

Stretch to the board

02 | 2008

Director roles in the NHS are becoming more complex. This is increasing the step up from senior management to the board. Hay Group's latest research looks at the nature of this stretch and identifies four tactics for organisations to help their leaders make the leap.

“The biggest challenge is the breadth of what you have to deal with. You are in charge of a large area, but also need to have a deep understanding of other portfolios.”

NHS PCT director

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A corporate challenge

With director level jobs becoming larger corporate roles with wider portfolios, the leap from senior manager to board member is becoming an increasing stretch. Managers in the next tier down are finding it harder to gain the breadth of experience and leadership behaviours required to make that first step up to a board position successfully. In this article, based on interviews with 15 recently appointed directors, we offer guidance on how the NHS can maximise the effectiveness of new board directors.

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The decentralisation of NHS services, the expansion of Foundation Trusts, the introduction of the private sector, the strengthening of the commissioning function of PCTs and an increased focus on delivery through collaboration and partnership with other services have created a very different operating context for NHS directors.

Increasing patient expectations and wider choice, combined with growing scrutiny and localised accountability, have introduced a commercial imperative to NHS management and a level of competition between organisations. The changing relationship between providers, strengthened commissioners and patients demanding 'private sector quality in the public sector' mean that in order to succeed, Trusts need to perform consistently and create a strong brand presence within their communities. This will help them to sustain their bargaining strength and viability.

Growing accountability is matched by new freedoms for Foundation Trust boards (and for successful PCT boards, as increasingly confident SHAs start to manage by exception). This freedom can be seen as Trusts take greater control of their finances, investment decisions and risk management. In operational terms it is seen in increased collaboration with other agencies, integration of services with local authorities and more 'business like' operating models. The increased accountability, freedom and resulting operational complexity mean that Trust boards must focus on longer term strategic planning and external positioning rather than manage day-to-day service delivery.

These changes are reflected in the role non-executive directors are now playing in Foundation Trusts. Freed of some of their responsibilities for community representation with the advent of members and governors, they are focused

increasingly on challenging, supporting and guiding the executive team. As one director told us *“Non execs will challenge much more on corporate governance than they currently do. There will be more pressure and exposure in the senior roles, and you will need to be on the ball in order to have credibility and standing.”*

The quality of leadership provided by the executive team is therefore critical for Trusts to navigate this environment successfully. There is a real opportunity for Trust directors to make a difference and set their organisation’s destiny, but the increased challenge demands new skills and abilities that some traditional NHS

specialist or technical career paths may not provide. Our interviewees all felt the stretch and observed it in their peers. It is not to say they didn’t relish it, but that the gap between service heads and directors is simply too great for comfort. One director told us *“I believe there is currently a huge split between the heads of service and board level roles and it can only widen.”* Most thought the gap between service head and director was increasing; and many thought that little was being done to help people bridge it. As another director commented *“There is very little that our organisation is currently doing to bridge the gap between middle managers and directors.”*

“ There is a real opportunity for Trust directors to make a difference and set their organisation’s destiny...” ”



The nature of the stretch

Looking for common ground among our interviewees – who came from a range of roles and organisations across the country – it seems that the chief NHS challenges of the director role arise in:

- the need to master the **internal and external politics** of the board – collaborating with other powerful colleagues while managing the external scrutiny and accountability
- the evolution towards **corporate responsibility**, taking an informed interest in the whole organisation rather than just mastering one's own professional specialism, meaning:
 - » different tactics required to get things done
 - » a challenge to one's confidence and credibility
 - » relating to different professional interests and motivations
- learning to **deliver through others** rather than directly, while staying well connected to the concerns and opinions of the organisation
- the exposure and isolation of their new positions, demanding a high degree of **personal resilience**
- taking a long term **strategic perspective** in the face of competing urgent short term demands.

The new director is now a leader of the whole organisation, required to take decisions in areas for which they may have little technical expertise, and therefore reliant on the judgements of others. One of our interviewees talked of the need to “... *challenge constructively, especially in areas you specifically know little about. It is hard to question someone about something they may be an expert in but this is an important thing as a director.*” This is a significant shift from being one of the most experienced and skilled professionals within a particular field. And with the ‘corporate’ comes the politic – the shifting collaborations and alliances, the entrenched positions, the importance of presentation and communication, the scrutiny.

Our interviewees spoke repeatedly of the need for resilience, of the ability to give and receive challenge, and of the need to read other people’s interests and motivations. For example, one said “*You’re under attack quite a lot, and it’s hard to know how to defend yourself without being edgy or it getting personalised ... There is the need not to be defensive, especially with the more financially astute medics. They are constantly critical of the pace and type of change within the NHS. Therefore there is a need to develop and deal with them.*”

We asked our interviewees what challenges they’d faced, what preparation and development they’d received, what they’d found helpful and what they wished they’d done.

It was clear that, although much can be done during the transition to make things smoother and after the transition to bolster confidence, the creation of an outstanding director begins much earlier, during middle leadership. It is also evident that **success in post is as much due to the structure and culture of the organisation as to the skills and characteristics of the individual.**

Too many parts of the public sector still hold to a ‘heroic’ model of leadership, which relies on a talented individual to overcome ambiguity, conflict and scarcity. There are many more people who could lead well in the right conditions than are attracted to the heroic model. **Indeed investment in training, without a similar investment in the context in which leadership happens, is not only wasteful but counter-productive** – raising aspirations to be dashed by reality. In our experience, the right context for leadership effectiveness is a product of senior attention and mentoring, good role models, honest feedback and dialogue, a performance culture, respect for individuals, clear roles and authority, and high expectations.

Individually, Trusts also struggle to provide the required range of experience and opportunity for a healthy talent pool.

Strong and capable middle leadership, therefore, is the foundation of effective directorship and without such capability, directors themselves can be neither strategic nor corporate. As one of our interviewees commented *“Many people at heads of service level do work above and beyond their role. They make decisions you would not expect them to, and in some ways we are trading on goodwill due to people’s experience.”*

Individually, Trusts also struggle to provide the required range of experience and opportunity for a strong talent pool – and increased competition between providers may damage the alternative of collaboration on talent management. One interviewee added *“The move towards the Foundation Trust and competition agenda may mean it is very hard for us to move people around organisations and put people on work placements with competing Trusts.”*

This is worrying, because **few Trusts have the time or resources to invest fully in talent management.** The argument that the money could be better spent on direct patient care is superficially compelling, yet research from Michael West¹ at Aston Business School, for example, shows a strong relationship between the quality of people management and key clinical performance measures, including mortality rates. Good leadership can save both money and lives.

¹ *Reducing patient mortality in hospitals: The role of human resource management*

West, Guthrie, Dawson, Borrill and Carter
Journal of Organizational Behaviour, 2006

Four ingredients of success

We've summarised the ingredients of a successful board transition under four headings.

1. **Fundamentals** – features of the organisation itself that enable all directors to be effective.
2. **Preparation** – the long term leadership development that lays the ground-work for effective performance as a director.
3. **Transition** – the support immediately before, during and after the step up to the board that makes a promotion successful.
4. **Breadth** – the work done in post to strengthen and reinforce the corporate self-image.

Trusts which take the succession to directorship seriously will invest in each of these areas and will begin this investment early. This focus on the long term will, eventually, make the day-to-day easier too, as boards increase their capacity for collaboration, strategy and positioning. It is an investment that will return results in terms of productivity, performance and efficiency.

We have discovered a number of specific tactics associated with a successful transition. NHS organisations may want to consider their position against each.



1

Fundamentals

Trusts create an environment in which directors can succeed by addressing four fundamentals:

- **An integrated system of talent identification and management**, to spot those with leadership potential and give them the experiences they need to develop that potential to the full.
- **Clearly defined roles for service heads and middle leaders** so that they take accountability for operational delivery and free directors up for strategy. As one director said, organisations need to *“Clarify roles and responsibilities at different levels so people are clear about what they are responsible for and where they add value ... I believe there isn’t consistency of role and by doing this it will help people crystallise how they add value and the requirements of their role.”*
- **High levels of middle leadership capability** to help them rise to that accountability (also creating a strong pool of potential candidates for directorship).
- **Board team effectiveness** – addressing the internal relationships, processes, norms and conduct of the board itself so that members, new and old, thrive and contribute. One interviewee said that would help people be *“...accepted and act as a member of the top executive team – being able to work with strong personalities and characters and work effectively as a team member. Being viewed as a peer rather than a subordinate is important.”*

There is a clear role here for non-executives to take a hand in ensuring effective talent management happens and that board effectiveness itself is maximised.

2

Preparation

It is too late to prepare someone for the board six months before taking up post (never mind six months after); the skills and characteristics of an effective director can take years to develop. From our interviews, we saw three priority skill sets to develop in high potential middle leaders:

- **Strategic thinking** – a thorough foundation in the basic executive knowledge of planning, finance, personnel, law, marketing and organisation design (often provided through MBA curricula, although as these become more common they are becoming less of a differentiator) rather than just a focus on professional or clinical skills.
- **Self-awareness** – knowing one’s strengths and weaknesses, preferences and triggers is critical when operating at the most senior levels – these are often developed through hard edged performance appraisal and 360 degree feedback.
- **Diverse experience** – exposure to different management roles and environments, outside one’s professional specialism; partly to build empathy but mostly to develop the tactics of influence without personal expertise – to question and challenge constructively, to listen and observe, to see the big picture. This has been the experience of one director who said *“I have had to learn to deliver through others. There was a tendency in previous roles to jump in and deliver personally.”*

Investment in feedback and appraisal, management training and well planned rotation of high potentials will increase the size of the pool of eligible candidates for directorship.

3

Transition

Most organisations invest too little in the crucial moment of career transition: a letter of congratulation or a bigger office is not enough. Three elements combine in the period of transition (say six months before and after appointment) to maximise success:

- **Acting up** – the opportunity for exposure to board meetings and responsibilities in a temporary (and protected) position is the best single element of preparation. One interviewee mentioned that they were “... lucky to have worked around the board level for a long time in acting director roles, so I became used to attending board meetings. This made transition into a permanent executive role much easier.” Another commented that “It’s not until you actually operate at the board level that you understand how to be a director.” Ideally, exposure to the board can occur quite early for high potentials. However, ‘acting up’ also requires support and guidance in its own right to maximise its benefit. In some of the larger or higher profile Trusts ‘acting up’ may not be a viable option, but there are other techniques for providing board exposure – from project work to servicing board committees.
- **Developing the self-image** – every opportunity should be taken to reinforce the new corporate responsibility; through coaching, communication and celebration, the huge shift in role should be signalled clearly. Newly promoted directors need to know that what made them successful in the past may not work in future, and may even be actively harmful. An interviewee commented “Board levels are no longer silos. You are not a Director of Nursing, you’re a board director with the collective responsibility ... There is a need to be more of a rounded and overall person.”
- **Board skills** – there are practical tips and tactics which can ease new appointees more swiftly into participation in the board and raise their confidence. These range from presenting papers, facilitating discussions, dealing with the media and politicians and understanding financial terminology, to building alliances and decoding the chair or chief executive’s public pronouncements.

4

Breadth

Once in post, assuming the organisational fundamentals are in place, and the individual preparation and immediate transition have been well managed, newly appointed directors seem to benefit most from development and coaching in three key areas:

- **Dealing with politics and scrutiny** – developing their resilience. This was particularly noted by one director who said “At director level, exposure means that you need a thicker skin and the ability to bounce back and have the confidence to operate in a tougher environment.”
- **Developing board level relationships** – mastering the art of accepting and giving challenge. Another director commented “Understanding the internal politics within the board, and understanding the inter-relationships with board members is vital.” They went on to say that you have to learn “...to respect the contribution of peers rather than reacting negatively – people might challenge but they do it for a reason and it’s important to be able to see the positives of the challenge.”
- **Establishing wider networks** – plugging themselves into the wider organisation, for intelligence and credibility, and connecting with peers, for mutual support. As one director said “I found it important to get out there in the business, spend time with people to understand their issues ... and work with them on things which are important to them, as you then get their engagement.”

Investment in feedback and appraisal, management training and well planned rotation of high potentials will increase the size of the pool of eligible candidates for directorship.

Training counts, but experience counts more, and the most effective talent managers will plan diverse, broad career paths, taking people outside their professional comfort zones and building the corporate perspective early and systematically.

Talent management – deeper and wider

The demands on executive leadership are increasing across the NHS and the ability of organisations to invest in their leaders will be a critical determinant of success for both individuals and organisations. To be effective, this investment must start early and focus precisely on need. It must address the context of leadership as much as the skills of leaders.

Yet leadership development is too often perceived as, if not exactly a luxury, a lower priority to other urgent demands. If Trusts are to develop increased commercialism amidst tighter scrutiny then **talent management must become a core business process**. *“We should look at our succession plan and our leadership strategy so that we are developing leaders for the future and not just developing people’s professional qualifications”* said one interviewee.

In many ways, **an environment like the NHS, while fostering dedication and commitment, can mitigate against the natural development of corporate executive leadership**. High quality delivery requires professional excellence – characterised by deep expertise, rigorous qualifications, well honed judgement and credibility with colleagues derived from knowledge – but this can reward and encourage a narrower focus, a specialist perspective, a reliance on personal delivery, and the exercise of influence

through role modelling rather than persuasion, clarity and vision. In the words of one director *“Success at this level is measured in people’s ability to move across functions and operate based on their skills and competencies rather than their technical knowledge ... There is also a need to stand back and deliver more heavily through others and not depend on your drive to deliver directly.”*

The transition from professional to manager is troublesome in many organisations, including high tech and engineering firms in the private sector as well as many parts of the public sector. As our interviews suggest, **professional excellence is founded on different habits to managerial excellence**. As we know in the NHS this can particularly be an issue for senior clinicians moving into managerial roles. Recent research from Hay Group into the competencies of over 400 outstanding professionals and managers, for example, highlighted five key gaps to overcome during such a move:

- setting challenging and inspiring **goals**, and encouraging people buy in to them
- establishing **norms** for team behaviour
- managing **performance** consistently and firmly
- providing constructive developmental **feedback**
- soliciting and encouraging the **participation** and input of others.

Our interviewees, like many others across the NHS, have risen above this to succeed in the corporate role, but the journey could be smoother. The four areas we identified from our interviews provide the starting point. NHS organisations need to define what leadership means to them, in terms of both accountability and capability. They need to communicate these expectations widely and invest in spotting people who might meet them, as early as possible. **Training counts, but experience counts more, and the most effective talent managers will plan diverse, broad career paths,** taking people outside their professional comfort zones and building the corporate perspective early and systematically.

This will undoubtedly require collaboration across organisational boundaries and a belief that talent belongs to the system not the institution. There is a need for talent management systems across strategic areas (as SHAs are now doing), managing career moves between organisations and into and out of the sector as a whole. Developing the

corporate perspective, through breadth of experience, is perhaps the single greatest lever available to create outstanding directors.

Blending competition and collaboration is difficult but not impossible, and there is precedent in other sectors. A key tactic is finding ways to reward individual institutions for adding talent to the system; publicising organisations which excel in leadership development is one way, for example, as it helps them attract recruits. A common definition of leadership and an objective basis for measuring ability will help movement between organisations, and robust data on capability and aspirations focuses activity.

The success or failure of the change agenda in the NHS will be determined in the board room as well as the front line. It is here that the decisions about collaboration, investment, competition and strategy will be made that create the conditions for clinical and operational excellence to occur. **Leadership is a form of capital. It requires investment and maintenance as much as technology and infrastructure do, but is even harder to 'procure' reliably.** In this study, based on detailed interviews with current directors, we offer a framework of four critical differentiators that could make this investment count.

About the research

This report is based on 15 interviews carried out with recently appointed directors in the NHS. Interviewees were drawn from a full range of NHS Trusts in England and Scotland.

Hay Group would like to thank them for their time and insight.

Hay Group has extensive experience of working across the NHS with SHAs, PCTs and a range of Trusts. Our work spans organisational design, performance management and reward strategies, board effectiveness, leadership development and talent management, from executives to frontline leaders. Our research in the NHS includes work on highly effective ward leaders, successful collaborative leadership and the original research and design of the NHS Leadership Qualities Framework.

If you would like any further information on the methodology or the findings of this research, please contact:

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