NEW ZEALAND CUSTOMS SERVICE: WORKFORCE STRATEGY CASE STUDY

Introduction

In 2011, the New Zealand Customs Service (Customs), along with a number of other government agencies, was asked to prepare a Workforce Strategy.

The Workforce Strategy needed to provide confidence to government that the Service could deliver on its Statement of Intent, within the fiscal constraints of the Four-year Budget Plan. The challenge for Customs was to deliver a Workforce Strategy within 12 weeks.

This case study provides an insight into how Customs overcame this challenge, and went on to develop a Workforce Strategy that was commended by the State Services Commission. Customs hopes that in sharing its story, other organisations can learn and benefit from its experience.

The New Zealand Customs Service

Customs provides vital border services and infrastructure to advance New Zealand’s economy and security. Customs is shifting towards becoming a technology-led organisation working in collaboration with other border agencies to deliver integrated and streamlined border services to manage the movement of all people, goods, and craft across the border.

Customs delivers high-quality services to facilitate trade valued at over $100 billion, to process more than 10 million travellers per year, and to collect $14 billion of Crown revenue forecast in 2015/16, enabled by targeted risk management.

The organisation has approximately 1200 staff based in 14 locations across New Zealand, with a small contingent of people overseas. The majority of staff (83 percent) are customs officers including intelligence and other specialists who provide critical support to Customs’ operations, and staff who provide input to domestic and international policy settings. The remaining 17 percent of staff develop business systems and provide corporate support to the frontline and senior management. Customs currently has unplanned staff turnover of around 7% which is below the Public Sector average.

The operating context for delivery of Customs’ core functions is one of increasing expectations from Government and the NZ public for better services in an environment of ongoing fiscal constraint together with growing and more complex service demand. Customs’ work programme has a strong modernisation agenda and includes initiatives to enable a more flexible workforce that is able to meet changing service demands and risks.

Customs strives for an organisational culture that supports high integrity, innovation, service, high performance, and security.
The organisational landscape

Although the initial impetus was external, developing the Workforce Strategy during November 2011 - January 2012, was timely for Customs as an organisation given the following dynamics were in play:

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<thead>
<tr>
<th>Category</th>
<th>Description</th>
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<tr>
<td>Election</td>
<td>New Zealand was due to hold elections on 26 November 2011. This could have changed: the government, the Customs’ Minister, and potentially the Customs’ Statement of Intent.</td>
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<td>New Comptroller</td>
<td>In September 2011, Carolyn Tremain started as the new Comptroller for Customs. Whilst the Statement of Intent sets out the strategic agenda for the coming term, the Comptroller was assessing the Service’s performance to deliver on those intentions which may result in organisational change initiatives.</td>
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<td>Four-year Budget Plan</td>
<td>The Four-year Budget Plan had gone through its first reading by Treasury which meant that any initiative falling out of the Workforce Strategy would need to be accommodated within existing financial parameters. In addition, commitments were made in the Four-year Budget Plan that would be honoured by the Workforce Strategy.</td>
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<td>Significant IT changes</td>
<td>Whilst lead project teams were in place and working on critical paths to plan and implement significant technological changes to the organisation with the Joint Border Management System-Trade Single Window, the Digital Equipment Surveillance regime, and Smart-Gate, planners were not at a stage where they could point specifically to workforce impacts.</td>
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<td>Timing</td>
<td>December / January are traditionally busy months especially at the border.</td>
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<td>Government announcements</td>
<td>Early indications from government were that an imminent announcement on the Better Public Services programme which could affect workforce strategies was expected.</td>
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**Workforce Strategy formulation and sign-off**

The approach to developing the Workforce Strategy was geared towards producing a worthwhile and credible result within a relatively short timeframe. The project team followed a 6-step process to develop the Workforce Strategy as follows:

**The approach:**

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<tr>
<th>Step 1</th>
<th>Form a team</th>
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<td>A decision was made to appoint an external short-term resource to lead the development of the Workforce Strategy.</td>
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<td>Value point: When engaging an external resource, pair them with an internal resource to provide organisational context, and continuity post the consultant’s departure.</td>
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<th>Step 2</th>
<th>Develop a plan</th>
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<td>The project team invested time upfront to determine how best to achieve the delivery of an important strategic document within a limited timeframe.</td>
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<td>Focus was given to: how best to reflect the strategic priorities of the organisation, which people were going to be vital for informing the viewpoints, validating perspectives, and signing-off on the strategy.</td>
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<td>Value point: Have a connected approach across functions to bring in key organisational perspectives.</td>
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<th>Step 3</th>
<th>Agree on a format</th>
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<td>The State Services Commission (SSC) provided informative guidance to help agencies with the development of their workforce strategy. Agencies had the flexibility to prepare their Workforce Strategy using any format they deemed appropriate.</td>
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<td>For simplicity, Customs elected to use the general format supplied by the SSC to gather and then report on its strategic workforce intentions.</td>
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<td>Value point: A good format allows the writer to know what is missing when drafting a strategy, and the reader to assimilate a lot of information easily. It provides clear direction and pointers for covering off all essential information as well as providing leaders with road markers for discussion and decision points.</td>
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**Step 4: Research**

The team performed an internal and external scan of documents to identify: strategic documents that would inform the strategic direction of the Service and therefore the Workforce Strategy; key workforce statistics and relevant trends (workforce profile); and, key external factors that may affect the Customs workforce.

Thorough analysis of the business and of the workforce as a base for the Workforce Strategy is essential for forming perspectives and priorities.

Value point: Ensure all HRIS information is to hand in particular key HR metrics e.g. age, gender, management level distributions and length of service that will provide the workforce context.

**Informing conversations**

The timeframe and timing of the Workforce Strategy project meant choices needed to be made quickly about who to engage with to tap into organisational and operational knowledge, opportunities, and risks. The project team identified and engaged key parties to inform the development of the Workforce Strategy as follows:

- Comptroller (Chief Executive)
- Senior Leadership Group
- Specialists in: Strategy, Business, Operations, and HR
- Internal Thought Leaders
- Leads of key projects e.g. Joint Border Management System
- External stakeholders e.g. union leaders, State Services Commission, other Government agencies in Tranche 1.

A working forum was held with union leaders to obtain their input including perspectives and concerns that they believed needed to be incorporated in the Workforce Strategy.

After the initial conversations, the project team identified a handful of key thought leaders with deep organisational knowledge to help with the validation and refinement of the Workforce Strategy.

Value point: The direction must be shaped, driven and supported by the Chief Executive and Senior Leadership Team. When needing to work quickly on a strategically important piece of work, ensure that you involve people with deep and broad organisational knowledge.

**Step 5: Drafting the strategy**

From the desktop review and critical conversations, the project team distilled key themes for the four-year period ahead such as:

- Key strategic intentions of the organisation e.g. technological changes, collaboration with other border agencies, and internal productivity reviews;
- Tangible, emerging or trending impacts (internal and external) on the workforce e.g. ageing workforce, and staff turnover; and,
- Fiscal principles and commitments to be honoured.

The information was then used to draw a direct line-of-sight between the Statement of Intent, and the Four-year Budget Plan in the preparation of the draft Workforce Strategy.

Value point: “There are no HR issues; only Service issues with HR implications.”
Step 6 Validating and confirming the Workforce Strategy

Given the speed at which the Workforce Strategy was drafted, it was critical at each key milestone to seek validation of the emerging views from key parties. This was done in the form of brief presentations where key themes were conveyed and used to inform deeper conversations, challenge thinking and perspectives, and to ensure correct interpretation of potential workforce impacts.

As information was not released to external parties ahead of the formal government release of the Budget in May 2012, Unions were engaged on themes over a series of two-day forums. Union input and buy-in were essential; this process enabled the project team to engage with the Unions whilst honouring the sensitivity of the information not able to be disclosed until 24 May 2012.

The Senior Leadership Team met four times during the 12 week period to read in-depth and sign-off on the Workforce Strategy, and to influence changes to ensure it ably reflected the organisation and its intentions.

Value point: Continued communication with key leaders is critical for acceptance of the final strategy.

What we learned

The experience of developing a Workforce Strategy has been valuable for Customs. The process of thinking and connecting key strategies with the key people involved has been useful, drawing the strands of business change, technology and financial performance together into a cohesive whole to provide a ‘one-document’ visibility to the workforce. More specifically:

• Developing the Workforce Strategy involved a tightly led project management approach supported by strong leadership from the Chief Executive and the senior leadership team, engagement with key stakeholders within Customs, and integration with the Four Year Business Planning process.

• The role of organisational leaders was very important. Customs’ senior leadership team gave its full commitment to the project team. This was evidenced by their accessibility and input to the shape of the emerging Workforce Strategy document during the 12 week period. It set an inclusive and supportive tone for the project.

• Access to clearly articulated strategies enabled the project team to quickly determine the key strategic organisational priorities and to map the likely implications on the workforce during the tenure of the Workforce Strategy. It created a strong platform for thinking about the Customs’ workforce.

• It was essential to meet government’s intent for the Service to draw a direct link between the Statement of Intent, Four-year Budget Plan, and the Workforce Strategy. In addition, the project team looked for other important supporting strategies to ensure these were appropriately linked e.g. knowledge management strategy, business technology strategy, and lead papers from the technological projects underway.

• Getting the right people involved – the ability to bring different perspectives to bear. Without this the Workforce Strategy could have been seen as primarily an ‘HR document’ which could have reduced the ability to get at all the relevant business issues into play.

“A very worthwhile thing to do. The Workforce Strategy helped us to build a shared understanding of what we were signing up to.”

-- Carolyn Tremain
Chief Executive
Undertaking a deep analysis of the workforce was critical for determining what trends, if any needed to influence the Workforce Strategy.

The Workforce Strategy has helped to develop a common view and understanding of the organisation. It connects: people, financial and business change strategies into a single unified organisational picture.

Most importantly the Workforce Strategy has strengthened Customs’ future focus as an organisation. Five years from now the workforce is going to need to have different capabilities. The Workforce Strategy has helped the organisation to work through the practical implications, the ‘how’, of the business strategy.

The Workforce Strategy has informed the content of and priorities for Customs’ Human Resource (HR) work programme. As a result of Customs’ experience developing the Workforce Strategy it has a new set of HR metrics that will support more effective monitoring of the progress and provide a better information base for the future.

The Customs' Workforce Strategy is an important enabling strategy for the future. Having now completed the first Workforce Strategy, Customs believes that the real value will be in what happens going forward as they implement and further refine the Workforce Strategy and continue to develop their workforce capability and flexibility.

“It is easy to underestimate importance of longer-term view – changing a workforce doesn’t happen overnight. The best way of managing through pressures is to have a long-term view.... to avoid some of the traps that can result from short-term thinking.”

-- John Secker
Deputy Comptroller, Policy People & Resources

Further Contact
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