

Designed to inspire?

- The challenge of organisational design for new PCTs.

Introduction

It is all change again for PCTs. Newly appointed PCT leaders will, in many cases, have to address a pervasive sense of frustration, weariness and cynicism. Yet another round of NHS “re-disorganisation” is naturally making people concerned for their own jobs and that of their staff. It threatens to quench the last sparks of the flame of motivation and passion many had on joining the NHS. For others this has been long buried under the mounds of central initiatives and targets.

Added to this is the worrying unease at the lack of an apparent compelling narrative flowing through the overall NHS reforms. First comes a period of high investment and growth, then everything is knocked back by a financial squeeze like never before. Meanwhile the most far reaching policy reform that has been seen for generations begins to take root around them.¹

In the midst of this, however the new PCT leaders have an opportunity to design and develop healthy, effective and inspiring organisations. To do this properly will need careful thought and analysis as well as widespread staff and stakeholder participation. Great organisations don't just happen. They can be designed.

Designing for Life?

As new PCT Chief Executives and their Chairs get down to the task of putting together their new organisations, they need to be asking: ‘what sort of organisation do we want to lead?’ There is still an opportunity amidst the scepticism and turmoil of organisational change to create workplaces that are new and exciting. Not just organisations that are barely ‘fit for purpose,’ but ones that inspire and energise. That are great to work for, and with, because they reconnect people with the meaning and purpose of their jobs. That tap into the driving passion that motivated staff to join the NHS in the first place.

Impossible? Naïve optimism? This article explains how the right principles of organisational design embedded in the right approach to the process can deliver this outcome for each PCT.

Where to Start?

We need to start where we are! The National Primary Care Network's Organisation Design Toolkitⁱⁱ provides some useful insight. It understands that every PCT is different and endorses the fact “.....that one shape or size does not fit all and local circumstances must dictate organisational fit.” This is an excellent start. To help further it lists some of the key factors needed for PCT design. (These have been incorporated in the list given in box 1.)

The toolkit is a useful attempt to support PCT leaders in thinking about the design of their organisations. But how does one use this information? Traditionally the process of organisational design in the NHS has often been relatively unsophisticated. Fulfilling workplaces need careful design.

Box 1: Key drivers for PCT Organisation Design

- Size and characteristics of local population
- History and make up of predecessors
- Historic & current PCT performance
- PCT financial health & prospects
- Perceived strengths and weaknesses of historical and current arrangements
- Size and shape of local health systems
- Local authority arrangements
- Current and planned joint commissioning, integration & partnership arrangements with LAs
- Relationships with key partners
- Clinical engagement
- Shape of emerging PBC arrangements
- Other commissioning arrangements including for specialist services & any consortia arrangements
- Shared services arrangements
- Any specific workforce issues i.e. recruitment, retention, development needs
- Leaders personal styles and preferences

Do we know what we want to be?

For leaders to refresh existing organisations, or craft exciting new ones, they need to be clear on what are their purposes. Know this and it is possible to work out what is needed to be to deliver it. The vignette in box 2 illustrates this.

Turning to what we have for PCTs, the recent national work on PCT purposes and aimsⁱⁱⁱ is a helpful start. However, this raises a number of questions. How should PCTs be designed to enable true community and citizen-engagement? How can they be organised to work with partners to protect and improve population health? How can the whole commissioning cycle, from health needs assessment and strategic planning through to contracting and procuring services, be organised within a PCT responding to local PBC commissioners?

So the new PCTs and their leaders need a process to enable them to be clear about what their purposes and aims are within their own specific local context.

Box 2: Case study – Refreshing the design of a National charity.

A national charity working on the promotion of employment for disabled people asked for advice on how to structure itself to face its challenge for the next five years. The charity had been operating successfully as a member-funded campaigning body for over ten years with 20-30 staff and a turnover of several fmillions. The charity had established a number of important services including telephone help-lines, specialist publications, awareness-raising events and expert advice on the employment of disabled people. The charity's internal structure reflected its busy programme with the staff divided into a large number of small work units of one or two people each. The organisation matched the complexity and intensity of the work, and the fact that the whole team was stretching itself to 'punch above its weight' with limited resources.

The first step in the process was to iteratively draw out the internal knowledge of staff across the charity about the fundamental nature and purpose of their work. This identified four core areas of knowledge that were the essence of the organisation and from which everything else flowed. Built on these core knowledge areas the charity needed to have three areas of influence on the world: representing its membership, thought-leadership and campaigning.

It was realised that these three tasks had different rhythms to them. So while the whole organisation has a common purpose these areas needed to be organised separately. This led to a structural model that radical simplified the charity. This resonated well with staff and is currently being implemented.

Source: Tricordant client assignment

This may include a major financial recovery plan and the need to significantly reduce their management costs. They need to think through how they can be responsive to national policy whilst being driven by local needs. All without losing the will to live!

What PCTs can learn from what really works?

Recent major academic studies of commercial companies have highlighted the importance of a small number of key organisational factors. They have proposed that these need to be deliberately crafted into the design of organisations. There are choices to be made in doing this. Successful companies give considerable investment and thought to getting these choices right. Excellent organisational design processes enable leaders to develop and implement appropriate organisational structures, processes and cultures that fulfil the organisation's strategic intents.

For instance, Nohria et al^{iv} in a groundbreaking five year study identified that out of over 200 well-established management practices only a handful had a significant impact on performance and produced superior results (see Box 3). They found that companies that consistently follow a "4+2 formula" (that is practicing the four primary and at least two secondary factors) had a better than 90% chance of sustaining superior performance. Within a ten-year period investors in the "winning" companies saw their investment multiply almost tenfold, that is by 945%, whereas "losers" delivered a dramatically lower 62% growth.

Box 3: WHAT REALLY WORKS – Nohria et al

FOUR PRIMARY MANAGEMENT PRACTICES

- STRATEGY - *Strategy must be sharply defined, clearly communicated and well understood by employees, customers, partners and investors.*
- EXECUTION - *There must be flawless operational execution and never disappoint customers*
- CULTURE - *The culture must hold high expectations about performance*
- STRUCTURE - *The structure must reduce bureaucracy and simplify work*

FOUR SECONDARY MANAGEMENT PRACTICES (MASTERY OF 2 OUT OF 4 IS NECESSARY)

- TALENT - *Organisations must retain talented people and develop more talent*
- INNOVATION - *Organisations must anticipate events to produce innovative products & services*
- LEADERSHIP - *Selecting great CEOs can improve performance significantly (15% variance on profitability)*
- MERGERS AND PARTNERSHIPS - *It is imperative to master mergers and acquisitions and integrate them quickly.*

For an NHS obsessed with organisation charts it is interesting to note that only one of the four primary practices is about this aspect of structure. The authors write, "it matters little whether you centralise or decentralise your business as long as you pay attention to simplifying the way your organisation is structured^v."

These findings about the contribution of organisation design are just as applicable in the public sector. For instance, a study of the factors driving cost in a large acute hospital^{vi} identified that organisation design was a major cost driver and within this a key driver was unnecessary complexity.

So, according to Nohria et al., with vision and purpose come appropriate and simple structures and processes; and then integrated with them: 'strategy, execution, culture, talent, innovation and culture.'

Are they setting too high a hurdle for hard pressed PCT leaders who have just survived the assessment centre hurdle? How can these battle-weary people turn round and handle these multiple dimensions at once? Or is there the time for a single leader to complete it all before they have to deliver?

Secret of success.

There are four things needed for success. Box 4 illustrates their use.

- 1) The realisation that creating meaningful workplaces is a 'whole systems' challenge and has with it huge rewards.
- 2) A desire and determination to get there.
- 3) The adoption of methodologies and tools that work at the whole systems level to help understand and address complexity.
- 4) The use of these in an inclusive design and implementation process that energises people and takes them with you.

The inclusive approach allows many heads working in parallel to deal rapidly with complexity. It shortens timeframes by making process design run into change management and both run into implementation.

Box 4 – Designing a safe and inspiring hospital

Waitakere Hospital was opened in 2005, the first new hospital in NZ for 25 years. It provides an emergency care centre, acute medicine, outpatients, day surgery, maternity and ambulatory children's services to 170,000 people in West Auckland. The hospital development team used a strong emphasis on shared values [the "waitakere way"] and collaborative clinical-managerial leadership coupled with a whole systems organisation design approach. This helped create a human scale hospital aligning medical, nursing and other staff around the care of patients based on manageable ward sizes. The new hospital has an energised, caring and patient-centred culture which has inspired and surprised many weary and cynical clinical staff. Patient outcomes and safety indicators to date appear to be excellent and probably superior to traditional DGHs.

Source: Dr Robin Youngson Clinical Leader, Waitakere

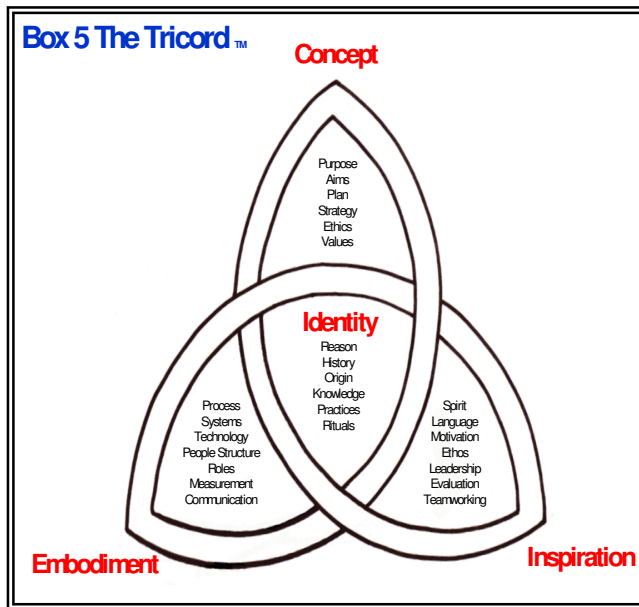
Inspiring Design?

There are a number of systems-based organisation design models available to guide leaders through the first part of this process. We have a particular belief in the effectiveness of our own "Tricord" model which integrates all Nohria's conditions for success. It is based, as Box 5 shows, on four dynamically interacting domains of:

- Identity (history, purpose, values etc)
- Concept (strategy, plan, objectives)
- Embodiment (current organisation, systems and processes)
- Inspiration (bringing the organisation alive by the energy and spirit of its people)

The Tricord (and supporting tools) can be used both to understand the needs of local communities and to define and align work processes, team structures, organisational relationships, decision-making processes, meeting structures, and

job roles. Beyond this it provides the framework to then inspire and energise people by enabling them to connect with the organisation’s values and purposes in a meaningful way.



Such a whole system approach can support PCT Leaders and Boards to clarify the organisation’s real values and, critically, how they will put these into practice. It helps them to carefully think through issues like launching the new organisation and inducting staff into the new values and purposes. It supports them in attending to the “soft” emotional and spiritual aspects of the organisation, which are just as important in successful organisations as the “hard” process and structural aspects^{vii}. A possible process is shown over the page.

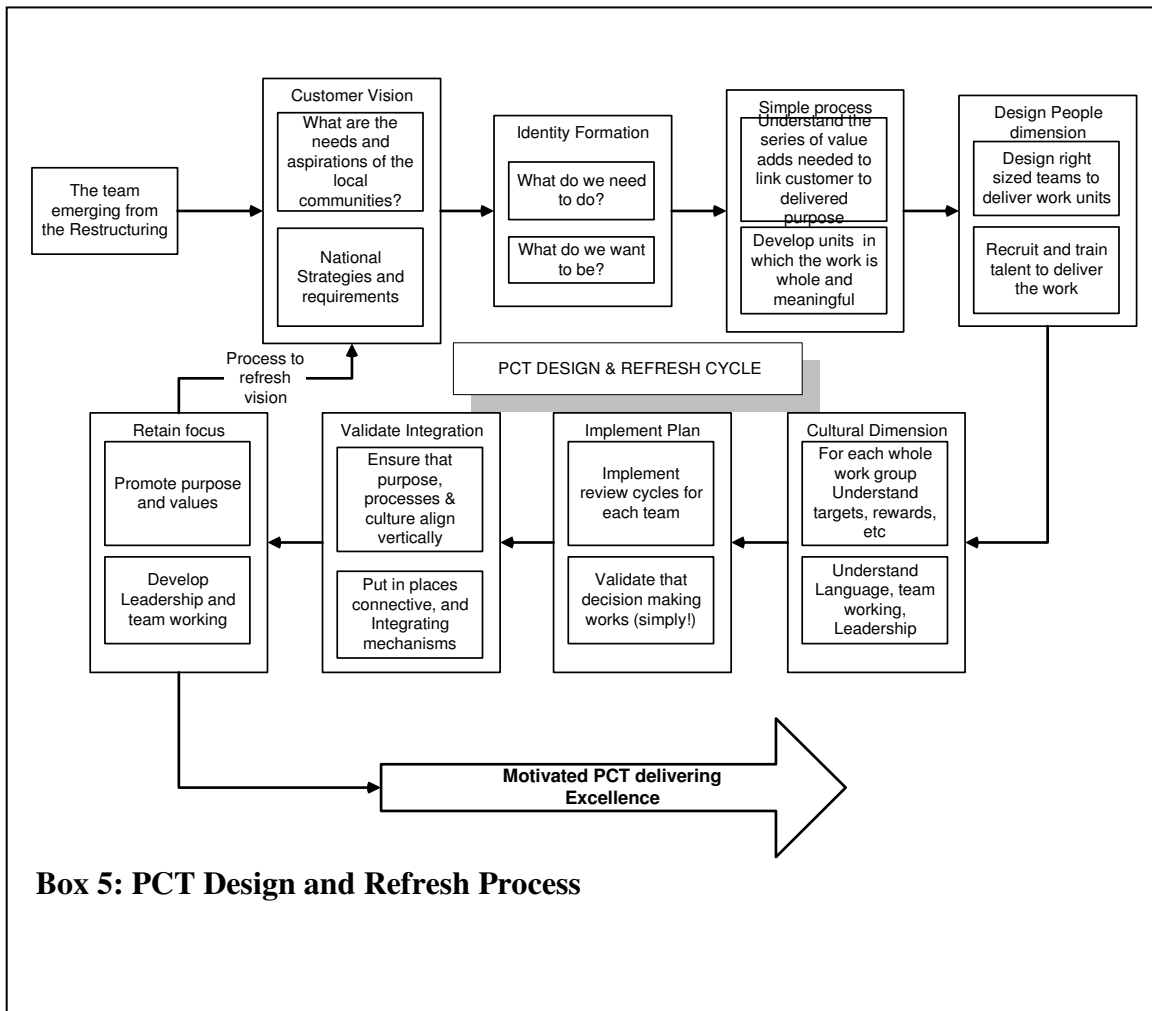
Designing together

It is also important to consider *how* a new PCT’s structure is designed. A basic premise of organisational life is that people support that which they help create. We would therefore urge leaders of new PCTs to consider using participative processes to engage all their staff and key stakeholders in designing the new organisations. This can be done quickly using linked facilitated large group processes.^{viii} Such approaches are based on using Axelrod’s four key engagement principles:

- Widen the circle of engagement
- Connect people to each other
- Create communities for action
- Embrace democracy

This participative organisational design approach has been used with success in the commercial sector in companies such as Boeing and in the public sector including healthcare. This is particularly relevant given the importance attached to staff involvement in the NHS and that PCTs are expected to work with the communities they serve as well as a wide range of partners.

The proposal is that the approach shown in the diagram below is enabled by a whole systems approach like the Tricord and is delivered through a participative process, by engaging stakeholders and staff.



Box 5: PCT Design and Refresh Process

Opportunity?

The leaders of new (and existing) PCTs will have a major opportunity this autumn to design and develop healthy, effective and inspiring organisations. To do this properly will need careful thought and analysis as well as widespread staff and stakeholder participation. Great organisations don't just happen. They can be designed. Will the new cadre of PCT leaders be up for this challenge?

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ⁱ "Yellow Submarines and Ailing Frogs – Coping with the Current Changes in the NHS." Alastair Mitchell-Baker. The British Journal of Leadership in Public Services. 2:2;67-71 June 2006.

ⁱⁱ "Organisation design toolkit." NHS Primary Care Networks. See www.networks.nhs.uk/uploads/2005_May/Organisational_Design_Toolkit_Feb05.pdf

ⁱⁱⁱ DH website. PCT roles and functions. See <http://www.dh.gov.uk>

^{iv} "What really works" Nohria, Joyce and Robertson. HBR July 2003.

^v This meant that just as many centralised companies excelled as decentralised companies, but all excellent companies had simple and effective structures. Our experience is that the process implications of meeting customer needs determines whether the extent of centralisation. In all cases processes and structures need to be effective and simple.

^{vi} BAH study for Royal Berkshire and Battle Hospitals NHS Trust 1994.

^{vii} See for example "Supporting the "soft" side of business process reengineering." Olivera Marjanovic Business process management journal 6: 1: 43-53 2000

^{viii} See for instance the Axelrod's Conference Model. http://www.axelrodgroup.com/conference_model.shtml