

## A Man on the Move

*A conversation with David Smol*



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*David Smol's career has seen him move seamlessly between the private and public sectors, culminating in five years as the first chief executive of the Ministry of Business, Innovation & Employment. Shortly after stepping down from that role in June 2017, he spoke with Public Sector's ROSE NORTHCOTT about learning leadership on the job, teething problems setting up MBIE, and the importance of keeping moving in a changing environment.*

### **Tell me about your university education and early career?**

I studied economics in the UK - a BA at Warwick University then a Master's at Cambridge. It was the late 70s/early 80s and there was a lot going on economically that was relevant to people's lives, including high unemployment, inflation, rapid oil price rises and industrial action.

My first job was with Unilever where I worked to understand the drivers of market share for products like Birds Eye fish fingers. I then moved into the oil industry and the start of many enjoyable years working in the energy sector.

### **Over the next 15 years you moved between the private and the public sectors in the UK and New Zealand. How did that evolve?**

I came to New Zealand on holiday and thought it would be a great place to live for a while. In late 1988 New Zealand Treasury offered me a job during an international recruitment round. I worked with state-owned enterprises during a period of restructuring to increase competition and improve customer service. From there I moved to the Electricity Corporation and helped set up Contact Energy.

In the meantime, I met the wonderful Kiwi woman who became my wife. We had a couple of children, and with a third on the way thought it would be good to spend time back in the UK. I got a job in 1997 working in an energy consultancy based in Oxford.

We returned to New Zealand in 2003 when a job opportunity came up at the Ministry of Economic Development. I arrived in the middle of the hydro drought of that year, so it was a baptism of fire. It was a deputy secretary role, mainly focused on energy and resource markets and also telecommunications, which saw major reform from 2006.

### **Was it difficult moving between the public and private sectors?**

It had its challenges. I started in the private sector. I was still relatively young when I moved to the public sector and Treasury taught me how to use economic frameworks to structure the way I thought about policy questions.

### **Was it a big step-up to take on the MED chief executive role in 2008?**

Yes. It was a big change for me, having been quite specialised in energy and telecoms, to move into a much bigger people leadership role looking at economic development and regulation in the broad sense, as well as having responsibility for important service delivery functions such as the Companies Office and Intellectual Property Office.

And there was lots going on, notably the Global Financial Crisis and then the Christchurch earthquakes.

### **How did you approach your first big leadership role?**

Mostly I learned on the job. I observed other people and looked to learn from them. I try to be self-reflective and to seek regular feedback. I've always taken the view that if I am not good at something, I can improve by working at it.

I have been on leadership courses as well; that's only a small part of the learning, but sometimes to spend time away from the job and immerse yourself in learning with people of different backgrounds can be very valuable. I've also read quite a bit about leadership, but the most important thing is learning by doing.

### **In July 2012, you were appointed inaugural Chief Executive of MBIE. With some 3500 staff and reporting to more than 12 Ministers, MBIE brought together the Ministry of Economic Development, Ministry of Science and Innovation, Department of Labour and Department of Building and Housing. Why did you want this job and what were the challenges in creating a 'super' ministry?**

The role came out of the blue and was basically an unrepeatable opportunity to make a difference. Most of us in the public sector are there because we believe that what we are doing will ultimately improve the lives of New Zealanders now and in the future. That was certainly the case for me.

Because MBIE was such an ambitious idea the range of possible outcomes was wide - from failure to making a big positive difference. It was an opportunity to create something new and better, contributing to a stronger economy to the benefit of all New Zealanders. From a personal development point of view, it was a unique opportunity, and I certainly learned a huge amount.

One of the biggest challenges was trying to establish the MBIE way of doing things. We'd inherited four organisations that had their own systems and processes. We put a huge amount of work into building an engine room and getting that working properly. People from each of the founding organisations had different perspectives, as you would expect. Building a shared approach took time.

There were other challenges too, like the Pike River Royal Commission reporting just after MBIE had started. That was a very sobering report about a range of failures, including a regulatory system for which I was now accountable.

Initially we underestimated how big a challenge it was to build new systems and processes and to provide the support which people would need to use them effectively. We under-invested in the early stages and tried to do it on the smell of an oily rag; that wasn't realistic.

#### **What did you learn from those early teething problems?**

To keep moving and not spend too much time thinking about things. Change causes uncertainty and it's better to make decisions quickly and move on, even if occasionally you have to revisit. Be very open in communication. Always explain why you are doing things and give people the opportunity to participate in change.

The early stages of MBIE brought many stresses, but it was exciting and I really appreciated how our people came together and were remarkably supportive, as were our many partners across the public system.

Hiccups were inevitable, but the level of goodwill gave us the time and space we needed to bring people with us and to maintain morale through all the change. You can get into a downward spiral if you're not careful, with people becoming cynical and disaffected. But there was remarkably little of that. As long as they saw improvement and believed that we were heading in the right direction, they continued to be supportive.

#### **How can you measure that MBIE's performance is better than what we had before?**

There's no single measure to know it's better than before. But there are areas where MBIE has demonstrably made very significant progress. These include the quality of people we have been able to attract and retain, and the quality of internal services, where we are increasingly realising the benefits of scale and scope. Significant improvements in the services delivered to customers have been achieved through leveraging modern IT and taking a customer-centric approach, including in joining-up across services.

Another area is integrating across related policy areas, for example in building an environment in which businesses can succeed and a labour market that delivers job opportunities for all. One specific example is the comprehensive modernisation of the immigration service, which an independent review concluded wouldn't have been delivered successfully without MBIE's broader resources.

And the creation of MBIE enabled stronger leadership and simplified process in driving the government's Business Growth Agenda. We have strengthened important regulatory systems, such as health and safety and financial markets, and brought a comprehensive approach to improving the performance of the housing market.

MBIE also has the capability to move quickly, such as our work recently to enable the first rocket launch in New Zealand. We put together a regulatory regime in an incredibly short space of time.

I'm also proud of our contribution to rolling out broadband and growing the digital economy, and the work we did post-Christchurch earthquakes, bringing together a set of teams to support the rebuild in a joined-up way.

#### **What's MBIE's role in protecting New Zealand's borders?**

Immigration New Zealand is always looking to ensure we don't let non-New Zealanders into the country who might come here and do harm. We work with the Five Eye countries and share a lot of information with international counterparts on who are the bad people.

MBIE works closely with NZ Customs, Primary Industries and Transport. A cross-agency team meets regularly at senior leadership level. There's a lot of collaboration and we are increasingly using intelligence, big data and analytics to better spot risks and manage those risks upfront.

#### **What's your advice to ambitious young public servants?**

I would encourage them to do their very best in each job that they have. Always be a team player and be ambitious for the cause of public service. If someone does a good job for the public service and for New Zealand, then they will build a good reputation. Consider taking every opportunity that comes along. The more diverse the experiences you can accumulate early in a career, the larger is the range of opportunities likely to come along later.

#### **What are your plans now?**

The only plan I have at the moment is to have a decent break. Do some travel with my wife, see family back in England, chill-out and then, when we get back to New Zealand, start to shape up the next phase of my career.

