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Harvey Green
University of San Diego

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Generative Governance: An Exploration

Harvey Green

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Generative Governance: An Exploration

Richard Buckminster Fuller, a popular systems theorist would say, “If you want to teach people a new way of thinking, don’t bother to teach them—give them the tools that will lead to new ways of thinking” (Senge, Smith, Kruschwitz, Laur, & Schuley, 2008). These tools are synonymous to what we in the non-profit realm term as lenses, modes and models. In this paper, we will talk about various tools/modes and how they specifically apply to non-profit governance. These modes will bring into focus new ways organizations can creatively and collectively transform and propel themselves into a future of growth and sustainability. In the history of non-profits, it was evident that the chartering of institutions was entrusted to a group of individuals responsible for carrying out their “public purpose”. These individuals have now evolved to become trustees or directors who govern, oversee and are accountable for the performance of these institutions. In addition to governing, these trustees are charged with meeting the needs of the constituents they serve (Keith, 2011). Given this great responsibility of having to govern, it is imperative to examine the three modes by which non-profit boards are governed: strategic, fiduciary and generative. These three modes are likened to looking through the lenses of a kaleidoscope—an invention discovered in the 1815 by Scottish physicist Sir David Brewster. In a kaleidoscope, the three lenses are manipulated by its users bringing about a new focus, clarity and a perhaps a unique picture to the viewer. In an organization, the strategic, fiduciary and generative modes of governance are manipulated by the board bringing about a new clarity, focus and perhaps a new way of looking at their organization. This new way of looking at their organization carries with it the hope of discovering new and holistic approaches of operating and governing. While all the modes of governance are all important—it will be argued here that the

generative mode is the proverbial “glue” that holds all of the pieces of governance within an organization together. It is the intention of the author to specifically define this relatively new, but vitally essential mode of governance and show how it differs, yet complements the strategic and fiduciary modes of governance. It will be also useful to compare generative governance with some of the lenses/and tools of organizational theory, i.e., a learning organization (organization as brains) and its principles in double loop learning. Additionally, the methods in author Peter Senge’s use of systems thinking and how it enhances an organization’s governance has strong parallels with generative governance—this will also be explored.

The author will determine the effectiveness of generative governance and look at some of the ways it is implemented within certain non-profit organizations. As Gareth Morgan points out in his book *Images of Organizations*, true and reflective work that focuses on the broader picture of an organization needs to be allowed the “space” to do so. This “space” is evident in the following organizations—all of which will be highlighted in this paper: Casa De Amparo, Jewish Community Foundation, Bird Rock Foundation, Youth Villages and University Health Board. Specific reference to case studies from governance experts such as Richard Chait, William Ryan and Barbara Taylor in their book *Governance as Leadership: Reframing the Work of Nonprofit Boards* will also be examined. Additionally, the ideas of author Kent M. Keith on servant leadership and how this type of leadership inevitable elicits generative thinking in the boardroom will be explored. We will also look at examples of generative governance upheld by Board Source, the non-profit sector’s premier resource for tools, best practices on governance and the training of board members. Through this case study and observation methodology, the author intends to elaborate on the practical ways that generative governance can be used within any organization and how it can be used in conjunction with the other modes of governance

making an organization more effective. With that, this paper will focus on the most ideal circumstances or landmarks that may prompt the use of generative governance within a particular organization's life cycle. The author will then conclude by determining whether generative governance is more effective in one organization over another and if so, how? For instance, is the use of generative governance more practical in social service organizations versus educational organizations, or even health care organizations? If so, the author will explore the "why". Finally upon revelation, the author will champion for the routine use of generative governance—recognizing that generative governance is very much in full use in organizations—just under a different auspice and conclude that without true generative governance an organization would struggle to live out its true potential. It will be suggested that we as individuals, fully accepting the responsibility of being board members, that we routinely exhibit the ability to enlarge our thinking within the organizations we serve and act as exemplary advocates of a more holistic approach to the three modes of governance.

As mentioned earlier, organizations in the non-profit and for profit sectors are characterized by many lenses, modes and frameworks. As suggested, social theorists and scientists used these frameworks and tools as organizations evolved from their humble beginnings rooted in common and constitutional law in the 1700's to the expansive growth that took place in the 1980's, where privatization and professionalism in the industry clearly delineated the private, public and voluntary sectors. We saw this evolution take place in some early institutions of higher education like Harvard and Yale—as they have provided the keys that guide us to what our thoughts on governance are today. However, although these tools provide us with "a way" of looking at another organization to increase our understanding, we have to be sure that we acknowledge that

they are just “a way”. We see that these lenses do a fine job in helping us to create the framework to learn and understand how to grow our organizations in useful ways—but, we must be aware of the potential limitations that exist. We have to realize that certain lenses or modes can blind us to other modes and that if we don’t take a comprehensive approach when growing our organizations—our creative solutions can be short sighted. This holistic approach is arguably how we understand the various phenomena within our organizations, effectively creating a hybrid (or some other combination of modes) to address long term and sustainable growth. It is argued that this comprehensive rationale is exemplified within generative governance realm.

Generative governance suggests in its very essence, a holistic and multi-lens way of governance. While the strategic and fiduciary modes are important and focus on the goals, organizational evaluation and stewardship of the financial matters of an organization, it is argued here the generative mode of governance drives all of this. Defined as the process of inquiry that delves into the values, decisions, assumptions and culture of an organization, this reflective mode commands that we take a deeper “look under the hood” to really make sense of our organizations. From this deep and reflective thinking we are then able to hone in on the right fiduciary and strategic modes. As pointed out by Chait et al., generative thinking precedes the other modes as they are “generated” by this process (Chait, Ryan, & Taylor, 2005). The term generative, derived from “genesis” means that we take a look from the very beginning and devise meaningful strategies that not only align with the mission of our organization, but elicit maximum benefit and impact for all of those an organization touches. We see this type of thinking as we look at different facets of organizational theory. In an learning organization, we observe a deeply reflective process that drives us to look at an organization’s operating assumptions and values, while always questioning the “why” when making decisions within an

organization (Morgan, 2006). This process, called double loop learning has been instrumental in coming to a true understanding of the organization's values and their relationship with the environment. This process holds true for the Bird Rock Foundation (BR Foundation) as was observed through one of their board meetings. When faced with the challenge of a constrained budget and searching for community activity that was more in line with their mission, the BR Foundation decided through generative thinking and double loop learning that conducting a wine festival is no longer feasible for their organization. Questions surfaced such as, "Why do we do this every year when the return on investment is so low?" or, "Does this activity really align with our mission and are there more effective way to raise money for the school?" We see from this, that the use of questioning the operating assumptions and starting with a new beginning or "genesis" has a very real presence in the board room.

In systems thinking, Peter Senge argues that effective organizations are derived from three things or what he coined as "legs of the stool". People who are thoughtful, have a deeper concern for the mission and who foster creative and thoughtful strategies create new ways of acting (Senge et al., 2008). Senge's "three legs of the stool" analogy parallels nicely with governance as a kaleidoscope—further making the point that governance should be holistic and comprehensive. The kaleidoscope, like the "stool" is the integration of the fiduciary, strategic and generative lenses that create new ways of acting and governing. Additionally, we see systems thinking applied in many for profit organizations who need to move beyond addressing their organizations immediate problems and develop a capacity to focus on the broader picture. When faced with problem in expanding their operations while at the same time sustaining natural resources like water, both Coke and Alcoa came up with a radically different ways of thinking that involved the creation of ideas that not only enhanced their bottom line, but also addressed

global water management (Senge et al., 2008). This deeper and more reflective thinking indicates and dovetails well with the practice of generative governance and proves that it can be applied across many organizations.

Many organizational theorists have championed the ideas of exploring an organization's values, beliefs and underlying assumptions—all of which have practical application in the generative work being done in non-profits. As we move on from defining generative governance, we should look at some examples as to where generative governance is actually in practice. Through this research, it has been revealed that generative work is in fact being done within many organizations at different times/life cycles, frequencies, durations—however, under a different name and/or auspice. For instance in the local non-profit Casa De Amparo, a social service organization, it was quite obvious that they make generative governance a regular practice within their organization. By creating the “space” within their board meetings by use of consent agendas to allow for what they term time to focus on the, “planning questions”, demonstrates the use of generative thinking. Questions such as: “Where have we been and where are we now?”, “Where might we go?”, “Where do we want to go?” and finally, “What actions will we take to get there?”, all exemplify the board's broad and holistic focus on bringing the organization to the next level—moving well beyond the fiduciary and strategic modes. It is important to note that the answers to these generative questions inevitably guide Casa De Amparo's fiduciary and strategic actions.

Through the author's observations and research, there are some key elements that allow for generative work to be done. First, an organization and its leaders, individual board members must be open and willing to do this type of work. There must be a fostered culture of inquiry where individuals feel free to engage in creative thinking, without jeopardizing some of the

necessary work that routinely needs to be accomplished. Also, board members who champion generative thinking should not be socially ostracized or disregarded by their peers. This is well documented in the Jewish Community Foundation where the leadership goes through great lengths to prepare board members in advance for some of the mandatory Type I/II work (strategic and fiduciary) that focuses more on the day to day minutia which allows them to quickly move into a space where they can focus on the broader issues. This effort to create this space, allows for deliberative thinking where this organization can focus on growth within its organizational culture while addressing some of its unique cultural assumptions. CEO Marjorie Kaplan calls this space some of its most important work. Generative work allows a board to ask questions of the big problems, opportunities and challenges that may exist and allows for an open-ended dialogue that test an organization operating assumptions (Keith, 2011) . This bodes well with what former AT&T executive and non-profit professional Robert Greenleaf referred to as a servant leadership—a core tenet in generative governance that should be commonplace in effective organizations. As organizations practice the use of creating the necessary “space” to do generative work—there are specific benchmarks or key indicators as to when generative work can or should be employed. It has been observed that there have been certain triggers that allow an organization’s board to take courses of action based on the following: life cycle, the presence of external/internal threats, ambiguity or other embedded issues (Chait et al., 2005). While it may be ideal to practice generative on a proactive basis, there seems to be a strong tendency for organizations to result to this mode when crisis is afoot. This was the case with the University Health fundraising committee when charged with setting endowment minimums. Faced with the problems of declining returns on investments from existing endowments, a shrinking pool of donors to draw from and a dwindling state budget, the Board decided to revamp its endowment

minimum policies. In the pre-recessionary times (pre-2008), the board had become flexible on the amounts they would accept from donors to form an endowment—arbitrarily breaking their stated policies and allowing donors to “get a deal” for a named endowment. Not to mention, giving deals on endowments and naming opportunities created a “ripple effect”, where donors who were in the “know”, wanted the same deals. This deal cutting stood to ruin the financial vitality of the organization and contributed to the eroding of the endowment. As the markets turned and as these underfunded endowments went upside down, it became obvious that the board needed to revamp, reinforce and revitalize this policy. In committee session, a hard and honest conversation regarding questions such as: “What is our mission?”, “Why do we create endowments?” and “What is the best and most effective way to preserve our endowments?” was had. Out of that discussion was a strategic and fiduciary response of amending and publishing what the new endowment minimums should be—university wide. The board’s hard-lined stance focused on truly preserving the mission of the organization. This confirms the idea that different external factors or landmarks create a catalyst for generative work to be done within an organization—even though this work may not carry the official “generative” terminology. The dynamics for generative work within an organization may vary from of organization to another, but one common theme has held true thus far—that this work is actually taking place and is effective in making a substantive difference.

We see the generative process alive and well in the Youth Villages, another social service organization that focuses on foster youth. We see this organization using generative thinking in their recruiting and nominating processes with potential board members. Faced with the predicament of trying to fundraise and create a more professional and passionately driven board, this organization embraced new ways of bringing people into their organization. Not only did

they start incorporating questions to board members like, “Why do you do the work that you do here?” and “What is your passion within this organization?” in their board meetings and incorporated this practice in how they went about nominating board members. This process ended up being a great decision for an organization that was in a transitional stage in its life cycle—as they were really trying to get to that next level. In the end, this process yielded a board member that was not only passionately engaged about being on the board at Youth Villages, but also ended being a 43 million dollar donor—wow! One could argue that the power of generative work can be immense and really change the trajectory of an organization.

What the author has found through this research paper is that generative governance is all encompassing and is in fact, highly effective. Though the organizations in this paper are not all inclusive of every non-profit—there are surely some representative themes.

First and foremost, it has become abundantly obvious to the author that generative work is both alive and well. What is interesting when we observe representatives on a board of an organization is that while most of them practice generative work on their boards, they do not use the actual term, “generative”. This suggests that this may be a dilemma of semantics. The terms strategic and fiduciary are used frequently and are generally more accepted as standard language in the board rooms. However, the author has noticed that boards observed in this paper used terms like, “planning sessions”, “strategy sessions” and “brainstorming sessions” to describe the process that the generative mode elicits. So while generative governance has been described as a relatively new phenomenon in the research, this author is of the belief that the actual practice of generative work has been around since the early formation of organizations. The evidence of this is by simply looking how much the non-profit sector has grown, evolved and become more professional. One would argue that this evolution did not come about through routine and day to

day operation, but through truly visionary, deeply focused and highly reflective processes. Many times, non-profits practice this art seamlessly and unconsciously in the boardroom. Through the recruitment and emergence of highly competent professionals and servants leaders, generative work is inevitably being done. These leaders are called upon not to be rubber stamps, but are those who vigorously question the underlying assumptions within an organization, finding ways to be more effective trustees to the public and beyond. The truth is that generative work can be done at anytime, anywhere and under any name—this is due to its highly dynamic and flexible nature. However, the key is that board members make a habit out of using it intentionally, frequently and that the leadership allows the “space”. It is important that even in the very beginning or “genesis” that organizations recruit board members who are open minded, have a passion and commitment to the mission and are willing to test the operating assumptions the way social theorists did. These intentional practices will ingrain generative thinking into the culture and give members a more holistic view of their roles as board members. Nevertheless, this type of thinking will keep them challenged, focused and increases their satisfaction as board members. This will in turn increase board member retention and consistency.

This paper exhibited that generative governance is not restricted to a particular non-profit over another. Throughout the various organizations examined within this paper, it has been shown that this type of work is being done everywhere, granted at different levels of intensity. To go back to the original question as to whether generative governance is more effective in one area of a non-profit over another, the author will have to say no. What has been seen through this research is that all organizations draw value from this practice—even the for-profit sector, and can benefit from this comprehensive way of governing. This runs the gamut for social service, education and health care organizations—all areas that were represented in this paper.

Furthermore the author champions for a routine use of the generative governance and encourage board members to advocate for the use of this vital tool. Generative governance should occur every time we walk in then boardroom and the stage for this type of work should always be set as exemplified in the organizations in this paper. Healthy and necessary debates, the questioning of operating assumptions and the creation of an environment where members feel free to voice their opinions are the necessary components that will facilitate generative thinking. These components are becoming more prevalent as boards become more professionalized, mature through their life cycles and recruit directors with skill sets that match organizational needs. This is exemplified in what non-profit professional Geoff Guilfooy, Principal at AKT LLP, when he spoke of the varying governance models. He mentioned that boards are in different phases in their life cycles and how a board's needs may change depending on their phase of development. It was implied as boards move out of the initial start-up phases and into "scale up" or corporate phases, the composition and the recruitment of board members may change. These changes will facilitate the calling upon of leaders who seek to change the status quo and truly serve an organization and its long term needs. This shift will take the board members to a place where they can focus on oversight and accountability as opposed to the day to day management. It is in this environment where generative work can be done. As Julia Classen mentions in the Non-profit Quarterly," An effective board spends very little time managing and more time thinking about the long term good of the organization (Classen, 2011). This exemplifies what generative governance is truly about and sets the tone for a board of directors to focus on some of the most important work.

Lastly, as defined in class by a group of students when asked about the most apt definition of "generative governance", it can be stated as the following: "Generative governance starts with a

culture of acceptance, it transcends the strategic and fiduciary responsibilities that many boards are inundated with and addresses the underlying assumptions in a comprehensive and reflective way.” The author feels this definition is well suited and creates the framework for the important work to be done within an organization. While it has been criticized that this work may seem impractical or “pie in the sky”, it is important that we create the space for this type of work as it is the thread that keeps an organization together—propelling it forward into new heights. That being said, there is no question or a doubt in the author’s mind that generative governance is not only effective, but is very practical and in abundant use in many organizations today.

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