Leadership in the NHS
Thoughts of a newcomer

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Introduction

I joined The King’s Fund earlier this year as Director of Leadership and Organisational Development, having spent my whole career outside the NHS in the private sector. My career started with fifteen years at Marks & Spencer (M&S), followed by six years at Ashridge Business School and, most recently, six years on the board of Nuffield Health as Group Organisational Development and Human Resources Director. During my time at Ashridge I worked with many organisations in different sectors, from automotive and financial services to fast-moving consumer goods and health. This was predominantly in the areas of culture change, leadership development and talent management.

I’m writing this paper to share some of my initial observations about leadership in the sector that I’ve decided to be part of.

One of my first observations was noticing how many people and bodies commentate on the NHS; it’s not short of ‘experts’ who have something to say about what’s wrong and what needs to change. I’m trying not to fall into this trap. I came to this wanting to be helpful because I care about our health service, the people who work in it and the role that leadership has in creating and sustaining the conditions for change and innovation. I strongly believe that the only way forward for any organisation is to make sure that the people who are doing the most difficult jobs have the resourcefulness to work through the most complex dilemmas they are faced with. It is also important that they are appreciated, with appreciation being generative and amplifying what’s working rather than what’s not. They must also be supported.

The basis of my ‘expertise’ is that I bring to this role everything I have learnt from my experiences – experiences shaped by working with organisations across the world, in different sectors and with a diverse set of challenges. Every situation is unique but there are some enduring themes that I’ve seen and experienced that define how individuals, organisations and systems deal with the need to survive, change and find novel ways of doing things.
Let’s start at the beginning

The most formative experience I’ve had in my career was the time I spent at M&S. It shaped my sense of leadership, both the best and the worst. In the early years, M&S was one of the biggest companies in the United Kingdom. It was also one of the most successful retailers in the world and, as such, it was admired and copied. But like many organisations, it grew bloated, unable to change and innovate, and lost its way. But it is surviving.

M&S has been around since 1884; very few organisations endure for more than 130 years doing what they were set up to do. So while M&S has its problems, it should not be forgotten that only a small number of current FTSE 100 organisations were around 20 years ago, let alone 130 years ago.

When I joined M&S, the company was strong with enduring values and this was the reason I joined. It stood for something. It did things right. It knew its place in the world. The people who joined M&S knew this too. The values weren’t written down and reduced into sound bites – instead they came out of the woodwork in every store. You knew how to behave, what was right and what was wrong – M&S had a moral compass that guided everyone. New people who joined weren’t told how to behave – they picked it up from the people they worked with and for. The company had a very strong and positive culture. And if you joined M&S it was expected that you stayed for your entire career.

The NHS is not M&S. Health is much more complex than retailing. But there are many similarities between them. They are two organisations that the British people love and that form part of national life. Can you imagine Britain without the NHS or without M&S? They stand for something deep. They are solid and fair. And, in some ways, the issues they face are congruous and provide a basis for learning.

When you spend time with the people who work in the NHS you also see people who love what they do; they joined because they have a vocation. They’re also enormously committed to and passionate about what they do. The NHS stands for something – the ideal that good health care should be available to everyone, regardless of their ability to pay. It’s a simple and unifying proposition, which forms part of the national psyche. As the biggest player in the health arena, it shapes many of our attitudes towards health, and the prevention and cure of ill health.
Dealing with change

A bureaucracy emerges

As an organisation grows and becomes more successful, the danger is that it creates structures and processes that, essentially, are designed to keep it the same. It becomes a bureaucracy, which is usually run by leaders who value consistency and the application of rules. It has a structure of hierarchy and authority that buries individual decision-making and accountability. This is what happened to M&S. Organisations that operate within a regulated environment face the same risk in becoming overly bureaucratic because the purpose of regulation is consistency, order and compliance – attributes that go against the need for change and innovation.

Keeping things the same serves organisations well when the context within which they are operating doesn’t change. However, when the context does change, it is essential that organisations have the reflexive capability to notice the changes and the ability to adapt, otherwise, like many bureaucratic organisations in the private sector, they will simply become irrelevant and disappear.

Innovation is essential

M&S was always built on its ability to be inventive. It was the first retailer in the UK to introduce mass-market clothing direct from the manufacturer straight to the consumer to serve the post-war market. It led the way in food by being the first retailer to introduce the concept of the ready meal and also the cold chain where exotic produce could be brought into the UK from hotter climates without dropping the quality.

Innovation, or the emergence of novelty and newness, is the lifeblood of every organisation in the private sector. They have to evolve, change and maintain their relevance to the people they serve. A lack of innovation results in creeping irrelevance and customers quickly choose an alternative. Those that are left by the wayside wither and die.

The NHS is different in the sense that it doesn’t have any major competitor. However, the public’s acceptance of this monopoly will be challenged if it’s not seen as being good value for taxpayers’ money and meeting their changing needs.
It’s hard to believe that the provision of a health service ‘free’ at the point of delivery is something that the UK population would abandon. However, the emergence of the health consumer, where patients are better informed, and more demanding, will have an impact on how the NHS, as a monopoly, provides its services. If it fails to innovate from within, it will become an inevitability that it will be forced to change from outside.

So if the NHS has to find new ways of doing things, we should understand the nature of the forces at work that encourage, or inhibit, innovation. We know that innovation appears in the most unexpected places and that regulation is its killer. Organisations that operate in a regulated environment often cease to be able to adapt because they are strangled by regulation that goes way beyond aspects of the operation that properly need to be regulated. They value staying the same rather than changing.

We shouldn’t relax our drive for quality, and the regulatory environment has an important part to play in assuring progress. But when the regulations become a stick to beat organisations with, then surely we’ve gone too far. We need assurance but we also need improvement. We need an appreciation that the only way in which sustained improvement will happen is to develop long-term strategies that foster a positive culture that encourages risk-taking and avoids blame.

Hierarchy gets in the way of innovation

In the 1990s, M&S lost touch with its customers. I remember that those at the front line knew that our competitors were getting better than us. What we did no longer worked as effectively as it once had. However, the organisation was very hierarchical. Messages from the front line were filtered so that by the time they reached the decision-makers they were subverted. Black had become white and all was well with the world.

The role of the accomplished leader is to flatten hierarchy. Hierarchies reduce the flow of information that is essential to understanding what’s really going on and to enabling innovation to be spotted and amplified.

Even in structure-heavy organisations, leadership is about connecting to the customer and connecting parts of the organisation so that information flows. In the NHS, patients’ needs are changing. Their demands are shifting. In an environment shaped by social media and a consumer mentality, patients are taking control of their health in new ways. The NHS and the medical community need to respond to this.
If the system is to transform, leaders should do their best to increase the connectivity of the NHS – bring the various parts together to hear what’s going on, understand the problems and, above all, celebrate success. They should take the view that for a solution to any problem, the innovation required lies with the people who do the job.

In his 2002 book *The living company: habits for survival in a turbulent business environment*, Arie de Geus, former head of strategic planning at Royal Dutch/Shell, argues that the reason why some organisations survive for 40 years or more is because they are regarded as living communities rather than financial assets or machines. The ability of any organisation to adapt to the complexity of the environment is down to its people – the way they are engaged and developed and how their collective wisdom is used to find new and novel ways to operate. It’s light years away from the mechanistic view of the world where a central brain controls the actions of whole organisations.

A hierarchical structure gets in the way. To overcome this requires a different leadership style to the one that feeds a hierarchy – one that is collective, collaborative and, above all, compassionate.

**Confidence is the lifeblood of innovation and change**

One of the abiding lessons that I learnt from my time at M&S is that when change is required you also need the highest levels of confidence and belief in what you’re doing. If you’re confident, you can reach new highs, experiment and deliver. You can access your understanding of the complexity of a situation and you know what to do.

However, the paradox is that when the need for change is high, levels of anxiety are also high. As a consequence, those who hold the key for the innovation that is needed tend to retreat into what they know, keep their heads down and the change required doesn’t materialise.

The role of the leader in this situation is to dampen the anxiety, create safety and build confidence. In the NHS, the extraordinary role that leadership has to play is to shield teams from the angst created by the regulatory and political environment and make sense of what needs to be done and by whom.

You also have to believe that the people doing the job you’ve given them to do, know what they’re doing, usually understand the complexity of a situation better than you, and know the risks and opportunities. If you want to be innovative you need to do
everything you can to build and nurture the confidence of the people you rely on to achieve the task.

It seems at the moment that there are forces at work that are undermining NHS leaders. It feels like a system under siege where success isn't celebrated but failure is catastrophised. This saps the confidence of leaders. While we all know the consequences of failure, we have to develop an attitude that is more supportive and tolerant of leaders who are trying new and innovative things.

From a newcomer's perspective, it is very noticeable how often there seems to be a search for a silver bullet and reaching for experts to provide a simple solution. In my experience, the only way through a complex situation is to build the confidence of the people who hold the problem. Experts can be helpful to provoke and stimulate new thinking, but at the end of the day even the most expert experts won't appreciate what it's really like on the front line.

In the late 1990s, I was involved with a large change project in M&S that was led by external consultants. In my view, we abdicated the running of the business to the consultants, who gave the impression that they knew the answer to the problems we were facing. Because we were so lacking in confidence, we wanted to believe they were right. They and we couldn't have been more wrong. We knew our business better than anyone. We knew where the problems were and what we needed to do to put them right. We just needed the chance. M&S started to find its way again when it took hold of the business and made the changes happen from within.

The key lesson here is that you have to listen to the people close to the front line – they hold the answer. In M&S, the stores knew what was going right and what was going wrong. Day in, day out, they gauged the reaction of the consumer. That vital information has to be passed quickly and without prejudice back to the decision-makers, who must react.

So it's essential that we honour the good leaders who hold the problem and give them the chance they deserve. We must start from the perspective that they have the resourcefulness to modernise and find a new solution.
Compassion and trust are the currencies of innovation and change

Compassion

M&S was a tough company to work for, but it was compassionate. It cared about the people who worked for it and knew how to take care of them, not because it was a fluffy organisation but because it made good business sense. The first reaction when you told people you worked for M&S was ‘they look after their people’; and they did. If you look after people they will deliver a disproportionate amount of value – way beyond what you could ever reasonably expect.

Although new to the NHS, I’m already involved in a lot of conversations about the leadership traits it requires. If ever there was an organisation that should have compassionate leadership at its heart, it’s the NHS.

There is huge compassion in the delivery of frontline NHS services. Day in, day out, amazing care is given. So the NHS should be great at compassionate leadership. But sometimes it feels as though the opposite is true. Bullying is a strong word. But a recent report published by The King’s Fund and based on interviews with 12 departed or soon to be departing NHS chief executives – *The chief executive’s tale* (Timmins 2016) – highlighted a bullying culture in which pressure from government, regulators and the media diminishes the compassion in the system. The bullied eventually become the bullies and, in consequence, patient safety and care are affected. That’s not to say that targets shouldn’t be set, with the expectation that they are met. But an environment of co-operation and support that acknowledges what’s working as well as what’s not working is a far more generative culture and one where sustained quality improvement becomes the norm.

It’s easy to think that in a money-starved environment, where the popular discourse is about failure rather than achievement, we can’t make space for compassion. But I would argue that the opposite is actually true.
People can’t focus and do good work if they are surrounded by strong, negative emotions. They feel safest when they are surrounded by understanding and compassion. Good leaders understand that alongside their ability to be tough, strong, decisive and results-driven, they also have the conviction, confidence and courage to cultivate connectivity and compassion.

Great leaders care about connecting with the people they lead. They see it as the conduit for almost everything else they do – and compassion is the key. Compassionate leaders inspire people with purpose, hope, optimism and energy because they resonate, empathise and connect.

Bullying, directive, coercive styles may change behaviour in the short term, but the dissonance they ignite breeds toxic emotions like anger, anxiety or apathy and does dramatic long-term damage. As a newcomer to the NHS, I find it very striking how the ‘leaders’ of the system have engaged in an approach that seems to be causing dissonance and organisational anxiety.

A related matter, and one that I’m only just making sense of, is: Who are the leaders in the NHS? Who’s in charge, calling the shots, setting the standard and monitoring delivery? Where’s the accountability? In M&S it was a lot simpler – accountability for buying the right product was with the buyers and accountability for selling it properly was with the stores. If there was an issue, you knew where to go.

The leadership of the NHS seems fractured, with different interested parties pulling in different directions. Its long-term health is being affected by the inevitability of short-term politics.

**Trust**

In another report published by The King’s Fund – *Improving quality in the English NHS* (Ham et al 2016) – the authors talk about the contrast between ‘regulated trust’ and ‘real trust’. Real trust is based on the belief that people have a strong intrinsic motivation to perform to the best of their abilities. It’s fostered not through reliance on rules but rather through the development of a positive organisational culture that encourages risk-taking and avoids blame.

This type of culture supports people to act in a way that is trustworthy and to do the right thing. But it takes time to develop – positive behaviours need to be encouraged, supported and nurtured. The development of leaders who are values-driven and understand how to support a positive culture is also essential.
M&S lost its way when its customers no longer trusted the quality and value of its product. It had responded to pressure from its competitors by too quickly abandoning its core values and chasing cheaper products from cheaper sources. But it lost control. The business also went through a period of constant re-organisation and change. It became inward-facing, not customer-facing. It started a seemingly endless cycle of redundancy. The psychological contract with its customers and employees that had taken 100 years to build was being dismantled overnight.

You will never encourage people to move away from what they know, to change and be inventive unless you are able to create the safety where they think they’ll be OK. They will only try new things out if they know that you, as their leader, can be trusted. But you can’t mandate trust; and you can’t assume trust just by virtue of your title. You will only be trusted to the extent that the people you lead trust your ability, consistency, integrity and commitment. It’s wrong to assume that people will trust you from day one. They might extend trust to you, but real and deep trust emerges over time through a shared experience of joint endeavours being safe and positive.

Once you have gained trust, it can be eroded in an instant. So everyone involved in a leadership position should think about whether they are contributing to the development of a trusting environment or simply eroding it.

The consequences of a low-trust environment are that it creates scepticism, frustration, low morale and a retreat into what people know, rather than moving forward into a new future.

So in relation to the NHS, what has happened to trust?

At a time when trust needs to be at its highest, it seems to be low. What reaches the headlines are examples of a breakdown in trust, which then becomes the currency. If the NHS is to deliver the service that is demanded of it, then trust needs to be at the heart of its relationship with the people who work in it and with patients.
We should all ask ourselves:

- Am I reliable in everything I do, time after time?
- Am I credible?
- Can people trust my judgement to know what the right thing to do is and to do it every time?
- Can people trust me with the things that they are most vulnerable about?
- Will I use these against them at some point?
- Above all, can people trust me to put my own needs aside to favour those of others?
Developing leadership and talent

The founders of M&S built a simple proposition that was based on relentlessly delivering a high-quality product, at great value, with a service level that people can trust. From the days of the ‘penny bazaar’ in Leeds and Manchester and its selling proposition ‘Don’t ask the price, it’s a penny’, to its heyday in the post-war years, this is what it delivered. The founders knew that the single most important factor in the ability of M&S to do this and to be a successful business was having an engaged workforce who would then deliver a superior performance. And so employees were engaged by great leadership, a sense of being treated fairly and being looked after beyond just doing the job. (Corporate wellbeing isn’t new – it was invented at the dawn of big corporations such as M&S.)

M&S always recruited the best people and trained and developed them throughout their careers. The development of leaders, in particular, was given a very high priority. The founders knew its importance and that it was good for business. This hasn’t changed. Even through its most difficult times, M&S knew that the only way out of its problems was to have strong, confident and competent leadership. The easy response to an organisation that is in difficulty is to reduce what is often seen as non-essential spend. The development of people is often the first to go.

But now’s not the time to stop or reduce investment in leadership. The opposite is the case. Now more than ever, leaders need the opportunity to reflect on their work, experiment with new approaches and build confidence to act. Only by doing this will the NHS be able to move into new space and build a new psychological contract with its employees and the patients it serves.

Leadership strategy for the NHS

Although it has not received much attention, NHS Improvement is currently in the process of developing a leadership strategy for the NHS. This strategy is vitally important, and I would like to offer some of my reflections to help this process. In doing so, I’d like to draw attention to two other parts of my career – first as Group Organisational Development and Human Resources Director at Nuffield Health, and second as Head of Talent Management Practice at Ashridge Business School.
Leadership in the NHS

Nuffield Health has two main businesses that operate different business models. It has 31 acute hospitals, which are essentially a federation of organisations that emerged out of the communities they served; and it has a centrally run gym business operating in more than 300 sites, much like a retailer. The hospital business has a small central operation with a lot of local autonomy, while the gym business has a large central operation and a very small local management team. These operations require different leadership styles.

The unifying factor is the values that underpin the behaviours of leaders in any part of the group. So the customers, whether patients in the hospitals or consumers in the gyms, experience an equally high level of quality and service.

From an outsider’s perspective, it’s easy to think that the NHS is one organisation; but of course it isn’t. It’s a complex federation of disparate organisations, but under the banner of one of the most instantly recognised brands in the world. This brand recognition is important because it includes with it an expectation from patients of the service standard and quality required. If this is not met, then the level of trust that patients have in the overall service, wherever it’s accessed, is compromised.

As we think about how to develop leaders and leadership across the NHS, it’s important that we reflect first on the different contexts that these separate organisations work in, the uniqueness of the challenges they face and therefore the leadership characteristics required. At the same time, the strategy must take account of the overarching brand and what unifies the whole.

Talent strategy

At Ashridge Business School we undertook some very in-depth research into how talent strategies should be built across sectors. Thirteen strategic questions emerged, which NHS Improvement should also consider. The four most relevant to the NHS are as follows.

- **How broad is the process for defining what constitutes talent?** The answer to this question is critically important. In a federated system, the process for determining the definition of the talent required now and in the future should include a broad group of people. The end result should include an articulation of the unifying values that underpin the whole, but also an understanding that
local parts of the system will need different skillsets depending on the context and challenges faced. While it’s appropriate for the central bodies to determine the unifying values, they shouldn’t determine the skills and behaviours that are required locally.

- **How permanent is the classification of talent?** A complex talent system needs the flexibility to determine which skills and traits are required and again these will change according to the challenges the system faces. So a leadership strategy must include an understanding of what’s permanent about the definition of talent and what processes should be in place to nurture and evolve it. It is also important to acknowledge that at certain times, in response to the context and challenges faced, certain talent and leadership groups will be disproportionately more valuable than others. Therefore, the talent and leadership strategy must be able to reflect this.

- **Who’s included in the talent pool?** It feels right to include everyone in the talent pool. However, the truth is that this rarely happens because the resources are not available to invest in everyone to the same degree. Therefore, a talent and leadership strategy needs to face this head on and answer the question: Who are we going to invest our limited resources in?

- **Who has the principal ownership of talent?** This again is a very important dimension to be clear about. In a centralised organisation (for example, retailing), it is usual that talent and leadership are owned by the centre so that it can determine, develop and deploy talent to the benefit of the whole rather than the individual parts. In a federated structure, primary ownership is local, with oversight of extraordinary talent by the centre, simply so that development and opportunities that wouldn’t open up locally can be maximised.

The process for developing the national improvement and leadership strategy gives us a great opportunity to build a pipeline of talented leaders for the future. If we can find answers to these four questions, this should help to create a strategy that is fit for purpose.

However, more is needed. My final observation is that little seems to be being done to understand why it is that the NHS is becoming an unattractive place to work. *The chief executive’s tale* paints a picture of a NHS culture that can be rewarding but is increasingly pernicious; some of its most talented people are leaving as a result (*Timmins 2016*).
Many organisations are developing an EVP (employee value proposition), which sets out the mix of characteristics, benefits and ways of working that defines the relationship between an organisation and its employees. That relationship determines the culture of the organisation; if that culture supports, sustains and engages employees then people will stay and a truly healthy organisation will emerge. If the new leadership strategy being developed by NHS Improvement is to succeed, we need an EVP for the NHS.

Contact details

The King’s Fund provides organisational development and leadership programmes to help leaders find solutions to the challenges they face. For a confidential discussion about how we could help you, your team or your organisation, please contact Marcus Powell, Director of Leadership and Organisational Development, on 0207 307 2652 or m.powell@kingsfund.org.uk
References

