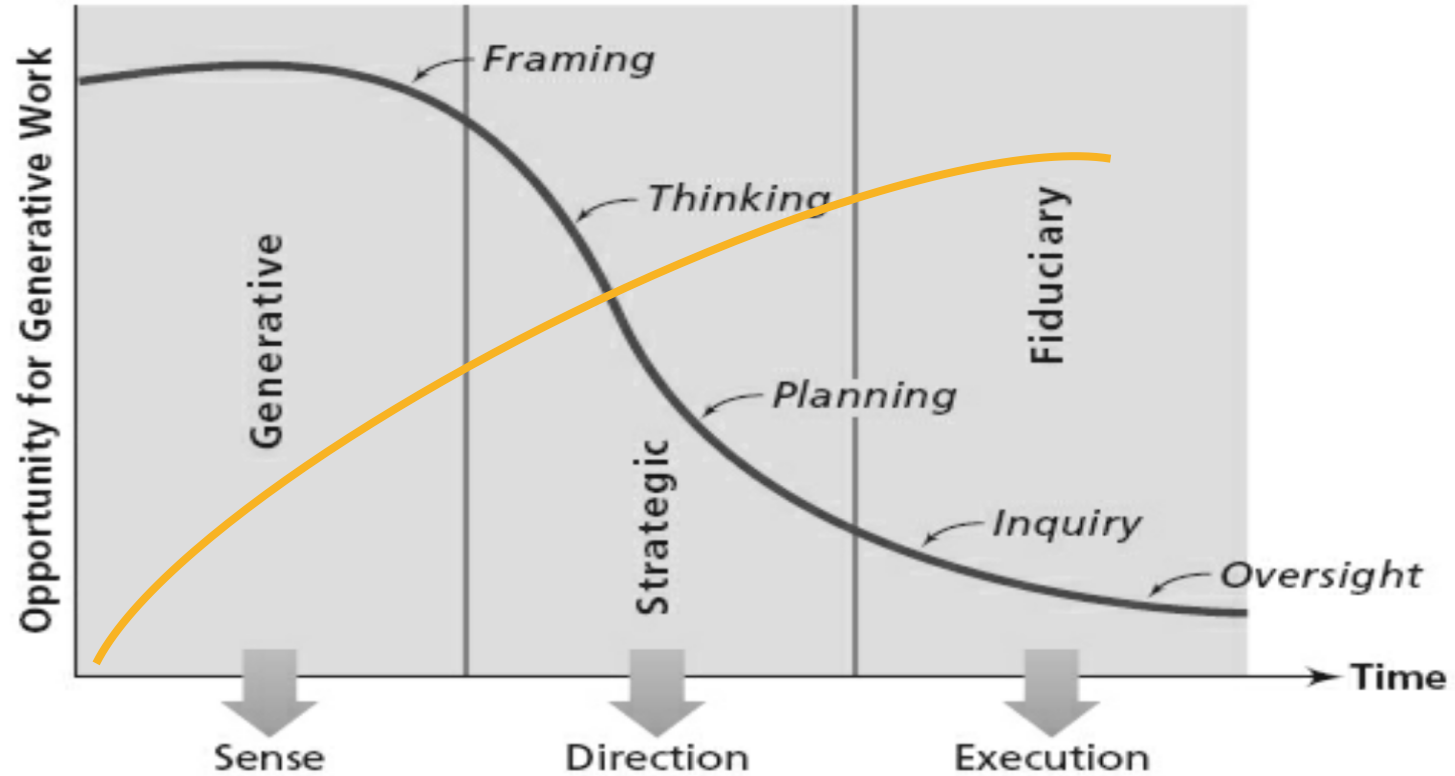
GAL p. 75

COMPARING TYPES I AND II TO TYPE III RULES

Type I & II Rules Help Boards:	Type III Rules Help Boards:
Choose among alternatives	Generate alternatives
Make decisions	Decide what to decide
Solve problems	Discern and frame problems
Preserve congeniality	Promote collegiality
Pursue consensus	Pursue perspectives
Meet efficiently	Discuss robustly
Consider realities	Consider hypotheses
Pose pragmatic questions	Pose catalytic questions

Trower Table 1.4

Governance Modes



Not just future oriented...

LOOK BACK
Reflect, Analyze, Learn

RIGHT NOW
Scan, Experiment, & Clarify

LOOK AHEAD
Anticipate & Strategize

FIND & FRAME

FOCUS

What we need...

TIME
to think and discuss

SPACE
to explore and play

PERMISSION
to question and change

Free from
~~DISTRACTIONS~~

DECISIVE THE WRAP PROCESS

To make better choices, we must avoid the most common decision-making biases. Being aware of these biases isn't sufficient to avoid them, but a process can help. The WRAP process can help us make better, bolder decisions.



WIDEN YOUR OPTIONS

Narrow framing leads us to overlook options. (*Teenagers and executives often make “whether or not” decisions.*) We need to uncover new options and, when possible, consider them simultaneously through multitasking. (*Think AND not OR.*) Where can you find new options? Find someone who has solved your problem. Try laddering: First look for current bright spots (*local*), then best practices (*regional*) and then analogies from related domains (*distant*).

REALITY-TEST YOUR ASSUMPTIONS

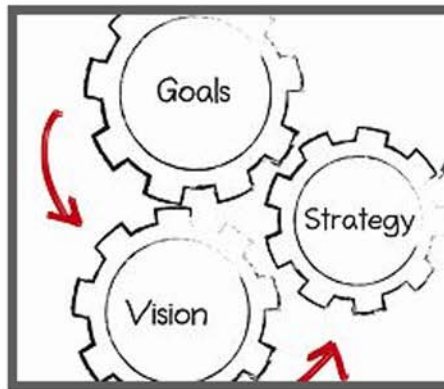
In assessing our options, the confirmation bias leads us to collect skewed, self-serving information. To combat that bias, we can ask disconfirming questions (*What problems does the iPod have?*). We can also zoom out (*looking for base rates*) and zoom in (*seeking more texture*). And whenever possible we should ooch, conducting small experiments to teach us more. Why predict when you can know?

ATTAIN DISTANCE BEFORE DECIDING

Short-term emotion tempts us to make choices that are bad in the long term. To avoid that, we need to attain distance by shifting perspective: What would I tell my best friend to do? Or, what would my successor do? (*Or try 10/10/10.*) When decisions are agonizing, we need to clarify our core priorities—and go on the offensive for them. (*Remember the stainless steel bolts on the Navy ship.*)

PREPARE TO BE WRONG

We are overconfident, thinking we know how the future will unfold when we really don't. We should prepare for bad outcomes (*premortem*) as well as good ones (*preparade*). And what would make us reconsider our decisions? We can set tripwires that snap us to attention at the right moments. (*David Lee Roth's brown M&M, Zappos' \$1,000 offer*)



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