



Adaptive Governance...Transformational Leadership

MICHAEL GOLDSWORTHY | GOVERNANCE AND LEADERSHIP

For boards of community businesses (NFPs) the move to a customer-driven, competitive marketplace is a radical departure from their known industry/sector context to which they and their management team were perfectly adapted.

When any industry or sector undergoes a radical paradigm shift, it presents all boards, chief executive officers and executive teams with the dilemma of:

- do we disrupt our organisation, that is seriously transform our organisation, re-engineer our business model and reinvent our culture to ensure we are part of the new paradigm?
- or, should we wait and see if the new industry/sector environment and other leading organisations really do disrupt our organisation?

Prior to answering either of these questions, directors and their boards need to come to grips with:

Individual Directors' Commitment & Contribution

Each individual director's actual commitment and contributions and what specific value and benefit they can provide that will enable the board to not only govern, but provide the transformational leadership skills, experience and knowledge required to develop and drive the strategic transformation of the organisation, the re-engineering of the business model and the reinvention of the culture.

Industry/Sector Strategic Challenges & Opportunities

Their industries or sectors emerging and future strategic challenges and opportunities, and what these mean for their organisation and the services or products, not only for today but, more importantly, for tomorrow.

Organisational Status & Industry Position

The true status and industry position of their organisation, in particular understanding the realities of current governance, organisational and operational legacy issues, be they such items as a traditional or redundant governance structures or processes, the financial situation and trends, organisational or operational systems or cultural characteristics and behaviours.

Board & Management Capacity & Capability

The current and future capacity and capability of both the board to drive, and management team to deliver on, the future strategy or strategic transformation. Either way, the

board must provide additional internal or external human and financial resources over and beyond the existing budget and key staff complement to ensure the strategy and/or strategic transformation can be achieved within agreed timeframes and specifications.

Returning to the two aforementioned key questions, to disrupt or be disrupted, it would appear that organisations, and therefore their leadership teams (boards, chief executive officers and executives), fall into one of three industry/sector categories:

Leading Organisations

Leading organisations typically account for 5% – 10% of organisations and demonstrate the following characteristics:

- visionary, entrepreneurial, creative and innovative boards, chief executive officers and/or executive teams
- a powerful leading edge strategy and/or strategic organisational transformational approach
- the creation of a truly unique and innovative new business model including new customer categories, markets and sub-markets, products and services, market channels and revenue stream – all supported by digital solutions and technologies.

Following Organisations

Following organisations usually account for 70% – 80% of organisations that present the following:

- cautious, sequential strategies and projects
- varying degrees of achievement and change
- patchy organisational development or reinvention
- watching and learning, generally slow to act
- conservative, risk adverse boards and/or chief executive officers.

Resisting Organisations

Resisting organisations typify 5% – 10% of organisations that defend their position by such statements as:

- 'We are quality, we are accredited.'
- 'Our clients love us.'
- 'We've seen it all before, we don't need to do anything now.'
- 'If it's not broken, why change?'
- 'We know our local politician...government loves us.'

Many following or resisting organisations, and therein their boards, are prisoners of their past, the more successful that past the harder it usually is to transform both themselves and the organisation.

Adapt or Die

Many following or resisting organisations, and therein their boards, are prisoners of their past, the more successful that past the harder it usually is to transform both themselves and the organisation. They focus on the status quo, concentrate on the near-term and existing business and are hobbled by significant history and organisational complexity that makes transforming difficult.

In the new customer-driven, competitive marketplace, customers and the market do not care about the past or an organisation's legacy issues or constraints. Developing and executing a definitive strategy and/or strategically transforming the organisation faster than existing organisations or new competitors is vital.

From a practical perspective, Adaptive Governance really comes down to a board's ability to adapt to the new industry/sector environment in which it finds itself, that is, the existing framework, processes and attitudes of governance must change.

If the organisation is to be strategically transformed, the business model re-engineered and the culture reinvented, maintaining the existing governance approach is not possible. The board itself, in its outlook, mentality, behaviours and work practices, must change. That is, it must adapt to the new environment in which it finds itself and its organisation; this can be undertaken by:

Solid Insights, Brave Discussions & Bold Decisions

Gaining solid and realistic insights into the emerging and future status of its organisation and the industry/sector in which it operates, enabling it to undertake brave discussions and make bold decisions.

Govern the Present, Drive the Future

Successfully bringing together the human qualities and processes of creativity, innovation and entrepreneurship to form part of its new governance framework, processes and approaches to not only govern the present but drive the future strategy and/or strategic transformation of the organisation, its business model and people.

Cultural Transformation, a Journey for the People

Developing and driving successful cultural transformation that ensures directors not only adopt and utilise transformational leadership principles and practices, but transform themselves as well as their people, thereby enabling the transformation of their organisations' culture, the attitudes, behaviours and work practices of individuals, teams and the organisation.

Utilise Contemporary Governance Principles & Practices

In light of the aforementioned, many boards have a redundant or traditional governance system that radically needs to be reinvented or replaced.

Obtaining and utilising a contemporary governance system which contains governance principles and thereunder governance policies, procedures, documents and tools, enables a board to adopt contemporary governance principles and practices, e.g. TAGS™, The Australian Governance System.

Conclusion

Adaptive Governance, in summary, is about individual directors and the board transforming themselves, adopting and using transformational leadership principles and practices in order that they can successfully drive the strategic transformation of their organisation, the re-engineering of their business model and reinvention of their culture.



Michael Goldsworthy
Australian Strategic Services
Michael is the conference chair.

TAGS™

The Australian Governance System

TAGS™ is Australia's most comprehensive and fully integrated governance system, assisting boards to govern and chief executive officers to manage their organisations.

- ◆ Governance Principles
- ◆ Governance Policies & Procedures
- ◆ Key Performance Indicators
- ◆ Over 100 Tools & Templates, eg:
 - * Committee Terms of Reference
 - * Board Annual Program of Work
 - * Conflicts of Interest Register
 - * Board Delegations Schedule
 - * Board Decisions Register.

Visit Trade Stand **J** to organise your complimentary desktop Governance Review.[#]

t. 03 5429 6331
e. office@asspl.com.au
w. www.asspl.com.au

[#] Terms & conditions available at Trade Stand **J**

