Governor Dialogues
01. The alchemy of the board

Chris Sayer, chair of University of Northumbria talks to Mary Joyce about the alchemy of the board

In the Leadership Foundation’s Governor Development Programme of events there has been much discussion on the question of how to increase board effectiveness, and whether boards are ‘fit for purpose’ in the new and complex world of diverse institutions and strengthened regulation. In this series of interviews LF associate, Mary Joyce talks to a variety of chairs of higher education governing bodies about their governance careers, and encouraging them to share their innovative practice and thinking about their own institutions and what they are doing to increase effectiveness.

You made a very interesting presentation to one of the Governor Development Programme events earlier this year, where you talked about the ‘alchemy’ of the board for effective governance. What did you have in mind when you used that phrase?

The reason why I called it the ‘alchemy of the board’ was to make a slightly tongue-in-cheek point about combining a number of ingredients together that can be transformed into something of greater value. In my experience, the essential ingredients of effective governance are:

- Having the right governors, having the right relationships and having the right culture on the board so that you can have the right discussions,

and to a large degree, the glue that binds these together into really effective governance is the emotional intelligence of the board. It is also important to remember that governors have three different roles - they’re trustees of a charity, governors of an institution, and non-executive directors of a business - and these roles are not always in harmony with one another, so good governance needs to be able to accommodate these different aspects.

What sort of board did you inherit when you became chair and what was your biggest challenge?

I was a governor on the board for two years before I became chair. Sadly my predecessor had to step down partway through his first three-year term, and we then had an acting chair for 12 months, so the board had three chairs in three years, which is not ideal. We had a well-established board, with many governors having been on it for 10 or 11 years - I was the newest governor along with one other.

When I was asked if I would take over the chair, I decided that it was an appropriate time to move things on and I took the opportunity to bring in some new governors as five or six of the independent governors were coming to the end of their term of office.

This was very specifically done. The outgoing governors were very experienced, excellent people, don’t get me wrong, and were on the board because they wanted to see the university flourish. However, I was very certain that if the university didn’t really change in a major way in five years, with a really radical change in 10 years’ time, then there would be serious difficulties and I felt that we needed a newer board who would be more able to help to lead that change and who would be there to see it through.

I could see the dynamics in the higher education market opening up, and I could see a parallel with my experience in BT. When BT was privatised, it went from being a state-controlled utility to a private sector company that had to learn to survive in a semi-regulated, open marketplace. Any organisation that doesn’t respond to new market conditions can very quickly disappear, no matter how big they are, and I knew that we would be facing real change.
So in my mind, I was sure that if we didn’t thrive, then we might not survive. We were sitting in the middle of the league tables (for lack of a better way of judging us). We’d been doing really well, year after year and we’d gone up from the 70s to the mid-50s in the league tables. Things had been improving, and there had been some great things going on - some fantastic investments and a major change of direction in research. Now, all of a sudden, market dynamics were being applied in a way that they had not before, where the funding would no longer be coming directly from government, but instead it’s going to follow the students, and there is no longer any guarantee on student numbers.

I know this is terminology that nobody likes, but let’s just put it into this frame for a minute, because if money is now attached to the student and we don’t have enough students, then we lose our top line. If our top line starts going down, and we have a fairly fixed cost-base (estates and people) that you can’t adjust quickly, then we can go out of business very quickly. In a university, I think it’s more precarious than people generally realise. To use a retailing analogy, you can see some companies that get positioned in the middle ground and then they find that they are neither quite good enough, nor quite cheap enough to attract customers. So, they have to make a decision, and I’m not saying one way is better than another, but they either have to become really good value on the money side, or really good value on the quality side. Otherwise, they will go out of business.

HIGHER EDUCATION AND MARKET FORCES

And with the changes in the higher education sector, it’s clear that market forces are beginning to take effect and we will certainly see some of the same behaviours happening - some universities will respond by offering lower cost options for undergraduate study, enabled no doubt by more virtual teaching. They could offer students courses that look very similar to other universities, but for £3,000 or £5,000 a year. We will see that developing: I’m absolutely sure of it, and you can see the private sector coming into it.

Some students will always be prepared to pay for it, and there will be a market for both.

What I hear you describing is taking up your role as chair, and having a clear vision of where the university needed to go, recognising that it could be entering a different phase, and asking the question, ‘Are we fit for that phase?’ That was the conversation I had with the vice-chancellor and the acting chair when I first joined. We started talking about a vision, not in one or three years, but a 13-year vision, and about how we could fundamentally change our position - a lot of work was done to really think this through both with the executive and the board. Where do we want to be on this? The answer from the board, and from the executive, was: ‘We’re going to go up the ladder. There are some things we are already doing that are genuinely world-class. Things like healthcare, our design, fashion, law, business and accounting, and architecture - they’re right up there. We asked ourselves, ‘If we can do all these things as well as anybody else, why can’t we do everything just as well? And if we can’t, then should we stop doing them?’ We want to reshape the university so that we are known for excellence in everything that we do.

One thing that was very clear to the vice-chancellor and me was that we needed to have more research activity to underpin things, but it’s not going to be the thing that we are absolutely centred on. We are going to be great at research-informed teaching, and really making sure that we don’t just pay lip-service to the principle of putting students at the centre of things.

Whether we like it or not, we are likely to have a budget end of higher education, where value for money comes from lower fees, and at the other end of the spectrum, there will be the high-quality offering, where value for money is less about cost and much more about the quality of the experience and teaching that students are getting and the reputation of the institution.

We’re going to work out what that means, and we’re really going to do it.

So the things that we’re going to drive as our top goals are student satisfaction, the REF results, changing the way that we deliver the experience in the classroom, and international growth.
As I said, the parallels with BT are striking because I’d seen it before - 30 years ago, BT was a state-owned organisation, completely funded by the public sector. Our most important stakeholder was government and it’s probably true to say that customer satisfaction wasn’t as high a priority as it should have been. Then, in the early ’80s, we moved to being an organisation where the customer was genuinely paying for our services and, on top of that - and this is where the parallels are really strong - the government started introducing artificial competition, to break up BT’s monopoly.

If we couldn’t compete on price, we had to find a different way to compete, which meant focusing on value, customer satisfaction and experience. We lost customers, and initially we shrank a bit; and there was a time, during the late ’80s and early ’90s, when it was very difficult to win business in London and the major cities because the new competitors came in and cherry-picked the best markets. They went for the high-density, high-value areas, and there was a real danger that BT would end up just providing services in the rural, expensive-to-service areas, where there was very little competition. Fortunately, the BT board adapted to the new conditions by investing to drive increased quality and expanding its activities in the open, non-regulated areas both in the UK and abroad. The result was that BT changed from a domestic telephone company to a highly successful, global networking company.

We suddenly had competition, and our competitors were given advantages that we weren’t allowed to have. Our pricing was regulated, which meant we couldn’t reduce it and everybody else could charge lower prices than we could.

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It’s easy to see the analogy with what’s happening in higher education now. This is a monopoly that is now being exposed to new competition. Competition is coming into the UK and it is also growing outside the UK.

Competition is heating up, and the money is now following the ‘customer’. If we don’t have our customers, we will be in trouble, so it’s exactly the same. BT’s response was to grow in the unregulated places, to start really thinking about what customers needed, and how to add value to them. We had to think about what that meant, and how to drive better customer service. We had to listen.

That debate is happening now in higher education, where people really are thinking about what students get out of their university experience. I’m not entirely sure that conversation has ever taken place with the same intensity.

I think that’s great. I think market forces are a good thing; they drive quality up, and stop complacency.

Creating a different leadership model for the board

What thoughts did you have on whether your board was ‘fit for phase’?

Firstly, a word about context. I was really lucky on two fronts; to become chair at a time when there were major changes in the environment, which meant we had a chance to do something different. That was great - and it meant that this was never going to be a dull job! Secondly, if I had come straight in as chair, I don’t think that we could have made the moves and had those strategic discussions as quickly as we did. I’d already had two years as a governor, which gave me the opportunity of making some sense of the environment, which was really helpful. I probably still haven’t entirely made sense of it, but I was understanding what was happening in the sector and what that meant for the university, and could see what we had in terms of levers that we could start pulling, and thinking about what that vision could look like.

The university needed a different board who were fired up about an agenda for change, and who could work with the executive team to make it happen.

The executive are very good, but looking back, I think there was this feeling of, ‘This is the way we’ve always done it’. If we’d carried on working like that, we were never going to make the changes that were needed.
The dialogue and conversations we were having were beginning to make people realise it was possible to do something completely different. What I needed to do was create a different leadership model for the board and the way it worked with the executive. I wanted the board to be so energised, and so enthusiastic about this, that it would help the executive to really own this, drive it and succeed in it.

The board is now much more engaged with the executive than it has ever been, and this is, I am sure, because we have adopted a different cultural model with very specific values. One of the most important things that the board can do is demonstrate to the whole institution that you get the most out of people by the way you work together - by being respectful, and listening, and learning from each other, and collectively coming to decisions, working those out, and then respecting the answer, and pulling behind each other. The conversation that I have had with every member of the board (including staff and student governors) is that part of our role is to show there is a better way of operating as a team; that we are here, first and foremost, as governors. Of course we can disagree, so long as we’re not disagreeable, and that ultimately we support the collective decisions.

We aim to demonstrate that the culture of the board doesn’t have to be a ‘command and control’ approach; although a more autocratic approach may be necessary in some circumstances, it doesn’t work when you’re trying to do something really creative.

Our culture is that we are governors first, and we all have to be trusted to maintain that integrity and honesty within the board, and be loyal to the board. I will listen to everybody’s voice, we will come to a conclusion about things, but everybody has to respect the overall conclusion.

In truth, there were a (very) few people who were uncomfortable about student and staff governors being given all the same information as the rest of the board. But my stance was that I was going to start from a position of trust, and the deal that I have with every governor is that they will have open access to all the information that the rest of the board members have. I would trust them to behave like a governor, and to keep things confidential, and if they felt that they couldn’t do that, then I would ask them to step out and absent themselves from things that they don’t want to be involved in. The overwhelming reaction from staff and student governors was, ‘That’s great. I won’t absent myself. The more I understand, the better I can explain the discussions and the debates that are going on in the board.’ And they are all very constructive, valued members of the board.

As a result, I don’t think we have ever had anything leak out. It’s quite remarkable. It’s allowed us to discuss really sensitive things that were probably being discussed only in smaller groups previously.
If I found that somebody wasn’t respecting that, then I’d have to have a conversation with them about leaving the board. I’m a great believer in a team being much greater than any one of the individuals.

"It doesn’t matter whether it’s a board or whether it’s an executive, or your own team. It doesn’t matter how good or brilliant an individual is; if they’re off-culture and not supportive, and acting in a maverick way, then there comes a time when they become more destructive than constructive."

At that point, it’s generally best to let them go.

But I don’t envisage that happening; we have a board of really high-calibre people, who are very sensible. They have nothing to prove; they’re very experienced and successful in their own fields. They bring a diversity of different backgrounds, and they’re there because they want to make a difference.

GETTING THE RIGHT PEOPLE ON THE BOARD

Going back to your earlier point about having the right governors for effective governance: how did you decide who the right governors would be for this phase of the university and the board’s life?

Once we had our five-year plan in place, we started to ask, ‘What are going to be the big challenges for the university?’ We knew we needed certain skills on the board - legal, financial skills, etc.; they’re the base DNA you need. But we also recognised we were going through a huge amount of organisational change, and therefore in all of our rounds of governor appointments, we have specifically looked for particular skill sets and experience. For instance, we set out to recruit somebody who really understands organisational redesign. We knew that IT was going to be more important than it’s ever been, and we were launching a really big investment in IT - about £15 million over the next few years. What we wanted to have was somebody who really understands how IT can drive change, so that they could challenge, in a constructive way, the IT thinking and structure. We brought in a technologist who has used technology for years to support organisational redesign; that’s really good.

Our latest recruitment round was to improve our audit skills, and the great thing for us is that we’ve made two appointments, which will also improve our diversity balance as well. It is always about finding the best people for the job, but I’m really delighted that the two most exceptional candidates will improve our diversity mix. I think it will be very beneficial to the board.

PAYING ATTENTION TO THE SOFT SKILLS OF GOVERNANCE

I can see that your skills audit was mapped to the university’s strategic plan. I wondered whether you did anything within that in terms of identifying the soft skills that you’d want on your board. You’ve talked about wanting to create a different cultural climate on your board, so are you giving attention to those skills, too?

Well, that’s a really interesting question. What we tend to do is look and recruit for particular skill sets and experience that we want to bring in, and then we interview. Almost the entire interview, though, is about how the candidates behave. We know they’ve got the specific skills, but the interview is about answering the question of whether they will fit into the culture and the philosophy of our board.

"We aren’t explicit about the softer skills when we’re looking for individuals, or in the advertising, but the interview is all about that."

Almost all of the questions and discussion are designed to find out if they understand how non-executives work, the difference between executive and non-executive roles, how you work to support an argument, how you resolve conflicts, and how you encourage, coach and enthuse without being directive. It’s looking for high emotional intelligence, and that’s a very deliberate policy.

We have had some candidates who looked absolutely fantastic on paper, in terms of measuring up to the skill set that we want, and after 10 minutes, you know they would be a disaster, because they just don’t think the same way. We do see it as a genuine recruitment exercise; just as important as recruiting for any other position in the university. The recruitment board for governors consists of me, the vice-chancellor, the deputy chair, the senior independent governor, and the HR director, and sometimes other board members. So recruitment isn’t
about approaching somebody we know, patting them on the shoulder and saying, 'Join the club.' There's actually only one person on the board whom I knew before they applied to join the board. That's probably unusual.

I think it’s very important that we have local governors who are on the ground, and understand the North East, and are available to really get into the working of the university. I also think it’s important that we don’t just have only North East people, because otherwise we end up being a bit of a hothouse of North East thinking. We're trying to get the balance right between having local governors, and others from around the rest of the UK, and we’ve just appointed our first governor based outside the UK.

One of the things I’ve heard you talk about is 'one university', and you use a very powerful metaphor to convey the idea, which you take from coaching and the sport of rowing. Could you explain that here?

In the conversation that we’re having, the board is the important thing, not the individuals.

From my experience in corporate life, and with all of the really high-performing teams that I’ve had the privilege of working with,

it is quite remarkable what can be done when nobody really cares who gets the credit.

As soon as people start worrying about taking credit, and thinking about themselves, it just becomes a major block on team performance.

When the team is the important thing, rather than the individuals, it is liberating.

I may seem really old-fashioned, but when I joined BT, I was so proud to be part of that company - it was part of my identity. It wasn’t about losing my individuality, but I really felt it was something to be proud of - and, for me, success was the company succeeding. When I first came to the university, I didn’t feel the same sort of sense of ownership, or belonging, or connection, in all of the people I met. I felt quite strongly that we’d never succeed collectively if individuals were just working to their own agendas.

I’m not naive enough to think that people don’t have their own agendas, and are not interested in their own careers and their own successes, and of course it is important to recognise these things and to congratulate people and highlight those individuals. However, at the end of the day, they’ve got to collectively pull together.

So coming to the rowing metaphor - there are eight or however many people in a boat. They could be the most fantastic rowers in the world; they could be the strongest and the biggest, but if they are all rowing at the wrong time, or rowing in different directions, the boat is going to go nowhere. It doesn’t matter how good the individual rowers are.

I had a great opportunity a few years ago when my team went down to Henley to learn how to row. James Cracknell, the Olympic rower, was teaching us. It took some time, and we'd been trying like crazy and despite all the effort, we were getting nowhere. Then, all at once, our oars hit the water at the same time, then came out and we feathered the blades, all in sync. The boat lifted out of the water - it was quite remarkable. We did it for about three strokes, and the boat just flew! That’s a great picture of aligning strengths and having 1 plus 1 plus 1 equal not 3, but 30.

That’s what high-performing teams do. It’s when you take the individual skills and capability and energy, and you find a way of aligning them, so they support and complement each other, and the effective whole is massively greater than the sum of those individual parts.

**The board’s relationship with the vice-chancellor and the executive**

In a rowing boat, it’s the cox who calls the strokes, who makes the tactical decisions, who decides how the race is going to be run, when the boat is going to slow down and when they’re going to speed up. Everybody has to listen to the cox, and take their direction, because you don’t just go flat out in a race from the start. Sometimes you’re slipping in behind another boat; other times, you decide you’re going to overtake. The cox is making those decisions about how fast you can go, for how long, and what stamina you require.
In this analogy, that's the vice-chancellor and the executive team - the people who are leading the university. That's their job; to get all of those people who are the engine of the university pulling together - doing all the great research, teaching, support, administrative work, and those who are looking after the estates and all the other facilities. The vice-chancellor and his team are the ones that have to direct that, and make sure everything is happening at the right time and in the right way.

The governing board do not do that, and it's a real danger to think they can.

And part of our job is to be cycling along the side shouting encouragement, but also with that little bit of distance, having a different perspective. You can see what's happening in the bigger market.

The board has the role of coach, and to do that well you need to have some space - you can't do it from inside the boat. In rowing you've got a bit of river between the boat and the coach, who's on a bicycle on the bank with their megaphone, cycling along the side of the boat, shouting, 'You're doing a great job. You're in the lead; you can do it.'

And part of our job is to be cycling along the side shouting encouragement, but also with that little bit of distance, having a different perspective. You can see what's happening in the bigger market.

Then the coach does two things. Before the race, they sit down and they discuss tactics - the game plan. They discuss how, in a perfect world, this race would be run. The cox takes that and makes tactical decisions all the way through, but basically, you've worked out your game plan, and you try to hold to that. At the end of the race, the coach sits down with the cox and the crew, and says, 'How has it gone?'. You think about how it could be improved, and you think about how, individually, people have performed, and also how, collectively, they have interacted and performed as a team. That's the encouragement and the working out about how things can get better next time.

I think it's a really good and appropriate model for how governance works in a university, or should work.
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Governor Dialogues are a series of interviews with senior governors, in which the issues facing governors and how they are dealing with them are considered.

We hope that Governor Dialogues will provide governors and those interested in governance with ideas for best practice.

CHRIS SAYERS, CHAIR OF NORTHUMBRIA UNIVERSITY
Chris Sayer joined the university’s board of governors as an external member in November 2010. He became the chair of the board in July 2012 and was reappointed for a second three-year term as chair from November 2013. Until 2012, Chris was the BT Group regional director for the north east.

MARY JOYCE
Mary Joyce is a leadership and organisation development consultant. She is founder of Leading Minds Consulting and a LF associate. She specialises in working with teams and boards that are leading and managing change, particularly the psychological impact of change on group behaviour and organisational performance.

She has held senior leadership roles in the education and health sectors, which has included: clerk & university secretary, first clerk to the Hefce council, governor on a university board, trustee of an independent hospital, and currently, trustee of a mental health charity.

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