

Crown Office Sales Incentive Scheme for CWU represented grades

From 29 June 2009

Introduction

A new sales incentive scheme has been agreed with CWU for Crown Offices commencing 29 June 2009. A joint review may be triggered by either party.

Purpose

The sales incentive scheme has been designed to incentivise colleagues to achieve sales targets and provide higher rewards for those who achieve above target performance.

Eligible People

- Customer Service Consultants
- Financial Services Specialists
- Retail Sales Consultants (until CORP finishes and grade ceases)

Casual staff are not eligible for an incentive payment

Admin and Support

Field Support Advisors and Admin POs who were paid at the same rate as Crown POs before the implementation of the 2006 incentive scheme will receive an overlay bonus. No other admin or support staff are eligible for payment under the Sales Incentive Scheme.

Duration

This scheme will run until at least March 2011. Target setting and proposed focus products for 2010/11 will be shared with the CWU in Q4 of 2009/10.

Target Setting

The Crown Office targets will be set once the Executive Team have signed off the POL level targets. The Crown targets will be set relative to the performance of the Crown Network in the prior year in conjunction with the planned marketing and sales campaigns, prevailing market conditions and product launches (where applicable) in the year. The Crown General Manager will agree the Crown level targets with the Network Director and these will be dis-aggregated to the Regional Managers, Crown Area Managers and Branch Managers via a series of workshops in Q4, based on the principle outlined above.

How it works

Focus Products are split into three different groups (Red, Blue & Yellow). The total office sales income for each group is divided by the total office income target for each group to give the group performance. Then the weighting is applied to each group's performance to generate an overall percentage performance.

Financial Product	Ranking	Weighting %
POFTS : Mortgages	RED	
POFTS : Life Assurance	RED	
Travel Insurance Multi	RED	
POFTS : IAS New Accounts	RED	
Travel Insurance Single	RED	
Inland Express : Special Del Smartpost	RED	
TMG : Travel Money	RED	
POFTS : Home Insurance	RED	
POFTS : Motor Insurance	RED	
		50%
POFTS : Credit Card	BLUE	
Structured Product	BLUE	
		30%
Homephone Dual - Live a/c	YELLOW	
Homephone - Live a/c	YELLOW	
Broadband - Live a/c	YELLOW	
NS&I Easy Access Account opening	YELLOW	
ISA	YELLOW	
Inland Express : Parcelforce 24 & 48	YELLOW	
NS&I INV Acc Initial deposit	YELLOW	
Personal Auto Withdrawal	YELLOW	
Mobile Etopups Total	YELLOW	
Passports	YELLOW	
		20%
TOTAL		100%

Example

Quarter A	Target	Actual	% Achieved	Weighting	Weighted Achievement
Red	100,000	108,000	108%	50%	54%
Blue	30,000	28,000	93%	30%	28%
Yellow	50,000	50,000	100%	20%	20%
					102%

In this example the overall achievement is 102% of target. The payments for different performance levels are on the next page, where 102% attracts a quarterly payment of £225 per head.

The weightings reflect the group's relative importance to Post Office Ltd, detailed are the groups and weighting for 2009/10. In future years the product groups and weightings may change to reflect Post Office Ltd Business Strategy. Any proposed changes will be discussed with CWU.

Payment Amounts

Quarterly Payments and the Annual Amounts for each performance level are as follows. (The annual amount is four times the quarterly payment rate).

The quarterly payment for 2009/10 will be capped at 115%. The payment applicable to performance above 115% will be made as part of the Annual Catch Up as detailed below. The cap percentage may be reviewed for subsequent years of the scheme as part of the Q4 discussions.

Weighted Performance	< 80%	≤ 85%	≤ 90%	≤ 95%	≤ 100%	≤ 102%	≤ 104%	≤ 106%	≤ 108%	≤ 110%	≤ 115%
Quarterly Payment	£0	£31.25	£62.50	£106.25	£212.50	£225	£237.50	£250	£268.75	£287.50	£312.50
Annual Amount	£0	£125	£250	£425	£850	£900	£950	£1,000	£1,075	£1,150	£1,250

≤ means less than or equal to

Weighted Performance	≤ 120%	≤ 125%
Annual Amount	£1,350	£1,450

Annual Catch Up

At the end of the financial year the weighted full year performance is calculated. If the annual amount for this performance result is greater than the total of the four quarterly bonus payments then a catch up payment of the difference will be made.

If the sum of the quarterly payments is greater than the annual amount then NO claw back will be made.

Note: Annual Bonus Payments are uncapped and for overall annual performance above 125% an extra £125 will be paid for each 5% above target achieved.

Full Year Example – Annual Catch Up:

Quarter	1	2	3	4	Total	Full Year
Performance	92.50%	99.00%	103.00%	100.50%		98.75%
Payment	£106.25	£212.50	£237.50	£225.00	£781.25	£850

In this example Full Year performance is at 98.75% and the Annual incentive payment due for this is £850. The amount due for the full year is greater than the £781.25 already received to date and therefore a catch up payment of £68.75 will be made.

Full Year Example – No Claw-back:

Quarter	1	2	3	4	Total	Full Year
Performance	110.00%	110.00%	110.00%	70.00%		100.00%
Payment	£287.50	£287.50	£287.50	£0	£862.50	£850

In this example Full Year performance is at 100% and incentive payments of £862.50 have been made in Q1-Q4. The actual Annual Incentive payment earned for 100% is £850, which is less than £862.50 already paid, however, no claw-back will take place.

Payment dates

The scheme is planned to run in line with the PO Ltd full financial year, with payments triggered at the end of each quarter. It is intended that Sales Incentive Scheme payments will be in salaries the month after the end of the quarter, except for Q4 which is paid in May. However this is dependent on the audit process for the period results and colleagues will be advised nearer the time when the actual payments will be made.

Management Information

Focus Sales Products - information will be available in Offices on a weekly basis, via the Weekly Sales Activity Report, and a monthly Sales report. It is important that BMs display and discuss all information with colleagues so that they understand how to track branch performance and use sales figures to accurately forecast bonus payments.

PO Ltd will share monthly sales information with the CWU.

Crown Offices achieving less than 80%

Both parties are committed to improving sales performance throughout the network. Each quarter Crown Area Managers and CWU Territorial Counters Representatives will - at the request of the TCR - discuss and agree a joint approach to help those Crown office teams, who have achieved less than 80% of their target, improve their sales performance.

On going communication

A sales tracker poster will be provided to each Crown office as a quick reference for the team to enable them to see their sales against target weekly and how much bonus they have earned. Sales performance and bonus achievement will be jointly communicated each quarter.

Review

It is important that the overall scheme design remains appropriate and up to date in the light of changing business priorities. This will be jointly reviewed as required, and we will inform colleagues of any changes.

In year changes

Due to the dynamic nature of the business and the ongoing introduction and withdrawal of products there may be the requirement to change the products included in the scheme or their weighting during the bonus year. Any such changes would be jointly agreed between the company and the CWU and clearly communicated to employees.

ELIGIBILITY RULES

Movers between teams

Employees who transfer to another office on a permanent or temporary basis will receive pro rata payments according to the number of weeks worked in each office. Therefore it is essential the information in HRSAP (the system that holds personnel data and the records of where employees work) is accurate and kept up to date.

It is the responsibility of the ‘losing/receiving’ offices to ensure RES forms are completed and forwarded in a timely manner to the HR Service Centre to ensure correct bonuses are paid.

Borrowed and loaned

RES forms are not normally completed for short term moves between teams (e.g. less than 2 weeks) and are therefore not tracked in the HRSAP system. In these cases bonuses will be based on the parent office.

Temporary promotion to Manager

Employees who are temporarily promoted manager will receive pro rata bonuses under this scheme and the corresponding manager scheme according to the number of weeks performed at their CWU grade.

Therefore, they are entitled to a pro-rata share of **both** the CWU **and** the CMA schemes.

Substitution

Employees substituting for managers, for instance covering short-term absences such as sickness and annual leave, will continue to receive bonuses at their substantive grade. An employee covering a long-term absence or covering a vacant post should be temporarily promoted where eligibility for the temporary promotion applies.

Eligibility periods

Bonuses are calculated according to the number of weeks worked in PO Ltd during the “quarter”. Colleagues not employed for the full bonus payment period will receive a pro rated payment according to the number of weeks worked.

Table 1

The following table shows which absences will/will not be bonusworthy:

<i>Reason for absence</i>	<i>Bonus-worthy</i>	<i>Reason of absence</i>	<i>Bonus-worthy</i>
Sick full pay and unpaid for less than six months in first year of service	Yes	Sick (half pay)	No
Enforced absence	Yes	Sick pay (pension rate)	No
Special leave A	Yes	Unauthorised leave (unpaid)	No
Maternity Leave / Paternity (paid)	Yes	Accident (unpaid)	No
Accident (no leave)	Yes	No pay	No
Part day absence	Yes	Special leave C	No
Union leave	Yes	Suspension (without pay)	No
Suspension (with pay)	Yes	Career break	No

Table 2

The following table shows reasons for staff leaving the business and whether it will or will not be eligible for a bonus payment:

<i>Reason for leaving</i>	<i>Bonus</i>	<i>Reason for leaving</i>	<i>Bonus</i>
Abandonment of service	No	Ill Health Retirement – Pension or Lump Sum	Yes
Age retirement	Yes	Redundancy	Yes
Dismissal*	No	Transfer to other units	Yes
End of contract	Yes	Voluntary resignation	No

Staff re-instated on appeal will be entitled to full bonus for the period.