It's the people in the boardroom

John Deffenbaugh

ABSTRACT

The current economic and geopolitical environment means that board effectiveness must be increased. This will not be tackled by further structural and process improvement in board operations, but rather by addressing the key relationship issues that underpin decision making. These relationships are analysed from two related perspectives, based on both experience as a board member, and through coaching board members and facilitating their workshops. First, there is the range of 'hats' that board members wear. There are three of these: the individual; the expert; the corporate player. The article explores these hats, explaining each, showing the relationship among them, and what can be done to make them fit properly. Building on this analysis, the second dimension explores the relationship among the 'groups' within the board. Again, much has been written about the roles of the chair, chief executive, non-executives and executive directors. The article analyses the relationship between these individuals and groups as it contributes to debate and decision making. It then explores how these relationships compare and contrast in boards of different types of organisation—NHS trust, foundation trust, clinical commissioning group and health and wellbeing board. With insight to the groups, board members will better understand why things work right, why they do not, and what to do about it.

John Deffenbaugh is a Director of the business consultancy Frontline, based in London, and a non-executive director of the State Hospitals Board for Scotland

Email: john. deffenbaugh@ frontlinemc.com

Boards of directors in the NHS were first established in the early 1990s with the formation of NHS trusts. There have, of course, been boards in the NHS since its formation, but the difference with these new boards was their formation along similar lines to those of a board in the private sector. A decade later, with the establishment of foundation trusts (FTs) in England, boards were challenged to become even more business-like and accountable. The current formation of boards of clinical commissioning groups (CCGs) and health and wellbeing boards (HWBs) provide further dimensions to this accountability.

While board structures and composition have changed considerably over the past 20 years, there is one constant—it is the people and their relationships around the board table that make the difference. Board decision making is taking place in a complex economic and geo-political environment. The margin for error is less and the risks higher, so boards have to get it right.

Getting it right is not just about the mechanism of board structure but, as Jeffery Sonnenfeld (2002) has argued, it is also about the relationships and the way board members work together. I have been a non-executive director for over ten years, and advised and coached boards for the past 20 years. I am constantly struck by the recurrence of relationship issues in my work with boards. When I re-read my article of some years ago (Deffenbaugh, 1996), it appears that not much has changed. Relationships around the board table are still a significant impediment to board effectiveness. And for relationships, read people—to paraphrase Bill Clinton, 'it's the people, stupid'.

There have been many board development initiatives over the past 20 years, prompted by a number of factors: establishment of new structures like FTs, CCGs and HWBs; initiatives such as World Class Commissioning; reports about failures in governance (Francis, 2010); new codes of accountability (Monitor, 2010); and guidance on best practice (National Leadership Council, 2010). There is also closer scrutiny now on the quality of board governance, for instance

the assessment by Monitor of the governance risk in foundation trusts. And we can anticipate that even greater impetus for board development will result from the report of the Francis Inquiry later in 2012.

So the need for board development remains a priority. I use a number of models and approaches in my work with boards to surface and address key relationship issues. This article summarises my overall approach, and focuses on the people and groups around the board table—what makes them tick, what makes them act the way they do, and what underpins their decision making?

There are two related dimensions to my approach, both of which board members need insight to make better decisions. First, there is the range of 'hats' that board members wear—not to be confused with the Edward de Bono (1985) thinking hats. There are principally three of these board hats: the individual, the expert and the corporate player.

Building on this analysis, the second dimension is to explore the relationship among the 'groups' within the board. Again, much has been written about the roles of the chair, chief executive, non-executive directors and executive directors. The difference here is to analyse the relationship among and between these individuals and groups as it contributes to debate and decision making.

With insight to the hats they wear and the group they function within, board members across the range of NHS organisations will better understand why things work right, and why they do not.

The hats you wear

A board member will wear one of a number of hats when they sit around the board table—these hats are illustrated in *Figure 1*. One or all of these hats will be worn at any point in the meeting, and it is essential that a board member and their
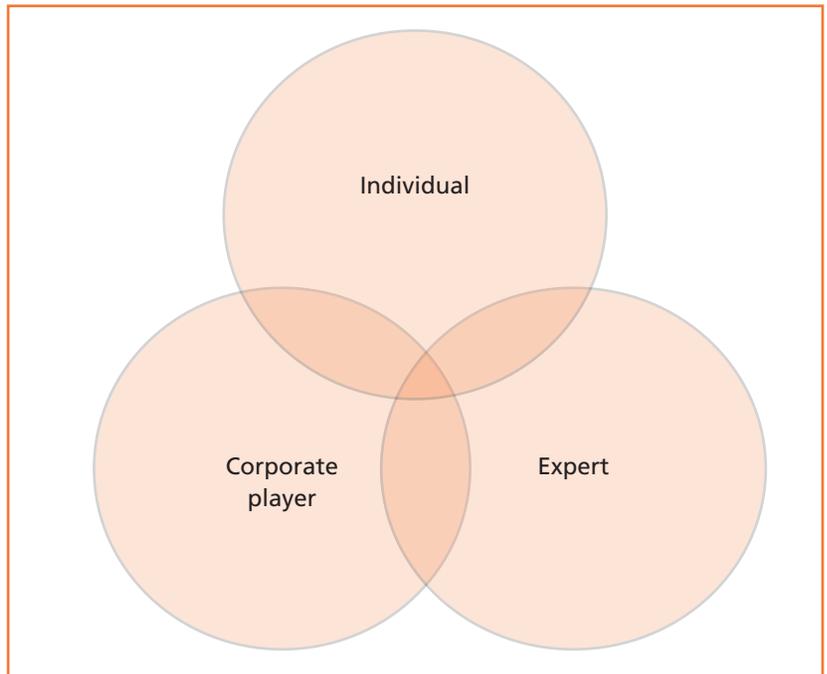

Figure 1. Hats worn by board members

Table 1. MBTI preferences		
Extraversion (E)	**(I) Introversion**	**How we gain our energy**
Sensing (S)	(N) Intuition	Information preferences
Thinking (T)	(F) Feeling	Making decisions
Judgment (J)	(P) Perception	Dealing with the world

colleagues understand this, and therefore are not surprised by something coming out of 'left field'.

The individual hat

We are all individuals when we sit around the board table, all a 'me'. Each of us has our own behavioural make-up, some of which we do not understand, much less our colleagues. Each of us exhibits certain behaviours, sometimes at odds with the words we speak.

It is helpful to gain insight to this behavioural make-up, for individuals and the board as a whole. There are many tools for this analysis, but the one I default to is the Myers-Briggs Type Indicator® (MBTI) assessment tool. This looks at psychological preferences in how people gain their energy, gain and use information, make decisions and deal with the world. These preferences were extrapolated from the typological theories proposed by Carl Gustav Jung (1976). There are four dichotomies of MBTI preferences as summarised in *Table 1*.

Table 2. Leadership styles and impact on organisation climate	
Leadership style	**Overall impact on organisation climate**
Coercive	-0.26
Authoritative	0.54
Affiliative	0.46
Democratic	0.43
Pacesetting	-0.25
Coaching	0.42

Both individuals and teams can use this assessment tool to gain insight to themselves and their colleagues. My own profile is ENTP, and in my non-executive role my board colleagues will know that I am forthright, join the dots in my thinking, and am comfortable with abstraction. I find that using this tool with boards gives insight to their collective approach to debate and decision-making. Of course there is a complexity in its application and interpretation, and only accredited facilitators can use the tool, but it is well worth the investment. It can kick-start a deeper understanding of how to make the most of individual preferences for the benefit of the board as a whole, while at the same time supporting individual awareness of personal behaviours in different situations.

For executive directors specifically, a further level of insight comes from understanding their leadership styles. The work by Goleman (2000) has brought the research on leadership styles together with emotional intelligence and the impact on organisation climate, summarised in *Table 2*. These findings show the correlation of organisation atmosphere created by each style of leadership. Two leadership styles come out as having a negative impact on organisation climate—'coercive' (do what I tell you) and 'pacesetting' (do as I do). NHS top leaders generally have been shown to use a limited range of these leadership styles, with a preference towards 'pacesetting' (Santry, 2012). Insight to

the leadership styles of executive directors on a board can therefore enable development to be put in place that maximises their contribution.

Finally, there is the SQ (spiritual intelligence) that a board member exhibits. This was written about by Danah Zohar (2000), who placed SQ alongside the measurable intelligence of IQ and Goleman's (1995) emotional intelligence of EQ. What Zohar meant was not SQ in a religious sense, but rather humanity's search for meaning, vision and value. This comes out about board discussion on its values, and the tone it sets for the organisation.

Board observation can give some insight to this individual hat, but analysis and sharing perspectives among board members can bring a real richness to how board members think and act. Understanding the behaviour and agenda of colleagues can offer insights that defuse conflict and maximise their contribution.

The expert hat

The second hat that is worn is the one that shows our expertise, knowledge or deep insight that influences our thinking. This may be through our education, qualifications, ethnicity or the 'constituency' we might believe we represent. This gives the knowledge base and perspective that underpins the perspective we take, or what we contribute to the debate. Foundation trusts have specifically moved to appoint non-executives with corporate finance and legal backgrounds, to add weight to enhanced business accountability.

There are a number of cautionary notes for board members to consider when wearing the expert hat:

■ First is that this expertise should not be too narrow. Non-executives are appointed for their independent judgement and critical detachment, so should not always default to their expert position. Executive directors

equally must make a rounded contribution to the board, not just their functional one

- Second, non-executives must guard against 'putting their tank on the executive yard'. Their expertise is there to add value, not usurp the executive role
- Third, non-executives are not on the board as a representative of a community, faction or interest group. They are appointed for their corporate contribution, not to be an 'agent provocateur' on behalf of someone or something.

There are also tools available for understanding team roles, for instance the Belbin (2010) typology of team roles. Belbin's Team Inventory is used to gain insight into an individual's behavioural tendency in a team environment. There are nine roles in three board categories:

- Action-orientated roles—shaper, implementer, completer/finisher
- People-orientated roles—co-ordinator, team worker, resource investigator
- Cerebral roles—plant, monitor evaluator, specialist.

Expert knowledge and insight is sometimes wielded as power, and if not put to the right ends, can result in significant tension around the board table. However, if this expertise is applied appropriately, it can become a real force for change.

The corporate player

This overarching role of the corporate player, bringing together the individual and their expertise, is one of deciding where to stand on an issue when a decision is needed for the best interests of the organisation. NHS boards generally do not vote. Rather, they reach a decision after debate during which board members air their views and take their positions.

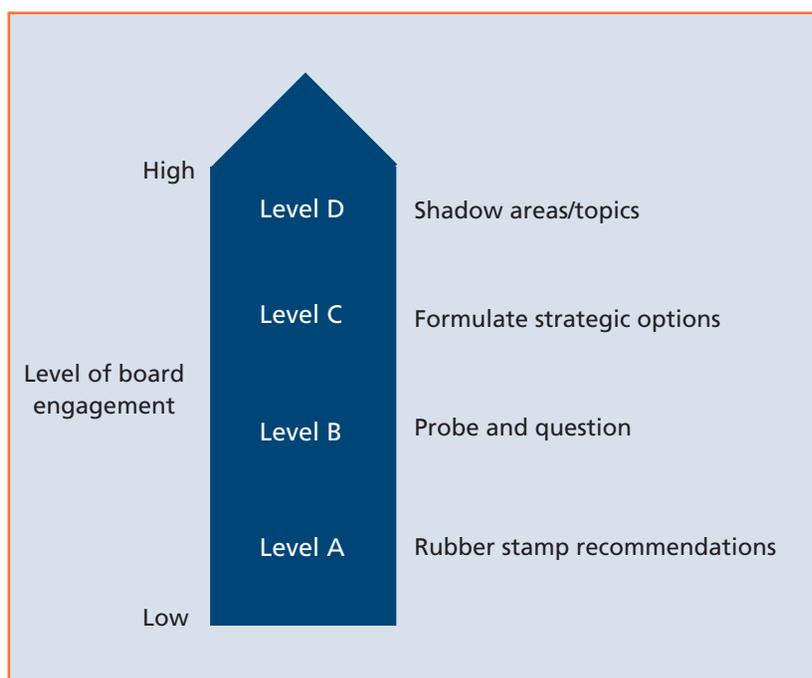Admittedly, board debate is often too shallow

Figure 2. Board engagement in decision-making

and lacks substance. As Joseph Joubert, the 18th century French philosopher observed, 'It is better to debate a question without settling it than to settle a question without debating it'. NHS boards evidence too much settlement and not enough debate. It is worth considering at this point the levels of board engagement in decision-making outlined by Zahra (1990), illustrated in *Figure 2*.

Board papers too frequently engender a low level of board engagement by putting forward documents for approval based on minimum discussion or comment. At this level, the board becomes a machine for rubber stamping. Yes, some of these papers are needed, but not the numbers that are currently put forward. Real engagement begins to take place as the board probes and questions options for decision making or strategic direction. If shadowing is taking place at the highest level of engagement, then the credibility of executives comes into question—for instance, why is the non-executive with a finance background having to keep such a close eye on the director of finance?

When the debate is completed, a decision is needed, and the board takes corporate responsibility as a unitary board for its decisions. Corporacy is uncomfortable, especially if you are on the wrong side of a decision. The board
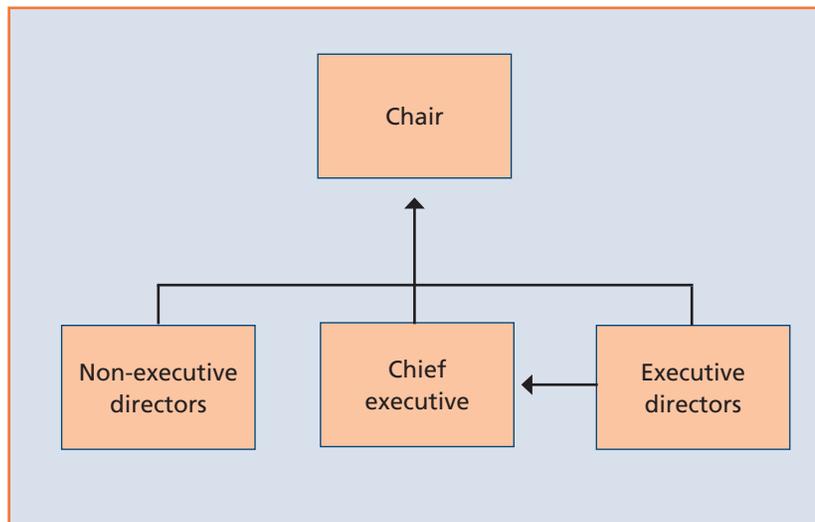
Figure 3. Board competition

to be analysed, the groups within the board, specifically their role and relationships.

The board groups

The second dimension of board composition builds on the first one of the hats that board members wear. It focuses on the 'groups' within the board, and how they fulfil their remit and interact in doing so. The principal groups within the board are illustrated in *Figure 3*.

Chair and chief executive

The relationship between these two pivotal players is explored together. They provide leadership to the board and organisation respectively. Boundaries become blurred when there is lack of clarity about these leadership roles, either because of weakness in capability or strength of personality.

The chair has to be a good chair. Often there is an absence of baseline capability in this respect. This is not just about actually chairing the meeting, but also ensuring that the agenda addresses key strategic issues, that information is at hand for decision making, and that there is a balanced contribution to debate from all board members. It is essential that a chair knows their board colleagues; for example, less is often more when it comes to contributions from some board members. Finally, if a chair has too much time on their hands, then the danger is that the role becomes executive, and gets in the way of the chief executive's ability to implement board decisions.

The chief executive is the accountable officer, and the first to fall if things go wrong. Their relationship with the chair should be along the lines of a 'critical friend', getting advice and steer from the chair, and in turn testing out ideas and sounding out issues. The chair should know the chief executive's leadership style—this insight will enable the styles to be

member in this position has two options—to get behind the decision, or go out the door. It is untenable to remain as an 'agent provocateur'—this undermines relationships with colleagues, and sends a mixed message to the organisation. The board has to operate as a corporate entity after a decision is taken, so the corporate hat is the last one to be worn.

The dissenter to a board decision may well of course be right, but that is another, albeit crucial, matter. A battle against corporacy can be fought inside the board for only so long—there comes a time when it needs to be carried on from outside if the issue is of such importance to a board member.

The roles represented by these hats overlap, and a board member can put them on and take them off quickly—almost too quickly in some circumstances. Awareness among board members about their colleagues and the hats that they wear will go a considerable way to enhancing board effectiveness. It will also help when board members change, since changes in composition of the board can have a significant impact on its effectiveness—both good and bad.

This then leads onto the second dimension

broadened and applied for maximum impact at the appropriate time. But the chief executive should be given full rein to implement board decisions, with clear accountability for this performance. The chair will not only appraise the chief executive, but all board members on their performance. Equally, an annual introspective view should be taken, led by the chair, to gauge the performance and effectiveness of the board as a whole.

Non-executive directors

Sadly, non-executives can be the weak link on the board. As a non-executive myself, it pains me to say this, but it is all too often the case. The problem is three-fold.

First, there is still a basic lack of understanding about what the non-executive role is. I am very clear—I am there to provide 'independent judgement' and 'critical detachment'. I maintain a strategic focus, though will explore operational issues to understand the extent to which they have strategic implications. However, all too often I witness non-executive behaviours that are far too operational—often if they have come from an executive background themselves, or have a level of expertise that outweighs that of the executive directors.

Second, the corporate management process often reinforces this operational focus. Agenda items and board papers can be pitched at the wrong level, which leads to operational debate, with operational decisions coming back to an increasingly operational, rather than strategic, board. Because some non-executives lack clarity of their role, they are all too happy to contribute to this level of operational debate. Do not underestimate the benefit of an effective board secretary to avoid this spiral of descent into operational quicksand through the effectiveness of the minutes they write.

Third, the challenge function carried out by non-executives, and reiterated by Higgs (2003), can be taken all too literally—when an individual's personality gets in the way of the point being made, then relationships suffer and debate is stifled. A challenge by a non-executive can readily be perceived by an executive as criticism, which results in defensive behaviour and body language, and in turn leads to an even more direct challenge. This challenge may well be merited, and executives in turn should learn to develop thicker skin at times as they appreciate what true accountability means.

However, before we move onto executive directors, a final word about the impact that non-executives can have. Despite the extensive best practice guidance for businesses over the 20 years—summarised recently in the FRC (2010) UK Corporate Governance Code and for NHS foundation trusts in the Monitor (2010) Code of Governance—non-executives appear all too often to have been asleep on the job. Failings in the financial services sector have been attributed to the serious flaws and shortcomings in the system of non-executive oversight of bank executives (Treasury Committee, 2009), while the governance inquiry at Mid-Staffordshire NHS Foundation Trust (Francis, 2010) equally blamed non-executives for their part in the hospital's failings, particularly the strong focus on financial governance in place of clinical governance. While structures and processes can be put in place, it still comes down to the individual board members and their effectiveness.

Executive directors

These individuals are pulled in two directions: expected to be equal in status around the board table as they contribute to debate, but also reporting to the chief executive. They are at the sharp end of the challenge function, and it is often the case that personalities come to bear in getting this relationship right—or wrong.

At issue is the corporate contribution that executive directors make, and how they play out their executive team debate during the board meeting. First, their contribution must be corporate and not just functional. Executives operating in their functional silos cannot effectively contribute to a rounded debate at a strategic level. The chair has a role in drawing them into areas outside their individual responsibility, as does the chief executive, and focusing debate at a strategic level.

Second, therefore, is how the chief executive encourages their executive colleagues to air their views about policy issues in front of non-executives. Often the executive team presents a united front on an issue, which does not allow the non-executives to get a feel for the divergence of opinion and views behind a recommended way ahead. There is, of course, danger in 'washing the dirty linen in public', particularly as board meetings will be open to the public, but open and constructive debate among all board members, equal in status, will ensue that when a decision has been taken, it will in all probability be the right one. A chief executive leadership style that is 'coercive' or 'pacesetting' will not be conducive to this type of decision making.

Third, executive directors operating at a strategic level will ensure that they do not step down into the shoes of their direct reports and in turn become too operational. If this does happen, everyone in the organisation takes a step down, and decision making and implementation lacks ownership and accountability.

In its review of assurance in NHS trusts, the Audit Commission (2009) was critical of board decision making and effectiveness. Improvement must start with enhanced individual and group effectiveness, which in turn will drive board effectiveness. A high performing board does not just happen, but rather is a by-product of getting the basics right.

Organisations and their boards

This section brings together individual hats and board groups in different types of board settings. Below are some differences across trust, FT, CCG and HWB boards.

NHS trusts and foundation trusts

There are significant differences between NHS trust and foundation trust boards in key inter-related areas such as:

- Risk—there is not just board, but also personal, liability resulting from decisions taken, so as Harry Truman observed, 'The buck stops here'
- Accountability—the member and governor structure ensures more open, local accountability
- Decision making—debate and decision making should be more strategic, taking a longer term, system view
- Business orientation—operating in a more market oriented, competitive environment to earn income and realise surplus
- Culture—leverage to focus on customer service and provide a culture of innovation and creativity
- Freedoms—to access capital, borrow, engage in social entrepreneurship, and to fail.

Board members sitting on a foundation trust board therefore have the opportunity to enhance both their individual and overall board effectiveness. Sadly, evidence shows that in some high profile cases, such as Mid Staffordshire, this opportunity has not been realised.

A further substantive difference is in the role of governors in foundation trusts. This group is there to make the link with the community and to hold the board to account. The concern initially was that a council of governors could be hijacked by 'campaigners', single issue people seeking a forum for their issue. The reality has been that the impact of governors overall has been much less than anticipated, whether for the
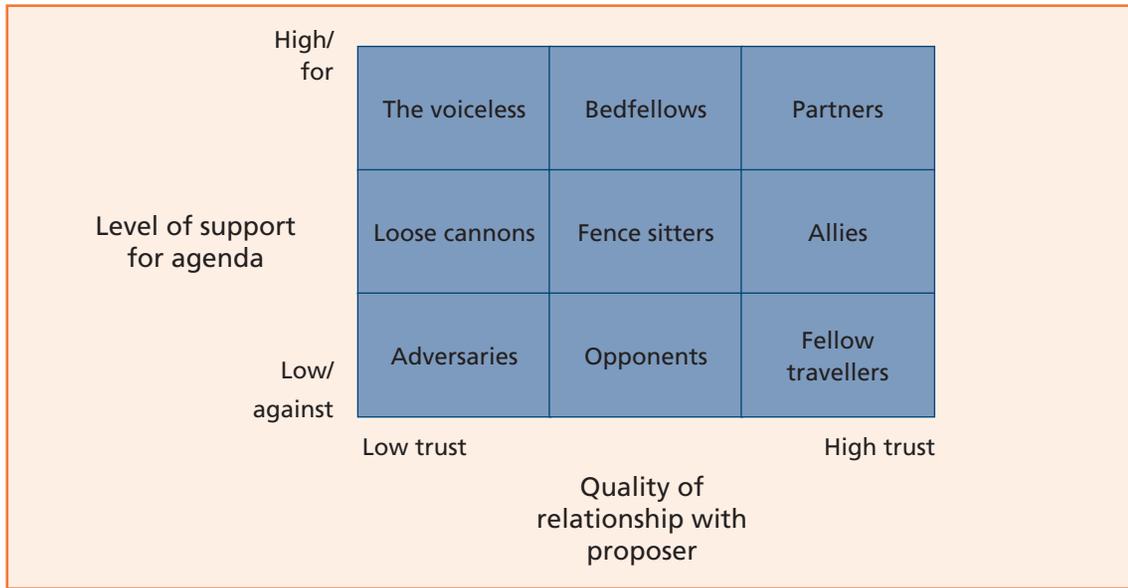
	Low trust		High trust
High/for	The voiceless	Bedfellows	Partners
Level of support for agenda	Loose cannons	Fence sitters	Allies
Low/against	Adversaries	Opponents	Fellow travellers

Quality of relationship with proposer

Figure 4. Stakeholder politcal analysis

better or worse. While there has been progress in realising the role of governors, Monitor's most recent survey has shown that 'there remain some issues and training needs to address in order to support governors and maximise their role going forwards' (2011).

Clinical commissioning groups

These new GP-led groups face particular challenges. The hats worn by GPs take on a different complexion—GPs can be characterised as small business entrepreneurs, somewhat maverick in nature, and with an operational perspective (Deffenbaugh, 2012). Their challenge will be to take a population rather than individual patient perspective, to view the whole healthcare system rather than patient or practice processes, and to adopt influencing styles that change the way providers deliver services over the long term. GPs face a steep learning curve, and in many respects will have to stop being GPs to carry out this board role effectively.

Health and wellbeing boards

The newly established HWBs provide the most significant challenges for board members. This is because of the contrast between the groups within the board, between the NHS and local government:

- Medical versus social model of care
- Board of governance versus member-official relationship
- Appointed versus elected members

And if this relationship challenge is not enough, GP board members bring their private sector, small business perspective to board meetings.

In this board environment, the key challenge is to reach agreement on a shared agenda, and for this to be achieved it is the quality of the relationship that is most important. Peter Block (1987) presented this succinctly in his stakeholder political analysis model, illustrated in *Figure 4*.

What this model shows is that a high trust

KEY POINTS

- Board relationships, not processes, need to be the focus of improvement
- Board members wear three hats: individual, expert and corporate player
- Relationships among groups within the board can be enhanced by understanding what these hats mean
- Boards of different types of NHS organisations show that these relationship issues are a common challenge
- More effective debate and decision making will result from this greater insight

relationship can allow disagreement on a shared agenda to be worked through, so that HWB board members become 'fellow travellers' instead of, at worst, 'adversaries'. The common thread here, as with all the other types of boards, is the quality of relationship among the people on the board.

Conclusion

Drawing on this analysis of the hats that board members wear, the group they belong to and the type of board they are on, some of the basics for board effectiveness include:

- **Agent provocateur**: The board cannot operate effectively with one of its members fulfilling this type of role. However, it is essential to encourage and foster healthy debate. Insight to individuals and their behaviours can go a long way into tapping into what could be perceived as a disruptive influence
- **Debate and decision making:** Reference was made earlier to the benefit of debate before decision making. A board that is open respectful and high trust will encourage this debate, and avoid the failures of the financial services industry and trusts like Mid-Staffordshire
- **Board appraisals:** These should be carried out by the chair for each board member and to encompass the chair via a 3600 process. The findings, discussed openly among board members, can lead to behaviour change, more effective debate, and enhanced accountability
- **Strategic focus:** One of the biggest dangers a board faces is becoming too operational, and

not keeping the eye on external issues, their impact on the organisation and how it should respond. Board members who maintain this strategic focus can challenge those who do not, and likewise it will be for those who have their eyes down to point out operational issues that might have a strategic impact.

In a world requiring a high performing board, the knowledge derived from this insight to behaviour and relationships can enable the individual components to meld into an effective decision making body.　　　　BJHCM

Audit Commission (2009) *Taking it on Trust*. Audit Commission, London

Block P (1987) *The Empowered Manager: Positive Political Skills at Work*. Jossey-Bass, San Francisco

de Bono E (1985) *Six Thinking Hats*. 2nd edn. Penguin, London

Deffenbaugh J (1996) Understanding the roles of NHS board members. *J Manag Med* **10**(2): 54–61

Deffenbaugh J (2012) On the right person for the job. *Health Service Journal* 8 March

Belbin RM (2010) *Team Roles at Work*. 2nd edn. Butterworth-Heinemann, Oxford

Financial Reporting Council (2010) *UK Corporate Governance Code*. Financial Reporting Council, London

Francis R (2010) *Inquiry Report into Mid-Staffordshire NHS Foundation Trust*. Department of Health, London

Goleman D (1995) *Emotional Intelligence*. Bantam, New York

Goleman D (2000) Leadership that gets results. *Harv Bus Rev* **78**(2): 78–90

Higgs D (2003) *Review of the Role and Effectiveness of Non-executive Directors*. Department of Trade and Industry, London

Jung CG (1976) *Psychological Types: Collected Works of CG Jung*. 6th edn. Princeton University Press, Princeton, NJ

National Leadership Council (2010) *The Healthy NHS Board, Principles for Good Governance*. NLC, London

Monitor (2010) *Code of Governance*. Monitor, London

Monitor (2011) *Survey of NHS Foundation Trust Governors 2010/11*. Monitor, London

Santry C (2012) Most senior leaders failing to create 'strong work climates'. *Health Service Journal* 12 January

Sonnenfeld J (2002) What makes great boards great. *Harv Bus Rev* **80**(9): 106–13

Treasury Committee (2009) *Banking Crisis: Reforming Corporate Governance and Pay in the City*. House of Commons, London

Zahra SA (1990) Increasing the board's involvement in strategy. *Long Range Planning* **23**(6): 109–17

Zohar D (2000) *Spiritual Intelligence*. Bloomsbury, London