



Position Specification

Post Office Ltd

Chief Executive Officer

Private and Confidential

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Ref: Chief Executive Officer
Post Office Ltd

Our Client

The Post Office is unique. With over 370 years of history, it is part of the social fabric of the UK as well as being the country's largest retail network in Europe, with 25,000 outlets; 11,500 Post Offices and 13,500 Payzone branches across the UK. Ninety three per cent of the UK population live within three miles of a branch and some 17 million customers visit a Post Office branch each week, including a third of the UK's small businesses. The Post Office has over 68 million website visitors each year. In addition, it is the largest financial services chain in the UK with more branches than all of the UK's banks and building societies put together with a network of 2,700 ATMs. In 2017/18 Post Office branches serviced by its supply chain, processed over 120 million transactions and £45 billion of cash on behalf of the high street banks who participate in the Everyday Banking scheme covering 99% of personal customers and 95% of business customers in the UK. The Post Office is a commercial business that makes profit in competitive markets to deliver a social purpose: it does not pay dividends as profits are reinvested.

The Post Office has recently innovated, introducing Identity, Insurance and Digital businesses; it has growing contact centre and online channels. The business offers more than 170 products and services to millions of customers. Its retail network is predominantly franchised and managed on an agency basis or through partners such as the Coop, Spar and WH Smith.

For many rural communities the Post Office is the only retail outlet, making it a vitally important community resource in supporting local economies and helping small businesses to trade and grow through access to banking services and a worldwide logistics network. The Post Office is the second most trusted brand in the UK and the social value of the network is estimated at £4.3 billion to £9.7 billion. With access to a Post Office, a bank and a phonepeople in the UK can run a small business and trade with the world. The customers it serves can be ones who are seeking to complete their transaction as quickly as possible, through to those who see the Post Office as their main social interaction of the day. The Post Office is diversity in action in its people and its customers.

The Post Office had a commercial turnover of c.£1 billion in FY 2017-18 and has improved underlying profitability from a loss of £115 million four years ago, to a trading profit of £13m in 2016, £35m in 2017, and £50m in 2018. The value of transactions undertaken and processed by the Post Office was worth £60 billion last year. It directly employs c.5,000 people at head office and throughout the UK in c.300 owned and operated Crown branches. The wider workforce totals c.55,000 across the network of franchisees, which includes independent agents and retail partners such as WH Smith. This network of partners is very diverse: from highly entrepreneurial local retailers to larger corporates. The size of the network is now at its most stable for decades.

The Post Office provides products in four strategic business areas;

- **MAILS & RETAIL** – revenues of £448m and is responsible for the Post Office branch network and for the distribution of products including Mails (parcels and other mail products provided by Royal Mail and Parcelforce represented revenues of £334m in 2017-18); Lottery and Retail services (£45m). Banking Services for consumers and small business across the country were transferred into the Retail division in April 2018, a growing part of the business which is expected to increase significantly following the recent acquisition of Payzone.

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- **FINANCIAL SERVICES** – revenues of £263m in 2017-18 of which £215m was from sales of Post Office branded personal financial services products such as mortgages, credit cards, savings and travel products and banking; and £48m from insurance through Post Office Insurance, the Post Office's FCA regulated subsidiary.
- **GOVERNMENT SERVICES AND IDENTITY** – revenues of £156m in 2017-18, and covers services provided under contract to Government departments. This includes the Department for Work and Pensions (DWP), the Driver and Vehicle Licensing Agency (DVLA), UK Visas and Immigration (UKVI), and Her Majesty's Passport Office (HMPO) for whom the Post Office has just launched the first digital passport application. These services together represented turnover of £99m, with Bill Payment services representing £57m.
- **TELECOMS** – revenues of £147m in 2017-18 including Post Office HomePhone and Broadband services, as well as E Top-up services and phonecards.

The Post Office has made strong progress over the last five years in laying the foundations for longer term success. It has modernised almost 7,000 branches and provided customers with 200,000 extra hours of opening every week. There has been a continual programme of investing in, and modernising, its branch network alongside streamlining and driving efficiencies in the provision of support services and shifting to more sustainable retailer-hosted models. Legacy systems and IT are being addressed and upgraded now that the separation from Royal Mail Group is complete and this will deliver around fifteen percent reduction in annualised operating costs by March 2018.

The business is increasing its digital capability through the creation of the Innovation Hub, ensuring customers can access its products and services online, whilst also introducing world-leading technology to support customer journeys in branch. This has started with the launch of the Post Office Travel app which enables customers to manage their Travel Money Card on the go, and also gives them the opportunity to buy Travel Insurance along with the additional tools of ATM finder and Branch Finder.

A key area of strategic digital development is Identity Services improving the current services offering physical check steps such as identity verification and developing digital identity products which are crucial to ensuring the UK seizes the opportunities of the digital revolution.

On 24th October 2018, Post Office acquired Payzone Bill Payments Limited. This is an exciting strategic investment, presenting a strong growth opportunity for both Post Office and Payzone networks offering a combined network of 25,000 branches across the UK for bill payment services. This move effectively reduces the number of providers in this market space to two, with the other competitor, PayPoint currently holding a 70% market share. This acquisition will be better for customers as the combined business will be able to provide a more competitive offer to clients and provides an increased network which helps the Post Office to be there for its more vulnerable and hard-to-reach customers.

Strategic Priorities

With a stable network, and ongoing investment to modernise the network, improve convenience and service for the customer, the Post Office has identified the following five key strategic priorities to 2020/21:

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- Delivering a lean, competitive cost base
- Strengthening and growing the branch network through a continued shift to retail hosted hubs
- Driving growth in financial services through digitally-enabled customer propositions
- Safeguarding its position as the UK's number one letters and parcels retailer
- Establishing a leading position in the growing identity services market

Corporate History

On 1 April 2012, the Post Office separated from the Royal Mail Group and became an independent business. It has since made good progress towards its ambition of achieving commercial sustainability, continuing to reduce its reliance on the Network Subsidy Payment from the Government, £60m in 2018-19, while at the same time continuing to accelerate the investment programme to transform its branch network. These Post Offices – around 3000 – are at the heart of often deprived or relatively isolated communities, where they are most needed.

Since 2010, the Government has invested nearly £2 billion to secure the future of the Post Office through the modernisation of branches and the upgrading of key infrastructure. Post Office secured its final round of investment funding of £370 million in December 2017 to support the business through to 2021. The ambition will be to deliver self-sustaining profitable business generating in excess of £100m per annum by 2021 so that it can continue to reinvest in the business. It is on track to do so.

The Executive Team

The Post Office Group Executive team consists of the Chief Financial and Operations Officer, Chief Executive - Retail, Chief Executive - Financial Services and Telecoms, Group Director Legal, Regulatory and Governance, Chief Information Officer, Group Communications and Corporate Affairs Director, and the Group HR Director.

The Board

The Post Office Board currently consists of the Chairman, four independent Non-Executive Directors, a Shareholder appointed Non-Executive Director, the Chief Executive Officer and the Chief Finance & Operations Officer. *Biographies for all the Board can be found in the Appendix.*

Following the retirement of the current incumbent, Paula Vennells, the Post Office is seeking a new Chief Executive Officer to take up the role in 2019. In the interim between Paula's departure and the appointment of a new CEO, the CFO, Alistair Cameron will be responsible for managing the day-to-day business.

The Role

The primary role of the Chief Executive is to:

- Lead on the development of the longer-term strategic agenda.
- Lead and oversee the strategic agenda and specific opportunities and challenges facing the Post Office and its subsidiary companies.

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- Lead the Group Executive team, playing an active and positive role in the direction of the business, focused on driving performance and applying their experience and background to the continued development and growth of the Post Office.
- Be the leader and role model for a business that is undergoing rapid culture change and transformation.
- Work with key stakeholders (e.g. Agents, clients, partners, the public and politicians) to ensure that the Post Office vision and objectives are successfully delivered.
- Work closely with the Department for Business, Energy and Industrial Strategy (BEIS) – Post Office's shareholder and for whom the Post Office is a 'Partner Organisation'.
- Work closely with the Chair and the Group Board so that its members actively contribute to the quality of the debate by providing appropriate challenge and intellectual analysis and keeping the focus on strategic issues and its evolving business model.
- Provide leadership within the framework of prudent effective controls helping identify and manage risks.

Candidate Profile

In terms of the performance and personal competencies required for the position, we would highlight the following:

- Candidates will have deep executive experience in either retail, multi-site, financial services, consumer services or logistics businesses coupled with a strong understanding of the customer to ensure delivery of seamless customer experiences. Expertise of franchise operations would be helpful.
- Candidates will also have some experience of working in complex and/or regulated environments. They should be a strategic thinker across all channels, both digital and physical.
- Candidates will demonstrate a strong passion for, and experience of, data, digital and the use of technology in optimising customer and business outcomes, including knowledge of online distribution and transformation experience of meeting customers' needs through digital.
- Experience of working with multiple stakeholders is a critical requirement, given the diverse nature of constituents including MPs, Parliament, Unions, Banks, Customers and members of the communities The Post Office serves.
- Candidates will be required to work closely with other Government Departments to develop the Post Office's social purpose delivering a range of initiatives and services which create value for communities across the UK. The candidate will need to be politically savvy, effectively developing and nurturing the organisation's influence with these stakeholders.

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- Candidates who can lead improvements in both efficiency and effectiveness will be viewed favourably, as will the ability to bring a diverse perspective to the board.
- Candidates must have significant experience of leading Executive teams and have had significant engagement with boards. As a result, this role will appeal to individuals who have already made their mark leading another successful enterprise and are now looking to take on the challenge of completing the transformation journey and reinventing a national, iconic and much-loved British institution.
- Prospective candidates must complement the culture and dynamics of the Executive team and the Board and play an effective role as a team member. The Executive and the Board is transparent, collegial, thoughtful and commercially focused.

The next phase of the transformation is to complete the journey to commercial sustainability, securing the Post Office for another generation, making enough money to reinvest without seeking further funding from the Government. This will continue to bring about significant change to the way the business operates and will need someone with the skills and experience to lead colleagues and key stakeholders, such as Agents, through cultural change in order to make this a success.

In terms of personal qualities, the successful candidate will bring personal stature and credibility, have strong analytical skills and be articulate and personable. They should display confidence, humour and enthusiasm and reflect the Post Office values of trust, reliability and customer focus.

They must of course bring the highest ethical standards of integrity and probity.

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Appendix - Board Biographies

Tim Parker - Independent Chairman Joined the Board 1st October 2015.

[Chairman of the Nominations Committee and member of the Remuneration Committee]

Tim took on the role of Chairman at the National Trust on 8th November 2014. He also took on the role of Chairman of HM Courts & Tribunals Service on 27th April 2018. He is Chairman of Samsonite. Tim has enjoyed a long business as CEO of several well-known companies. After a spell in the Treasury as an economist, he studied at the London Business School, and soon after was appointed as general manager of a subsidiary of Thorn EMI based in Chicago. In 1989 he led the management buy-out of Kenwood, the kitchen appliances company. Subsequently he has been CEO of Clarks, the shoe company, Kwik-Fit, the AA, and until recently, Samsonite, where he remains Chairman. Tim has been Chairman of Channel Nine TV in Australia and the Autobar Group, Europe's largest vending company. He has also served as a non-executive director on the Boards of Legal & General, Alliance Boots and Compass Group. He is also a director and owner of the British Pathe film archive.

Ken McCall – Senior Independent Director Joined the Board 21 January 2016

[Chairman of Remuneration Committee and member of both the Audit, Risk and Compliance and the Nominations Committees]

Ken's position with Europcar is Group Chief Operating Officer and Head of Global Operations. Formerly, he was Chief Executive of DHL Express UK and Ireland, instrumental in achieving a full business turnaround and transformation. Previous positions include Chief Executive of TNT Asia, Middle East, African and Indian sub-continent. Ken has extensive experience in mails, logistics and business transformation. Ken is a Non-Executive Director of Supergroup plc.

Tom Cooper – Non- Executive Director Joined the Board 27 March 2018

[Member of both the Audit, Risk and Compliance Committee and the Remuneration Committee]

Tom was appointed a Director at UKGI in November 2017. He was most recently Global Co-Chairman of M&A at Deutsche Bank where he has spent the previous 8 years. Before joining Deutsche Bank, he worked at UBS Investment Bank for 21 years latterly as Head of European M&A. He started his career at KMPG.

Shirine Khoury-Haq - Non-Executive Director Joined the Board 24 May 2018

[Member of both the Nominations Committee and the Remuneration Committee]

Shirine is Chief Operating Officer of Lloyd's with responsibility for its global operations, business transformation, data, IT, operational risk management and real estate functions. She is responsible for driving the modernisation and digitisation of the Lloyd's and the wider London (re) insurance market as the sponsor of the London Market's Target Operating Model (TOM) initiative. Shirine joined Lloyd's from Catlin, where she was Group Head of Operations and UK Chief Operating Officer. Prior to this, Shirine was an Associate Partner at IBM, specialising in the retail and consumer products industries, and focussing on large systems and business transformation projects, as well as post-merger/acquisition integration.

Tim Franklin - Non-executive Director Joined the Board 19 September 2012

[Member of the Audit, Risk and Compliance Committee and Chairman of the Post Office Advisory Council]

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Tim has had over 30 years executive experience in a variety of organisations in the banking industry and joined the Post Office board in 2012 as a non-executive director. Tim sits on the Audit and Risk Committee as well as the board of Post Office Insurance. He is an experienced non-executive and is Chairman of AIM Listed Bank Private and Commercial Finance Group PLC and a non-executive Board member of Topaz Finance Limited. He is also an accredited executive coach working with boards internationally.

Carla Stent - Non-Executive Director Joined the Board 21 January 2016
(Chairman of Audit, Risk and Compliance Committee)

Carla, a qualified Chartered Accountant, has held a number of senior positions in banking, private equity and in retail industries. She has had direct responsibility for corporate finance and post-merger integration, strategy, business operations, brand development and management and business transformation. Carla has worked at Board level for organisations including Barclays Bank plc and Virgin Group. Carla is Chair of Savernake Capital Limited; Non-Executive Director of JPM Morgan Elect plc, Marex Spectron Limited and Power to Change Trust (which she also chairs).

Alisdair Cameron - Chief Finance & Operations Officer Joined the Board 28 January 2015

Alisdair joined Post Office in January 2015. Prior to this appointment, from 2002 to 2014 he worked in a variety of roles for Centrica plc, a FTSE 100 company, including Director of Audit and Risk, Group Financial Controller, Finance Director of British Gas and Managing Director of British Gas Enterprise. Previously he was a partner with Deloitte and Arthur Anderson and served as a trustee of the e-Learning Foundation. Alisdair is a Non-Executive Director of Dover Harbour Board and has just finished an 8-year term as a Non-Executive Director of Oxford University Hospitals NHS Foundation Trust.

Jane MacLeod – Company Secretary Appointed as Company Secretary 31 August 2017

Jane joined the Post Office in January 2015 as a member of the Post Office Group Executive with responsibility for Legal, Governance, Risk & Compliance and Internal Audit. Having qualified as a solicitor in Australia in 1985, Jane has subsequently gained significant experience both in private practice and in-house in a variety of roles predominantly in financial services. Jane was appointed as Company Secretary in September 2017.