



Fairer Targets and Fairer Management of Targets: Westpac Targets Forum, October 2009

Collective Employment Agreement (CEA) bargaining in 2009 resulted in agreement between Finsec and Westpac to establish an annual Targets Forum “to discuss (Finsec) members’ experiences and put forward such matters that their members would like Westpac to consider when setting targets and reviewing the management of targets”.

This came after Finsec members brought strong concerns about targets and their management to the bargaining table, and after many years of campaigning on the issue. Finsec members accept that targets are a part of the way that Westpac operates its business, but want a fundamental change in the way that targets are set and managed so that:

- There is greater transparency and demonstrable logic in the system;
- Attainment of targets does not require excessive hours and stress;
- Staff are consulted about targets;
- The management of targets is fair and reasonable.

Finsec views the Targets Forum process as an ongoing engagement about targets and how they operate. We hope that positive changes can be made to the system through constructive discussion, and by bringing the views of our members directly to the table. It is our view that a fairer targets system has significant benefits for both employer and employee.

In preparation for the first Targets Forum, Finsec has consulted widely with our members and received a lot of feedback. Included in this report are issues raised by members during this process, which we wish to discuss, and several key recommendations. These key recommendations stem from issues that are both widely felt and deeply felt across Finsec membership, and which in our view require urgent action. Issues are divided into those which relate to the setting and structure of targets, and those relating to the management of targets.

Setting and Structure of Targets: Issues

Structure of Points System

- Members report that there is sometimes a poor alignment between the points allocated to a particular task, and the time that is actually taken to complete it. For example, Consultants report that Account Management Calls can take an entire morning to complete, while bringing in a relatively small number of points, while Travel Insurance is also seen as time consuming but only delivers 2 points.
- The inability of the system to cater for staff who may have to spend time away from normal duties is seen as a major weakness. This includes staff who take a large block of annual leave, staff who have to “fill in” in another role when there is a protracted absence, and bulk tellers who have a whole range of additional duties. In all of these instances staff are unable to work toward the attainment of targets and are thus disadvantaged. A mechanism to recognize time away from normal duties is needed to resolve this issue.

- Tellers feel that while the targets system is supposed to recognize and reward individual performance, that several aspects of their targets set-up undermine this focus. Firstly, referrals are only recognized if they are “successful” when the customer has been passed on. There can be multiple reasons why a referral is ultimately successful or not, most of which are outside the control of the Teller. If the goal of this target is to encourage Tellers to question and refer customers then they should be recognized for this (with appropriate training and monitoring in place to ensure the quality of the conversations), rather than being penalised for subsequent matters that are entirely beyond their control. Secondly, Tellers are particularly impacted by overall branch performance, meaning that even if a Teller performs very well across all areas that s/he can control, poor branch performance can render them ineligible for incentive pay. While we believe that there is room for a debate about the balance between individual and branch performance, it makes no sense to only attach this measure to Tellers – meaning that they can be disadvantaged against their colleagues.
- The recent split between sales and deposit targets is not understood and is seen by many staff as a means of holding back staff who were previously achieving adequately by requiring them to achieve two separate targets, when previously a slight imbalance in one could be rectified by the other.
- Consultant’s in branches with an HLS report a disadvantage as compared to colleagues in a branch without an HLS. This is because both have identical targets, yet in the branch with an HLS, the Consultant does not complete new lending or security loans. There should be some adjustment to the target to recognise this.
- A small but significant number of Tellers report that consistently, they are unable to meet the Customer Care Call target because they are provided with less numbers than they are required to complete. A system needs to be put in place to ensure that if staff are reliant on bank provided information to achieve a target, that it is available.

Economic conditions not taken into account

- Members from across the country, and across different roles report a strong feeling of injustice about the fact that targets have not been altered in accordance with this years recessionary conditions. These conditions clearly impact the ability of customers to invest and borrow, yet targets that measure these activities have remained the same or risen. In the case of the Customer Support role, required points rose by 57 points in 2009.
- Members see this as particularly inconsistent because the bank has made other adjustments to recognise the impact of the recession, such as tightening credit criteria. This suggests that Westpac recognises the reality of difficult economic conditions, but is unwilling to make reasonable allowances for the fact this inhibits the ability of staff to sell products to customers.
- Indeed, many staff feel uncomfortable about the ongoing pressure to sell these products at a time when customers may not want them or be able to afford them. Some members have particularly identified strong incentivisation and pressure to sell risk products (which are strong revenue earners for the bank) as being inappropriate in the current climate.

Uniform Targets across different areas

- While Westpac’s targets are uniform across all areas, the reality is that not all areas are the same. Targets that are achievable on one site might be far more difficult on another due to different local socio-economic

conditions, or the different factors inherent in a rural v. urban environment. We acknowledge that there are significant difficulties involved in addressing this issue but do not believe that maintenance of the status quo is fair or reasonable.

Treatment of CNA's

- Members across the country report a major concern about the treatment of CNA's. CNA's are not supposed to have a quantity target attached to them, with the focus being on quality, however members on most sites report huge pressure to achieve a certain number of CNA's on a daily or weekly basis. Members are angered by this as a clear agreement was reached several years ago to shift to a quality focus, and members know that being forced into trying to achieve a certain number will only result in poor quality CNA's – this is good for neither the customer or the bank.
- Specifically, members report weekly CNA targets of between eight and ten. On some sites members are made to pledge a certain number, and on others members report being placed on performance plans specifically for not achieving this “target”.

Management of Targets

Inappropriate management pressure and bullying

- Many members report increasing pressure to achieve targets. This pressure manifests itself in many ways, is often unwanted, in many instances creates stress, and can make people feel demeaned. Members feel strongly that this is not just an issue of isolated management issues, but a result of a system which applies pressure from the top.
- Members report cases of managers encouraging staff to achieve their targets by prospecting family and friends and in one case telling a staff members to “go to night-clubs” to look for clients.
- Many staff report clear instances of being told that “your job is on the line if you do not meet these targets”, often with a clear understanding that this message comes from higher up the management chain.
- Staff also report messages coming through that they should aim to achieve their targets “no matter how”. This has resulted in staff feeling pressured to sell products to customers who may not need them, and who do not actually understand the product in question. There are clear examples of this occurring.
- The “adherence” target in call centres is extremely inflexible, allows insufficient time between calls, and leads to members feeling that they have to cut their meal breaks in order to attain this target.

Shame-Boards

- Despite past assurances to the contrary, many sites report that “leader boards” still operate on their sites. These boards display the individual performance of staff against targets. E-Mails sent to groups of staff displaying individual information function in the same way.
- The boards (and e-mails) create embarrassment, shame, and a loss of self-esteem on sites where they are used. On some sites team meetings are held in front of these shame boards meaning that staff whose performance is at the lower end feel humiliated in front of their colleagues. Finsec believes that these boards, and their various manifestations are completely unethical and of dubious business value.
- Finsec also believes that there are legal grounds to show that these boards (and e-mails) breach the privacy act. We believe that as a

matter of policy Westpac needs to send a directive that these public boards should not be used. While the bank clearly has the right to collect this information and talk about it with the staff member concerned, this is a private employment matter between the bank, the employee, and his/her chosen representative.

Excessive Reporting

- A particular feature of management of targets that members are concerned about is excessive reporting. This management practice demeans staff, making them feel as if they are not trusted. Many staff refer to as “being treated like naughty children”. Such a practice is unlikely therefore to lead to the kind of highly engaged, positive worksite culture that is needed to deliver Westpac’s objectives.
- Many sites report multiple reporting per day, and actually identify this as a barrier to being able to get on with their work.
- Members on many sites also report that the practice of “pledging”, and constant reporting of what has been pledged, continues (although often by a different name). This practice is strongly resented by staff and is frankly pointless. Staff do not have the ability to make predictions about the amount of business they will be able to achieve in a given day or week. Given the right tools, encouragement, and coaching, staff will maximize sales. Activities such as pledging are a substitute for this kind of quality management, are unethical (they pre-suppose customer need), and have the reverse affect of that which is intended.

Key Recommendations

These recommendations relate to the most significant and/or urgent matters identified by Finsec members. We believe they need to be addressed as a matter of priority:

- 1) A clear directive should be sent out to regional managers, area managers, and branch managers, that there is to be no setting of formal or informal quantity based CNA targets.
- 2) Investigations and consultation should commence into ways of calibrating targets to take into account factors such as regional and socio-economic differences.
- 3) A review of current targets should commence that analyses the affect that poorer economic conditions in 2009 have had on the ability of staff to meet targets, with a view to altering targets that can be shown to be demonstrably more difficult to achieve due to these conditions.
- 4) Westpac should issue a clear directive to all people managers that the practice of publicly notifying the performance of individual team members by any medium is a breach of privacy and should cease immediately.
- 5) A trial should commence in the Palmerston North branches of a simplified target and target management system, with results to be reviewed after six months. The system will reduce the number of targets, and the amount of monitoring associated with targets. Finsec will present further details of the proposed simplification at the Targets Forum