



Connecting People, Purpose & Productivity!

## Generative Discussions by Boards Create Shared Meaning

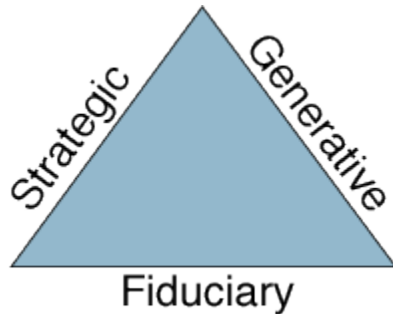
- Marcia Hughes

“It’s not the rules and regulations. It’s the way people work together.”  
Jeffery Sonnenfeld

In his article “What Makes Great Boards Great” Sonnenfeld (HBR, September, 2002) researched many of the structural ideas of what differentiates great boards from other boards and found it’s not the structure, such as financial literacy, age, attendance or professional skills that’s the success differentiator, rather it is the social system the board has established. He discusses a virtuous cycle of respect, trust and candor that establishes well-functioning teams, including boards. “What distinguishes exemplary boards is that they are robust, effective social systems” according to Sonnenfeld.

Becoming effective social systems requires that Board Directors individually, as well as the Board as a whole, use well developed emotional and social intelligence skills. In addition to developing your Board’s effective social system, it’s critical to choose the best format for your discussions in order to be effective leaders. Many Boards are aware of the need to attend to fiduciary and strategic decisions, but there’s a third leg to the stool required when Boards intend to truly be leaders for their organizations. They need to help frame the issues, to do the creative work up front that selects what will get organizational attention and how the issue will be approached. They need to be leaders in creating the focus on key matters to be addressed, not just respondents to decisions by others in the organization. Asking how Boards and its Members can be more effective leaders is likely to cause a reframe of how a board’s performance is defined.

In *Governance as Leadership*, Chait, Ryan and Taylor (2005), present an excellent discussion on board engagement and performance tied to the strength of using this three part Board process. They point out the truth that many Board Members struggle with finding a useful way to feel they are making a meaningful contribution. Part of the problem is that too often Board Members don’t understand the Board’s purpose. If they can’t articulate the difference the Board is making for the organization, it is impossible to feel that their time is being meaningfully spent. And they certainly won’t feel like they are contributing as leaders who are making a difference.



A key to bringing Boards into the leadership tent is ensuring that generative discussions are a fundamental part of the Board engagement. This requires adopting a three part modality to Board decision-making. The three formats pictured in this triangle are each valuable and distinct formats for Board governance.

**Generative Mode:** Generative discussions come first, before the data is marshalled into a particular fashion to support an action. This is the fuzzy time of exploring what's going on. It's a subjective process that occurs through the opportunity for open, interactive dialogue. It occurs well before making the decision on what to do. Rather, generative discussions call for dynamically and interactively exploring the process, factors, and pieces of information around a big topic that eventually come together by framing the problem. The Board acts as a robust social system with emotional engagement in the consideration at hand. There is sufficient shared knowledge to work together with the CEO and leadership team and make sense of the topic so it can then move forward to be resolved through strategic and fiduciary decision-making. This is the first step in shared leadership. If the Board is not involved in this step of meaning-making its leadership role is significantly compromised.

**Fiduciary Mode:** In this familiar mode the Board acts as a overseer of resources, legal compliance and fiscal accountability. The Board's fiduciary responsibilities are sometimes phrased as having a duty of care to quality and financial decisions, a duty of loyalty to being legally responsible and compliant and a duty of obedience to the purpose and mission of the organization. I would also add that there's a duty to provide leadership, which calls for the generative conversation.

**Strategic Mode:** The board acts as a strategic partner to the CEO and senior leaders setting a course of action and priorities and goals against which performance can be monitored.

### **Generative Dialogue**

Having a strong sense of purpose is likely the strongest motivator leading to successful Boards and its Directors. Knowing what the purpose of the Board is allows Directors to gauge their own success as a Director and to focus their time and efforts towards what matters most. The Board is then a co-participant with the CEO and senior leadership in being a sense-maker or meaning maker. Thus the Board is



not just told  $X + Y = Z$  but  $X$  and  $Y$  are occurring, let's explore what this means and how to proceed. As an example, for a hospital, that can mean the Board, CEO and physicians engaging in thoughtful and open discussions about what the massive changes in healthcare mean to physicians and their role in healthcare. They can explore the most effective ways to build newly constructed relationships with a new

sense of partnership. This gives the Board the power to participate as leaders rather than simply being in the position of approving a move to hire more physicians. This is an example of sharing the experience of the discussion and through that developing a shared meaning. With the foundation this conversation creates, the strategic and fiduciary work will flow as solutions are found. Significantly, the Board will be more engaged and have an authentic experience of being purposeful. This also supports the Board's intellectual capital in being sufficiently developed to support effective Board leadership in the fiduciary and strategic domains. Very importantly, as Chait points out, the quest is not to focus on a board member's individual intellect, but rather on the "collective brainpower" that can be channeled into the mutual analysis and robust discussion that lead to effective governance and an experience of shared purpose.

Chait wisely comments, "Generative governance requires a fusion of thinking, not a division of labor." Helpful metaphors can be thinking of the board as a "sounding board" with the opportunity for the CEO to work together with the Board to define issues, frame problems and then pursue solutions. As Chait *et al* comment, we can imagine the CEO and Board as co-pilots. Instead of the Board being kept in a narrow role of approving management solutions, the Board plays an active role in defining the problem.

When Boards are engaged together with the Executives to define and resolve the decision, the foundation is laid for the Board understanding its role and the purpose of their existence. This supports the Board creating a robust social system, developing a direct path to using their emotional and social intelligence skills and joining the ranks of the Great Boards.