

Governing Energy

Governance Refresh

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The European Sovereign Debt Crisis would appear to be an incidence of governance gone awry. The European Union and its monetary currency, the euro established by the Maastricht Treaty in 1992 were originally designed against strict criteria for membership.

According to Wikipedia, “to participate in the currency, member states are meant to meet strict criteria, such as a budget deficit of less than three per cent of their GDP, a debt ratio of less than sixty per cent of GDP (both of which were ultimately widely flouted after introduction), low inflation, and interest rates close to the EU average.”ⁱ To the casual observer this statement would appear to be at odds with the current state of some EU members.

Partnerships, consortia, key supplier relationships and other forms of organizational bondage often suffer over time as well. Frequently, governance models designed a decade or two ago have not kept up.

As with most strategic, operations, project or other long term plans, occasionally they must be refreshed to reflect changes in relationships, behaviors and/or conditions—RBC model. The Relationships, Behaviors, and Conditions (RBC) model has its roots as a tool for assessing cross-cultural negotiations. It has been discussed previously in this blog; *What a Difference a Year Makes*, November 19, 2012 and earlier in *Centralized—Decentralized*, April 16, 2012.ⁱⁱ

The RBC model is fundamentally a multilevel analytic perspective of human behavior.ⁱⁱⁱ As we have shown in the December 5, 2012 blog, *Acculturation*, melded groups will form their own culture which will most likely be different than that of the parent organizations.

Original governance models developed at the beginning of some endeavor will be subject to RBC variables. It is important, particularly in multi-party or cross culture entities that governance and other managerial processes be re-evaluated and updated as appropriate.

Failure to do so may result in a governance model for a situation that no longer exists. Results from such a situation will not be optimal, at best.

What process does your organization to assure its governance models are current?

About the Author

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End Notes

ⁱ <http://en.wikipedia.org/wiki/Euro>

ⁱⁱ <http://www.pennenergy.com/index/blogs/governing-energy.html>

ⁱⁱⁱ <http://orgsci.journal.informs.org/content/4/2/269.short>