

## **George Hickton: marketing the Employment Service**

Major advertising and image-building campaigns, staff uniforms, and open plan offices to reduce the barriers between staff and clients were some of the innovations George Hickton brought from the car sales world to the New Zealand Employment Service (NZES). He was appointed to the General Manager's role in 1988 from a job as marketing manager for Honda Motors in New Zealand, and 23 years experience in the motor industry.

For much of the 1980s, staff at the Department of Labour jointly handled the diverse range of issues associated with employment, from health and safety, to training and employment programmes. The result was a confusion of roles and priorities. In 1988, the department was restructured into five distinct service units: Occupational Health and Safety Service, New Zealand Immigration Service, Industrial Relations Service, Training Support Service, and NZES.

Hickton was brought in as a "Mr Fix-it" to an organisation in disrepair. NZES was reeling from the increased demands being placed on it by a rapid growth in unemployment during the late 1980s. Opinion polls consistently showed unemployment as the single greatest concern for voters, and it was a service that the public loved to hate. The unemployed used it to qualify for social welfare, and employers used it to gain subsidies for an array of job creation schemes whose names seemed to change every six months.

### **A process of change**

Hickton said later he was surprised at the quality of the staff he inherited: surprised by their enthusiasm and commitment, but also by their frustration at a system which gave

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This case was written by Anna Smith and Richard Norman, Victoria University of Wellington, for Victoria Link. It is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation.

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them no room to use their initiative. He kept most of the management team, bringing in only two recruits from outside the organisation.

He felt the management at NZES had been in a six-month limbo since the Department of Labour had been restructured, waiting for someone to come in and take charge. He saw this leadership vacuum and the lack of identity that was apparent in the organisation as providing an environment conducive to change.

“It was also considered that no one wanted to end up in Employment (after the restructuring). I think that was, in fact, our strength. We didn't have the organisational concrete, which was stopping (change in) other parts of the business. The useful thing was that people [at NZES] were desperate to get on with something.”

Two things restricting the organisation from moving forward soon became clear to Hickton. Priorities were being confused by staff having their focus divided between two very different clients – employers and the unemployed. On top of this, no one really knew what performance was expected of them.

Hickton made two key decisions about how this would be overcome. He placed the focus of NZES firmly on employers and on generating job placements. Employers who had the potential to provide jobs became the service's primary clients. This was backed up by a major review of the organisation's statistical and financial systems. Before long, offices could receive daily reports of their progress towards set employment targets.

Another priority for Hickton was to build initiative and leadership from within NZES. He was a strong believer in giving staff the freedom and flexibility to make things happen, and encouraged them to throw away the rule books and replace them with a single procedure: use your best judgement at all times.

This could be seen in his approach to a job opportunities scheme run by NZES in the late 1980s. Rather than paying employers a set \$250 per week for taking on an employee under the scheme as was originally proposed, Hickton gave his staff the bargaining power to negotiate the amount depending on the individual involved.

“We ended up with having about twice the number of people employed through this programme. It meant my staff had a degree of credibility with employers in negotiating.”

Hickton wanted to distance NZES from what he felt was a tendency in the public sector to take a reactive approach in delivering government initiatives.

“There will be people in government who will argue that my suggestion is to somehow repackage the Government's initiative and my argument is, yes, the way it is presented and implemented should be up to the management, provided the outcomes are seen.”

## **A new direction**

While there were some easily identifiable problems that Hickton felt it was just a matter of “getting stuck into”, a bigger challenge lay in setting a new direction for the organisation.

“There was a degree of awareness about what some of the problems were, so from that point of view it was very easy. If you know what is going wrong you set about trying to find a way to fix that. What was perhaps a little less clear was where the organisation's future would be. The important thing was to try to work past the problems of the day and say, given we could fix those, ‘Where do you want to take this organisation?’”

Hickton was adamant it was management’s responsibility to set the direction of the service and employees’ responsibility to follow it. He only turned to consultation once the direction had been set, to make sure that everyone understood how the organisation would get where it was going.

“You have consultation around how to make the changes, but management, I believe, has a responsibility for setting goals... they can’t back away from it.”

Hickton spent a lot of time presenting the strategy, to the government as well as to his staff. He presented a vision of where the service might be in ten years’ time, then worked back to show how it might get there. However, he was wary of being too particular on the long-term specifics:

“What for me is key is to paint that picture quite clearly but never establish a strategy by telling everyone what is going to happen in every year, because people say, ‘If you have a ten-year strategy you must therefore have a plan’. The moment you develop a detailed plan for a ten-year strategy, people will immediately assume you know what you are going to do and therefore you don’t need their help... You need to have a three-year perspective, but beyond that you really don’t know.”

## **Pushing performance**

Awards were introduced for the best-performing employment offices, as well as an annual national conference for centre managers, with all the glitz of private sector sales conferences. One long-time staff member recalled that he couldn’t see public servants ever buying into such measures, but soon had to eat his words as centres “fell over each other” to achieve the placement targets which would give them reward and recognition at the national conference.

While the measures introduced weren’t without critics, Hickton regarded the competition between centres that this new environment fostered as both healthy and entirely appropriate for a public service organisation:

“My argument is that the All Blacks go out and they train against each other ... so they provide a better team. We have to do exactly the same... If we don’t do that we will have people in our organisation who are performing very well and we won’t recognise that.”

He saw the conferences as an integral part of selling the organisation’s vision to staff and ensuring buy-in, similar to the sort of professional product launches that he was familiar with in the motor industry.

“We presented to them in an absolutely professional manner... They are customers for my vision and for my management’s direction, and I have to present it to them as well as I expect them to present it. How can you expect them to be professional with customers unless they are treated professionally by their own organisation?”

Hickton also set about “flattening” the management structure of NZES, breaking down the layers between CE and frontline staff. He all but removed the large regional offices that had played a significant role in the old Department of Labour. For example, the entire Auckland regional office was reduced to a single manager and a secretary. The number of administrative regions was reduced from six to four.

More than this being just a cost-cutting measure, Hickton saw this as a way of breaking-down the unnecessary filter of communication that he felt the regional offices had become. He could now build stronger relationships with the centre managers, who were that much closer to the customer.

Resources were shifted to the employment centres where the placements took place. Each centre was effectively briefed to operate like a sales agency, with job placements as the measurable target. He introduced sales incentives and other methods that were widely used in the private sector but were largely new to public servants. An advertising campaign was launched, and surveys were undertaken to gauge people’s awareness of the services offered by NZES.

Hickton’s “car sales” methods did not meet with universal approval. Treasury officials argued that he did not need a marketing budget for a government operation such as the Employment Service. Hickton countered that it should be up to him whether he used people or money to achieve his organisation's agreed outputs. He argued that marketing was critical to NZES not only because it increased public awareness of the service and what it planned to do, but because it proved to staff that the organisation was serious about moving forward.

“It’s just as important that the marketing effort is seen by people within (to be) reinforcing what they have to do on a daily basis... It gives them a huge lift. It actually establishes in their mind that you are serious about what you are doing.”

While Hickton's methods were sometimes controversial, his results in placing people into work were anything but. In 1988 when NZES was formed, 39,539 people were placed into employment or work schemes. By the year to the end of June 1992, the annual figure had risen by more than 160 percent to 104,151. NZES also achieved significant increases in the number of long-term unemployed placed in jobs or training programmes: a 62 percent leap in the year to June 1991, and a further 73 percent increase the following year.

## **Public vs private**

In 1993, the Minister of State Services, Bill Birch, singled out NZES as one of the shining examples of the new-style public service in action. But the controversy that resulted from the organisation’s massive increase in employment placements showed that applying a pure dose of private sector methods to a publicly-funded operation can cause unexpected problems.

Private employment agencies were furious that a taxpayer-funded organisation was essentially crowding out the market. The general manager of Drake Personnel complained publicly that NZES had been deliberately competing with private agencies,

while the general manager of Opal Personnel said her business had been “slaughtered” by NZES’s multi-million dollar advertising campaign and free service to employers.

Hickton argued that private sector employment agencies were not interested in finding work for those on the unemployment register so NZES and the private agencies were really catering to different markets. The dispute became a political football with the Minister of Labour, according to Hickton, firmly in the employment agencies' camp.

Eventually, NZES agreed to stop helping those not on the unemployment register in finding work, and to no longer seek exclusive recruitment contracts with big employers or new ventures.