

# Network Sales Performance In Freefall

## LTU calls for reduced targets for regulated and non-regulated salesforce.

When the new targets for 2005 were introduced it was agreed that LTU and the Bank would undertake a formal review of both national and individual performance at the end of the second quarter.

The Bank has said that as part of this second phase of target negotiations for Q3 and Q4 it would be looking to demonstrate to LTU's Salesforce Negotiating Committee that its key performance enablers, which include enhancements to products and processes, a clearer focus on sales management and the transfer of best practice across the salesforce, had delivered better performance for the salesforce. We said that if those enablers had not delivered better performance then LTU would be looking for that to be reflected in reduced targets for the second half of the year. What is clear is that those enablers have had little or no impact and seller performance has plummeted in Q1. Our information suggests that Q2 is not looking much better. More worryingly, the Bank's local market strategy, which has been in place for 12 months or more in some areas, is having little or no effect on performance.

## It's the Economy Stupid!

Since the beginning of the year the economic data is showing that consumption, including financial savings, is decelerating at an alarming rate in response not only to higher interest rates but more importantly the effects of the long-awaited slow down in the housing market. According to the Halifax Building Society, house prices have suffered their sharpest monthly fall since October last year, today the annual rate of inflation is the lowest in four years. The end of the property boom in many areas has also led to weaknesses in consumer confidence. A recent report by the Nationwide showed a sharp rise in the number of people expecting the economic outlook in six months time to be "somewhat worse than today", to 22% from 13% in April. They also reported a fall in the number of people who believed it was not "a fairly or very good time" to make major purchases.

All this confirms what the regulated and non-regulated salesforce has known for some time, that the start to 2005 has been one of the worst that many of them can remember. **As a result of all**

**the regulatory uncertainty, and on the back of increases in targets, thousands of Financial Consultants, PAMs, Mortgage Arrangers, Privilege and Premier Managers now find themselves in the position of earning less than they did in Q4 and being threatened with being put on the Performance Improvement Policy on a daily basis despite the fact that a few months ago they were considered to be competent sellers.**

## **Network Sales in Freefall**

The Bank's performance speaks for itself. In Q1 the Network was just 80% of target. The signs are that Q2 will not be much better. For sellers the figures are even more disappointing. The average salespoints per active Financial Consultant for Q1 was 20,607 against a target of 26,211. Only 279 Financial Consultants, out of a population of 887, would be entitled to a bonus on the basis of their Q1 performance. In fact, 426 Financial Consultants would find themselves the subject of the Bank's Performance Improvement Process. The data seems to suggest that activity is still at the same levels it was in Q4 but sales have plummeted. The Bank's customers are not buying their financial services products from Lloyds TSB and that needs to be reflected in targets for the remainder of the year.

The same position is true for the non-regulated salesforce. The average target for fast-track and experienced PAMs was 67,775 NPV's for Q1 but actual performance was just 47,527 NPV's. On the basis of Q1 performance only 221 out of the 1,010 eligible PAMs will be entitled to a bonus. More worryingly, 584 PAMs will be subject to the Performance Improvement Policy on the basis of their performance in Q1. The figures for MAs are equally depressing. Average performance for fast track and experienced MAs is just 76.5% of target. Only 210 MAs out of an eligible population of 665 MAs are entitled to a bonus based on their Q1 performance. Premier and Privilege Managers, both of whom are currently being balloted on industrial action over pay, are not doing much better. Established Premier Managers were just 56% of target in Q1, with 64% achieving less than 80% of target. Privilege Managers were just 86% of target in Q1 with 499 out of 1,245 achieving less than 80% of target.

Whilst we understand that the Bank wants to investigate why sales performance is in freefall, urgent action on targets is required now. We have told the Bank that the time has come to reduce targets for the salesforce now. LTU will be meeting the Bank shortly to discuss targets and I will keep members informed of developments.

**Mark V Brown**  
Assistant General Secretary

### **PAY BALLOT - DON'T DELAY VOTE NOW**

LTU is currently undertaking the most important ballot it has held for a long time.

**The Bank's current pay system will be in place for many years and if Premier and Privilege Managers want to change it for the better, then they must take a stand against it together now and make clear what they want.**

It is important, on this most vital issue, to ensure that we get the views of all members.

**We need your views and we need you to vote NOW.**

Voting in the industrial action ballot will close at midnight on the 30th June 2005.