

The talent shortage – less lip service, more action

Specialist construction and engineering recruitment firm RobLawMax says that with four major projects dominating Auckland's development sector, companies need to stop talking about the talent shortage and start doing something about it.

Hamish McLean, Auckland regional manager with RobLawMax, says the most pressing issue for the sector going into 2016 is the unprecedented level and combination of activity.

"As a general rule in the construction space, we'd usually see one large project being delivered at any one time. Government and the main contractors involved give themselves a pat on the back and then move onto the next high-value project," Mr McLean says. "However, in 2016, we're seeing a development landscape in Auckland where three to four large-scale construction and infrastructure works are happening all at once. That's rarely if ever happened before and certainly not to this scale."

Mr McLean says that, after peaking in 2015, levels of activity in Canterbury have plateaued. "While there are still many development projects on the boil, the levels and values are no longer going upwards."

Across the country, he adds, the retail sector is being revamped through modernised shop fitouts and the arrival of more international brands to New Zealand. "On the planning and development side, project management companies are doing a significant amount of work in this space, so high-profile retail projects will also be absorbing their fair share of talent."

Mr McLean says that while it's positive to see such high levels of development activity in Auckland and throughout the regions, no one seems to be asking the critical question that will enable successful project delivery: where are we going to get all the people from?

"With a number of similar-sized developments in the works simultaneously, these projects are all sucking up people with similar skillsets and levels of experience. We're all talking about the talent shortage, but it's essentially lip service if we don't take action. From this year onwards, it's crisis time when it comes to resourcing projects sufficiently."

TIGHTENING THE HIRING WINDOW

It's not just the talent shortage affecting the construction sector: a key trend RobLawMax is also observing is the shortening of the timeframe between contracts being awarded and works commencing.

Sam Phillips, senior consultant with RobLawMax, says: "The timeframe between a contract being awarded and days to being onsite is reducing, which places additional pressures on the need to secure talent quickly and effectively," he notes.

"The time between a contract award and project start date has traditionally been the window for contractors and recruiters to get the right people in place to deliver the job. Today, companies need to start focusing their efforts more on workforce planning, because the luxury of time to find the right team has decreased considerably."

EMBRACING INTERNATIONAL TALENT

Even in the face of a major talent shortage, some Kiwi employers are still lagging when it comes to embracing the opportunities presented through an international workforce, says Mr McLean, and employers need to be more open to talent from offshore.

"The lack of local experience seems to matter more here in New Zealand than it does anywhere else. Many employers worry that it will take too long to get an international worker up to speed with 'the way we do things here'. That's a fal-



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lacy, and it's holding Kiwi companies back from growth. New Zealand's construction environment isn't unique by international standards, and we already borrow many of our rules and regulations from Australia and the UK. If anything, some of our techniques are still a few years behind the rest of the developed world," he adds.

"It's time for local employers to be more flexible around their workforce. Kiwi staff are great, but the reality is there's not enough of them to meet the demands of the work that exists out there."

TIME FOR ACTION

So then, if the time for lip service is over and the time for action is now, what can construction companies do to make the most of the wealth of work while there's a dearth of workers?

Think about who you are trying to attract, Mr McLean says. "Auckland is becoming less attractive as a location for employment, as house prices make it harder to justify living costs. Overseas candidates will often ask what else is available other than Auckland, and many people who moved to Christchurch are now unable to afford moving back to Auckland," he comments.

"Some firms are helping their staff into homes, which is a smart move if you can afford it. This might take the form of an initial accommodation allowance, like two weeks' free rent, or something longer term such as a regular accommodation supplement."

In addition to accommodation support, some employers are also offering assistance with relocation costs for staff. This assistance is often 'bonded' so that if the employee leaves before an agreed time period, they'll be asked to pay all or a portion of the money back.

RobLawMax works with international clients operating in areas who are also dealing with housing pressures, and some have come up with a 'London weighting' which Mr McLean says could work well here in New Zealand.

"A London weighting, as it's often called, is a yearly addition to an employee's salary. What the recipient does with the money is their choice, but

it's essentially paid by an employer to counteract the higher living costs the employee will experience as a result of taking a job in a location with higher-than-average housing prices," he explains.

"We are now in dialogue with some of our forward-thinking clients who see the value in offering an 'Auckland weighting' to good talent as an attraction tool."

PAYING IT SMART

Contractors are wary of losing their best people, and in the construction sector, high-profile projects are always attractive to high performers. Therefore, you should ask yourself what you are doing to hold onto your top talent, Mr McLean says.

After opening its first trans-Tasman office in Brisbane in November last year, RobLawMax has observed many Australian companies offering top staff a retention or completion bonus, which is agreed upfront and then paid out at the end of a key project.

Mr McLean says this is a smart tactic which allows employers to incentivise good staff to stay with the business until project completion – and sometimes even beyond.

"Good people want to be rewarded for their contribution and loyalty to a team, particularly when they are getting other opportunities thrown at them. Show your top people how critical they are to your project's success, well before they are tempted to walk away," he says.

"A retention or completion bonus can also be a useful opportunity to discuss future projects that you may wish to retain your best people for, so we're likely to start seeing the savvy employers adopt this approach as we fully enter the current project-driven market."

ONGOING DIALOGUE IS KEY

Mr Phillips says there should be a good degree of transparency between employer and employee.

"You should be in dialogue about the future and incentives well before a resignation letter hits your desk. Offer your people flexibility, and provide them with a view of longer-term career prospects so they can get ahead in the business, faster," he notes.

"Smaller businesses are often very good at doing this, so larger firms could learn a thing or two from that more dialogue-based approach to an employee's career progress."

Mr McLean says the current market conditions mean identifying and plugging skills gaps in your team before they become critical to organisational success has never been more important. "Our message to construction clients is this: focus carefully on the work you have coming up, even if you are not 100% locked in yet. Look at the projects you are likely to be bidding for, and start identifying the people and skillsets you will need to deliver the project," he explains.

"There's little use in winning a project and then trying to find a suitably skilled project manager with experience in airports, underground rail or high-rise commercial projects, for example, because they simply won't be there to hire and you'll soon be due onsite and expected to deliver."

Mr Phillips says there has to be a high level of trust between companies and recruiters, particularly when the client company has to share information about a project win that may not be known in the market yet.

However, Mr Phillips says, that's the precise time you should be engaging with a recruiter. "As soon as you win a job – or, better still, when you are in the bidding or shortlist stages – get in touch, so we can be looking for the right people for the job."

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