

# WORKPLACE BRIEF: ROYAL MAIL TO RECRUIT NEW UK BOSS

The article published in The Times exposes Royal Mail's plans to recruit a new UK director to work alongside Rico Back.

So a £6m golden hello, a £2.7m pay package and £2m of shares isn't enough to convince the CEO to live and work in the UK - so we'll get yet another overpaid executive in.

Remember though - no money for investment. No money for growth. No money for the shorter working week.

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## Troubled Royal Mail seeks UK boss to deliver turnaround

Royal Mail is recruiting a director to run its British operations as it heads for a showdown with postal workers and battles against slumping volumes in letters.

The 500-year-old former state-owned monopoly abolished the job a year ago when it ousted Sue Whalley, the chief executive of UK post and parcels, after a spell of dire trading. Finance director Stuart Simpson was handed the additional role of chief operating officer.

The board's decision to appoint headhunters to fill the role again reflects consternation over its failure to get a grip on deteriorating performance in its UK business, which turns over £7.5bn and has 143,000 staff.

Royal Mail was ejected from the FTSE 100 in December and its shares are down 22% so far this year.

The new recruit will report to chief executive Rico Back, a Zurich-domiciled German who previously ran Royal Mail's overseas interests.

Back has endured a tough time since taking the helm in June last year, incurring the wrath of investors over his £6m "golden hello", despite being an internal appointee. Royal Mail declined to comment.

The Communication Workers Union is gearing up for a nationwide strike in the run-up to Christmas and opened a ballot on industrial action last week. Its 100,000 members are expected to strike over issues including employment terms and job security.

Adding to the company's problems, letter volumes fell 8% in the year to March and UK operating profit was down a third to £332m. Royal Mail shares ended last week at 213.1p, valuing it at £2.1bn. They were priced at 330p in its 2013 privatisation.

Gerald Khoo, an analyst at the broker Liberum Capital, said last week that Royal Mail's share price was "wholly unreflective of the structural challenges faced by the group that could lead to a long-term and irreversible squeeze of profit margins". He advised investors to sell.

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