

LTU Calls For Reduced Targets For 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 had said that as part of this second phase of target negotiations for FC's 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, LTU is concerned that the Bank's local market strategy, which has been in place for 2 years or more in some areas, is having little or no affect on performance.

It's The Economy That's Important

Since the beginning of the year the economic data is showing that consumption, including financial services, 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 for

most sellers, hundreds of Financial Consultants, Privilege and Premier Managers and some PAMs and Mortgage Arrangers now find themselves in the position of earning less than they did last year and being faced daily with Performance Improvement Plans (PIP's). That is despite the fact that a few months ago they were considered to be competent members of the salesforce.

Network Sales in Q1

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 weighted average salespoints per active Financial Consultant for Q1 were just 17,109 against a target of 21,067. Only 279 Financial Consultants, out of a population of 887, were entitled to a bonus on the basis of their Q1 performance. In fact, 426 Financial Consultants could, if the rules are implemented, 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 financial services products from Lloyds TSB in the volumes anticipated 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 weighted average target for fast-track and experienced PAM's was 55,906 NPV's for Q1 but actual performance was just 40,758 NPV's. On the basis of their Q1 performance only 221 out of the 1,010 eligible PAM's were entitled to a bonus. More worryingly, 584 PAM's could be subject to the Performance Improvement Process on the basis of their performance in Q1. The figures for MA's are equally depressing. Average performance for fast track and experienced MA's was just 76.5% of target. Only 210 MA's out of an eligible population of 665 MA's were 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 so poor, urgent action on targets is needed now. We have told the Bank that targets must be reduced for the second-half of the year. LTU will be meeting the Bank shortly to discuss targets and I will keep members

Mark V Brown
Assistant General Secretary