



## Year 100, Day One: Finding the “Why”

---

There were immediate demands and nagging legacy problems. It felt like a start-up, yet there was the organization’s 99-year heritage...Managing the change without help would be high risk.



# Year 100, Day One: Finding the “Why”

## The Challenge

In April 2010, the Guardians of New Zealand Superannuation and New Zealand company Infratil Limited bought Shell’s New Zealand downstream business.

The business—which would be branded Z Energy (known simply as “Z”)—had been an afterthought of the multinational that sold it, and had to emerge a force in its own right. Assets weren’t in sync; the big-oil culture had to go; leadership alignment was missing. One-third of senior leaders were new to the company, two-thirds were definitely not, and new CEO Mike Bennetts was from the competition.

There were immediate demands and nagging legacy problems. It felt like a start-up, yet there was the organization’s 99-year heritage.

Taking the organization from good to extraordinary would require setting a direction, and the capability to lead people there. Managing the change without help would be high risk. Bennetts had worked with JMW before, and so he engaged us to assist with the organisational change. He embraced the fundamental underpinning: extraordinary performance is a function of extraordinary leadership. He and head of Human Resources Huma Faruqui worked with JMW in the endeavor to understand the new organization to its very core, then help its leaders cause the collective embrace of beliefs, values, and principles that would breathe life into the enterprise.



## The Work

In late 2010, Z launched its first JMW leadership development program with 25 of its top leaders in 5 three-day sessions over 10 months. A significant part of this work involved participants agreeing to a set of very future-oriented outcomes, from the perspective of what their world would look like in December 2015. “At the time, we didn’t know how to achieve half of those goals,” recounts Chief Executive Mike Bennetts. “But the methodology enabled us to achieve a great deal more than if we had approached it saying, ‘this is what we know today, and we’ll plan from there.’”

In parallel, the leaders developed the “Z Leadership Framework,” where they committed to measurable outcomes, standards for achieving them, and principles for integrity in their actions and commitments to the business. In addition, the notion of promise-based leadership was introduced, with each leader promising deliverables for the year that were aligned with their job descriptions and performance contracts. “It really was a promise, an expression of the biggest future each of them wanted to make,” recalls Bennetts. “And that’s the sort of thing that gets you out of bed on a cold, wet day.”

It was leadership development in action, versus in theory. The principal consultant from JMW worked alongside top management as issues arose and were tackled. Senior leaders realized they were in the “classroom” always, applying learnings day in and day out.

By mid-2011, Z Energy expanded the effort with an extended workshop series for 150 employees in the wider staff population. This work with JMW continued in correlation with new opportunities for elevating performance, including efforts focused on safety, its mini-tanker fleet, and commercial teams.

Z and JMW then created a breakthrough program delivery model. Each ensuing staff workshop was co-led by one JMW consultant and one Z executive, allowing executives to engage with front-line people while further developing their own leadership capacities. This was the result of JMW adjusting delivery in a way it had never done before.



To address a much-needed uplift in customer service, the approach was applied to a 2012 pilot with retail franchisees, the “people at the pumps.” As participating franchisees began to demonstrate new levels of customer commitment, the program expanded. It involved a ground-breaking campaign with backseat photographs to communicate demographics, and training sessions with actors.

“Instead of discussing market segments broken down by gender, age, average income...we used photos depicting the prototypical backseat of ‘Juggling Jane,’ or ‘Simon and Sara the Professionals,’ explains Bennetts. “It communicated well and we had a day of learning with improv actors, instead of being trained through video or people who talked down to them.”

By June 2014, the Z employee population at all levels (except for very recent hires) had completed a Z-JMW offering.

## The Results

The results delivered by Z included levels of performance higher than anything known to its people and customers in 99 years. The company achieved beyond expectations on all fronts, including financial results, client testimonials, brand strength, corporate and employer profile, and award recognition.

Ultimately, the change embraced inside the organization began to speak volumes externally as well. The organization did more than “save itself;” it created itself anew, with lasting and positive impact on its people, its communities, its shareholders, and the market it now leads.

- **Promise.** Promise-based leadership at Z grew into much more than a leadership development topic. It started with a group of 25 leaders, and now is built into 80% of all of its performance contracts.
- **Numbers.** “Ultimately, it has to show up in results,” notes Bennetts. “And what I really love about the work with JMW is...it’s built around delivering outcomes and measurable results—not just financial results, but not just happy people, either.” Over the course of the engagement:
  - Book value for the company increased from NZD \$700 million to \$1.6 billion
  - A July 2013 IPO raised NZ \$840 million

**Investor confidence.** The IPO was necessitated by success. The dramatically increased company value resulted in the two initial buyers exceeding portfolio limits, thus prompting the public offering. Both owners retain substantial interests in the company.

**People at the pumps.** As observed by Bennetts: “We’re not even in a direct employment relationship with our retail franchisees. But one of the things that fundamentally shifted in the journey was the relationship we have with our retailers, and people delivering the customer offer onsite.” By June 2014, 100% of Z’s retail franchisees had completed Z-JMW development programs.

**Employer brand.** In 2010, approximately 80% of Z’s recruitment was indirect, involving agencies. As of June 2014, direct recruitment was 75%—roughly half involving internal promotions. “Our employment brand is so strong,” says Bennetts, “people come to us even before they are in the market, hoping to connect eventually if something comes up that’s a match.”

**“Why.”** “The Z Why”—their way of saying “The Z Way”—is a foundational document describing what is different about Z, its aspirations, and its values.

An excerpt:

- We believe that if you want to be a world-class Kiwi company, don't just employ people, divide them into functional departments and tell them what to do. Instead give them a reason for belonging, the possibility of a bigger purpose, and a hunger for the extraordinary.
- Prestigious Accolade. Z Energy was named one of three “Top Companies for Leaders” in New Zealand and Australia, selected by an independent panel of judges using criteria including strategies and success in attraction, identification, retention, and development of leaders.

“People say to us, how the heck did you get all those close-to-minimum wage employees to really lift their game at customer service?

I certainly didn't think of that pilot... Human Resources didn't...but after the training we gave people, one of them thought of it, demonstrated leadership, and took the risk of trying it. Without the work with JMW, I don't think we would have gotten there, throughout the organization and all the way to people at the pumps.” – **Mike Bennetts**

## Change Management Overview

| From:   | To:  |
|---|--|
| Serious leadership gap                        | Award-winning leadership capacity to see challenges, breakdowns, opportunities |
| Operating as branch office of a multinational | #1 consumer-preferred New Zealand energy company                               |
| Uncertain stature in market, communities      | \$2 million in community donation in 2011-2013 time frame                      |
| Ground zero as new pieced-together business   | Customer value up, volume down, profit up                                      |
| No clear direction                            | Leadership framework; four future outcomes, 16 goals (by December 2015)        |
| Unknown company, brand                        | High-profile brand across New Zealand  |
| Lack of leadership alignment                  | Shared sense of commitment across leadership structure                         |
| Disconnect with retailers                     | Retailers as committed partners in Z's customer offer                          |
| Customer service as a concept                 | Customer service as a way of being   |

**JMW CONSULTANTS INC**  
262 Harbor Drive  
Stamford, Connecticut 06902  
United States  
+1 203 352 5000

**JMW CANADA**  
1200 Waterfront Centre  
200 Burrard Street  
Vancouver BC V6C 3L6  
(203) 352-5000

**JMW WORLDWIDE UK LTD**  
25 Farringdon Street  
London EC4A 4AB  
United Kingdom  
+44 (0)20 7382 4100

**JMW CONSULTANTS AUSTRALIA  
PTY LTD**  
Level 6, 437 St. Kilda Road  
Melbourne, Victoria 3004  
Australia  
+61 3 9258 1400

[info@jmw.com](mailto:info@jmw.com) | [jmw.com](http://jmw.com)