

CAPABILITIES FOR TRANSFORMATION

Honing Director’s Skills for Generative Governance

Take-Away Notes by John Dalla Costa



- The numerous initiatives being promoted to help directors deal with heightened public scrutiny along with higher stakeholder expectations have led to what some are calling “governance overload.” While important lessons or new techniques warrant attention, the effectiveness of directors hinges not on doing more, but on doing differently - on thinking deeply together *with* purpose and common sense.
- Scholars (Chait, Ryan & Taylor, 2005) have called this less dogmatic and more creative approach to organizational authority “generative governance.” If a relatively new wording, “generative” actually only retrieves the original promise of governing or stewardship - which was to preserve an asset so as to be as enabling for future generations as it is for current ones. Strategy usually has a three-to-five year horizon, and includes a “vision.” This is valuable. However, generative governance sets the more distant aim which vision serves: that purposeful “dream” which creates humanizing potential far into the future.

- Erik Erickson (the psychologist who coined generativity theory in the 1950s) called the responsibility for the future “discovery, which becomes legacy.”

- What are the most precious benefits we’ve inherited from the legacy of bold builders and innovators in our sport? What were their dreams? If we imitate that audacity, what dream do we wish to bequeath our children?

“GENERATIVE SENSING”

| | BOARD SKILLS | BOARD ETHICS |
|------------------------|--|--|
| 1. Seeing & Shaping | <ul style="list-style-type: none"> • Scan future-shaping issues • Create best/worst cases • Identify learning gaps | <ul style="list-style-type: none"> • Awe from ideals & principles • Outrage towards what’s unfair, unjust, or damaging to shared values |
| 2. Framing & Reframing | <ul style="list-style-type: none"> • Form hypotheses • Imagine the “dream-scenario” • Expect and simulate crisis • Examine strengths as liabilities for learning | <ul style="list-style-type: none"> • Necessary commitments for trustworthiness • Forging the values to elevate board and organizational capacities for response/ability. |

(Dong, Garbuio, & Lovallo 2016)

- With only uncertainty now certain, boards cannot use the conventional “command and control” levers to reach authentic visions, let alone dreams. Increasingly, boards require boldness based on integrity - to innovate and improvise, and to earn ever more

precious trust. This dynamic responsibility for board and organizational integrity rests with directors, who together form a “community of conscience.”

- Crisis is the wrong time for a board to learn about its directors’ ethical skills or differences. Practice ethical enquiry on all agenda items to exercise the ethics-muscles needed for the most volatile or unexpected dilemmas.

- Co-define the actual ethics for the board (not a code of conduct, which prescribes or prohibits behaviours, but an *ethics charter* to set the mutually-agreed-to principles for integrity and trust).

- Since ethical challenges are often social in nature or shared across sports, develop opportunities for across-the-sector conversation and collaboration. By definition, conscience is a social asset, and so it gets stronger as its insights and wisdom get shared.

- Revisit ethics and values yearly as part of any strategic review, and reframe the story to help directors and executives translate vision into trust-making behaviours.

| | | BOARD TRUST AUDIT | | | | | | | | | | |
|---|--|-------------------|----|----|----|----|---|----|----|----|----|----|
| Governance Trust-Making Attributes (Rating: Low -5/ High +5) | | -5 | -4 | -3 | -2 | -1 | 0 | +1 | +2 | +3 | +4 | +5 |
| Competence | • Sector experience & expertise | | | | | | | | | | | |
| Competence | • Technical knowledge of rules & role | | | | | | | | | | | |
| Competence | • Visioning & strategic planning | | | | | | | | | | | |
| Competence | • Deliberation & decision-making | | | | | | | | | | | |
| Competence | • Monitoring and evaluation | | | | | | | | | | | |
| Care | • Concern for stakeholders | | | | | | | | | | | |
| Care | • Commitment to the shared good | | | | | | | | | | | |
| Care | • Encourage values of connectedness | | | | | | | | | | | |
| Care | • Willing to help | | | | | | | | | | | |
| Care | • Responsive to those least powerful | | | | | | | | | | | |
| Integrity | • Honesty | | | | | | | | | | | |
| Integrity | • Courage to stand on principle | | | | | | | | | | | |
| Integrity | • Willing to shoulder ethical costs | | | | | | | | | | | |
| Integrity | • Responsibility for integrated outcomes | | | | | | | | | | | |
| Integrity | • Self-aware and self-learning | | | | | | | | | | | |

- There is very little research available on sports governance. However, two themes do emerge: first, that “legitimacy” hinges on “public value creation;” and second, that strategic capabilities are lagging, especially in balancing the complexity and ambiguity for achieving both “excellence and participation.”
- Just as “public value creation” is the rationale for an inspiring “dream,” so “conscience” is the key skill for balancing the competing priorities between high-achievement and wide-inclusiveness.
- The task, once again, centres on reclaiming (and refining) common sense. Surveys of directors reveal that:

- Two-thirds feel boards are too focused on short-term issues, and spend too little time probing and mapping the future;
 - Agendas are too full and too rigid to allow deep discussion of larger, longer-term concerns;
 - While nine-in-ten believe boards are strongly qualified with either operational or financial expertise, eight-in-ten believe that boards are underdeveloped in ethics, social responsibility, and dialogue.
- Suspicion is a symptom of systemic breakdown. Whether we study systems in nature or networks in technology, the quality of the whole depends on a dynamic-balancing of diverse or even competing interests. The quality of trust tends to correlate to the viability and vitality of the system, because the very adaptability that feeds success requires as much collaboration as competition.
 - Outcomes that are out-of-balance are usually indicators of an ethical irregularity or failure. Indeed, virtually every ethical theory (whenever or wherever formulated) strives for balance - what Aristotle called “the golden mean.”
 - Canadian governance law stipulates that “no one set of interests should prevail over another set of interests.” Boards have two options for approaching the imperatives of balance: one is compromise, the other is reconciliation.
 - Reflecting on the trust model, compromise is a competence, while reconciliation is a mark of character. Compromise usually involves trade-offs. Even with the best result of “win-win,” this kind of practical collaboration does *not* earn trust. Reconciliation involves a deeper commitment to principle, from which mutual integrity and mutual care create the surplus goodwill needed for trust. Compromise is like détente, with each party settling for less, without resolving their differences. Reconciliation is more of a creative act, with shared understanding creating shared commitment towards a greater, shared good.

“WHO TOGETHER?” AUDIT

Tool for tracking Board priorities.
“Where do we spend our time?”

| PRIORITY | 80/20 | 60/40 | 50/50 | 40/60 | 20/80 | PRIORITY |
|----------------------|-------|-------|-------|-------|-------|----------------------|
| • Performance | | | | | | • Purpose |
| • CEO Oversight | | | | | | • CEO Integrity |
| • Financial Audit | | | | | | • Trust Audit |
| • Short-term Results | | | | | | • Long-term Justice |
| • Creating Value | | | | | | • Generating Values |
| • Facts/Evidence | | | | | | • Questions/Insights |
| • Policies | | | | | | • Stories |
| • Monitoring | | | | | | • Modeling |
| • Firefighting | | | | | | • Imagining |

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