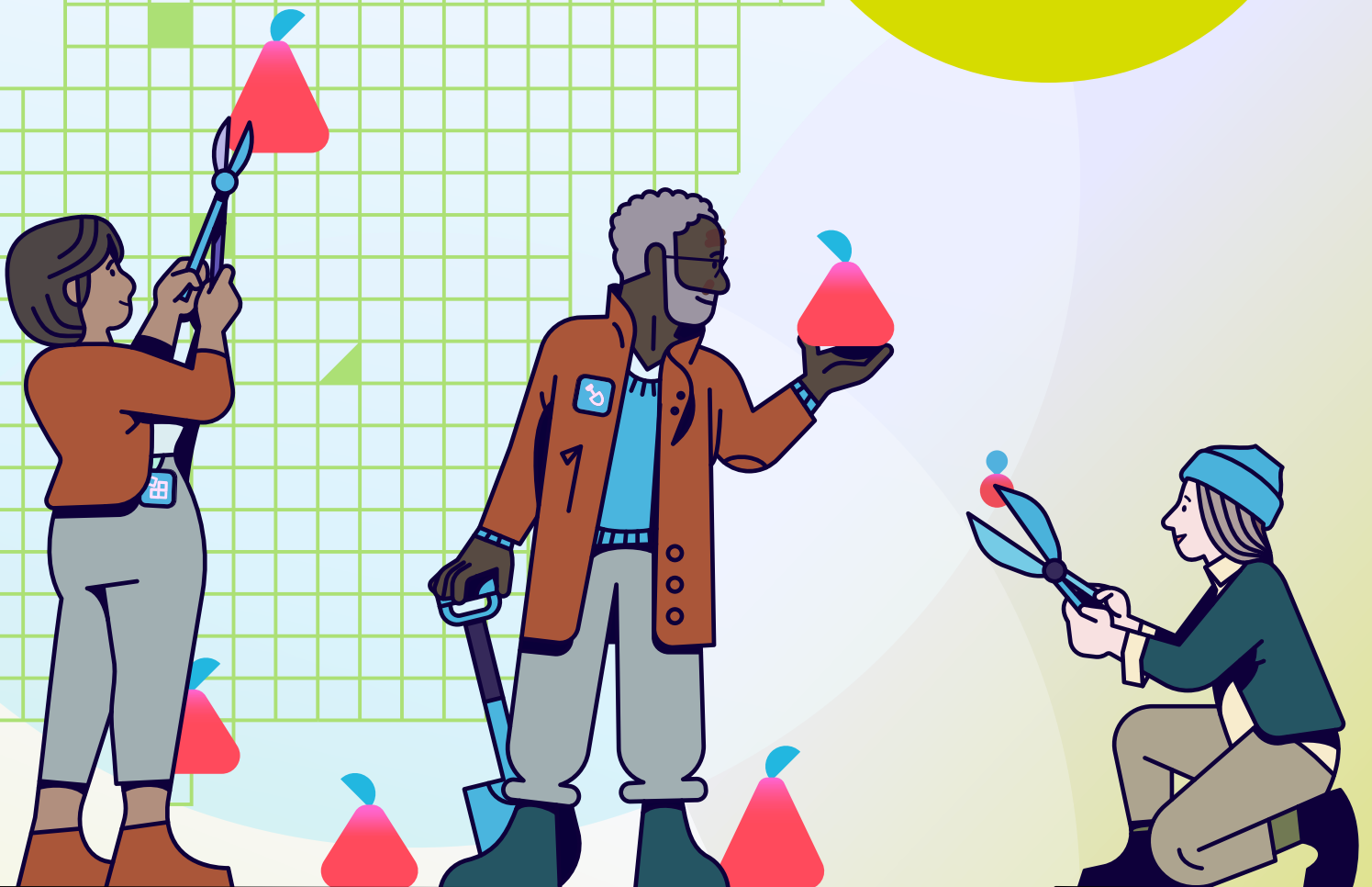


Governance forms for networked social enterprise models

A report commissioned by Catalyst
authored by the School of System Change



School
of System
Change



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Introduction

The following report is an exploration by the School of System Change of different traditional and emerging models of organising available in the UK for networked organisations collaborating to achieve systemic change. Our research scope has been informed by questions asked by Catalyst as this organisation considers its next steps in governance. Catalyst is in the process of determining the next phase of its strategy for creating transformational change through bridging between the digital and charity sectors in the UK. Their ambition is to create a world which enables justice, harnessing the medium of technology to support changemaking organisations. They are considering the option of transitioning from an incubated programme of work at CAST into a new organisation.

Catalyst is publishing this work with the aims of supporting the activities of other organisations wishing to transition their governance so as to further their ability to create transformational systemic change. This is an area of work that is often critical to impact and yet difficult to resource sufficiently as it relies on core income which is frequently already stretched in purpose-driven organisations. This research report is for whoever needs inspiration and potential pathways to explore.

Defining Governance

Wikipedia defines governance as follows:

Governance is the process of making and enforcing decisions within an organization or society. [...] Governance is the way rules, norms and actions are structured, sustained, regulated and held accountable.¹

For this report, we focus on the ways different governance forms – from legal structures to decision-making processes (WHAT) – interact with organisational purpose (WHY) and flows of value between different stakeholders (HOW).

¹ [Wikipedia's definition of Governance](#)



Summary

We start by taking a systemic approach to governance for change, which means being awake to the need to evolve ways of organising to be responsive to shifting contextual challenges and new learnings over time. Adopting the principle “form follows function” recognises that as a systems change organisation, Catalyst want to be modelling the patterns they want to seed in the world.

Framing an organising form as a system in its own right, we first look at function through the lens of purpose and value creation. We go further to look at the qualities of emerging properties that might be observed in a healthy system, before exploring function as how an organisation works through mapping value flows.

When we start to look at form, we distinguish between two complementary aspects. Firstly, organising form, the way in which we might choose to organise together and create structures, processes and practises that are reflective of the culture we want to create and share. This leads us to looking into key design tensions associated with living systems and an understanding of power. Secondly, organisational form, and in particular legal forms for social change organisations.

The context of transitioning from one form to another surfaces the need to find harmony and dexterity between the paradigm we are currently operating within and the one we are seeking to move towards. By playing with these tensions and how they show up in governance, we start to build a picture of the kinds of organisation we might choose to become. Patterns, trends and examples of organising forms help to make these future visions more tangible. In observing these, we can appreciate that governance is not a linear journey from A to B.

Ultimately, this paper seeks to learn from others and explore options for a next best step; to find a starting point from which to continue imagining and creating new possibilities of weaving new governance approaches and practices together.

Guiding Questions from Catalyst

1. **If Catalyst were to become its own entity, what governance model would enable the network to surface and work towards its shared aims and vision in the best way possible?**
2. **What would an alternative to a centralised model look like?**
3. **What does a model look like that reflects the essence of Catalyst as leveraging the potential of tech to create transformation towards a more just future? What are the boundaries of political activity in relation to this model?**

Our Approach

Systems Change as a way in

At the School of System Change, we see governance as a systemic challenge, because it is about organising, regulating and giving direction to a complex human system. Some governance ideals may be modelled on hierarchical command and control, as if the organisation was a machine, however we would say this is a misunderstanding of how human organisations work as living systems. So an explicit living systems approach can be helpful when considering governance in any organisation, and even more so in the context of intentionally systems changing work.

Catalyst positions itself as a systemic organisation working to create transformational change through the bridging of the digital and charity sectors.

We understand a system to be “A set of things — people, cells, molecules or whatever — interconnected in such a way that they produce their own pattern of behaviour over time.” (Meadows, 2008).² We can therefore understand that the way in which these “things” are all interconnected has a significant relationship with the patterns of behaviour and outcomes that are produced.

A reframe on the question facing Catalyst as an organisation could be to ask:

If we understand Catalyst as a system, of people, energy, resources and information – then how could that system be transformed to be able to make its best contribution to the transition of the digital and charity systems it is working with, and within?

2 [Meadows \(2008\) Thinking in Systems: A Primer](#)

Exploring Multiple Approaches To Governance

Living systems operate in a highly contextual way, which means there is no “right answer” to questions we have around organisational governance, rather a wide field of approaches and methodology we can draw from. Governance systems and practices have emerged across histories, from different schools of thought and ways of knowing, and governance as a lever for systems change is a continually evolving field of practice. The approach that is needed in a given situation will be the approach that is most relevant and serving of the aims of the endeavour. In this case, the aims of Catalyst itself. A range of practises are drawn on throughout this paper to reflect this.

Working with multiple approaches and methodologies with different lineages can lead to multiple definitions or terminologies, in which case we try to make explicit how we are using any particular word. A recommendation to Catalyst, and any organisation looking to this guide for insight, is to use what feels most aligned and helpful in its journey.

Transitioning Governance For Systems Change

Catalyst is in a phase of inquiry to determine what its next iteration of change-making should look like. Our understanding from systems change is that the process of change is as important as any final product. This implies not thinking about ideal governance alone, rather starting from where Catalyst are now, with an inquiry approach. To support context-relevant decisions to be made, this report has been structured somewhat like a guide – to the questions we need to ask ourselves while looking at different elements of governance and their interplay. The domains explored are bounded by what Catalyst thinks they know so far about their intentions for transitioning their governance model and approach:

- We are currently an initiative incubated by a charity, experimenting with network led and participatory approaches to how we operate.
- We think we want to transition to a new legal entity to be able to enable a transformational governance and our refreshed vision.
- We want to have social purpose, but we do not think we want to be a charity.
- **Catalyst's values**³ are love, curiosity, collectivism, equity and reciprocity; Catalyst is a values-first organisation.
- We aspire to work in a participatory, decentralised and values-led way.
- We want to continue to work in a networked way, developed from our existing circles of partners.

Taking these considerations into account, the report explores different choice points related to transitioning legal and non-legal organisational forms. The following exploration is offered as simply “a way in”.

3 [Catalyst's values website page](#)

Form Follows Function

A Living Systems Perspective

Conversations and explorations of governance often start with forms – comparing different legal structures, designing boards and accountability measures – whereas from a living systems perspective, we suggest starting from purpose and following the guiding principle “form follows function”.

In biomimicry⁴, which shares design lessons from the natural world, the alignment between form and function is identified as a unifying pattern that supports nature to thrive. A leaf is designed to react with the environment in a certain way to nurture its plant with the energy from the sun and let the rain run off to nourish the soil below. We might also be familiar with struggling houseplants appearing to “strain into” patches of light with how they have grown. In the same way, we can design our ways of organising to enable the people in our systems to thrive, to be collectively learning and to create and adapt to change.

Taking a living systems approach can be pragmatic and design-centred. It also has political meaning, particularly in the context of working in the digital sphere which can sometimes be considered beyond the scope of the living world:

“Pretending that a human activity has no grounding in living systems and places — because of its digital or global nature, because it involves commodities sourced via intermediaries and their warehouses — carries a high risk of creating harmful externalities to the living systems that are inextricably linked to these activities but remain invisible in our designs. This decoupling of our activities from the living systems we operate within perpetuates the deep-seated pattern that has led to the crises we are living into today, from climate change to the global pandemic.” (Winn, 2021)

4 [What is biomimicry, by the Biomimicry Institute](#)

Defining “Function”

“Function: /'fʌŋkʃn/ a special activity or purpose of a person or thing.”⁵

This definition of “function” helps us draw out two different levels that will be helpful when exploring organisational governance in the context of systems change:

- Purpose: the WHY of the organisation, what it is continually striving to do in the world, how it **creates value** for the wider system it is working within
- Activity: the HOW of the organisation – in which ways the organisation is working towards its purpose. For a conversation around governance, we are less interested in the specific activities designed and delivered by the organisation than the **value flows** mobilised in the delivery of these activities

We will look at these two kinds of function in turn.

5 [Oxford Dictionary's definition of function](#)

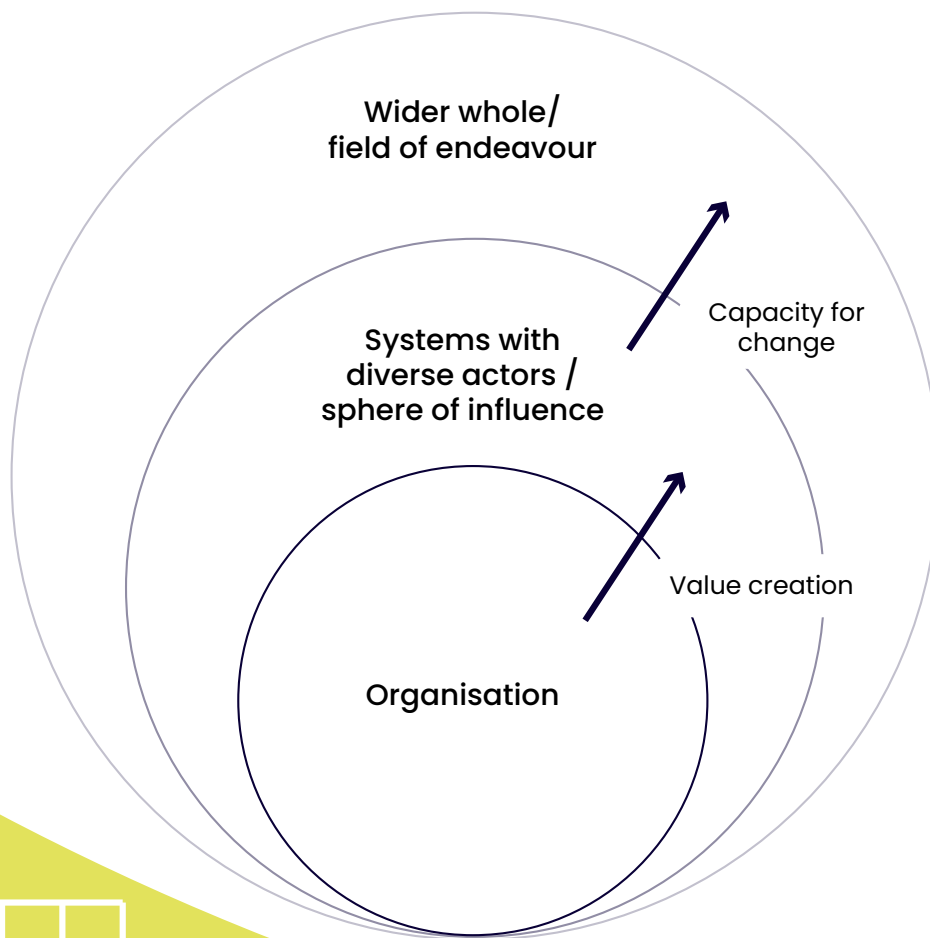


Function: Purpose

Value Creation in Nested Systems

When considering organisations, we have different ways of describing purpose, whether as mission statements, goals for impact, or theories of change or transformation. We try to articulate ourselves in a way that reflects what the organisation is trying to do.

The purpose of any organisation will be to create some sort of value for a system within which it is nested (Haggard & Mang, 2016). This might be shareholder value creation in a profit-oriented company, or different kinds of financial and non-financial value creation for a wide range of stakeholders in social purpose organisations. Impact and capacity for change are created when this system of diverse actors can influence a wider field of shared endeavour.



Embodying Purpose

If we follow the guiding principle “form follows function”, we understand that a governance model for an organisation, which is a system in its own right, needs to be designed to enable its intended purpose. Equally, a **transitioning** form will follow its evolving function, reminding us that this is a dynamic relationship to pay attention to in an ongoing way, beyond the initial design and set-up of a form.

However, there can be a disconnect between the change the organisation seeks to create out in the world, and the way the organisation is actually functioning.

“The purpose of a system is what it does. There is after all, no point in claiming that the purpose of a system is to do what it constantly fails to do.” (Stafford Beer, 1985)

This is a conundrum that we encounter often in purpose-driven organisations, where purpose can be espoused⁶ and not actually reflected (or enacted or embodied) in how we organise and operate. Taking a systems perspective can help us explore why this is the case:

“Over time, accumulated individual interactions form some repeating regularities that develop into systemic patterns. Once emerged, these patterns incentivise certain behaviours and constrain others, thereby creating a kind of “chicken and egg” feedback effect.” (Gal, 2017)

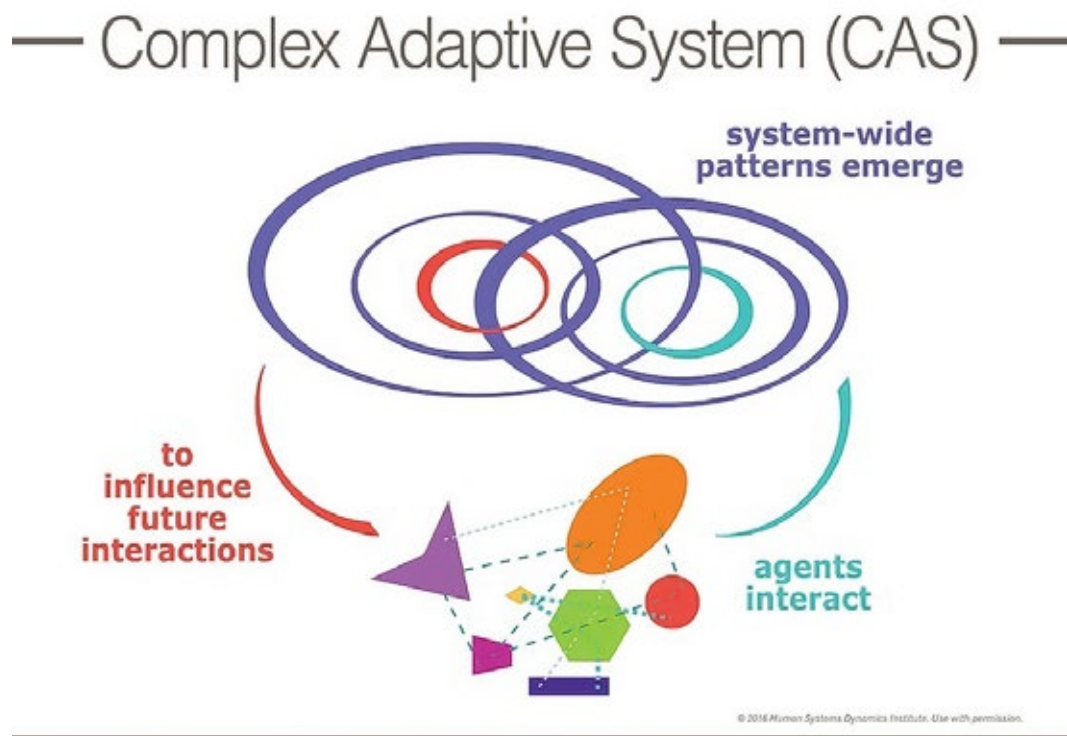
Bringing this lesson from living systems into human system design is not therefore just about creating a pattern, but appreciating one that will emerge whether we are being intentional about creating one or not. So, taking a systemic view can help us to look beyond purpose statements to how the purpose is embodied in value flows and governance structures and practices at every level.

6 [Gopinath, Nair, Thangaraj \(2018\). Espoused and Enacted Values in an Organization: Workforce Implications.](#)

Understanding Emergence

A complexity perspective⁷ can help us understand whether a system is functioning towards our desired purpose, by observing emergent properties.

“A property of a complex system is said to be ‘emergent’ [in the case when], although it arises out of the properties and relations characterizing its simpler constituents, it is neither predictable from, nor reducible to, these lower-level characteristics”
(Honderich 1995, 224).



So, while in a complex system we cannot prescribe the emergent property of the system, we can observe and set indicators to notice when it does emerge.⁸ We can ask ourselves:

What is the emergent property of the system that would signify it is functioning healthily for the purpose we have designed it for?

⁷ [Wikipedia's definition of Complex adaptive system](#)

⁸ [©2016.Human Systems Dynamics Institute, reproduced with permission](#)

Evaluating through monitoring can also help us to be awake to how our organisational system is interacting with others. We can therefore make adjustments to meet the needs of people in the system and our evolving challenges.

“Complexity theory emphasises that the social and natural world is organic, systemic, shaped by history and context. Things are affected by many causes and connections and these act together, synergistically. The future emerges, cannot entirely be known in advance. What happens next is affected by history, chance, choice, and the particularity of the local context.” (Boulton J)⁹

Key points & guiding questions

- Purpose comes first, and needs to be enacted through governance structures and practices.
- Provocation: what is your system consistently producing? this is it's purpose!
- How might you articulate your purpose in a way that reflects who you are, your core patterns of behaviour, and the value you create for the wider system you are contributing to?
- Which emergent properties might you look to observe, as indicators that your organisational system is functioning healthily towards your intended purpose?

9 Boulton, J., P. Allen, et al. (2014). Embracing Complexity, Oxford University Press

Function: Value Flows

Exploring value creation and flows

Having looked at how an organisation's function is enshrined in its purpose, through seeking to create value for the system within which it is nested, we can dig deeper into what we mean by "value creation" and look at how value flows through organisational systems.¹⁰

There are a number of different methodologies¹¹ that have been developed to explore these questions. Many of them speak to function as a system of value creation, looking at different elements of value and how they flow and interact, in order to examine the question:

How does value flow throughout the organisational system and how does any emerging value interact with the systems it is working with and within?

Defining Value

In essence, "[value](#)"¹² can be anything to which we ascribe the quality of being useful or important – so it will mean different things to different people and organisations. An important question therefore in starting out might be:

What value do we want to create and enable to flow?

Or, more simply:

What do we value? What do we consider to be useful and important?

¹⁰ For another representation of value creation within ecosystems, take a look at the [Commons Transition explanation of the P2P Foundation](#) work on open co-operativism as a movement.

¹¹ We highly recommend [Greaterthan Thriving Networks Course](#), © greaterthan.works 2021, Creative Commons License. Also explore [The Ecosystem Intent Toolkit, Next Evolution](#), Creative Commons Attribution-Share Alike 4.0 International License

¹² [Oxford dictionary's definition of value](#)

We might immediately think of more traditional assets, such as money, time, physical resources and information – things we traditionally design our systems around. Stepping back from this to consider **what do we value that makes us feel we are thriving in an organisation?** a more holistic understanding of value might come to mind. We might appreciate that we associate thriving with moments when non-tangible resources, knowledge, care, solidarity, connection, learning and power are flowing healthily in the system.

We might wish to categorise these according to how we experience, pay attention to and legitimise different kinds of value. Some organisations use simply the tangible and intangible; others have adopted cultural work categories such as [livelihood work, care work and pro-bono work](#).¹³

Some of the things we consider to be important may not flow through the organisational system as such, but can be created as the emergent properties of a healthy system as a whole.

More traditional/ transactional	More systemic/living	Emergent properties
• Physical resources • Money • Time • Opportunity for work • Pro bono work • Information • Knowledge • Reputation / profile	• Care • Collaboration • Learning • Connections • Healthy power	• Wellbeing • Equity • Justice • Community • Abundance • Joy

It can be useful to openly discuss and state the hierarchy of these kinds of value in an organisation, because both explicit and implicit governance

¹³ [Guerrilla Transitions adopt a complex model valuing these different kinds of work. 'Our Governance model', by Guerrilla Transitions](#)

practices will be informed by what is **actually** most valued. For example an organisation that calls itself a learning organisation above all else, but doesn't invest time or budget in learning flows and activities, has a hierarchy of value that doesn't put learning right up top!

Value Flowing and Evolving

A living systems perspective invites us to understand that value flows are not fixed either in nature, nor in volume, nor direction. Flows are naturally changing and evolving through interactions over time.

[The Ecosystem Intent Toolkit](#)¹⁴ speaks to sustained and intentional flows of value as the key to longevity of an ecosystem. This thinking can be applied to any kind of networked organisation, if we consider that value is not a static concept: it is something that is appreciated through experience. For example a participant in a network might feel that they experience huge value of learning and connection upon joining, and then experience the flattening of a learning curve. In this case, it might be wrong to assume they still gain the same value of learning from participation, unless the flows of knowledge within the system evolve to meet their shifting needs over time.

Having identified different elements of value in our system, we can take another look at our value questions to ask:

What is the value being experienced by different stakeholders in the network?

How is that value being enabled to flow sustainably to create a healthy experience of the system?

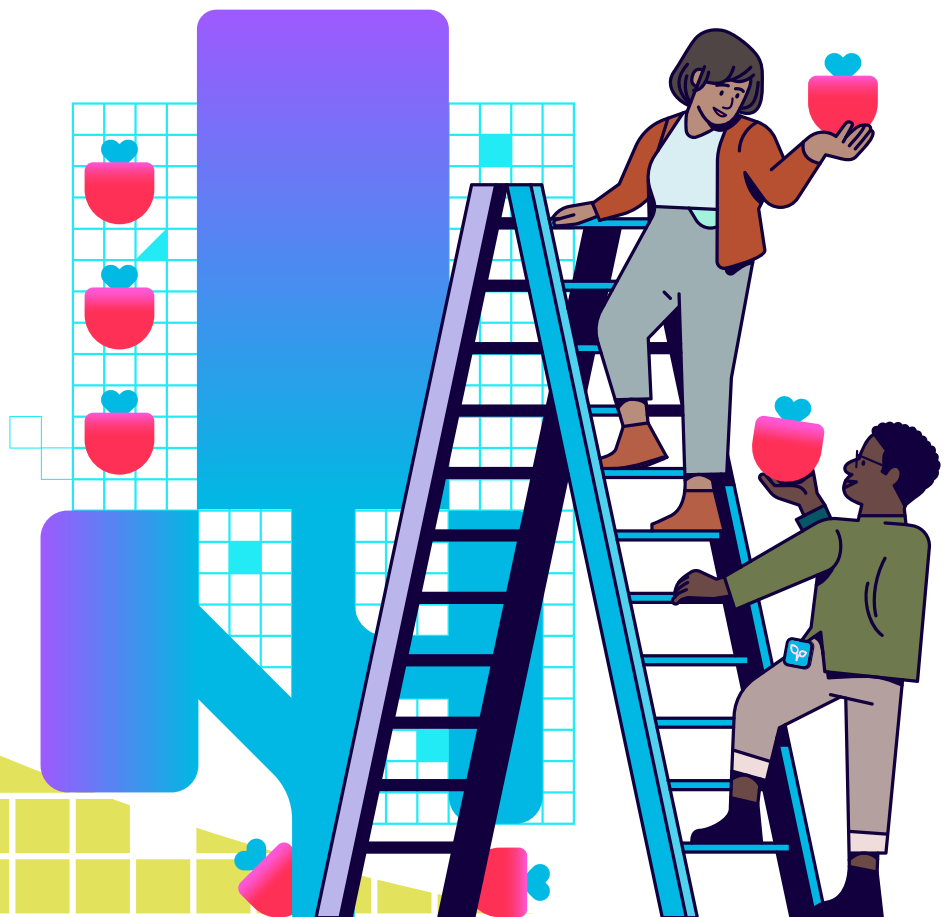
What value is being created in the wider system we are working to shift?

A great way to explore this is through mapping value flows across the system.

14 [‘Our Governance model’, by Guerrilla Transitions](#)

Key points & guiding questions

- Different people and organisations will have different considerations about what is useful and important.
- In conversations about value it can be useful to prompt towards more intangible value flows, beyond money and time.
- Hierarchies of value will inform explicit and implicit governance practices.
- What is the value being experienced by different stakeholders in the network?
- How is that value being enabled to flow sustainably to create a healthy experience of the system?
- What value is being created in the wider system we are working to shift?

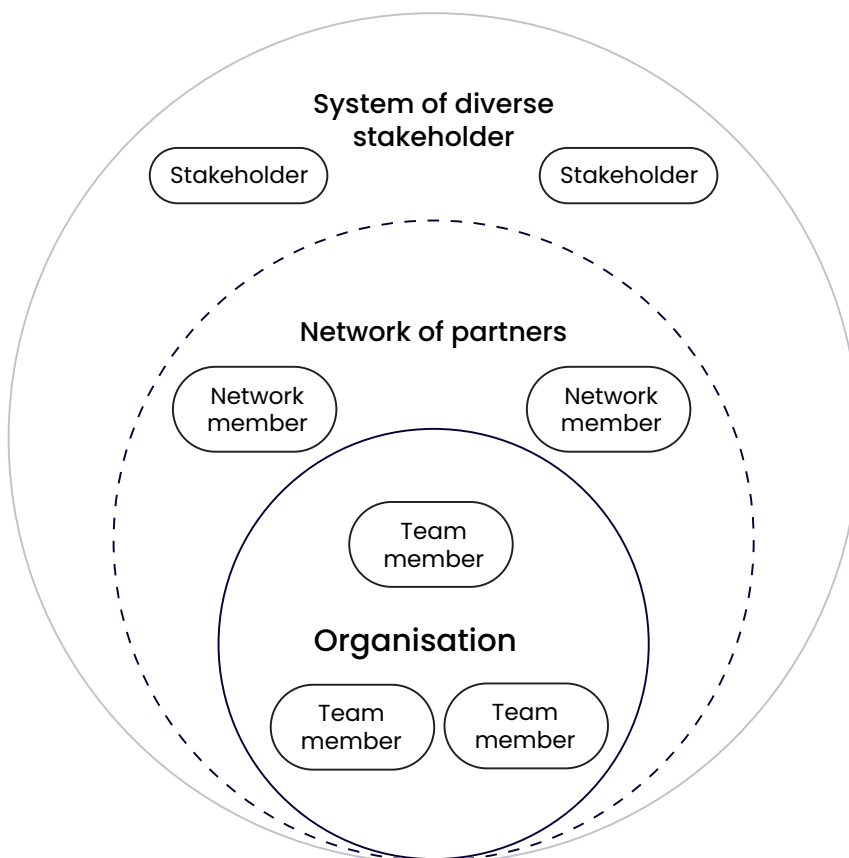


Mapping Value

If we are looking at the function of an organisational system through value flows and value creation, it can be helpful to stop and sense-check what is actually going on in the system, beyond just our ambitions and assumptions. We can use forms of systems mapping to do this. We can start by mapping different levels of nested system, then add value flows between different stakeholders, preferably by gathering data and insights from stakeholders themselves to map how value is actually flowing. This can be a useful way to examine an existing system at a moment of significant change, or as a kind of system “health check” at any point in time.

Mapping a Nested System

A nested systems approach can help us to see the different layers and levels of engagement of our organisational system, consider the boundaries between them and how they might interact with wider wholes. What value do we want to create and enable to flow? Across different levels of our system...



- A . At the level of our team members
- B . At the level of our organisation
- C. For people working with our organisation
- D. For the system that our organisation is working within

We can use different lines to represent different kinds of boundary. In this case, the organisation has a strong boundary around it, and the network of partners is identified as a specific set of stakeholders within a wider system, so with a dotted line.

Mapping Value Flows

We can then start to map flows of value within the system, referring to the different kinds of tangible and intangible value (see p.22)

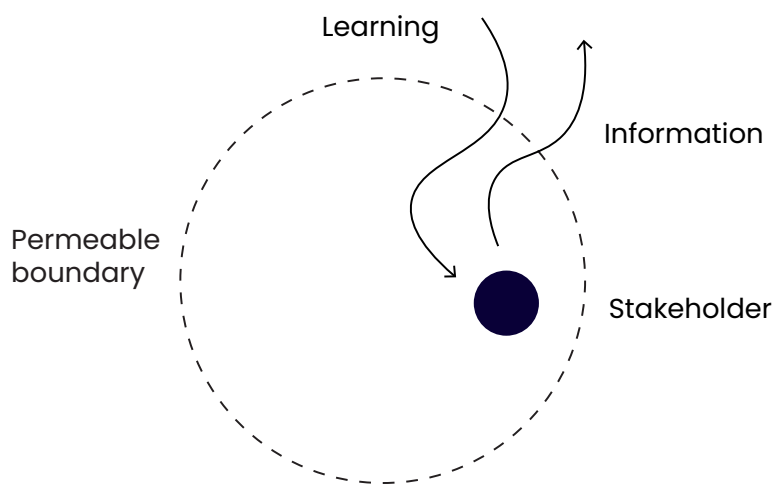


Figure A

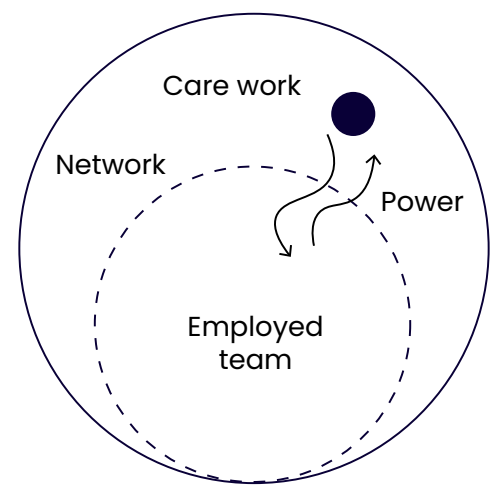


Figure B

Looking at figures A & B, we can see how a picture of the value flows and boundaries of an organisational system can start to be built up. As we build out the map, we can notice the kinds of structures and decisions that might be needed to sustain, regulate and evolve our system to support its purpose. We can ask what structures and forms might be necessary to enable our system to function healthily.

Key points & guiding questions

- Where do we want to draw boundaries within the system(s) we are creating? How permeable are those boundaries? How fluid or fixed are those boundaries?
- Who are the people in different parts of the system? What does it tell us about their roles, identity, experience that we see them there?
- What are the different ways to engage with the system?
- If we are operating as an employed team with a network of collaborators, how is the distinction between organisation and network experienced?

Forms: Starting Small

Containers

Before looking at organisational forms, it can be helpful to look at how forms can be enabling of function even at a very small level. This is a reminder that governance is not only the practice of high-level and legally required decision-making, but also present in the everyday functioning of any organisation.

Following from our system mapping, once we have a picture of the kinds of value flows we want to enable across the picture of our system(s), we might want to consider how we enable them by creating different kinds of structures with helpful constraints. A useful way to explore this is through the concept of containers:

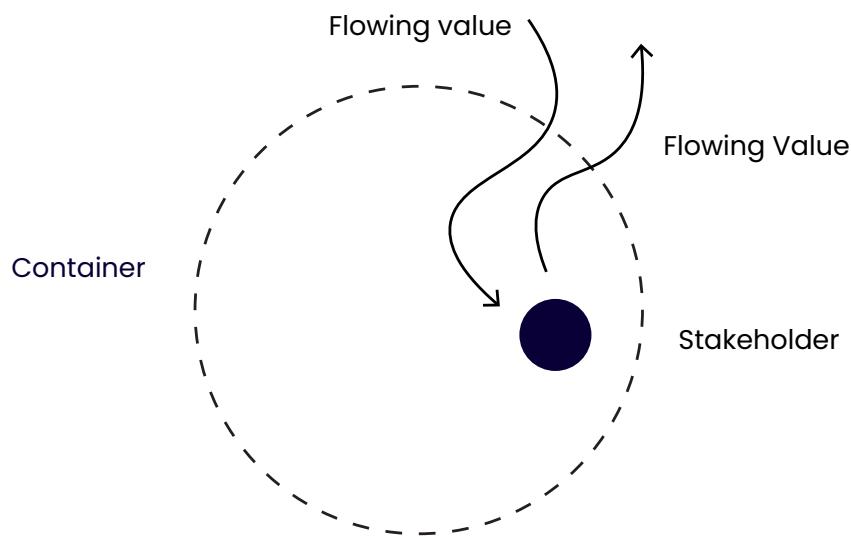


Figure C

“Container: Similarities that contain the system while patterns emerge[...]. A container may be as simple as the agenda for a meeting, creating the length, time, content, and discussion. Or a container may be as complex as the history, social agreements, shared experiences, and language of a cultural community.” (Eoyang, CDE Model, Human Systems Dynamics Institute, 2016)

We can imagine, therefore, that creating containers with different characteristics will enable different kinds of flows in different ways. If we understand that containers exist throughout different levels of our systems then we can appreciate that paying attention to how we create them can heavily shape our experience of value. So putting intention into the small things that influence how the different people and other stakeholders in the system(s) interact – such as meeting agendas – can help seed the bigger patterns that we hope to see emerge.

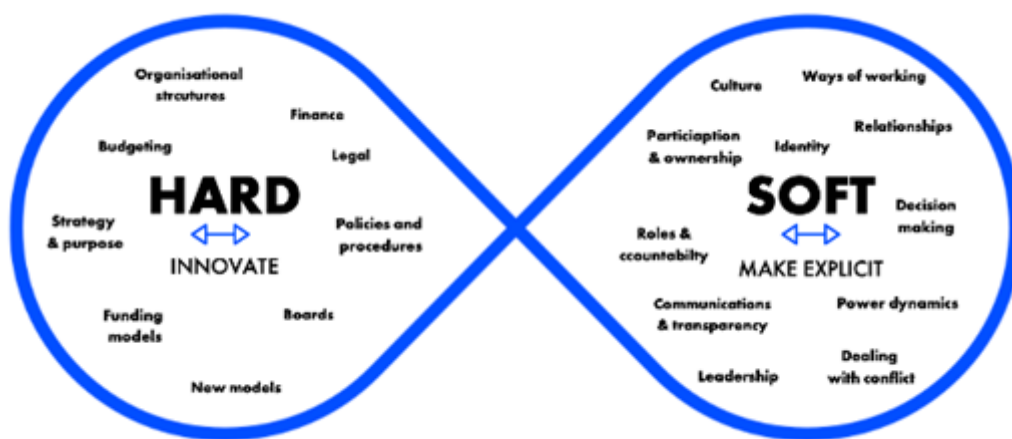
Key points & guiding questions

- How do we determine the characteristics of the different forms that might determine the ability of value to flow?
- How might we test prototype governance forms at a small scale before getting to the bigger organisational challenges?

Governance Forms: Hard & Soft

Hard & Soft Governance Forms

Governance commonly brings to mind compliance with laws, boards and formal structures. It can also mean the cultural agreements, practises and rituals that form the social fabric of how we work together. The model below describes the former as “hard” and the latter as the “soft” elements of governance. This can be a useful differential between the agreements which are in some way formally constituted and might be subject to legal requirements and regulation external to the organising group, and those which give us more space to play in designing governance structures.



Governance Figure 8: Systemic governance incorporates both the hard and the soft elements as published in [Constellating Change: exploring patterns of organising](#).

co-written by Sean Andrew, Louise Armstrong and Anna Birney.

What is powerful about the “soft” elements of governance is that they can completely transform an organisation – this is particularly true if we consider any conventions that might be set around how the soft and hard interact. For example, how rigid or flexible are our structures? How participatory or top-down is the approach to creating or evolving them? We know that working at one charity is likely to feel very different from working from another charity even if it is ostensibly set up with the same charitable aims and hard governance forms. This could be to do with

anything from its feedback culture, approach to decision-making over what work will be taken on, or who gets to be involved in those kinds of conversations.

In transitioning governance structures to align with a new dominant paradigm (such as systemic rather than mechanistic) there is a balancing act, between harnessing the potential of new forms of organising and working with the systems that exist and are shifting around us. This tension comes to the fore when we consider legal forms, for which there are limited options, and other organising forms around which there is huge creative potential.

So, to answer Catalyst's question "what governance model would enable the network to surface and work towards our shared aims and vision in the best way possible?" we will look at governance models from two perspectives:

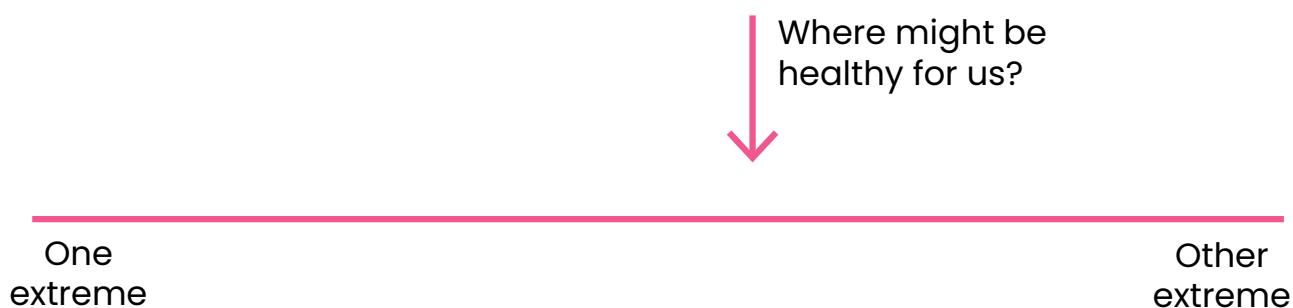
1. **SOFT: Organising forms** (the way in which we might choose to organise together and create structures, processes and practises that are reflective of the culture we want to create and share); and
2. **HARD: Legal forms of organisation** (which typically prescribe the nature of accompanying hard elements of governance)

Design Tensions For Organising Forms

Using spectrums

There are innumerable ways to step into design choices for how we organise. One approach, used for example by GreaterThan in their exploration of Thriving Networks¹⁵, is to work with spectrums to materialise creative tensions present in the decision to be made. Visualising choices in this way helps us to see the significant differences within the possibilities open to us, and to consider the implications of settling at different places along the spectrum.

For example:



It's important to note that in doing so, we might have different associations with these tensions and different ideas of what implications might be. In working with a group to make or communicate these choices it is worth building out shared definitions.

¹⁵ [Read more about Thriving Networks on GreaterThan's website](#)

When considering ways of organising, governance practices, decision-making and organisational culture in the context of systems change, two sets of design tensions can lead to particularly fruitful conversations:

- Living systems tensions
- Relationship to power

In the following section, we will illustrate several design tensions for each of these themes, drawing out why they might be important, and implications for organising practices.

Design Tensions: Living Systems

If we consider that living systems show us a way to be systemic, then we might consider how living systems principles of **open, emergent, interconnected, relational and diverse** we want our organisational system to be. It is important to bear in mind that more living or organic does not necessarily mean more aligned with the function of our organisation.

Open & Closed Systems

What does it mean?

In systems change, an open system is one which interacts with external influences, allowing information, energy, material etc. to transfer in and out of the system's permeable boundary.¹⁶ By contrast, a closed system has a firm, impermeable boundary.

Why is it important?

When thinking about the boundaries of an organisational network system, we might consider how easily we want people to be able to join the network, contribute to information flows, and how the value generated within the system is shared out of it, or not at all. We might also think about how they find identity within or outside of the boundary, and how this might influence a culture of belonging and shared endeavour.

Some implications for organising practices

Where might be healthy for us?



open

Anyone can join
Information always available

Closed

formal joining process
Security over transparency

Emergent & Pre-Determined

What does it mean?

emergent /ɪˈmɛdʒ(ə)nt/ in the process of coming into being or becoming prominent.; “blockchains are still an emergent technology”¹⁷

The tension between allowing something to emerge and attempting to pre-determine the final product.

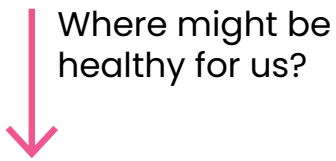
Why is it important?

Pre-determining a final strategy suggests that we have all the information necessary to come to the outcome needed. In systems change, a core practice is to be continually learning and open to different perspectives and possibilities so we can rise to meet the evolving challenges of the systems we are interacting with & within. This brings in the **dynamism** of living systems and helps us to see that there is an interrelationship with how **rigid** or **fluid** the boundaries of our systems are.

“As the challenges we face evolve and grow around us, we must ask ourselves again: what might be an effective change approach to addressing these issues? What is our practice and what is needed to support other change-makers, to achieve our collective goals? We face big questions: do we want our businesses to be machines for profit, or adhere to global citizenship?” (Birney & Castledine 2022)



Some implications for organising practices



Emergent

Strong purpose and vision
Flexibility around action
Strong culture of learning

Pre-determined

Strong action plan
Clear roles and tasks
Strong culture of doing
(as we've always done)

Diversity & Efficiency

What does it mean?

When there is sufficient diversity in a system, there is more opportunity through the interaction of its elements for new connections, inspiration, and new emergent properties. A system that supports diversity to thrive will be more resilient. Although we seek efficiency through simple systems and organisations that have clear linear cause and effect, beyond organisations that are very small and deliver on one thing, most organisations are complex.

What it does not mean

Striving for efficiency in complex systems does not mean they will be more effective.

Why is it important?

If we return to the notion that form follows function, we might consider that an organisation seeking to address complex challenges might be more effective if organised in a way which appreciates complexity and understands itself as part of a wider complex adaptive whole.

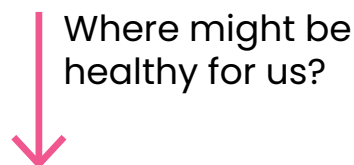
When we bring diversity into a system, the structures of that system must be adapted to support diversity to thrive. We must support harmony in diversity through corresponding diversity across different elements of governance in the system. In the same way, we cannot simply “embrace” equity, we have to take steps towards enabling and supporting it:

“Equality means each individual or group of people is given the same resources or opportunities. Equity recognizes that each person has different circumstances and allocates the exact resources and opportunities needed to reach an equal outcome.

Like equality, equity is not something that naturally exists in the world; something that we need to simply open our eyes and our arms to. Equity currently doesn’t structurally exist in our world and I think it’s irresponsible to give the impression that equity is easy, natural or something that can be embraced because it’s coming anyway. It’s not.

Equity has to be made, curated and worked for. It needs vigilance, thought, care and effort. It needs knowledge, buy-in and it needs to be co-created. It needs systems and infrastructure that are actively responsive and sensitive to deepening inequality and oppression. It needs to centre the lives, voices and experiences of our most marginalised and disenfranchised communities. It needs financial investment and stewardship.” (Euella Jackson, 2023)

Some implications for organising practices



Diversity

Active efforts to support diversity
diversity at all levels of governance
Valuing multiple cultures for leadership
Anti-racism training for leadership

Efficiency

Focus on sameness
Quick decision-making
One way of doing things
Little space for challenging status quo

Design Tensions: Relating to Power

Whether power flows “healthily” in a system designed for a particular function is one of the more complex questions to address. Certain structural tensions help us think in an active way about how we want power to be experienced, so long as we recognise that there might be a gap between design and experience and that we need to test our assumptions.

Centralised, Decentralised & Distributed

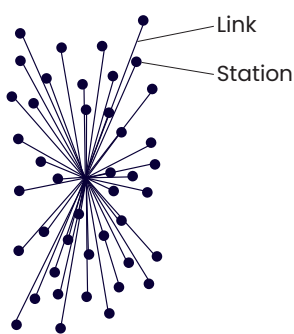
What does it mean?

The terms decentralised and distributed are often used interchangeably, but they aren't synonymous.

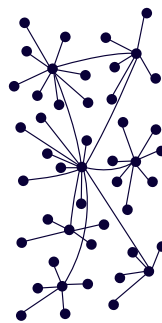
centralise /'sɛntrəlaɪz/ concentrate (control of an activity or organization) under a single authority.

decentralise /di:'sɛntrəlaɪz/ transfer (control of an activity or organization) to several local offices or authorities rather than one single one.

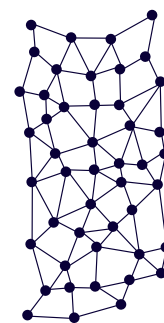
distributed /dɪ'strɪbjʊ:tɪd, 'dɪstrɪbjʊ:tɪd/ shared or spread out (control).



Centralised (A)



Decentralised (B)



Distributed (C)

Why is it important?

The original diagram for centralised, decentralised and distributed networks was designed to describe communications networks built using computers (Baran, 1964), not to describe the people behind that work and their human needs, interactions and experience of power. However they are useful diagrams to consider these questions.¹⁸

“Centralized topologies you already know about, they form the backbone of our current world order (central points of power and limited access). The other two, “decentralized” and “distributed” are often used interchangeably but they aren’t really synonymous. The former is characterised by tree-like structures where the main branches can disperse informational bandwidth to the smaller nodes or edges, or even sever it altogether.

Distributed networks ensure that every node can act as a receiver or sender: as the old song goes, “from each according to their capacity, to each according to their need.” This describes end-to-end systems where certain nodes are not inherently privileged, in other words, all have similar power or capacity.” In that respect, they favour **equipotentiality in a system.**” (DisCO Manifesto v1.1, DisCO.coop, the Transnational Institute and Guerrilla Media Collective (2019))

Some implications for organising practices

Where might be
healthy for us?



Centralised

Relationships all determined by central role
Information flows from centre to periphery

Decentralised

Relationships organised around nodes
Information relayed by key roles

Distributed

Free relationships between all parts of the system
Information accessible by all

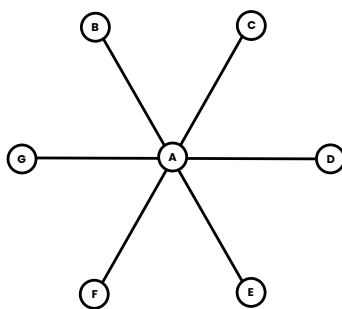
¹⁸ Upul Jayasinghe, A Survey on Trust Computation in the Internet of Things, ResearchGate; influenced by Paul Baran (1964), On Distributed Communications

Hierarchy & Heterarchy

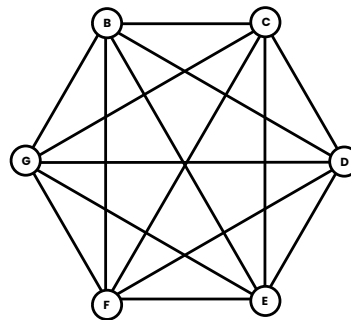
A **hierarchy**¹⁹ is an arrangement of items (objects, names, values, categories, etc.) that are represented as being “above”, “below”, or “at the same level as” one another.

A **heterarchy**²⁰ is a system of organization where the elements of the organization are unranked (non-hierarchical) or where they possess the potential to be ranked a number of different ways.²¹

Hierarchic “star-shaped” structure



Heterarchic “universal” structure



“A heterarchy may be parallel to a hierarchy, subsumed to a hierarchy, or it may contain hierarchies; the two kinds of structure are not mutually exclusive. In fact, each level in a hierarchical system is composed of a potentially heterarchical group which contains its constituent elements.”²²

Is hierarchy actually a problem? In society we associate hierarchy with top-down power dynamics as this is how they have been designed and operated in human systems. However, hierarchies can be understood differently in nature:

19 [Wikipedia’s definition of Hierarchy](#)

20 [Wikipedia’s definition of Heterarchy](#)

21 [‘Sectoral Differentiation within Contemporary Worldwide Global Corporate Networks’](#), Economic Geography, 87 (3), (2011) 267 –308

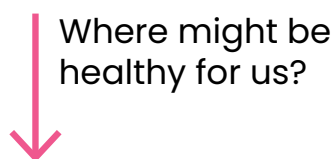
22 [Wikipedia’s definition of Heterarchy](#)

“Since the early days of organismic biology, (these) multi levelled structures have been called hierarchies. However, this term can be rather misleading, since it is derived from human hierarchies, which have rigid structures of domination and control, quite unlike the multi-levelled order found in nature.” (Fritjof Capra, (1997:28))

Arguably, then, hierarchy is not the problem, it is the power dynamics. ²³

It is possible to consider that we could transform our relationship to hierarchy by introducing cultural practices which mitigate the practice of top-down control, such as participative decision-making, for example (more on this below). However, returning to what we have learned from form follows function, it is also reasonable to ask whether this is really a practicable solution to creating healthy power dynamics. Considering human systems and not nature, in which we have – at least in the western world – understood the pattern of experience and emergent properties of hierarchical systems to tend towards mechanistic practices of “power over”, command and control, rather than those that might be more living. **If it is possible to shift our relationship to hierarchy, then how might we need to shift our relationship to power altogether, and what healing might need to be enabled to support it?** ²⁴

Some implications for organising practices



Hierarchy

Pyramid structure of decision making
Life management reporting
Significant pay gap

Heterarchy

Circle structure of decision making
Peer support system

²³ [‘Hierarchy is not the problem’ by Richard D. Bartlett on Medium.com](#)

²⁴ [Sophy Banks has developed a body of trauma-informed work on Healthy Human Culture](#) which explores healing as an element of practice

Participative & autocratic

What does it mean?

An autocratic approach to leadership in an organisation might look like a leader making decisions on behalf of employees and exercising power and control in a “top-down” way. Conversely, participative leadership might see employees invited in to participate in decision-making in a more democratic way.

Why is it important?

How involved we feel in decision-making can influence how much we identify with an organisation and its aims, how much we therefore feel invested to contribute to them and how we feel valued and respected. The more participative, the more diverse voices will also be represented. We can see how this interrelates with the diversity-efficiency tension and questions of equity.

Some implications for organising practices

Where might be
healthy for us?



Participative

Taking time to hear multiple views
Structures enable participation
Focus on ownership/ belonging

Autocratic

One person has decision
making power
Channels to share commands
Focus on executing according
to tasks

Key points & guiding questions

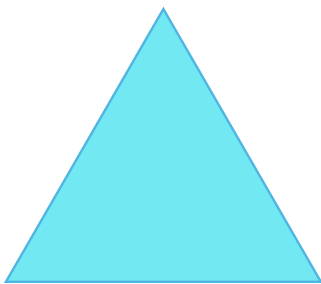
- Different organising forms in relationship to power might be appropriate at different stages of an organisation's lifespan, the key is to review and adapt as things change and grow.
- Looking at power dynamics explicitly is the first step to shifting power.
- Challenging entrenched organisational cultures is really hard work: be kind to yourselves throughout the process!

Patterns of Forms

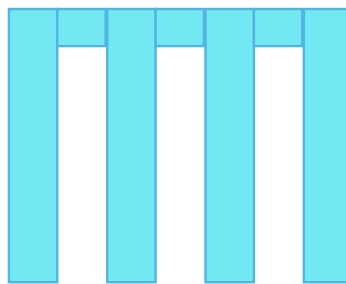
In considering transitioning governance to be enabling of systems change it can be helpful to imagine what patterns of forms exist in more traditional structures, compared with those that might be emerging as more “systemic” or “living systems” forms. Using pattern to deepen our understanding is a way of engaging our visual competencies in understanding how structures create behaviours and meaning.²⁵

Common Forms

There are a number of common patterns of forms that we are used to seeing in society in how we organise. Three of the most common are below



Pyramid hierarchy



Matrix



Flat

These forms all look quite different, but will have a common thread in that they all typically involve some kind of hierarchy, that might be more or less concentrated and centralised. Each form has its advantages and disadvantages²⁶, and as with any organisation will look very different on closer inspection. Flat structures, for example, may well have a “shallower” hierarchy, but they may well still be run in an autocratic way.

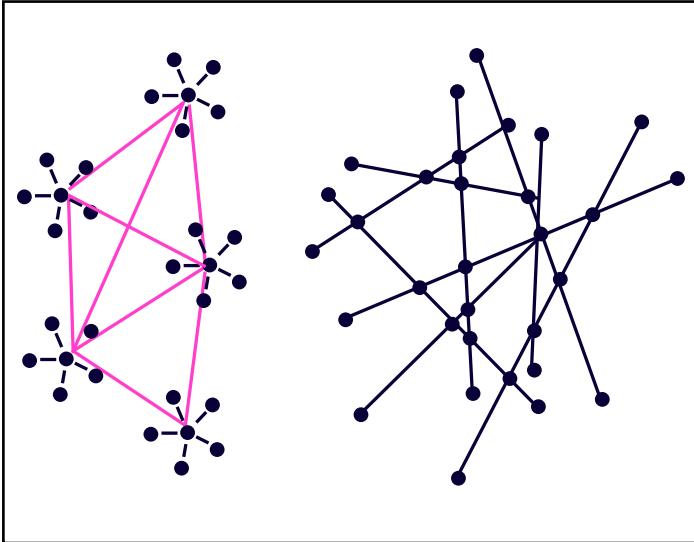
²⁵ [‘Pattern spotting: A core practice for systems change’, by Laura Winn on medium.com](#)

²⁶ [‘Types of Organizational Structure’, by Iterate Team on theorg.com](#)

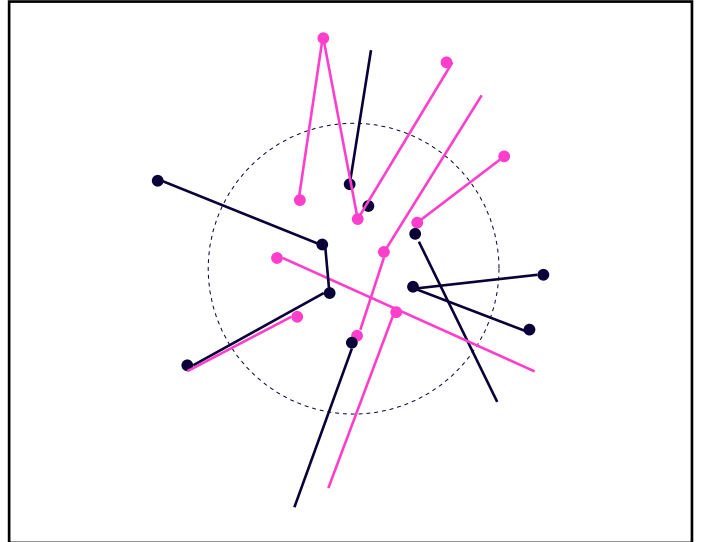
Systemic Forms

Considering different systemic forms is the insights we can glean from visualising these forms²⁷ that characterise how they function and the kinds of function they support. Some examples are below:

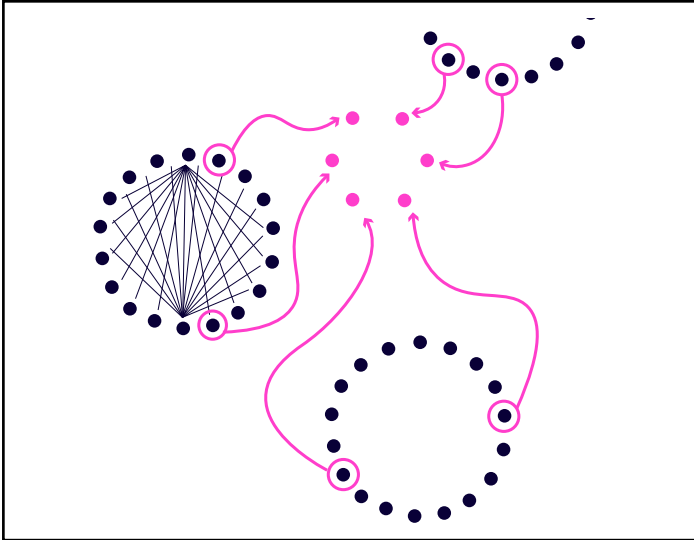
networks



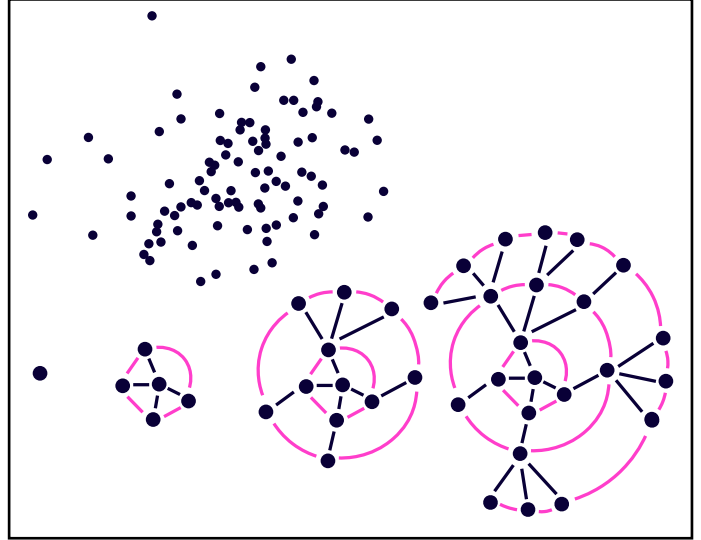
platforms



circles



swarms



We also hear about Labs and Ecosystems a lot. There is some debate about the boundaries and distinction between each of these typologies,

²⁷ [‘Systemic forms’, by Laura Winn on medium.com](#)

how they relate and whether some are subtypes of others. Perhaps what is important is not to engage in categorising but in inquiry, by asking for example: **What can we see in these different kinds of networked, interconnected forms? They are all trying to articulate and show a different way of relating than the more traditional forms – one which is more living, fluid, distributed, dynamic and open.**

Key points & guiding questions

- Organisational forms can be represented with visual diagrams to help understand their structure.
- Looking at shapes and relationships from living systems can provide insights into more systemic forms of organising.
- Which shape or pattern best describes your organising form? Which other pattern do you want to move towards, and why?

Legal Forms

There is a range of legal forms, and a social enterprise can be one, or a hybrid of, different kinds of legal entity. This section of the paper will explore those which are most relevant to Catalyst looking to transition from an incubated project within a charity to form a new networked organisation in the UK with social purpose.

What do we mean by legal forms?

While we have more freedom of design choice in how we bring soft governance forms to life, there are only certain legal forms available to us, if the collective of people require a separate legal identity e.g. to hold funds. In UK law, legal forms are **described by purpose** and **defined by legal entity. A legal entity is any individual, company or organisation that has legal rights and obligations.**

A legal entity is any individual, company or organisation that has legal rights and obligations.

Types of legal entity are differentiated by factors such as:

- Ownership model
- The scope of its activities
- Opportunities for different kinds of income (funding model)
- Personal liability
- Ownership
- Governance (requirements at law or in equity)
- Profit distribution ²⁸

²⁸ For a concise analysis of legal forms according to these criteria, check out: [DLA Piper, Structures for Social Enterprise](#) (Copyright © 2014 DLA Piper)

Broadly speaking, there are **three key categories of legal forms in the UK:**

Business solely for profit	Business primarily for the benefit of community, “social enterprise”	Charitable organisations for the public benefit
Set up with the primary goal and mechanisms for making profit and paying dividends out to shareholders. This is the most prominent legal form, even for organisations focused on providing services and ensuring right livelihoods. The form itself indicates a primary goal of profit.	The term “Social Enterprise” is defined (by Government) as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners”.	Organisations set up entirely for the “public benefit”, with all profits reinvested in furthering charitable aims, subject to stringent administrative requirements for scrutiny in exchange for tax exemptions.
Examples: Limited company (Ltd) Limited liability partnership (LLP)	Examples: • Community interest company (CIC), • Industrial provident society ◊ Co-operative Society (Co-op) ◊ Community Benefit Society	Examples: • Charitable Trusts • Charitable Companies • Charitable Incorporated Organisations • Unincorporated Associations

It is important to note that we are talking here about the legal entity types, rather than organisational types. As explored in the following pages, it is possible for a limited company or a limited liability partnership to be set up as a social enterprise – we may simply question whether it is the best choice of entity for a social change organisation.

Legal Forms for Social Change

With a systems change perspective, we are interested in the functions enabled by different legal forms today, alongside the historical origin of these different forms and what purpose they were originally developed to create, which might give us a sense of the patterns they are intended to seed in the world. Charities and social enterprises are both categories of entities created for social change activities, so what do they look like upon closer inspection?

Charity or Social Enterprise?

Charitable organisations for the public benefit

Charitable forms come with a host of benefits due to how their purpose has been constituted for doing good for society rather than pursuing profit for shareholders. In addition to reputational assets, they are allowed significant tax exemptions in exchange for restrictions on what they can do and how. They are therefore subject to regulation by the charity commission. Charities need to be set up and run for the “public benefit” as a not-for-profit, and are not generally allowed to carry out “political activities” so as not to reap a fiscal reward from influencing government agenda.

Charities were originally fostered by religious organisations to encourage the rich to provide for the poor with monetary donations. While they serve many other purposes today, charities are commonly criticised for their inherently paternalistic approach, seeking to “solve” problems in a top-down fashion, rather than addressing the systemic inequities which create them or empowering the beneficiaries to be more self-sufficient. Despite their benefits, there has been a marked trend in recent years away from using charitable structures to organise in civil society, in favour of social enterprises which are increasingly differentiated by their potential to create lasting change:



“A charitable organization delivers interventions that usually need constant repetition and reiteration, frequently leading to dependency and short-term effects. On the other hand, social entrepreneurship aims to create more innovative, self-sustaining solutions, able to lead to lasting, long-term changes. By doing so, social entrepreneurs experiment with new ways to bring social dimension into economics and create beneficially exchanges with broader society.”²⁹

Business primarily for the benefit of community, “social enterprise”

Social enterprise is defined as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners”. They are allowed to make profit and can be set up outside of the narrow constraints of compliance with charity law and the regulation of the Charity Commission, yet they are set up primarily to create positive social impact. There are a range of legal entity types for social enterprises, some of which have been adapted from for-profit models and many which have been developed specifically for this purpose.

Orientation

There are two categories of legal forms for social purpose, social enterprise and charity. If decision-making is informed by “form follows function” informs decision making, then a legal entity for social enterprise is going to be more enabling of Catalyst’s aims than a charity, taking into account their history, values and ambition for changemaking.

29 [‘Charity and Social Enterprises: Similarities, differences, common traits’, by Social Business Design](#)

Legal Forms For Social Enterprise

If our aim is to choose the form most aligned with our function, then we want to pay attention to certain characteristics that impact the scope of an organisation's purpose, value flows and how governance requirements seed relationships with power.

What might be important to know in choosing a legal entity for a Social Enterprise in systems change?

There are 4 main legal entities that are used for social enterprises:

1. Limited companies
2. Community interest companies (CICs)
3. Industrial and Provident Societies (Co-operative Societies and BenComs)
4. Limited Liability Partnerships

There are many great legal resources which give clear and thorough analysis of traditional aspects of these forms: personal liability, ownership, funding models, governance stipulations, profit distribution, restrictions on activities, etc. (See the resource library appended to this document.) Over the next few pages we will suggest some considerations for how these characteristics might restrict and enable the potential to create change.

What & how the scope of activities are defined

How interests are vested – and social purpose is defined – How organisation's interests are vested describes an entity's involvement in an outcome. In the case of a social enterprise, this could be understood as how the social enterprise commits to furthering its aims. An organisation's governance structure and constitution typically sets out this purpose, the means by which the organisation broadly hopes to achieve it, and any rules around how it will govern itself to do so. Different kinds of legal form require different kinds of constitution. Some would argue that those with more bureaucratic processes better protect the social aims of the organisation, while on the other hand this can have trade-offs for the organisation's ability to adapt its approach and ways of organising.

Social purpose – for whose benefit? – just as a charity must be for the “public benefit”, Community Interest Companies can only be constituted for the benefit of the “community” – either the community as a whole (for example in a particular place), or more easily a segment of the community (especially for organisations operating at a larger scale). The test is whether a reasonable person would determine that the organisation were being run for the benefit of an identifiable community. Limited companies and LLPs are more open.

Potential to be political – some kinds of organisation are not allowed to, or have serious limitations upon their ability to, carry out political activities (including political campaigning and activities intended to support political campaigning). This is true of charities, and also CICs. The legislation is designed to ensure that the CIC Regulator is not drawn into any political debates by having to reach any sort of view on the merits of particular political aims or programmes.

Financial Flows

How profits can be distributed and to whom is defined by the legal entity and other governance agreements and therefore needs to be taken into consideration. We might consider what this means for value flow and creation for different stakeholders, and as a whole.

It is also notable that different funding models are available to different kinds of entity. For example, grant funders are not typically attracted to any organisation whose liability is limited by shares, as there is a potential conflict of interest for the organisation to be truly run for social purpose rather than shareholder profits. This will impact any potential business model and in particular how core operational activities might be resourced. We might need to be particularly aware of financial resilience of a project before transitioning out to a new legal entity which might struggle to access grant funding outside of a charity – though they might instead be eligible for other kinds of funding such as impact investment.

Hybrid legal forms, for example where a charity fully owns a limited company for trading activities, are often considered by social enterprises developing hybrid economic models. Governance structures need to allow for more time and energy to run multiple legal entities well, so this is not necessarily a good option for small-scale teams.

Ownership & Risk

How an entity is **owned** – typically by its members, guarantors³⁰ or shareholders – influences working culture, because it creates a different kind of stake in the realisation of the organisation's purpose. We can imagine how individuals in a employee-owned organisation might have a different relationship with risk to those who are simply employed, for example. We might therefore want to consider what we want our relationship with risk-taking to be and how that influences creating change, for wellbeing and work-life balance, for the individual but also for the collective thriving. We can imagine how this is further amplified by any **personal liability** of the members for the financial and strategic success of the organisation.

Compatibility with Decentralised Governance Models

As many types of legal form stipulate required governance structures, some of them are pre-determined to have a more or less **hierarchical**, **centralised** or **flexible** structure which might impact how soft governance structures are designed within a traditional model of constitutional power. Most legal entity types have a mandated hierarchy in the form of a board of directors, with the exception of Industrial Provident Societies (like Co-operatives) which are member-owned and led. The more tax and reputational benefits afforded to an entity type, the more scrutiny they are subject to and thus the more bureaucracy they are required to manage in evolving their structures. Flexibility tends to also have a relationship with how **open** or **closed** the membership of the system is, depending on the design of accompanying soft structures.

30 [Guarantors must fulfil 3 criteria at law](#): they are are company members, control the company and make important decisions and do not usually take profit from the company – instead the money is kept within the company or used for other purposes

History & Patterns of Behaviour

If our mission is to create systemic change, then it is relevant to consider what purpose the organisation type was created for originally. A complexity scientist might describe systems as regularities in patterns which emerge, incentivising certain behaviours and constraints in such a way as to perpetuate the same and similar patterns over time. **Enshrining these dis/incentives at law, its various protections and bureaucracies, can mean that centuries old values-based behaviours can be perpetuated in a way which are no longer relevant, wanted and may be at odds with the impact we want to create.**

We have already looked at the origins of charities. Community Interest Companies were created as an alternative to the charity model with a focus on benefiting communities. Limited companies were created for businesses with a focus on limiting the individual liability of their members, though as a flexible model they have been adopted for a range of other purposes. Not dissimilarly, Limited Liability Partnerships were lobbied for by the Big 4 accountancy firms to limit the liability of their members, and are primarily used by service-industry firms. Co-operatives and Community Benefit Societies were created for organisations with social purpose and who wanted to use democratic governance systems. Co-operatives were united in a global movement in the early 20th Century and share the same values around the world. As they directly benefit their members, they aren't "not-for-profit" per se, unless an organisation adopts a social co-op model, a "not-only-for-profit" model, often with more complex governance associated to balance the different needs and values (including those of beneficiaries).

Key points & guiding questions

- More living or organic does not necessarily mean more aligned with the function of our organisation.
- Elements from both ends of the spectrum might be relevant to an organising form, these are creative tensions rather than mutually exclusive factors.

Movements & Trends in New Organising Forms

It is perhaps unsurprising, given the nature of governance, that many new forms of organising are themselves born of movements. During the course of this research, a few key trends have been identified which are of particular relevance to Catalyst, and organisations like Catalyst.

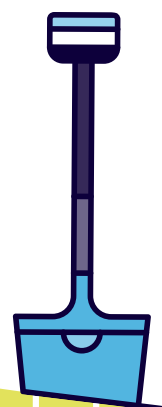
Trends

Some of the more notable include **trends and some associated movements:**

- Organising outside of current legally-available forms
- Systemic networked & living systems forms of organising
- Transnational networks
- Decentralised organising
- Distributed organising
- Co-operativism (democratic & transnational)
- Sociocratic governance systems
 - Sociocracy
- Meritocratic governance systems
 - Meritocracy
- Open & scalable systems

- Participative, open access to knowledge and “commons” paradigms
 - See a directory of associated movements [here](#)
 - [Platform & Open Co-operativism](#)
- Appreciating personable network identity as an enabler of change
- Explicit systems for valuing different kinds of human and non-transactional work
- Harnessing the power of emerging technology for governance systems
 - Blockchain

Over the next few pages, we will see how these trends show up through an exploration of some of the emerging organising forms.



Emerging Forms of Organising

In response to legal systems not quite offering the accessibility, flexibility and potential to scale for collaboration that is wanted in organising for social change, trends of new forms are emerging. Some simply hold no legal identity at all, while others exist in a grey area of law that is still being developed.

Unincorporated Associations & Informal Organising

“There are two major trends: (a) people are finding that they can organise themselves in new ways, cheaply and effectively. There is much less interest in ‘charity’ structures, which are both onerous and restricting – particularly regarding politics. (b) Many organisations are increasingly commodified and corrupted by their relationship with government, who treats them as a service provider. Survival depends on obedience and increasing size – this hollows out the community that the organisation was originally developed to serve and undermines the role of advocate often expected of such organisations. The great advantage citizen action has over actions rooted in power is that it is easier for citizens to collaborate and to work over wide-ranging networks. As power and money is further concentrated, I expect to see more divergent action in the spaces between.”³¹

It is highly possible for citizen action to be taken without any legal entity whatsoever. The trade-off for not being formally constituted and having a separate legal identity is that there is no way for the organisation (as separate from its members) to hold funds, protect its interests, its members and have formally constituted governance structures. On the other hand, there is an uplift in flexibility, a reduction of bureaucracy and a freedom from the scrutiny of regulatory bodies.

³¹ [Simon Duffy, Centre for Welfare Reform, submission to the call for evidence, Civil Society Futures project, 2018](#)

Decentralised Autonomous Organisations (DAOS)

Decentralised Autonomous Organisations, or DAOs have become an increasingly prominent form of digital organising . They sit in a grey area of law as they are so new that many legal systems are still working out how to categorise them. The UK Law Commission is currently at pre-consultation stage of this process of legal review.³² In that respect, they are an incredible example of how form can follow function to create change; and especially if we consider the potential of experimenting with new forms of organising through “softer” structures to help define (and even create) “harder” ones.

We will explore DAOs for their benefits and disbenefits as an organising form in more detail overleaf.

32 [Decentralised Autonomous Organisations \(DAOs\), by Law Commission Gov UK](#)

Co-operativism & Commons

Perhaps because of their emergence as a movement for democratic organisations founded on strong principles of care, transnationalism, participation and collaboration, much of the innovation around new organising forms relates to co-ops. This mirrors what we see in the patterns of organising forms – shifts towards systemic, scalable and accessible networks which create more opportunity for diverse collaboration across borders.

Open & Platform Co-ops

“A platform co-op is a digital platform – a website or mobile app that is designed to provide a service or sell a product – that is collectively owned and governed by the people who depend on and participate in it. That includes those who deliver the underlying service by contributing labor, time, skills, and/or assets. Where corporate “sharing” platforms extract value and distribute it to shareholding owners who seek a return on their investment, platform co-ops distribute ownership and management of the enterprise to its participants – those working for the platform or those using the service.

Platform co-ops bring the longstanding tradition of co-operative enterprise to the online economy. The two key traits that these digital co-ops must realize are democratic control and collective ownership. Some advocates insist that in order to be counted as a platform co-op, an enterprise must uphold the International Co-operative Alliance’s co-operative principles.”³³

33 [‘A Shareable Explainer: What is a Platform Co-op?’, by Mai Sutton on shareable.com](#)

An open co-op³⁴ is characterised by 4 patterns of organising:

1. Open co-ops need to be statutorily (internally) orientated towards the common good
2. Open co-ops need to be multi-constituent in nature
3. Open co-ops need to actively co-produce the creation of immaterial and material commons
4. Open co-ops need to be organised socially and politically on a global basis, even as they produce locally

How do they relate to each other in the context of systems change?

“The best way to characterize this fit is to put Platform and Open Co-ops along a continuity. To the immediate question of urgency (defense against the ravages of Silicon Valley’s digital neo-feudalism), we say Platform Co-ops. To the broader question of building a resilient future, e.g. “what economy do we want?”, we say Open Co-operativism. One tactic pushes forward, supported by a thriving and expanding community; the other pulls, as an attractor, towards a more humane economy.”
(Utratel & Troncoso, 2017)

34 [‘From Platform to Open Co-operativism’, by Ann Marie Utratel on commonstransition.com](#)

A Word on the Commons

The notion of the commons is woven throughout many new forms of organising as it speaks to a movement to re-establish the cultural and natural resources that belong to all with equal right. In many of the structures we have looked at so far, it is used largely in reference to commoning knowledge for the betterment of all society and the world we inhabit. It is a political movement.

“The Commons offer a bold new vision for the future, where communities create living systems to meet their needs and care for the non-human world and the rights of future generations. Evolving away from the competitive Market State and obsolete, centrally-planned systems, the Commons is a system based on the practices and needs of civil society and the environment it inhabits at the local, regional, national and global levels.” (The Commons Transition)

DAOs & DISCOS

Given Catalyst's ambitions in the digital space, it makes sense to at least be aware of the emerging forms of governance which are honing in on harnessing tech - and in particular, blockchain.

Decentralised Autonomous Organisations (DAOs)

Potential

DAOs are the better known organisational type in this space that has been in development for some time with the ambition to create scalable global networks for collaboration and remove some of the complexity of governance and its potential for corruption through automation. Governance systems, such as decision-making protocols for allocating resources and distributing profit, are encoded on blockchain as a collective of transparent "cyber contracts". Networks are open and accessible to anyone who is able to gain entry by buying a virtual token through a crypto-currency such as Ethereum, granting the token-holder voting rights.

Challenges

As mentioned above, DAOs have a hazy legal status, though are growing in popularity and thus becoming increasingly well-established. Certain states in the US already recognise them as legal forms. It is also not true that DAOs are invulnerable to corruption. Their code is decentralised and transparent, which though positive in many respects, also means that any errors in the code are visible and open to exploitation as the code (and thus any governance protocols) are hard to edit. You essentially have to completely re-write the code and set up a new structure to transfer funds to in order to evolve. There is also a fairly obvious challenge with decentralising and automating an organisation through tech – the code is self-perpetuating. Meaning that it is only as equitable as it was written to be, has no human capacity for discretion or unlearning, and risks replicating the same injustice as the forms of organising they were set up to create. While there are organisations doing some incredible work to mitigate this risk with open source resources (“an operating system for collective intelligence”), it is still true that any code will only be as representative of diverse perspectives as the demographic of the network itself – and DAOs are dominated by white men, the same demographic as the majority of the code-literate.

Distributed Co-operative Organisations (DisCOs)

As a “co-operative reaction to the individualistic and techno-deterministic” [DAOs, Distributed Co-operative Organisations](#) were born, to be “an accessible approach to people working together to create value in ways that are co-operative, commons-oriented and rooted in feminist economics. These values are nourished in small, federated communities. **DisCOs harness the utility of tech without being completely tech-centric**, emphasizing mutual trust and the need to have not only reliable but also enjoyable collaborative relationships. Distributed Ledger/Blockchain technologies are only put to use when these values and their resulting human relationships have become strongly rooted.”³⁵

DisCOs have built upon the work of [Open Co-ops](#) to develop 7 values. They are:

1. Geared towards positive outcomes in key areas
2. Multi-constituent
3. Active creators of commons
4. Transnational
5. Centered on care work
6. Reimagining the origin and flows of value
7. Primed for federation

Find out more about how they work in practice through the example of Guerilla Translations on the [Guerrilla Media collective Wiki website](#).

³⁵ [‘DisCO in a Nutshell \(Covis Edition\), on DisCO.coop](#)

Conclusion

Governance as a Journey

Learning from pioneers in the fields of systems change, complexity and governance, it is clear that wherever we are starting our governance journey – in looking to set up a new organisation or transition out of an incubator – it is one that continues. For an organisation endeavouring to create systemic change in the world and move us in the direction of a new dominant paradigm, it is one of continual learning and adapting in order to rise to meet the challenges of shifting systems. As such, there is no exhaustive list of governance models for Catalyst, and organisations like them, to choose from. This can at times be overwhelming, but is also incredibly exciting. To imagine that our governance is limited in many respects only by the capacity that we have to create and weave new forms and practices, and pay attention to the dynamics between intention and experience. We can but wonder, what form will the future take?

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APPENDIX 1: School of System Change on hatching from incubation

Sharing our Experience of Transforming Governance

Anna Birney & Jasmine Castledine

What purpose (or function) was the School of System Change initially set up to play?

The School was set up to bring systems change capacity to changemakers with the intent of building a wider field of systems change practice. This is nested within a bigger purpose of changing how change-making is happening in the world, bringing a systemic approach, so that we meet the needs of the complexity of the challenges. This means aligning ourselves, the practices and the work in the world to the way the world works, one that is relational, systemic and where learning is change. We therefore also need to . evolve our approach to change to meet the needs of the field as it shifts and grows.

What form did the School originally take? How was it set up?

We recognise that if we are changing the way changemaking happens then we need to take a systemic approach ourselves, living into those practises. We knew from its inception that Forum for the Future was “incubating”, or “nurturing” the School. We saw that in order for us to succeed, we would need to make some kind of broader contribution than we could from our initial set-up as a project within an organisation. So we set out with the intention to one day transition to an entity with a networked form – this is very much part of the founding DNA of the School.

There were two reasons we identified a network as our ambition. Firstly, with a networked approach, we could really take systems change and practice into different networks and ecosystems, supporting wider reach and contribution. Second, a network model is systemic, so we wanted to mirror what we were saying to others – that we need a different way of organising to achieve our goals.

How did you explore the question of transitioning the School's governance?

Once we identified our aims, we prototyped. We created courses and resources for the field, testing we were meeting a real need and building the community along the way.

We continually held and explored through this period to what extent we really needed to leave Forum versus staying, considering how and when would be the right time.

There are benefits to staying incubated – most of them practical. Transitioning out takes a heavy lift and a huge investment of time, energy and resources. We need to be in a position of financial resilience. There is a safety-net being part of a larger organisation, and it helps when looking for core grant funding too – so there are tangible benefits to working within Forum. Forum already has 4 legal entities across different geographies, so in many respects this has supported the School to operate in a networked way and have space to play internationally. It has been intentional that we've stayed nested for as long as we have.

We recognise that the School and Forum have a different identity and pathways to change. We made this formal in 2021-2 through a shift in our external branding and visual identity, reflecting that we have complimentary, but different strategies and approaches. People can now easily understand that we have different purposes and where Forum focuses on the “what” of systems change, we focus on the “how”. Previously, we would spend a lot of time answering questions about our different positions and it was confusing to an external audience to appreciate that we were functioning semi-independently. Changing how we communicate



ourselves to the world has eased tensions in our work external and internally. We work better together now and are working out how to harness the real potential in our collaborations, because it is clear how we are different and how we can benefit one another as partners.

We are still on this journey together, working out our relationship learning together as we evolve.

This shift also came with a change in how we configure, lead and organise ourselves; the softer parts of governance. A significant shift was in the nature of the relationship between myself, Anna Chief Enabling/evolving Officer of the School and the CEO of Forum – naming that we would now operate more like chair of board and CEO of the School, rather than changing it legally. This has freed up decision making and where accountability lies, including across the team and network. So we are paying attention to the relational and power dynamics in the transition.

What tensions did you identify in this process? What do you hope to enable with your governance journey as you explore these tensions?

Working in nested organisational identities creates a range of tensions, paying attention to them has helped us work out where we want to go as the School and what really matters to us and our partners.

Where we experienced the tensions most immediately is internally. The School has been experimenting with different ways of organising and working. We have a different culture and values, orientated around being systemic. We aim to be more participatory and more collaborative, and have been trying to understand the potential of decentralised and or distributive decision-making. The School also has a strong principle of working openly and transparently – including with our partners, where we are seeking to change the relational dynamic here as well.

Forum has stronger organisational boundaries and a more traditional hierarchical matrix structure seen in charities and other entities. This structure created inherent tensions in ways of working, and between the different cultures that emerge between Forum, the School and the wider function we were a part of.

As a system, the School seeks to be more open and have porous boundaries, allowing people to join and participate as a network. This will enable shared access to across the community and resources; so that we are collaborating together to further our shared aims. Where Forum is more “domain-first”, working in food and energy, for example, a core principle of the School is that we work relationally, we put people and relationships first. That’s been a conscious step in how we have chosen to evolve our strategy and where we go next. There have been tricky tensions in shifting things like access to collaborative working documents and our files, to help the network feel a part of the School. There is a sense of who is “in” and who is “out”; that if you are not employed by Forum, you are further from the centre. We have colleagues who are contracted but work almost full-time who aren’t able to feel fully part of the team because of practical boundaries. We’ve done a lot of work to gradually shift this dynamic and the positionality of it – however we are not quite there yet.

This question of identity and tensions has come up again and again and something we are continually tending to. Identity for the School itself, School within and in relation to Forum or as independent from. The identities that other people in the network might have and how they relate to the identity of the School. We are exploring and testing these boundaries and experimenting with how they might shift. For example naming our team the enabling team, including people that are employed and who are contracted in other ways. Creating a shared identity around the shared endeavor of enabling the network.

We are still working on the partnership and collaboration model, and how it interacts with our legal and financial models. We've not got that right just yet. We're currently looking at these through the lens of value. Through our recent exploration we have learned that there was a difference between what we imagined the value people wanted out of the network to be, and the value we were creating. What they really value is learning together – which in many ways is amazing, because that is our ambition – to move towards a paradigm where learning is change. Exploring these questions is giving us new insights to help iterate the next experiment and phase of transition. This is our main area for action experiments in 2023 – creating healthy value flows throughout the network and the enabling team nested within it. And importantly, working towards it in a way that is right-sized to our resources and capacity.

Working across paradigms brings it challenges and tensions and has required us to continually learn our way into our evolution.

How are you engaging with equity?

You can't do systems change without equity and diversity. You can't achieve equity and diversity without systems change (Petty and Leach, 2020). We recognise our positionality and our power as a convenor and the role we play in the field. We've done a huge amount of work on trying to understand who we are and the power we have in the system and our responsibility to contribute to shifting these dynamics. We have co-created endeavours like Illuminate, for example, who are working to learn, bridge and amplify different voices in systems change.

We also pay attention to the diversity across our contributors and curriculum, and how we are running our programmes. We have been actively inquiring into what we might call decolonising or understanding the colonial influence on the model of education we offer and how this is

interacting with our positionality. We try to make sure we are giving back to the systems we are working with and bringing in contributors from the local context when we are running programmes in other places.

We know we have a long way to go, for example we have a mostly white team across our network at the moment. We also want to do the work well, treating it as our own systemic transformation and avoid perpetuating harms through tokenism or appropriation.

The way we are trying to do this is by holding all of these questions as part of action inquiry across different levels of the School as a networked team, capturing and iterating our handbooks as we learn.

How are you working iteratively across a small internal team and collaborating with a larger network?

Over the next few years we are looking to continue this transition and evolution of the school to a new way of organising. We are taking a fractal or spiraling approach to how we are going about this. By which we mean we are developing action experiments that have the DNA of the whole – the systemic, relational, learning approach, alongside diversity – in a right sized way and that we are looking to continuously widen as we evolve, being a fractal of the field.

“How we are at the small scale is how we are at the large scale...what we practice at a small scale can reverberate at a large scale.” Adrienne Maree Brown, Emergent strategy

We are taking this approach in how we evolve the enabling team as well as our approach to partnerships towards a functioning network model. This emergent strategy approach both requires the action experiments as well as feedback loops to ensure we are weaving across and moving forward at these multiple levels.

The things we are focusing on in the first part of 2023 for example are, how we look at roles and accountabilities, to support distributive leadership followed by looking at our ways of decision making and culture of feedback, woven together through team meeting cadence and ways of working. As mentioned above we are also looking at pulling together our learnings from engaging the network and creating a clearer partnership approach, including financial modeling, transparent pay scales and contracts. From here we look at what the next friction points are and iterate from there.



APPENDIX 2: Team & the School of System Change

This report was lead authored by [Jasmine Castledine](#) and co-authored by [Sean Andrew](#), [Anna Birney](#) and [Laura Winn](#).

The [School of System Change](#) supports change-makers across the world move with and shape systems change, growing their capacity to address complex challenges. We have a multi-method approach, introducing tools and frameworks from across the field as well as have introductory systems change resources for practitioners to start their learning journeys.

Learning and Practice Partnerships

Our learning and practice partnerships are **grounded in collaborative accompaniment and systems change coaching**. This approach differs from traditional consultancy models focused on giving advice to a static challenge, instead enabling you to find your way forward in an emergent learning process. We recognize that your teams are the ones who understand your context best, both internally and across partners, and are the ones ultimately accountable for the change.

We believe that meaningful and sustained change requires **cultures and structures for collective learning** about both the micro and macro ways organisations can think and act more systemically.

As a learning and practice partner, the School will help you navigate and choose from the multiple practices and frameworks from a wider field of systems change practice. We will design and support you to build and undertake a learning journey to create strategies and implement them, helping you achieve your impact goals.