

CEO CONNECTION CALLS

Flexible work, supply chain performance and advocacy priorities

Summary of discussions with CEOs

September 2022

In September, we engaged 25 CEOs from across New Zealand and a range of sectors to explore three questions:

- What's supporting and detracting from **mental well-being and flexible work arrangements** in your organisation currently?
- What's changed in the performance of your **contractor and supply chains**?
- What **issues do we need to advocate on** as we head into next year's **General Election** in support of thriving people and thriving businesses?

This is a summary of the key themes challenges and approaches shared on those calls.

Mental wellbeing and flexible work

Workforce constraints are putting huge pressure across the board

An almost universal theme shared by all attendees was that labour shortages were creating unrelenting pressure on teams. One CEO noted that some of their people were “stepping up” to that challenge, whilst others were “stepping out”, and observed: *“Pressure doesn't always make diamonds”*.

Another leader described the chronic backload of work that had been delayed and deferred due to COVID – creating work demand pressures that were manifesting in increasing numbers of people struggling with their mental wellbeing.

One CEO observed that there appeared an increasing number of people who *“have fallen out of love with work”*.

Home or office – a help and a hindrance

A number of CEOs reported challenges getting people to return to the office for a range of reasons, making of the reset of the organisational culture difficult. One CEO reported tension between not wanting to “rigidly direct” staff back to the office, and the need for people and teams to reconnect.

Relating to the issue of “getting people back to the office” – there was support for a more directive approach to getting people back into the office with some purpose – in order to build some organisational agreement about when and why different ways of working was important. Another leader noted that the offer of morning teas and social drinks had significantly helped motivate more people to get back to the office.

In response to the concern about equity and fairness of *working-from-home* options for the workforce, one organisation who only had 15% of their workforce able to work remotely, decided to require all staff to return to the office. That had provided a more organic opportunity to identify people who were struggling, and intervene accordingly; as well as provided clarity and confidence about people's roles and work requirements at a time when the world is wildly uncertain. That CEO

reported that their people had responded positively, and they were now starting to explore “what flexibility means” from that position of clarity.

Practically, another organisation talked about their explicit acknowledgment that there are certain types of work that are best done in person, and others that can be done remotely – framing these in terms of *focused work* (aka remote) and *collaborative work* (aka in-person).

One highly operational organisation shared how they have been exploring a range of flexibility options across their teams, beyond simply flexibility of place”. They have re-written their flexibility policy as “Ways of Working”, including dedicated well being days (2 days p.a.), different work scheduling options and workload sharing.

Wellbeing and flexible work is also a safety issue

One operational leader was clear that there were safety implications of poor wellbeing and poorly executed flexibility arrangements, especially at times of labour shortages. The critical importance of effective handovers between shifts was all the more challenging with fatigued teams – creating risks of poor knowledge transfer between shifts.

No silver bullets – so need to learn and share with others

There was a shared agreement that the emerging world of flexible and hybrid arrangements was here and happening and wasn’t going to stop. There was subsequent agreement that there were no single fixes or template approaches to getting this right. This underlined the importance of CEOs being able to connect and share lessons with fellow peers.

Supply chain performance is challenging whether the supply of people or materials

Workforce shortages

There was universal consensus that workforce constraints were negatively impacting work arrangements throughout the supply chain rising the risk of fatigue, short cuts and delayed maintenance.

Many leaders on the call talked about reducing the demands on their people and suppliers in order to manage those safety risks – with up to a 25% reduction in output in one case. Others were suppliers of critical services, or played a critical role in the supply chain of other organisations, making “demand reduction” more challenging.

Reform uncertainty constraining demand pipeline

In a range of different contexts, the convergence of various reforms – e.g. 3 Waters or Local Government reforms etc – was creating chronic uncertainty that was seeing many clients pause investment on specific infrastructure projects – thus undermining contractor confidence to invest in new plant. The lack of clarity from the Opposition about what their alternative approach would be to these long-term challenges only added to that uncertainty.

One local government CEO signalled that they had decided to back themselves to take a long-term view and invest in the necessary water infrastructure despite the uncertainty. There was a shared sense across the group that more of this long-term thinking was needed from government.

Issues for the General Election

Workforce shortages are becoming a safety issue

The number one issue in all discussions is the increasingly negative impact on worker wellbeing from workloads as a function of workforce constraints – with the acute impact of migrant labour a specific focus. There was acknowledgement that migration was not the sole answer – but there was almost

universal agreement that a deliberate and better coordinated approach to migrant workers – skilled and skilled – was missing.

There was support for a more joined up and systemic plan or strategy for NZ's medium and long-term workforce development.

“Safe transitions” not being considered

The current range of significant reforms (climate transitions, water, vocational training, health, immigration-workforce, infrastructure etc) all play out at the business level in different ways creating significant uncertainty that is impacting continuity of demand (i.e. investment confidence – especially in infrastructure sectors) and confidence of workforce supply (i.e. training, immigration).

There was no consensus on the specific virtues of each area of reform – but a strong view that the compounding impact of these significant changes (without a clear sense of what the collective end goal looks like) at a time of up to 25% workforce shortages was creating huge pressures on leaders and workers alike – heightening safety and wellbeing risks.

No sense of a long-term plan

Related to the above sense of reform fatigue, was a growing lack of clarity about what the longer-term goal looks like – making the current discussions on real challenges difficult to engage and invest in.

This was a frustration of the political domain regardless of the party colour.

One example of this lack of clarity was the National Party promise to repeal 3 Waters, but having no clarity about what might replace it; thus further fuelling the uncertainty, and undermining confidence in long term infrastructure investment.

Similarly, the persistent (and shared cross party shortcoming) of infrastructure “lolly scrambles” favouring “new initiatives” and undervaluing the importance of asset maintenance and management.