

Financial Consultants Threatened With PIPs

In LTU's recent Salesforce survey, 45.81% (41.9%)* of Financial Consultants said that they felt pressurised to sell products to customers which they knew they didn't need or couldn't afford.

The issue for Lloyds TSB is not that it happens but why it happens? We believe that the main reason is the constant, unremitting pressure to meet demanding sales targets week after week, month after month and year after year. Add to that a management culture which is dominated by 'share of wallet' at the expense of almost everything else and it's not surprising we got the results we did.

The pressure for sales staff to perform is set to become even more demanding next year. In a recent BTV broadcast Terri Dial said that she wanted the retail business to grow by 45% over the next 15 months, a figure which to our knowledge has never been achieved in the past and is more than 10 times the predicted growth in the UK economy next year. **Whilst much**

INSIDE

Salesforce Survey Results - Financial Consultants PIP Support for Salesforce Members

of that 45% growth, according to the Bank, will come from mortgage business, that still leaves a potential increase in targets for the Salesforce, the likes of which they have never seen before. And that at a time when many FCs and FPMs are seeing their best customers forcibly migrated to the SFPM.

A further contributory factor, which we will discuss in more detail further on in this Newsletter, is the use of PIP's as a deliberate mechanism to pressurise Financial Consultants to increase their performance. 44.69% (31.08%)* of Financial Consultants said

*FPM figures in brackets

that they had been threatened with PIP's in order to improve their performance. Whether such threats are made daily, weekly or occasionally, such behaviour on the part of some Line Managers is both unacceptable and counter productive.

Some of the key results from our survey are as follows:

- **59.77% (55.41%)* of Financial Consultants said that they were demotivated with their job and 64.25% (68.92%)* said that they didn't feel valued by the Bank for the role they do.**
- **Two years ago 55% of non-regulated sellers believed that the Balanced Scorecard would make no difference to the way they carried out their role. Today 73.18% (86.49%)* of Financial Consultants believe that the Balanced Scorecard has made no difference to the way they do their role.**
- **69.27% (60.82%)* said that they had seriously thought about leaving the Bank and 47.48% (54.05%)* said they would take voluntary severance/voluntary early retirement tomorrow if it was on offer.**

*FPM figures in brackets

Salesforce Survey - FC s / FPMs

(FC figures in light type and FPM figures in bold type)

On average, how many hours do you work in a typical week?

35 - 40 hours:	8.94%	5.41%	41 - 50 hours:	70.95%	59.46%
51 - 60 hours:	16.76%	25.68%	60+ hours:	2.23%	6.76%

Have you ever been, or are you, on either a 'formal' or 'informal' PIP?

Yes:	29.05%	13.51%	No:	67.04%	82.43%
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If Yes:

a) Was it justified?	Yes:	9.17%	2.35%	No:	19.88%	11.16%
b) Did you get support from your line manager?	Yes:	13.97%	6.75%	No:	13.41%	6.76%
c) Overall was it a positive experience?	Yes:	6.15%	0.00%	No:	21.79%	13.51%
d) Was it used to bully you to improve your performance?	Yes:	14.53%	7.43%	No:	12.85%	6.08%

Have you ever been threatened with a Performance Improvement Plan in order to improve your performance?

Yes:	44.69%	31.08%	No:	48.60%	67.57%
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If Yes, how often have you been threatened?

Daily	Weekly	Occasionally
1.12%	7.26%	35.20%
1.35%	1.35%	28.38%

To what extent do you agree or disagree with the following statements?

	Strongly Agree	Tend to Agree	Hard to Decide	Tend to Disagree	Strongly Disagree
	%	%	%	%	%
Lloyds TSB "is a great place to bank".	3.91 0.00	49.16 48.65	24.02 21.62	17.32 16.22	2.79 10.81
I'm demotivated with my job at the moment.	24.02 18.92	35.75 36.49	9.50 12.16	22.91 25.68	7.26 5.41
The pressure to sell is getting too much.	31.28 32.43	40.78 39.19	10.06 8.11	14.53 17.57	1.68 2.70
I don't feel valued by the Bank for the role I do.	26.26 29.73	37.99 39.19	11.17 9.46	18.99 16.22	5.03 5.41
I've seriously thought about leaving the Bank altogether.	45.81 35.14	23.46 25.68	5.59 21.63	15.08 8.11	10.06 9.46
Local markets have had no impact on the way I do my job.	47.49 52.70	22.91 31.08	16.76 5.41	10.06 5.41	2.23 5.41
We've become too focused on targets to the detriment of customer service.	45.81 44.59	35.75 39.19	7.26 4.05	10.06 10.81	0.56 1.35
Overall, I think I provide my customers with best advice.	68.72 62.16	22.91 32.43	3.35 2.70	1.68 2.70	1.12 0.00
If it was on offer I'd take Voluntary Severance / Voluntary Early Retirement tomorrow.	31.28 32.43	16.20 21.62	18.44 18.92	17.32 17.57	15.08 9.46
I would recommend Lloyds TSB as a good organisation to work for.	2.79 2.70	21.79 24.32	31.84 24.32	29.05 31.08	13.41 17.57
Customer Service is non-existent in Lloyds TSB.	2.23 5.41	11.17 12.16	16.76 16.22	57.54 56.76	11.17 9.46
The Balanced Scorecard has made no difference to the way I do my role.	45.81 55.41	27.37 31.08	12.29 4.05	12.29 8.11	1.68 1.35
The Bank is only interested in my sales performance.	64.80 68.92	30.73 25.68	3.35 1.35	1.12 4.05	0.00 0.00
I feel pressured to sell customers products which I know they don't need or can't afford.	16.20 16.22	29.61 25.68	10.06 13.51	29.05 31.08	14.53 13.51
PIP's are better than moving down levels automatically.	21.23 18.92	37.99 47.30	30.73 20.27	5.59 4.05	3.35 6.76

PIP Support For Salesforce Members

In our previous Newsletters we said that we needed to make sure that members of the Salesforce were not needlessly subjected to, or threatened with, PIPs when so many are not achieving the minimum performance threshold because the economy is slowing down and consumer confidence about the future is low.

If the original rules, which said that members of the Salesforce who did not meet the 80% threshold level would be subject to PIP's, hadn't been changed then up to 45% of FC's would now be on the formal PIP process. To assess that, LTU and the Bank agreed to a number of rule changes as follows:

1. The transition threshold was due to increase to 90% from 80%. However, LTU and the Bank agreed that the threshold would remain at 80% and would be reviewed again at the end of Quarter 3. We will shortly begin discussions on the threshold level but given the performance levels we would expect the 80% to continue until at least the end of the year.
2. We also agreed a new minimum threshold of 50% which gave staff more time to improve their performance. If no coaching and development plan was in place for staff below 50% then one should have been agreed. If

one was already in place then the member of staff would be placed at Stage 1 of the formal performance improvement process.

3. Those staff whose performance over the rolling three quarters was more than 50% but less than 80% of threshold should either have agreed a coaching and development plan with their Line Manager or, if one existed, that should have continued.

During October, if an individual's performance is below 80% and a coaching plan is already in place then Stage 1 of the formal performance improvement process would be formally registered.

Given that we haven't detected a major uplift in performance levels, we believe that the number of FC's who will now be subject to the formal performance improvement process will increase dramatically and that is going to be impracticable to manage going forward. More importantly, if up to 45% of the Financial Consultants are subject to the formal performance improvement process then either the Salesforce have suddenly become hopeless performers, which even Terri Dial says is not true, or the targets are wrong. Either way the threshold level needs to be looked at again and we will be doing that when we meet the Bank shortly.

Service for Members Only

LTU membership is, in many ways, like a form of insurance. LTU members pay monthly subscriptions and these subscriptions pay for all our services including the Advice Line. Non-members pay nothing and, again like insurance, cannot take out membership only when they have a problem. We

will not advise or represent non-members under any circumstances. For that reason members calling the Advice Line may be asked to confirm personal details so that we can validate calls.

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