

Service Managers are able to:

- Objectively identify room for improvement
- Put in place appropriate remedial actions
- Monitor progress
- Take appropriate contractual corrective action, should there be no progress

The most cost-effective outcome from these actions will be that a subpostmaster improves his/her performance, and he/she becomes an active participant in our sales culture. However the business recognises that not every agent will be willing - or able - to adapt to the new environment. In some case this will mean that some subpostmasters ultimately may want to leave the business and sell their branch. In the most extreme cases, Post Office Ltd may decide that we have no choice but to end the relationship with subpostmasters who simply will not, or cannot, make the transition to the new culture. This ACC also contains guidance on dealing with such cases.

2. Underperformance

In today's increasingly competitive business environment, non-compliance in all branches must be challenged and performance improved. In particular, the Sales Account Manager managed branches are the economic engines of our business, and our long-term survival depends upon the agents at these branches being active participants in our sales culture.

Unfortunately there will be occasions when subpostmasters fail to meet the performance standards set out by the business. Examples of underperformance would include:

- Poor customer service;
- not properly maintaining their premises to support Post Office Ltd's +1 Standards;
- accounting errors, which generate [frequent] transactions corrections;
- repeatedly providing inaccurate or incomplete information on products /services during Mystery Shopper visits results,
- non compliance or non observance of rules;
- failure to improve operational performance to the required standard;

- failing to implement actions on +1 service measures;
- failing to pass knowledge on to staff;
- failing to implement training for counter staff in sales skills.

The examples listed above are by no means an exhaustive but once evidence of underperformance at a branch has come to light it is important that appropriate steps are taken to notify the subpostmaster of his/her shortcomings.

3. Corrective action

As a reminder, there are a variety of actions that make up the various strands of the Corrective Action process. These actions are:

- Performance Discussions (Oral Warnings)
- Written Warnings
- Termination of Contact by Three Months' notice
- Precautionary Suspensions
- Summary Termination

3.1 Performance discussions

Performance discussions are used when weaknesses are identified within the Subpostmasters ability, or behavioural attitude, with a view to improvement before they get out of hand. There is no limit to the amount of times in which you can conduct performance discussions, which is dependent, to a very large degree, on the nature of the occurrence. Clearly you have to take account of all the operational problems the subpostmaster may be experiencing, and offer any support - e.g. training, coaching, role modelling, or shadowing.

3.2 Written Warnings

If, however, the problems persist, and if you think that the subpostmaster is either not keen to improve, or cannot, then you need to progress to a more formal structure - i.e. a Written Warning. This is the preferred approach, where Performance Discussions have had no effect and when termination of contract may look like being an option. Please also note an offence may be so severe that a written warning could be the first stage of corrective action.

3.3 Termination of Contract by Notice

Termination of Contract by Post Office Ltd should only be used when you have sufficient written evidence of: (i) the subpostmaster's underperformance; (ii) the steps taken to bring it to their notice; (iii) the agreed actions to resolve, and (iv) failure to improve.

Termination of Contract with pay in lieu of notice should only be used if you suspect there is a real threat to the safety of Post Office cash and stock.

Although Performance Discussions may have been held and diarised, legally, they cannot be relied upon as a basis of termination at a later date.

You should also note that the Three Months Termination process **must not** be used as a means to avoid the Summary Termination route and its associated appeals provisions.

3.4 Precautionary Suspension and Summary Termination

In dealing with subpostmasters who are failing to meet the performance

Page 5 of 6

standards required, it is highly unlikely that there will have been a breach of contract sufficiently significant for this course of action. It is the case that such procedure will most likely be followed in circumstances when there is evidence of dishonesty or other material breach of the contract for services.

4. Tackling Underperformance

The matrix attached as Appendix 1 tabulates the most likely range of issues and remedies.

Many of the Service failures at branches – such those involving accounting matters or customer complaints - are already being reported to the Contract & Services Managers by means of management information from other teams within the business. The Contract & Services Managers will continue to ensure that remedial actions are put in place and performance discussions held with the subpostmaster, to address the gaps via an Area Intervention Manager visit.

4.1 Sales Account Manager Responsibilities

Where there are clearly either sales or retail standard issues in a branch, these may not be picked up by centralised management information systems and so the Sales Account Manager will need to begin the corrective action process. (See appendix 3 and 4 for the full mapped processes)

When a gap in performance has been identified it should be discussed fully with the subpostmaster. The Subpostmaster must be offered appropriate assistance in terms of coaching, training etc. and every effort should be made to understand what issues might be causing the non-conformance. The subpostmaster should be given a proper opportunity to explain why the gap in performance has occurred and a realistic timescale for improvement agreed and noted on the branch's action plan. Deployment of the agreed improvement should be checked by means of a further visit by the Sales Account Manager or mystery shopper. Where the improvement action has not been deployed, the Sales Account Manager needs to review the performance gap and either raise the matter directly with the subpostmaster again, or where there is sufficient documentary evidence refer the matter to the Contract & Services Manager.

To ensure sufficient documentary evidence to support further contractual action, the Sales Account Manager should ensure that all gaps have been recorded, along with the actions agreed to remedy the gap and any remedial training /coaching provided. The evidence provided to the Contract & Services Manager should be: (i) comprehensive; (ii) factually correct, and (iii) objective. A sales action plan (Appendix 2) should be used to document the discussions and a copy left with the Subpostmaster

4.2 Contract & Services Manager Responsibilities

On receipt of a case from the Sales Account Manager, the Contract & Services Manager will then review the evidence to ensure it is sufficient to instigate the first level of contractual action. If the C&SM determines that further evidence is required before any corrective action can be taken, the SAM must be informed and the reasons why the evidence is not sufficient given.

Depending on the response from the subpostmaster, the Sales Account Manager will be informed either: (a) that the agent will comply (and therefore further monitoring will be needed), or (b) that the agent refuses to comply (and the next stage of corrective action will therefore need to commence).

Prior to any interview the Contract and Services Manager should discuss the case with the Sales Account Manager to ensure that they are fully aware of the background. In some cases where the issue is associated with the physical environment in the branch, it may be advisable for the Sales Account Manager to attend the interview. (Appendix 5 8 Standard letters)

5. Conclusion and Contact







By adopting the processes outlined in this ACC, Sales Account Managers all be able to instigate corrective action in a consistent and timely fashion across the network. A flow chart of the process is attached as Appendix 2, with the standard draft letters to be used as Appendices 3 to 6.

Should you require any further advice or clarification about this issue, please do not hesitate to contact me at the number below.

Carola Ramsden
Restrictions Manager

PL:
Office:
E-mail: carola.ramsden

APPENDICES

1. Standards	 matrix.doc
2. Sales Action Plan	 "Subpostmaster Sales blank Action PI
3. Corrective action process map for Agents	 "Network Service_Corrective Ac
4. Corrective action process map for Multiples and Franchise	 "Network Service_Corrective Ac
5. 1st stage - written warning	 "Stage 1 v1.0.doc"
6. 2nd stage - Invite to interview, consideration of terminating contract	 "Stage 2 v1.0.doc"
7. 3rd stage termination of contract by 3 months notice	 "Stage 3 v1.0.doc"
8. 4th stage next steps and sale of office	 "Stage 4 v2.doc"