

# Business Banking Route Map To Nowhere?

**E**arlier this week Business Banking issued a briefing to staff, *'Financial Focus - Costs'*, in which it appeared to be unveiling panic measures to cut costs.

In the communication, Senior Management made it clear that staff will pay the price of its failed policies and cost cutting. This will be achieved by adopting a series of measures, including:

- \* Slashing staff numbers - LTU understands this could be as much as 20% in parts of Business Banking.
- \* Reducing the level of training and support provided to staff.
- \* Apparently dismantling the business unit's 'New World' strategy.
- \* Challenging "the level of support we give to customers".
- \* Minimising investment spend for the future.

In fact it is even suggested that Senior Management will be looking to cut the amount of pencils and other stationery available to staff!

Though the Bank at this stage has declared there will be no compulsory redundancies, it has also ruled out the possibility of Voluntary Severances. This could be an issue for many staff who are

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## A Return To Year Zero? Major Uncertainty For Staff

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forced out of their existing roles and may now find themselves being asked to accept alternative jobs which they consider unsuitable.

### Bank Fails To Consult

Despite the fact that LTU and the Bank meets monthly to discuss Business Banking issues, at no stage has the business unit sought to share its cost cutting plans with LTU.

There are several conclusions that can be drawn from this failure to consult with LTU. Either the degree of panic has left no time to consult; Senior Management has something to hide and believe they cannot risk this being exposed under questioning from the Union; or Business Banking intends to turn its back on established job security policies and arrangements.

# A Return To 'Year Zero'

In turning its back on the 'New World' approach adopted by Business Banking over recent years, the sudden focus on slashing costs and shifting direction could better be described as a return to 'Year Zero'.

What's more, by "continuing to minimise investment spend" then the future of Business Banking looks far from rosy.

Any company that indiscriminately seeks to slash costs - all Directors are to slice 10% off their budgets this year - rein in investment, and cut training and support for staff, is at risk of entering a 'doom loop' with declining revenue a virtual inevitability.

Surely it would have made more sense to make decisions such as those being announced after - rather than before - the Strategy Review had been completed.

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## Business Banking ... A Great Place To Work?

The signs are ominous that Business Banking will hardly be able to describe itself - to use the Bank's own jargon - as a 'great place to work' in the foreseeable future.

Instead, Business Banking staff face the prospect of:

- \* Shouldering the brunt of the cost cutting. The Bank's communication points out that staff account for 82% of direct costs.
- \* Losing their jobs and being shunted into alternative positions, with other business units. Some areas are planning to cut staff numbers by 20%.

- \* Putting up with less training and support, with a focus on cutting travel and equipment / stationery costs.
- \* Working in an environment where the Bank seems to have lost all sense of its future direction, putting investment on hold and resorting to blaming "business decisions taken in the past".

Though Head Office staff know they face staff cuts of 10% or more, the position in other parts of Business Banking is not at all clear. All the Bank has said so far is that "other populations are not affected **at this stage**".

# Major Uncertainty For Staff

LTU is concerned that Business Banking's announcement will be a source of major uncertainty for staff.

The announcement appears to be a return to the worst possible type of 'Top Down Targeting' by insisting on a 10% reduction in costs from all areas regardless of the impact upon the business.

Major concerns for staff will include:

- \* **The insistence that cost cutting "cannot be achieved without reducing the number of people in the business"**
- \* **That staff may be forced into unsuitable roles in other business units without the prospect of Voluntary Severance as an alternative.**
- \* **A freeze on IJA's in parts of the business.**
- \* **A review of "where we wish to locate our staff", particularly bearing in mind the upheaval caused by the introduction of 'New World'.**

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## Five Questions For Senior Management

Since Business Banking has chosen not to consult LTU on its cost cutting plans, there are a number of questions that so far remain unasked:

1. **Why are so many far-reaching decisions being taken before the outcome of the Strategic Review?**
2. **With job cuts in Head Office already having leaked and delivering only part of the required savings, what are the implications for staff in the Business Centres?**
3. **How can the Senior Team who so enthusiastically trumpeted the 'New World' strategy, and who accepted the kudos for it, now expect credit for the proposed u-turn so soon?**
4. **Is this another example of slashing costs and ignoring the inevitability that falling income follows and eventually overtakes any savings?**
5. **Given that cost-cutting seems to be given a higher priority than service to customers, is Business Banking now considering exporting non-customer facing jobs to India?**

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