

Taking change on board

High-performing boards are more than the sum of their parts.

Ben Moss looks at how NHS trusts are focusing on group dynamics to develop the leadership, managerial and teamwork skills of their board members

Whether it is dissatisfied doctors, funding, waiting lists or the availability of certain drugs, the NHS is never far from the headlines – and it's seldom positive news. Ultimately the buck stops with the government when it comes to NHS performance, but in practice it is the 400 or so NHS trusts and their boards that are responsible for delivering high quality and cost-effective services to their local communities.

In 2006, the combined NHS deficit reached £512m, with a third of NHS organisations failing to break even. This was in spite of record increases in government funding that have seen the UK draw alongside leading European economies in terms of the proportion of GDP that is spent on health.

With over one million employees, the NHS is one of the world's biggest employers and therefore constitutes an incredibly complex and, in many respects, sophisticated organisation. Leading it is often a huge challenge and this month I'd like to talk about some positive work that the NHS is undertaking to develop the key group appointed to lead NHS trusts: the board.

As the group that sets the direction and determines the financial viability of their respective trusts, few would argue that NHS boards are anything less than critical to the success of the NHS as a whole. Boards exist to provide strategic direction and high standards of corporate governance to large and often complex organisations, as well as to ensure the delivery of key objectives. Like any high-performing team, the best boards are much more than the sum of their parts because the dynamics that drive board behaviour are just as important as the qualifications and experience of individual members.

Enron's board, for example, contained some of the most highly qualified and experienced people in corporate America. Equally, the systems and processes they used to govern the organisation were openly praised. However, we all know what happened to Enron – so it's no surprise that its story reflects research findings that indicate no evidence for a link between standard corporate governance practice and organisational success (Nicholson & Kiel '04).

This is a key driver for a project I am currently working on with the NHS Institute for Innovation and Improvement. The aim is to develop a new approach to board development that goes beyond corporate governance procedures and focuses on the group behaviour that high-performing boards display. Previous interventions have tended to focus either on the chairman or individual board member performance, exposing a clear need for an approach to developing group-level behaviour.

The NHS board development tool has been used by more than 200 trusts since 2005. It is designed to encourage board members to think about the different types of behaviour that contribute to high performance. The model behind the tool paints a picture of what a high-performing NHS board looks like and boards are asked to consider how they compare, for the purpose of

board development. Members complete a questionnaire which asks them to focus on how well the board is currently performing in a number of areas (domains). The domains have been established by business psychologists and NHS development professionals based on academic research (Sonnenfeld, 2002, Nadler, 2004) and the experience of working with hundreds of NHS boards. The domains are:

- Focus on core business – the board focuses on areas critical to success and works strategically to realise its vision and objectives
- Delivery – the board delivers plans on time and within budget by making good decisions, deploying resources effectively and challenging under-performance
- Effective teamworking – board members work effectively together in a climate of involvement, respect and constructive challenge
- Engagement with stakeholders – the board proactively engages with all stakeholders and ensures their interests are taken into account
- Board leadership – the chairman or chairwoman displays performance-focused leadership to drive the work of the board forward and always tries to improve her/his own performance.

Working with these domains provides an opportunity to explore the perspectives of different board members. The results can act as a starting point for understanding and reconciling differences of opinion in a way that may not be possible in board meetings or open conversations. Another big advantage of this approach is that it provides an objective view – one that enables one board to compare its perceptions with those of another. It asks: do you really know what a high-performing board looks like? This is important because boards often become fairly insular and think they are doing well when, in fact, their practices have fallen behind the best. Critically, the board development tool provides a starting point for development that is not based solely on corporate governance standards – it encourages boards to look at their “physiology” as well as their “anatomy”.

The NHS has a new Health Secretary in Alan Johnson, who has already ruled out further major structural changes and ordered a “once in a generation” review that could lead to an NHS constitution. Much of this is driven by the frustration of NHS staff with constant top-down change and target-setting. The board development tool is an attempt to reconnect boards with their staff and patients. Of course, neither I nor the NHS Institute is saying that this is the silver bullet that will turn around the fortunes of the NHS. However, it is an approach that can be used alongside others to put NHS board practice up there with that of the world's other major employers.

For more information on the NHS board development tool contact Gillian Surr, associate at the NHS Institute: gillian.surr@institute.nhs.uk



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