Crisis Governance

According to the recent inquiry into governance in the UK’s National Health Service (NHS), conducted by the Centre for Innovation in Health Management (CIHM) at Leeds University, UK, a “culture of panics” is endemic in NHS organizations, which have “an addiction to crisis.”

From my personal experience, NHS boards are not alone. From many conversations with boards and those who work with boards, I know that organizations from all sectors often feel that they are moving from one crisis to another. In fact, the seeds of the idea for this article were sown by all those boards and Chief Executives who have ever said to me, “much as we would love to be focusing on governance issues – we can’t right now – we’re having a crisis.”

The CIHM report also says that the NHS is “caught up in the need to ‘fix’ things and quite often these fixes fail.” “Dealing with longer term goals...attracts less attention.” To me this implies that the boards - the bodies charged with taking the longer-term view - are being drawn into management crises at the expense of governing. Everyone has heard of crisis management, but is there such a thing as crisis governance? I would suggest there is. I would also suggest that there is a significant difference between the two, and that boards need to understand the difference if they are going to add real value through bad times.

When I speak of crisis management, I am talking about the role of the executive. When I speak of crisis governance, I am talking about the role of the board. Therefore, in saying that there is a difference between crisis management and crisis governance, I am asserting that there is a difference between the role of the executive and the role of the board in a crisis. And, in saying that boards need to understand that difference, I am asserting that the efficient and effective handling of crises requires both the board and executive roles to be played, and played to the full.

Let me explain. Steeped as I am in the body of thought leadership and practice initiated by John Carver’s creation of the Policy Governance® approach, I believe that boards have a unique position in the running of organizations and that it is from that position that they do indeed have a unique and helpful role to play in times of crisis.

The uniqueness of the board’s role comes from the fact that the board is the owners’ representative within the organization. This is what justifies - and obligates -
the board to set its authority above everyone else’s in the organization. This is why everything starts and finishes with the board. The problem for the board is how to exercise that authority, and the total responsibility that comes with it, when – assuming you have an executive – you are positioned “above the action.” When I say “above the action” I mean that the board is accountable for everything that goes on in the organization but not directly involved in its day to day running.

If you are governing an organization in crisis on behalf of its owners what you want is for the organization to be restored to normal functioning as soon as possible and to learn anything that could be helpful in avoiding such crises in the future. Crucially you also need to ensure that you do not take your eye off the whole picture, for tomorrow’s crisis could erupt from any part of the organization at any time and therefore you can never forget that you are accountable for governing the whole organization all the time not just bits of it in crisis times.

What this means is that for your board to be really useful it needs to be clear about its expectations for “normal functioning” of the whole organization, and to be regularly tracking where the organization is against those criteria. If your board is exercising this level of governance control then any crisis in any part of the organization will quickly become apparent in the form of information about how far away the crisis has taken you from that board-required “normal functioning” state. What then?

Board members’ very natural reaction to a crisis is to want to rush in and “help.” What this typically means in practice is that board members want to ask lots and lots and lots of questions, about what has gone wrong and why, and then they want to give lots and lots and lots of personal opinions about what should be done about it. How much does this really help? I don’t think most boards know, and if they did, my conversations with Chief Executives indicate, they would find that the net effect of such board help has often been to confuse, distract and demoralise rather than improve the situation.

What I am suggesting is that when crises hit, the real help executives and organizations need from the board is:

\[a\) A consistent hold on a clearly stated vision for how things should be.\]
\[b\) A clear, consistent, and regular demand for accountability from the Chief Executive for the restoration of that vision as soon as possible.\]
c) An incisive understanding of where the organization is in the meantime.

What I am also suggesting is that, if the board allows itself to get directly involved in the “how to’s” involved in fixing the crisis, it, and therefore the whole organization, will have become subsumed by the crisis. The board is the ‘setter of the tone at the top’ and, as such, when crises hit, it needs to keep its head, to hold its position, to stay in control. And what that means is that it must be clear what its own job is and not start trying to do other people’s jobs for them.

The board does not know better than the Chief Executive and his or her team how to put things right. If the Chief Executive needs expert help, he or she can get it from many, many sources whose knowledge is far more relevant, up to date, and expert than most board members individually or collectively can hope to offer. In any case, the board has to delegate to get things done and you can’t hold delegates accountable for any part of their jobs that you have done for them.

All of the above demands that in order to govern rather than manage the whole organization in good times and bad, the board needs to have a set of standing controls in place that are clear enough and concise enough to enable rigorous monitoring. Designing such controls so that they encompass everything about an organization but are brief enough to make rigorous monitoring feasible requires a completely different approach to the job of governing than that employed by most boards.

John Carver uses the word “policy” in the term “Policy Governance” to mean the values that underlie actions. Boards using the Policy Governance approach translate these values into written policies but policies that are created according to a particular architecture that allows the board to:

a) Set out its expectations for all aspects of the operation of the organization.

b) Rigorously and regularly compare the status of the organization with its expectations (and know of any actual or anticipated non-compliance with any of its expectations at any time).

c) Hold its delegates accountable for fulfilment of its expectations.
Once this system is in place the board will always be aware of any significant gap between where the organization should be and where it is (in other words any significant crisis) and therefore able to demand and track the restoration of compliance as soon as possible, or to adapt their policy expectation. In other words, the board’s proper response to any crisis becomes to hold onto their controls more tightly, not to abandon them and jump into the fray.

So I come to my final point. The literature makes it clear that what gets organizations through crises is good communication and clarity of vision and values. If it makes sense to say that the board has a unique role to play which requires it to set out its vision and values and have systems in place for tracking the organization’s position relative to its vision and values - whether you are currently in crisis or not - wouldn’t now be just the right time to renew your focus on governance issues?

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Footnote 1. National Inquiry into Fit for Purpose Governance, Centre for Innovation in Health Management at Leeds University, UK. 2009.

Footnote 2. Policy Governance is an internationally registered service mark of John Carver. Registration is only to ensure accurate description of the model rather than for financial gain. The model is available free to all with no royalties or license fees for its use. The authoritative website for the Policy Governance model is [www.carvergovernance.com](http://www.carvergovernance.com).