

# Q4 Targets - PBMs, PBCs & PBIFAs

In June I reported that we had not been able to agree targets for PBM's, PBC's or PBIFA's for Q3. This was because although the Bank had reduced Insurance targets by 30% due to the likely impact of depolarisation, most other targets were increased. Against the background of large numbers of staff being well below target this was unacceptable.

Neither were we satisfied with the Bank's view of the undertakings it has received from UKRB for new business leads, which it said it was confident would mean there would be sufficient opportunity for all staff to hit new business targets. We said at the time that we had heard it all before and remained to be convinced. Members will not be surprised to learn that the position has not improved significantly during the Quarter with few if any additional staff having hit their new business targets.

However, in what the Bank has described as a 'sea change' in the level of support received from Retail, concrete plans are currently under way to introduce 2,300 Premier Banking Clients to Wealth over the next few weeks. It is hoped this will lead to 1,500 first appointments and 500 conversions and is obviously very good news.

**However these introductions will not be distributed equally and perversely may, in**

**some parts of the country, lead to excessive workloads in the short term. We will be monitoring this situation with the Bank.**

**This level of directive commitment from Retail, which we have long argued was necessary, coupled with the other measures the Bank are to introduce on sales process and administration, such as the 100% credit for PBIFA's handing off cases to Direct Sales and not necessarily having to sign up new clients for banking, provides the best opportunity for some considerable time to secure new business and should make real inroads into targets.**

**It is in light of this that the Bank is proposing to make no changes to targets for Q4.**

**However, targets for the final quarter have still not been agreed because Insurance targets in particular are still too high. Our view remains that depolarisation has had a much bigger impact than expected and that income targets from Insurance ought to be dramatically reduced.**

I will keep members informed of developments.

# Balanced Scorecard Bonus Scheme - Non-Customer Facing Staff

Today the Bank will announce details of the 2005 bonus arrangements for non-customer facing staff in Bands 4-8.

As members will be aware, the delay in announcing bonus details has resulted from the UKRB review and the requirement of UKRB Business Units to move more in line with the way its bonus arrangements operate.

**In short this means that the level of payouts will be significantly lower than in the past. However, Wealth Management has achieved some level of dispensation in that this scheme will still provide, potentially, double the bonus opportunities available to staff in the Retail Bank.**

The amount that will be available for bonuses will be determined by overall Private Banking Performance and distributed by line managers according to individual performance.

The bonus pot will be worth a minimum of 2.5% regardless of company performance and could be increased to 5% if UKWM contribution against target hits between 90-95%. If Contribution exceeds 96% of target the pot could be increased to a maximum of 7.5%.

When Balanced Scorecard was introduced throughout the Bank it was seen by many people as a new way of operating that would go a long way to restoring Lloyds TSB's pre-eminence.

As we reported at the time:

- "Balanced Scorecard (BS) is said to be an attempt to achieve a more honest and ethical approach..."
- "The philosophy behind BS is that staff should believe in what they are being asked to do and that objectives should be clearly understood, make sense and be achievable.

**These were high and laudable aims and at the time we welcomed the initiative. However, members will know from recent All Members Newsletters that Balanced Scorecard has not always lived up to its promise and we have been critical that it has become much more a stick to beat staff with than a motivational carrot. Whilst potentially better than the scheme for Retail staff, the change still represents a reduction in bonus earnings and does little to reduce our criticism.**

We are also still waiting for the bonus arrangements to be confirmed for PBM's but hope to have details to report shortly.

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