

Introducing Generative Practice

These three blog posts offer a quick introduction to the concept of generativity, help describe the conditions that are required to support generativity (with examples), and provide a more detailed discussion of a single generative practice. These were written for a practitioner audience and were published on AuthenticOrganizations.com.

Generativity, in General March 28, 2014

The word 'generative' may be unfamiliar to many business people, but the quality of generativity is something we've sought in our companies and our work practices for a long time.

Something is generative when it's able to create something new, something original, or something alive. A generative idea produces new ideas, a generative process produces new outcomes, a [generative relationship](#) builds new capabilities in both partners, and a generative leadership style helps others see opportunity in their actions.

A generative organization? That's an organization that is consistently creating opportunities for itself, its members, its stakeholders and its community. And finally, [a generative business](#) is one that creates and even invents opportunities for others while it creates value for itself.

What does 'generativity' mean?

You've got to imagine that a concept so critical to life and flourishing was captured with a name eons ago. We could go back to the Book of Genesis, or even to the word's Latin root, to get a sense of the kind of creative power the word aims to capture.

Generativity is the power to create, to put a beginning on life itself.

Interesting, then, that it wasn't until 1950 that generativity became a scientific term.

Generativity in Human Development

Psychoanalyst Erik Erikson used generativity to describe an important stage in human development when adults choose to demonstrate “a concern for establishing and guiding the next generation.” Erikson identified generativity as the “struggle against stagnation” that leads us to behavior in ways intended to enrich ourselves and others.

When adults choose to enter a generative stage of life, we focus on teaching, guiding, sharing, role modeling, encouraging, inspiring, supporting, and finding the necessary resources for the growth of the next generation. Generative adults raise children who are strong and grounded, and who are capable of creating in the own lives whatever they need to support, develop, and express themselves.

Generativity Helps Us and Them

The point of generative behavior is to support our own growth by supporting the growth of others, helping them progress towards their own adulthood. Generativity seeks to instill in others their own ability to create, generate or produce what is important to them. It is explicitly about building the capacity of others to do what they need and what they desire. By design, then, generativity can't be about controlling what those who come after you do with the opportunities you might open up for them. Instead, generativity is about creating an opportunity space that they can step into and shape as they desire. Generativity is about us sharing what we have to support them in developing their own successful agency.

Generativity Influences Today and Tomorrow

Because generativity is focused on growth, generativity tends to look towards the future. That future can be broadly defined; it can mean contributing to the next generation, the next step in the process, or the next business in the network. Yet even while generative behavior emphasizes creating opportunity for the future, it also creates something good right now. Whenever we act with generative concern, we ourselves feel energetic and alive. Generativity creates an active sense of expansiveness and hope, because it lets us experience ourselves as having a positive, enduring impact today *and* tomorrow.

Generativity is self-sustaining

While being generative requires us to send positive energy out, it also leads to positive energy coming back in, ultimately renewing the cycle. Rather than extracting our energy from us and using up our resources, generativity supports, nourishes and adds to our resources. In this way, real generativity is actually 're'-generativity, a cyclical process.

There is no defined mark on the path, telling us where to line up to begin or letting us know when we're finished. And there are other people, other organizations, and other relationships that are involved in the larger generative cycle. I'm focusing on being generative ourselves and our organizations, because that's the one part of the cycle that we're in charge of — which means that it's a place we can influence the system. We can choose to be generative, and choose to focus on becoming more generative. The rest of the generative cycle is unpredictable.

Generativity is positively unpredictable

We know the outcome of generative behavior is going to be positive, but we can't know exactly when, where, how, or in what particular ways this positivity will emerge.

The effects of our generativity are unpredictable, in part, because we can't control what others do with the opportunities our generative behavior offers them. Just as we can't control whether people RSVP to our party invitations or control how much they enjoy the party itself, we can't control what anyone ultimately does with the generative behaviors we extend towards them. The outcomes of generativity are also unpredictable because we can't anticipate what emerges as different stakeholders in our network influence each other when they take advantage of opportunities we help to create.

Generative practices make new opportunities possible, but generativity can't make specific outcomes inevitable.

We don't know and can't predict specifically what our generative behavior will trigger for others. We can only be hopeful and optimistic as we make space for opportunity and invite positive outcomes to emerge.

You can gather just from this description why generativity isn't a concept that's been discussed much in business. Generativity takes

energy but has an uncontrollable, unpredictable return, it's concerned as much for others as for ourselves, and it's focused on the longer term rather than the next 13 weeks. Businesses and business people have been taught, instead, to build systems that are predictable, to invest only where we can measure return, to focus on our own bottom line often at the expense of others', and to think about share price and not lasting positive impact. [Only a few companies are set up to focus on generativity.](#)

But even so, **I don't think that generativity is too much to ask of us.** It's actually something we long for.

Our search for generativity is at the [root](#) of our conversations about [innovation](#), [employee engagement](#), [meaning at work](#), [the purpose economy](#), [the sharing economy](#), [the future of work](#), [sustainability](#), [social entrepreneurship](#), and [social business](#).

Three Design Principles for Generative Business March 20, 2014

To be fully generative as part of growing your own business, your company won't want to stop at 'creating space for opportunities' for others. You'll want to protect the opportunities you're creating and keep them open, by aligning your other systems and stakeholders so that everyone interacts in a positive, mutually-reinforcing way. And, to broaden the degree of opportunities while sharing the value they generate, you'll want to create ways to [trigger, gather and circulate thick, non-financial value.](#)

To become more generative as they build their own businesses, companies can:

1. **Create opportunity space for others,**
2. [Align systems and stakeholders for mutual, positive interaction,](#)
and
3. [Create a system to circulate diverse, "thick value".](#)

1. Create opportunity space for others.

Generative businesses take an active role in creating opportunities for others. The very first step to becoming more generative is to make a simple tweak to any practice you're already using to build your business.

This simple tweak is to ask the question: *"How can we do this so that someone else can build on it, if they want to?"*

This first step asks you to look past the "what's in it for me" orientation that's been drummed into business since the dawn of competitive capitalism, to open the frame around your decisions so that you can include in your thinking how your action might affect others. While we've been told to think about not harming others (e.g., not polluting, not making a situation unsafe), this step is not about reducing negatives (although, that might be a good idea) but about deliberately making positive effects more likely.

Your aim is to give them something that *they* can turn into something bigger, while you do what works for you. What's generative about this step is that your business is using what you control to create an opportunity for someone else that otherwise wouldn't be possible. This is what folks call a 'win-win'.

Creating opportunities for others might sound like a lot of extra work, but it's actually so easy your business is probably already doing it.

Opportunity Through Product.

Creating opportunities for others is something that every profitable business already does, at least to some extent, through their products. Successful products always satisfy (or are a solution to) some user or customer's need. This need can be for something they don't have, or for something they have to be improved. When your company sells a product that satisfies a customer's need, your product (and by extension, your company) frees up energy for that customer. The customer can then devote this freed-up energy to something else, something higher up on their ladder of priorities.

Community Sourced Capital (CSC) is a generative organization that creates opportunities for other businesses through its main product: small business loans. CSC bundles and manages loans for local businesses who find it difficult if not impossible to get affordable funding through commercial banks. CSC provided a \$19,000 loan to **The Adrift Hotel** in Long Beach, Washington, filling in the gap between the smaller sums that The Adrift's owners could raise on their own, and a larger loan from a bank that would have been too expensive for the business's needs.

With CSC's loan, The Adrift Hotel was able to purchase a solar water heater, helping them reduce their carbon footprint. And, they were freed up to embark on their next project, creating a rainwater catchment system that would move them even closer to their goal of being a truly sustainable hotel. CSC sold a loan, helping to build its own business. And because CSC chose to sell a certain type of loan, they created an immediate and longer term opportunities for their customer that The Adrift Hotel might not have been able to pursue without their help.

Opportunity Through Business Process

While every business can create opportunities directly through their products, you can also create opportunities through other parts of your business, even something as internal and distant from customers as your infrastructure.

At **AirBnB**, their software engineers created opportunities for other businesses by tweaking how they managed their internal software development process. AirBnB's engineers wrote a software program to install on their site to speed up the search function. [Working out loud, they wrote about this process on their engineering blog.](#) Once they deployed the code to their own site and saw how well it worked for them, [they made it available for free, to other companies,](#) by [sharing it on Github](#) (a site for storing and sharing software).

Other businesses who wanted to speed up their own site's search function were able to copy AirBnB's code, modify for their own site, and quickly put it to use. Because these other engineers didn't have to d.i.y. or duplicate something already built by AirBnB, their time was freed up for other projects. These could have been writing other software, upgrading their site

to make it more user-friendly, or working with the customer help desk to understand how they could make their products work more easily for customers. Regardless of where these engineers invested their free time, their company was helped by AirBnB having shared their software fix with them.

Why did AirBnB decide to share their learning process publicly? For the simple reason that someone early on had asked “How can we manage our learning so that others can build in it, if they want to?” Because they knew that it could be [easy to share their learning at virtually no additional cost](#), they did. Whether through the product they sell or the processes they share, businesses can take the first step towards generativity by creating opportunities for others. That’s the impulse that creates a “boost”.

2. Align systems and stakeholders for mutual, positive interaction

Once a business established a business practice that creates opportunities of others, they’ll want to protect these opportunities so that the company doesn’t countermand, contradict or erode them inadvertently through one of their other business practices. There’s no sense in creating opportunities with one hand, only to swat them down with the other. The left hand and the right hand need to coordinate. That’s why a second step in becoming more generative is to align systems and stakeholders for mutual, positive interaction. Put more simply, a generative business coordinates its efforts for a “Three Way Win”.

Defining the “Three-Way Win”. A Three-Way Win is a business process that answers “Yes” to these three questions: (1) Does it help ‘them’?, (2) Does it help us?, and (3) Does it help the larger community? The goal of the Three-Way Win is to create not zero-sum value, but net additional value.

A generative business designs its processes to generate outcomes that benefit themselves (of course) and create opportunities for their partners. To some, just considering the full impact and benefit of an action on a partner’s prospects for success seems revolutionary— since it asks them to go beyond ‘what’s in it for me?’. Generative businesses design their processes so that they also benefit the larger system that they and their partners participate in.

Designing for the Three-Way Win asks you to organize your relationships with stakeholders so that what you do with one stakeholder contributes to what you do with others, so that the entire network protects the opportunity space that your first action opened up. For this step, businesses need to expand their focus even further, and step back to look at the “big picture” of the network of relationships.

Stakeholder vs. Stakeholder. When a conventional business steps back to look at the larger system, they often discover that they’ve designed their business practices so that they make money by pitting stakeholders or customer groups against each other. For example, getting your suppliers to compete with each other on the price they offer you can end up increasing your own profit.

A recent example of this kind of [stakeholder vs. stakeholder competition was offered by GrubHub](#), an online restaurant ordering and delivery business. [GrubHub’s site](#) seemed to list all of its client restaurants by neighborhood and by the type of food they serve. But in reality, GrubHub was also putting right at the top of the listings any restaurant willing to pay a heftier listing fee. GrubHub was not making this pay-for-placement listing scheme transparent to their customers.

It’s one thing to list restaurants according to a scheme related to their product (e.g., positive customer feedback, estimated delivery time), because these ordering schemes allow restaurants to ‘earn’ their placements by criteria relevant to the customer’s interests. If restaurants were listed by customers’ satisfaction ratings, they could all compete with each other to improve their listing placement by providing better service to their customers, a scheme that would benefit restaurants, customers, and GrubHub.

But GrubHub’s pay-for-placement scheme meant that restaurants who are GrubHub customers but who aren’t able to pay a higher listing are penalized— even if their product or service is markedly better and brings more value to their customers. Setting different groups of customers in competition with each other for your service calls into question whether your business practice actually creates net opportunity.

This step is generative because it works to insure that nothing hard-wired into the system is working against the good that you or other members are trying to create. No one else is closing off the opportunity that you are trying to create, and no one is working at cross-purposes. This orientation towards the benefit to the whole system stands in contrast to a business relationship that might help both partners but simultaneously damage other partners or the shared system in which they work.

A Three-Way Win also asks a business to make sure that the relationship between them and their stakeholders isn't **extractive**. The system doesn't win when businesses suck out all the resources without contributing at least as much value back in. It's only when your business and your partners return as much as you take that a business can meet the minimum criterion of creating net opportunity.

[ModCloth](#), an online fashion retailer specializing in vintage-inspired design, created a [Be the Buyer](#) program to invite potential customers to vote on which designs ModCloth should put into production and sell on their site.

[Be The Buyer](#) is a win for ModCloth, because products chosen through the program sell at twice the volume of other products on the site. Modcloth community members also win because they are able to influence what items are made available to them. A third, system level win is that Modcloth shares the feedback with both outside designers and Modcloth's own internal buying team, allowing them to tailor their designs to fit what what they know (not guess) are customer preferences. This leads to better designs, more accurate inventory management, and more satisfied customers overall.

3. Create a system to circulate diverse, [thick value](#)

A generative organization promotes and supports what we call '[thick value](#)', the non-financial qualities and experiences that exist outside of monetary transactions.

Generative businesses make these values part of their own success criteria. They tweak their business practices to include, highlight and sustain these values, [weaving them into what the business provides to its stakeholders](#) and into what the business asks from its relationships. By including these

kinds of value in what is [captured and circulated through their relationships](#) with other businesses, generative companies expand and enhance the range of opportunities available to stakeholders, and magnify the overall value that their practices create.

Mailchimp, the email newsletter service, [builds values of empathy and humor into its products](#). Atop the web page that customers use to compose their newsletters is an image of their mascot, Freddie, [making some kind of funny commentary](#). With each refresh of the page, Freddie makes a new joke, so that as the customer edits her newsletters, the repeated joking can make her laugh out loud. Although [Mailchimp's corporate style guide](#) explains, "Freddie's jokes aren't intended to be useful or educational—they're simply a layer of humor!", [this humor can be quite valuable](#).

It's likely that not all [customers choose Mailchimp to get Freddie's corny jokes](#); there are plenty of other 'hard' criteria such as pricing that help customers make their choices. But, the chimp's jokes are not only funny, they also hit the right motivational note for the task at hand, ultimately uplifting the user. Who knows what she'll do better or how she'll interact more positively with her own customers, now that she's in a happier mood?

We've been taught to think that features like humor are valuable because they eventually translate into revenue. For example, the return on Mailchimp's 'investment' in humor can be demonstrated by purchases from repeat customers. But when we consider the non-financial value of the humor— at the time it's read by the customer, or written by the programmer, or reported by the media site — we see that it adds to Mailchimp and Mailchimp's customers' community in ways that are not only non-financial, but possibly even unquantifiable. Mailchimp's process creates value, like humor, that circulates out into their stakeholder network in one positive interaction after another.

Capturing and circulating thick value is generative, because [we need to give, receive and circulate value that is not money](#), because these values help us be motivated, buoyant, happy, focused, creative, and generative in our interactions with others.

Your business might need to receive some visible acknowledgment to recognize that your product is working well. You might need visible

encouragement to keep experimenting with new formats. You may need to know that other companies admire your business's sustainability programs, so that your motivation stays high even when the composting system breaks down. All of this value, and the positive outcomes it generates, can't be purchased with the financial profits your business earns. It needs to come to you through different value streams, circulating through your businesses relationships with others.

Three Elements of a Larger System

Generative businesses create space for opportunities, they align their activities so that stakeholders and systems interact in a mutually supportive and positive way, and they gather and circulate not just financial value but also non-monetary 'thick value' that is so critical to a business's ability to flourish.

These three elements don't have to all be addressed for a business to be somewhat generative. Just one of these elements can make a positive contribution to the health and growth of your own company. But, if your business wants to maximize its own capacity and contribute to the growth of your network, you'll want to consider how to create all three elements in your business practice.

Working Out Loud In Public: A Generative Practice Nov 20, 2013

One of the easiest ways for your organization to be generous and create opportunities for others is to share your learning.

Keeping all your learning inside your own organization is a stingy behavior. It's the [organization's form](#) of [knowledge hiding](#) or knowledge [hoarding](#).

Sure, keeping your knowledge inside your own business's walls keeps other organizations from catching up to yours in a particular area, but it also prevents your organization from amplifying your own learning by seeing how others might use the same ideas a little differently.

Boost Companies have a practice for sharing their learning that is relatively easy to do, and has a really high payoff for the work that it might take.

That practice is **Working Out Loud** *in Public*.

Working Out Loud *in Public*

Boost Companies work out loud by talking about what they're doing while they're doing it. Talking and writing about what you are doing "externalizes" the ideas and insights. It **gets them out of your head** and onto a place where you and others can more easily see what you're doing and find ways to improve.

Some companies already work out loud inside their company walls, sharing their learning but keeping it all private. Boost Companies deliberately choose social, network tools like blogs to work out loud *in public- where anyone can see.*

With these tools, boost companies create a window into their company's learning process. That means that people outside the company, like us, can look through this public window and learn along with them.

(That image is supposed to be a boost company, seen through a window.)

You can see this practice of Working Out Loud In Public in action on any one of hundreds of software **engineering blogs** (which I read for fun, because I don't know why.)

On engineering blogs, developers write about what they're doing to build new software, solve problems, or increase their system's reliability. Since they publish this writing publically, they invite other software developers to learn along with them.

An example that I used in my TEDx talk, which you can check out yourself, is over at the lodging reservations site, **AirBnB**.

Working Out Loud In Public at AirBnB

(Summarizing this story for the general reader): Starting in about October of 2012, the software designers at AirBnB, have been working out loud on a particular challenge– speeding up their mobile app. [They identified the problem.](#) tried several different combinations of (what non-engineers would describe as) software revisions, patches, temporary fixes, and new tools. With each experiment they've explained out loud, in public, on their blog, exactly what they tried, why, what worked and what didn't.

They even [shared and open-sourced the tool they built.](#) to save everyone else that step.

How many people do you imagine read those AirBnB blog posts?

I guessed that there were maybe a few hundred readers. I was stunned to learn that they'd had over 80,000 page views.

What does that net out to, in terms of unique visitors? I tweeted a few of AirBnB's engineers to ask them, but they weren't able to give me a firm number. Considering that some readers come back many times, I suspect those 80,000 page views net out to 20,000 to 60,000 people.

At either end of that range, that's an *amazing* number of people who can learn from AirBnB's experience, improve their own developer skills, and apply AirBnB's lessons to make their own companies' sites faster too. **All from a simple act of sharing your process using a public tool.**

A caveat

Of course, Boost Companies don't work out loud in public on everything that they do. They don't share the recipe to the "secret sauce" or give away competitive secrets.

In the case of engineering blogs, they focus on technical or process learning (versus content, product or market learning) that is generalizable because it improves a core process that doesn't compromise the business's distinctive value. Rather, by Working Out Loud In Public, boost companies share whatever else they can that might help another business get better.

Working out loud in public means that we get the business-building benefit of reflecting on our own learning and sharing it within our organization.

Working out loud *in public* means that we share that learning with whoever can use it, in the hopes that they apply it in their own business to [build capacity](#) and create new opportunity.

Boost Companies believe that — if we make it easy to learn from each other's experience — as a group we'll make fewer mistakes and — we'll all grow smarter, faster.

Note: This post covers one of the three practices of generative generosity, as I describe in my [TEDx Hoboken Talk: The Boost Revolution](#).

See also: [How Social Media Reveals Invisible Work](#)
[How Social Media Can Help Us Generate Productive Momentum](#)

[Check out John Stepper's blog](#), where he's been unpacking the idea of [Working Out Loud](#).