Culture as Enterprise Infrastructure: The Port of Auckland Turnaround and the Strategic Case for Culture Change

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Quickly approaching its 200th anniversary, The Port of Auckland Ltd. (POAL) has grown in parallel with the city it serves. With an annual throughput of over 2 million containers, POAL stands today as New Zealand's largest import port and ranks among the busiest ports in the Southern Hemisphere. Its scale translates to substantial economic impact, with an annual GDP contribution estimated at $1.5 billion, roughly 10% of Auckland's total economic output (Deloitte, 2024).

The port operates on waterfront long used by the Maori people, who arrived in the region nearly a millennium ago via ocean-going waka and established the region as a center of Maori trade and social organization. Drawing on this rich maritime heritage, the POAL embeds Maori cultural principles into its own core values[i], including:

- Whanaungatanga (building relationships and teamwork),
- Haumaru (prioritizing safety, looking out for others, and speaking up),
- Paetae (delivering reliable, accountable, and customer-centric operations)

When Roger Gray took the reins as CEO in March 2022, these values appeared to be aspirational rather than descriptive. A series of devastating and highly publicized workplace fatalities had depleted stakeholder confidence. A high-profile strategic bet on automation was floundering despite substantial sunk capital. Industrial relations were adversarial. Auckland Council, the port's principal shareholder, openly questioned management's capability and was exploring the option of outsourcing operations to preserve capital (RNZ, 2024; Doak, 2024).

Three years later, the port's story is one of an incredible turn-around. It reported materially improved financial performance, stronger safety outcomes, rising employee engagement, increased operational throughput, and restored confidence from shareholders as well as the workforce. The catalyst for this shift was not technological reinvention. It was cultural redesign.

The Port of Auckland case demonstrates a central strategic proposition: culture is not an abstract or peripheral concern. It is enterprise infrastructure and, when integrated into strategic direction, it enables implementation. It shapes how information travels, how risk is surfaced, how teams and units improve execution, and how performance is sustained under pressure. When culture weakens, risk multiplies. When culture strengthens, performance compounds.

BACKGROUND: BOLD STRATEGIES AND SETBACKS

In 2016, the Port of Auckland embarked on a bold strategic pivot toward toward automation, seeking innovation as a strategic solution to the limitations of its physical constraints. The program included the introduction of 27 automated straddle carriers, upgrades to existing manual equipment, and integration of complex terminal operating and guidance systems (MSC Newswire, 2016). The strategic pivot was framed as an exciting (and inevitable) move toward modernization that would allow the port to enhance productivity, improve safety, and strengthen competitiveness, all without expanding its footprint in a politically sensitive, culturally significant waterfront environment (Ports of Auckland, 2016).

The initiative, however, was controversial from the outset.

The Maritime Union of New Zealand expressed clear opposition to the automation project, arguing that it was unusually high risk for a port of Auckland's size (Maritime Union Press Release, 2022). From the union's perspective, the POAL leaders had not done enough to secure the buy-in and quell the warranted concerns of their workforce. Worker expertise had not been adequately incorporated into the decision, and the shift toward automation represented a strategy directed through ill-informed managerial imposition rather than collaborative redesign.

As implementation progressed, execution proved more complex than anticipated. Operational congestion intensified, contributing to delays and performance instability (Maritime Union Press Release, 2022). The automated fleet struggled to operate reliably in live terminal conditions. Multi-vendor coordination introduced technical complexity beyond initial projections. Productivity targets were not achieved.

For frontline workers navigating disrupted routines and evolving safety protocols, automation increasingly served as a symbol of instability rather than progress. Then, amidst this backdrop, the company experienced a series of devastating workplace accidents, including multiple highly publicized worker fatalities. These lapses in safety became headline news and fomented stakeholder outrage and conflict. Regulators investigated. Political leaders questioned whether management had lost control of operational risk (RNZ, 2024).

By 2021, the Port of Auckland's challenges had ceased to be isolated operational setbacks. They had converged into a pattern that signaled systemic fragility. Worker fatalities exposed not only procedural shortcomings, but deeper leadership failures in risk management, communication, and accountability. Union relations hardened into entrenched positions, reducing flexibility and slowing decision-making. Powerful stakeholder constituencies, including government actors and community leaders like the Independent Māori Statutory Board, joined their voices to call for radical change, urging CEO ouster or nationalization (Kerr-Lazenby, 2021; Tukaki, 2021). In early 2022, the POA's principal shareholder began openly questioning management capability and exploring options for outsourcing (RNZ, 2024).

Amidst this backdrop, the organization found itself face-to-face with what its leaders describe as "a burning platform." The mandate was clear: help the organization find its way back to core values -- restore safety, rebuild trust, and stabilize performance -- or risk losing autonomy altogether. To help lead the turnaround process, POA brought in a new CEO, Roger Gray, in March of 2022. Gray had proven experience orchestrating cultural transformation during his earlier tenure at Air New Zealand. To assist with his mandate, he recruited a former Air

New Zealand colleague, Philip Doak, to join his team at POA as the GM People and culture change champion. Immediately, the new team recognized that restoring operational performance would require a large-scale cultural restoration effort to repair the company's relational infrastructure. Incremental improvements to process or policy would not suffice; Trust had to be rebuilt deliberately. But where to start?

BUILDING A CULTURE CHANGE INITIATIVE

Gray's first steps were symbolic but consequential. He turned his attention to aligning visible cultural artifacts with core values, dismantling the executive corner office and moving the leadership team into open-plan spaces alongside staff. This physical reconfiguration sent a powerful message: hierarchy would not define the reset. While Gray did not expect this gesture to transform culture in and of itself, he believed that it would help to lay the psychological foundations for change by removing visible reminders of hierarchy and improving leaders' accessibility and accountability.

Next, Gray initiated a process of structured listening. Rather than conducting a generic engagement exercise, Gray systematically posed five commercially grounded questions to employees across the organization:

1. What is the most important improvement we could make?
2. Where are we wasting money?
3. What opportunities exist for revenue and profit growth?
4. What cultural aspects should we retain?
5. What one thing should we change?

These questions linked culture directly to performance. They framed listening not as sentiment management but as strategic intelligence gathering. Employees were invited to comment not only on relational dynamics but on financial waste, operational inefficiencies, and growth opportunities. This reframing elevated participation from consultation to contribution, emboldening team members to speak up and take ownership in the change initiative.

The answers were candid. The resounding message was that performance could not improve without trust. Employees described frustration with hierarchy, skepticism about leadership decisions, and disengagement from processes imposed without shared ownership.

With this feedback, Gray's team turned to designing their cultural change initiative. One of the most difficult initial decisions was to terminate the automation program and write off approximately $65 million in sunk costs associated largely with unused automation systems (Ports of Auckland, 2022). In doing so, Gray's team openly acknowledged a number of core governance weaknesses that surfaced in an Independent Review of the project, including inadequate risk assessments, few pathways for frontline workers to escalate concerns, and insufficient testing of management's assumptions on operational realities. Continuing the contentious initiative, leaders determined, would have preserved short-term reputational comfort at the expense of prolonged systemic mistrust. Though the choice was difficult, it bolstered the team's credibility as stewards of cultural change. Cancelling the program signaled the new management's authentic dedication to cultural repair by demonstrating its willingness to take a significant short-term financial hit.

As Gray moved forward to define the next phase of the cultural change initiative, one thing was clear: for culture to be meaningfully restored, the company's core values needed to be substantively embedded in operational redesign, not just layered on top of it. As Gray put it:

The initiative couldn't just involve "slapping on a few values posters following an engagement survey or a new HR strategy. It was about inviting our people into the heart of the business—giving them real agency to shape the future of the port. We had to rebuild trust, brick by brick. Culture was at the heart of our strategy."

THE HIGH PERFORMANCE, HIGH ENGAGEMENT OPERATING MODEL

To proceed, the team proposed a new core operating framework, coined High Performance, High Engagement (HPHE). Rather than a set of discrete interventions, the framework was framed it to stakeholders as a system-level logic that would repair relational ties and deepen stakeholder collaboration by redefining how problems are identified and solved. Key contrasts in the old and new operational logics are highlighted below:

Operating Logic Before	HPHE Operating Logic Now
Adversarial labour relations	Collaborative problem-solving
Decisions imposed vertically	Co-created solutions
Safety as compliance	Safety co-designed by users
Hierarchical authority	Shared accountability
Control-centric leadership	Leadership as service

At the center of HPHE is a process coined Interest-Based Problem Solving (IBPS) meant to foster a behavioral shift toward more collaborative modes of stakeholder engagement. Within IBPS, rather than negotiating from fixed positions, stakeholders begin by articulating their underlying interests before proposing solutions. This subtle shift alters the dynamics of engagement. When parties focus on surfacing underlying interests rather than defending positions, space opens for collaborative design. To foster the shift toward IBPS, the company introduced a series of executive development programs to develop senior leaders' skills in conflict management, interest-based negotiation, and collaborative facilitation. Facilitators were trained in emotional intelligence and instructed on tools for remaining neutral and process-focused (HPHE Brochure, 2024).

Next, union representatives were integrated into structured decision-making forums in a pivot that union leader Grant Williams characterized as moving "from fighting to collaborating…. HPHE isn't anti-management or anti-union. It's about being pro-solutions." (Doak, 2024). With this shift, frontline workers began to participate directly in redesigning safety processes and operational systems. Ideas for improvement could originate from any employee. If ideas were supported by management, a formal Improvement Team would be created with defined sponsors, facilitators, and reporting pathways (HPHE Brochure, 2024). The intention was not to eliminate leadership authority but to redistribute voice and accountability in ways that improved system intelligence.

Over time, the new HPHE operating logic fostered a dramatic turnaround in stakeholder engagement. Where labor relations had been adversarial, they became collaborative. Where decisions had been imposed vertically, they were increasingly co-created within cross-functional and multi-stakeholder teams. Where safety had been managed through compliance oversight, it was co-designed by those most exposed to risk. Where leadership had emphasized control, it moved toward service and facilitation. Importantly, this transition was not without cost, and initial skepticism was evident, leading several long-tenured managers to depart during the transition (Doak, 2024).

EMBEDDING CANDOR AND ACCOUNTABILITY

For culture change to endure, it must be repeatable and measurable. Accordingly, in addition to the behavioral shifts fostered through the HPHE, the team sought to structurally operationalize candor and accountability through concrete mechanisms.

One mechanism Gray introduced to encourage and elevate candid employee feedback was a survey he referred to as the "4 D's": regularly asking employees to reflect on what is Difficult, Dumb, Different, or Dangerous in their work. These prompts normalized critique and provided permission to identify inefficiencies and safety risks without fear of reprisal. They also invited freer exchange of ideas for process improvements. By embedding these questions into regular dialogue, leadership lowered the threshold for speaking up.

Candor, however, was not left to voluntary enthusiasm. Leadership behavior was tied to performance systems. Each leader was required to complete at least one critical risk control test and one safety walk each month. Failure to meet these obligations affected performance ratings and bonus eligibility. The port also began tracking indicators of employee engagement and publishing results. Key metrics included: Say (do employees speak positively about the company), Stay (do they tend to remain?), and Strive (do they go above and beyond?). While results of engagement surveys were not expressly tied to pecuniary awards, leaders recognized these metrics as reputationally consequential performance indicators because the metrics were regularly published and made visible to the board and shareholders. This alignment ensured that safety leadership was not rhetorical. It was transparently incentivized and monitored.

OUTCOMES: TRUST AS A PERFORMANCE MULTIPLIER

Within three years, the Port of Auckland began to exhibit measurable improvements across financial, operational, safety, and relational dimensions. These outcomes are significant not merely for their scale, but for what they reveal about causality.

Underlying net profit after tax rose from $25.2 million in FY22 to $55.2 million in FY24 to $85.4 in FY25. Weekly container throughput increased from approximately 11,000 to nearly 17,500 TEU. These gains were not achieved through innovation or workforce intensification alone, nor through unilateral managerial directives. They followed collaborative process improvements informed by frontline expertise.

Employee engagement rose from 58 percent to 73 percent over the same period. Engagement metrics reflected renewed willingness to contribute insight and discretionary effort. When individuals perceive that their perspectives influence decisions, their relationship to the organization shifts from compliance to commitment. Safety performance improved in both frequency and severity of incidents. These improvements did not stem solely from additional compliance procedures. They were driven by co-designed systems in which workers most familiar with operational hazards shaped risk controls. Safety was reframed as a collective effort rather than an area of delegated oversight.

Legal expenditures declined. Industrial conflict subsided. Reflecting on the scope of improvement in labor relations, Union leader Grant Williams remarked, “We’re not perfect. But we’re talking. We’re solving problems together. That’s a revolution, actually.” The relationship with Auckland Council stabilized. Public commentary shifted from criticism to celebration and recognition of progress. Institutional credibility — described in the New Zealand context as the “restoration of mana” — was gradually rebuilt.

The sequence is instructive. Trust fostered engagement. Engagement enabled collaboration. Collaboration improved system design. Improved systems strengthened financial and safety performance. Governance confidence followed.

The port did not face a binary choice between productivity and safety. It demonstrated that when incentives align and voice is distributed, safety and productivity reinforce one another. Trust functioned as a multiplier: lowering friction, accelerating problem identification, and improving execution.

BEYOND THE PORT

Ports worldwide are often characterized by entrenched conflict and rigid hierarchies. The Port of Auckland’s experience does not suggest that culture change is easy under these conditions, but it does suggest that it is possible — and strategically consequential.

In an era dominated by digital transformation narratives, the case offers a counterintuitive insight: sustainable performance advantage may derive less from advanced technology than from the quality of human collaboration underpinning it.

When culture is treated as infrastructure — architected deliberately, embedded structurally, and reinforced through governance — it becomes a source of resilience and competitive strength.

[i] Code of Conduct.pdf