CATALYTIC GOVERNANCE

LEADING CHANGE IN THE INFORMATION AGE

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"PROGRESS IS IMPOSSIBLE WITHOUT CHANGE AND THOSE WHO CANNOT CHANGE THEIR MINDS CANNOT CHANGE ANYTHING”.

GEORGE BERNARD SHAW

CATALYTIC GOVERNANCE: LEADING CHANGE IN THE INFORMATION AGE

STEERING WHEN EVERYONE HAS A HAND ON THE WHEEL: THE CHALLENGE OF GOVERNING IN THE INFORMATION AGE

It has never been easier for decision makers to engage and consult. The opinions of countless thousands are only a tweet away. Email and websites offer direct contact. In a social media world, the like-minded can now organize with ease. More groups and organizations are demanding a voice in governance.

Citizens, customers and other stakeholders have access to more information (and misinformation) than ever before. This creates an expectation of influence – a sense that everyone should have a voice in solving the wicked problems of the day.

Yet this easy access to information – along with the increasing number of stakeholders and perspectives – has made it more challenging to nurture genuine and productive dialogue. This is further aggravated by the complexity of the problems being addressed and by the determination of some elites to maintain a hold on top-down governance.

This year alone, think of the Brexit vote. Or the popularity – especially among young and socially engaged Americans – of the candidacy of Bernie Sanders. Or the triumph of Donald Trump, a thumping rejection of the party line as pronounced by members of the Republican establishment. In each case, we see an exertion of influence by people and groups who feel excluded from traditional governance structures.

Amid a storm of polarizing rhetoric, it can be difficult to come together in pursuit of genuine progress. Catalytic Governance is an answer. It is the pathway to change in the information age.

In our new era, leaders who fail to engage a wide range of stakeholders in meaningful dialogue risk developing solutions that fail to get traction and potentially drive mistrust, disengagement and resentment.

Wicked Problems

As a society we are being confronted by wicked problems (climate change, health care, terrorism, refugees and immigration, digital transformation, social and financial inequality). Challenges that are difficult to tackle because effective action requires the support of multiple stakeholders with differing perspectives and priorities.

Each of these represents an intractable challenge and each demands an inclusive, dialogue-based, forward-looking action-oriented solution – the very kind of solution that Catalytic Governance aims to deliver.

How can political and corporate leaders steer – confidently and effectively – with so many hands reaching for the wheel, including interest groups, the private sector, volunteer organizations, the media, individuals and more?

How can they leverage this new reality to the benefit of citizens, companies and communities?

CATALYTIC GOVERNANCE: A TESTED ALTERNATIVE

Successful leadership requires a new way forward: the creation of processes that promote useful engagement, build shared meaning and move communities of practice to action.

Leaders in the Information Age will shift their focus to:

- *Framing issues and the agenda;*
- *Using their convening power to ensure that a full range of stakeholders and perspectives are engaged;*
- *Defining the rules of engagement;*
- *Encouraging stakeholders to explore different perspectives and alternative futures and to look for common ground;*
- *Participating in the stakeholders' learning process to quickly understand the outcome, anticipate problems, and respond without delay;*
- *Ratifying and disseminating the mental maps and strategy created by this learning process;*
- *Acting and encouraging action on the emerging strategy (including legislating if necessary).*

Catalytic Governance is an inclusive process that encourages constructive dialogue, creates shared mental maps and most importantly – drives communities of practice to action.

Catalytic Governance empowers leaders (on boards and in government) to better engage stakeholders, find common ground and build trust to take on wicked challenges – the kinds of complex problems that lack clear and accepted definitions, have multiple stakeholders with different perspectives and present no clear solution.

In the information age, a much wider range of stakeholders with different perspectives needs to be involved (and is involved) in the governance process. Governments, boards and other governing bodies need to take on a higher level role as catalysts, making room for broader inclusion and relaxing day-to-day control (or the illusion of such control).

As information becomes easier to access, the definition of control must change towards a more inclusive and dialogue-based process. That's the path to policies that are suited to the demands of our age – to policies that gain traction with the general public.

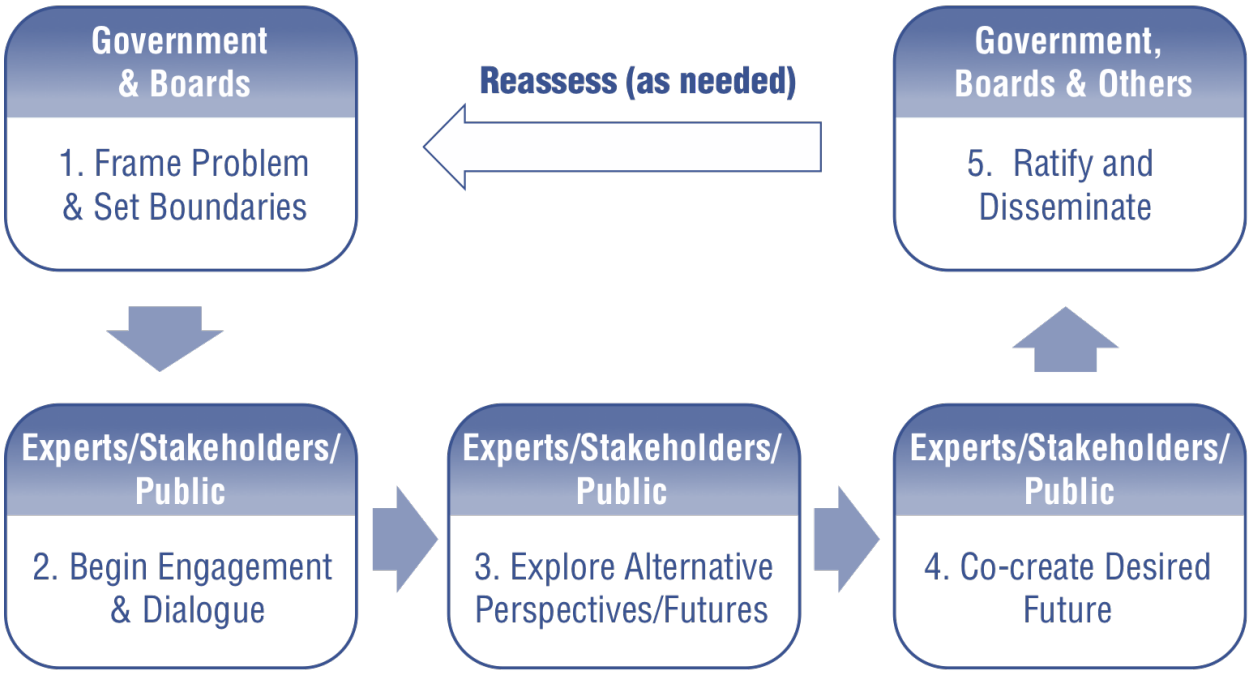
In this process the core roles of governments and boards remain as important as ever – in particular, the responsibility to define and protect the broader public interest, including that of the voiceless (in the case of governments) or to ensure that actions are taken in the best interests of the corporation (in the case of boards).

What changes is how these responsibilities can be carried out effectively and legitimately in the information age.

THE CATALYTIC GOVERNANCE PROCESS

Leadership in the information age is about making meaning – the process of making sense of what people are doing together so that people will feel committed.

Catalytic Governance encourages and enables people from diverse backgrounds and interests to work through issues (particularly wicked problems); find common ground; construct shared mental maps norms and expectations; and begin to act or experiment on that basis.



The power of Catalytic Governance lies in the combination of dialogue, scenarios and action. Dialogue is important; scenarios are important; but traction comes when people roll up their sleeves and do the work – that is what makes it stick.

A key to using Catalytic Governance is to recognize that it does not replace debate, advocacy, negotiation or decision making – it precedes them.

Further, the core roles of governments and boards remain as important as ever. What changes is how they can accomplish these responsibilities effectively in the information age, particularly when transformative change is required.

CASE STUDY

THE CANADIAN PAYMENTS TASK FORCE – USING CATALYTIC GOVERNANCE TO TRANSFORM THE CANADIAN PAYMENTS SYSTEM

In 2010, prompted by years of stakeholder complaints and concerns, the Canadian Finance Minister established the Task Force for the Payments System Review.

Given the complexities and uncertainties of the payments environment, the task force recognized that a traditional approach – research, consult with experts, recommend – was inadequate. Instead, members chose to adopt a process that was centered on dialogue and inclusiveness.

Task Force Achievements

- Acceleration of electronic payments and invoicing
- Creation of a Mobile Ecosystem
- Development of a Digital Identification and Authentication Regime
- Pass legislation to overhaul the governance of the Canadian Payments Association (Establish FinPay,)

Bringing together consumers, banks, networks, tech companies, retailers, small and medium sized enterprises, governments and more — stakeholders with very different perspectives and interests — the task force catalyzed a dialogue to explore different futures and look for common ground. Building on this work and the trust it created, a coalition emerged – leaders from across all groups who were ready and willing to build the preferred future they had envisioned.

As a result of the work done by the task force, the Minister was presented with not only a report but also a roadmap – and a community of practice that was prepared to take action.

SCENARIOS: CREATING SHARED MENTAL MAPS AND A COMMON VISION

Central to the success of Catalytic Governance is the creation of a common vision.

In any conversation, it is all too easy, and perhaps even understandable, to accept our own mental map as the true and undisputed representation of reality. We forget that other people may see things differently. By creating a space for dialogue, we encourage not just talking but also listening.

A plausible and rigorously analyzed set of scenarios can challenge our assumptions and help us to see the perspectives of others. Amid multiple scenarios, every participant is able to see their own perspective reflected and made visible to others.

The scenario process honours differences. It encourages dialogue. It creates an environment of respect. And often it helps to show us how much we don't know!

To be clear, building scenarios together is just a start. But it creates an environment in which deeper and wider engagement is possible Participants come to understand that even though it's unlikely that everyone is going to agree on everything, there is almost

always some degree of common ground. This helps to build trust and a better understanding of the future, which helps to drive a shared commitment to change.

WHAT DOES CATALYTIC GOVERNANCE MEAN TO STAKEHOLDERS?

Through Catalytic Governance, stakeholders are able to see and hear their voices reflected in the outcomes.

> I am very encouraged that we in this room feel like we own this as opposed to feeling like it's something that's being done to us. That's not just semantics; it's truly a difference in outlook and level of engagement.
>
> *Brien Gray, Former Executive Vice President, Canadian Federation of Independent Business and Payments Task Force Participant*

Unlike traditional consultations, Catalytic Governance catalyzes communities of practice and moves them to action, bringing shared solutions to life.

Further, the establishment of communities of practice helps to improve the potential for success – as community engagement and support increases the likelihood of activation. Good ideas don't just sit on the shelf.

For leaders, Catalytic Governance helps to deliver realistic and actionable recommendations that reflect the full breadth of the challenge and an activated community of practice that is prepared to roll up their sleeves to get the work done.

CATALYTIC GOVERNANCE: CHANGING MINDS, DRIVING PROGRESS

The old models of governance and consultation are not sufficient to address the wicked challenges and multiplying stakeholders and perspectives of the modern world.

For the leaders of today and tomorrow, Catalytic Governance offers a more inclusive and effective approach – one designed to reflect the realities of the modern era and the urgent need to confront wicked problems. It brings order to the chaos of voices. It creates a pathway for genuine dialogue and stakeholder influence. It encourages the development of shared solutions. And it fosters communities of practice who are ready and willing to step up and take action.

Catalytic Governance is effective governance for the information age.

THE AUTHORS

PATRICIA MEREDITH

Patricia Meredith is a leader in strategic governance and organizational design. A Director of many public, private and not-for-profit organizations, Pat also served as Executive Vice-President and Chief Strategy Officer of a major financial institution and as Senior Strategy Advisor to financial services and technology companies for a global strategy consultancy.

From 2010 to 2012, Dr. Meredith was the Chair of the Task Force for the Payments System Review. The Task Force – which applied a catalytic governance process - delivered a community supported action plan that enabled government and industry to act on all four of the Task Force's recommendations within two years.

Dr. Meredith has a Ph.D. degree in Business Strategy, an M.B.A. in Management Information Systems and a Bachelor of Mathematics. She is a Fellow of the Institute of Chartered Professional Accountants of Ontario and of the Clarkson Institute for Board Effectiveness at the Rotman School of Management at the University of Toronto. She teaches Advanced Strategic Management and Competitive and Organizational Strategy for Financial Institutions to MBAs and executives.

STEVEN A. ROSELL

Steven Rosell is the author of numerous articles and four books on questions of governance, leadership and learning. He acts as an advisor to governments, international agencies and major firms. He is President and co-founder of Viewpoint Learning, which develops innovative dialogue-based techniques for both business and the public sector: enabling the more distributed, learning-based approaches to leadership and governance that are essential in a more interconnected and rapidly changing world. These dialogues — whether with the public, key stakeholders or employees — enable decision-makers to understand different viewpoints in depth and use that understanding to find common ground and new ways forward.

Prior to this Dr. Rosell led a major participatory action research program examining the implications for governance of the emergence of a global information society. Through a process of meetings with outside experts, scenario building and case studies undertaken by participants, the roundtables sought to develop more effective ways of governing in an information society.

Previously, Dr. Rosell was a senior official of the Government of Canada, where he led the group responsible for advising four Prime Ministers on the organization and machinery of government. He holds M.S. and Ph.D. degrees in Organizational Behavior from Cornell University, and is a Fellow of the World Academy of Art and Science.

GED R. DAVIS

Ged Davis is the Executive Chair – Scenarios at the World Energy Council and President of Forescene S.A., a scenarios and strategy boutique consultancy.

He has been Co-President of the Global Energy Assessment, managing director of the World Economic Forum, and Vice-President Global Business Environment and Head of scenario planning at Royal Dutch Shell, Ged is known for his pioneering work on the development and use of scenarios, global research covering energy, sustainable development, technology, economics and finance at multiple global organizations.

He was co-director of the scenarios project on the Future of the Canadian Payments System and has authored many papers on scenarios.

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