Jobs losses at Kellogg's UK part of global profit drive

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Cereal producer Kellogg's has announced the closure of its European Financial Service Centre in Trafford Park, Greater Manchester, England. Over 80 jobs will be axed when the centre is relocated to Bucharest in Romania.

It forms part of the firm's Global Business Services (GBS) restructuring plans taking in Finance, IT, Supply, and Human Resources. In a statement Kellogg's president and chief executive, John Bryant, said "To deliver on our strategy and grow our business around the world, we need new ways of operating in an increasingly complex, global business environment. GBS is a proven approach that will enable us to operate more efficiently and effectively."

Bucharest had been chosen, said Bryant, as the city already had the established infrastructure required and was the location of similar service centres for other global corporations, including Procter & Gamble and Ericsson. Procter & Gamble is another firm with a manufacturing plant at Trafford Park.

The Trafford Park factory has been run by Kellogg's since 1938 and is one of the largest cereal-producing operations in the world. The factory produces 400 million boxes of cereal a year, supplying Kellogg's UK and European markets.

The closure of the Financial and Service Centre at Trafford mirrors the company's announcement this year that jobs could be lost through the transfer of its North American service centre from Battle Creek, Michigan to Grand Rapids, Michigan.

The attacks on jobs and conditions are not confined to the UK, but are part of an international strategy. The European GBS restructuring forms part of the company's billion-dollar international cost-cutting plan labelled Project K. The four-year plan calls for cash savings of between $425 million and $475 million by 2018. A major part of the savings will come from a cut of over 2,000 jobs (7 percent of the global workforce). Project K is the latest in a series of similar restructuring plans and follows on from exercise K-Lean launched in 2009.

In December 2013 Kellogg's announced the closure of its London Ontario Canada plant, due at the end of this year with the total loss of 550 jobs. On the same day, it announced that 100 jobs at the Charmhaven plant in New South Wales, Australia will be lost through the closure of the plant. This will take place once one being constructed in Thailand comes on line.

The latest UK job losses follows previous job cuts and the introduction of an "annualised hours" restructuring plan, changing the shift patterns of production staff at Kellogg's' UK plants in Wrexham, Wales and Trafford.

In December 2003, Kellogg's shed 120 jobs at Trafford and closed its final salary pensions scheme to new starters. By 2008, a further 200 job losses had gone in the previous 18 months.

At the Wrexham plant, Kellogg's, in partnership with the Union of Shop, Distributive and Allied Workers (USDAW) brought in the annualised hours system in which staff work a shift pattern of 12-hour day and night shifts. Instead of overtime, the annual hours system includes a quota of "banked" hours which employees can be asked to work at any time.

A comment on the deal by Workforce Logistics, who through Phillip Lynch Associates worked with management and the union on the deal, said, "Kellogg's has gained a substantial rise in the capacity of its plant, which is now working 24 hours a day making breakfast cereals, mainly for export... Bill Snell, the area organiser for USDAW involved in the agreement, said the union and stewards had studied a large number of

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other annual hours systems during a long negotiating period. Together, officials and stewards had drawn up a matrix of the advantages and disadvantages of each and tried to secure the most favourable settlement."

Snell said, "We have good ground to believe this will be treated as a model agreement."

The same shift patterns are also in operation at Trafford Park. During the recent Socialist Equality Party European Election campaign in the North West England region, SEP campaigners were told by workers that the consequences of this change to conditions of service had not been fully disclosed either by the company or USDAW.

The agreement has not prevented the company from seeking to impose further job losses. In January of this year, Kellogg's proposed 140 redundancies, amounting to over a quarter of the workforce at Wrexham. USDAW claimed a victory after the number had been reduced down to 79, plus 26 jobs that became vacant through redundancies. The 26 jobs will be replaced through advertisement.

Announcing the deal, USDAW National Officer David Gill said, "There was an over subscription of volunteers for redundancies, so we have agreed with Kellogg's that all employees who applied for voluntary redundancy or early retirement will be able to leave and there will no compulsory redundancies."

No matter how USDAW attempts to juggle the figures, jobs have gone without a fight. They have not disclosed whether the 26 new entrants taken on to replace those leaving will be employed on the same rate of pay and conditions as those who left.

USDAW has long been at the forefront of collaborating with companies to impose agreements premised on creating an ever more flexible workforce. In September 2009, they called off a strike ballot and accepted 40 job losses at Wrexham. What transpired was an increase in productivity and profit for Kellogg's that encouraged them to push on with the broader attacks this January.

In 2001 USDAW's Executive Council produced a statement, "Flexibility, the Challenge for the Union." It stated, "Flexible workers form the backbone of some of the largest, most profitable companies in the UK economy. Our members in flexible work have contributed massively to the profitability and the success of some of the biggest employers in the UK labour market."

The document boasted, "At Kellogg's, Tesco distribution and many more locations, annualised hours schemes are in place, negotiated and agreed by the union."

Offering firms its ongoing services the union wrote, "Flexible working isn't just increasing generally, it's also the dominant form of working in key USDAW spheres of influence like retailing. More than that, all the independent observers and labour market analysts make clear not only that flexible work is increasingly prevalent in the UK but it is also confidently expected to be the majority experience in large parts of the UK economy as a whole as we head further into the 21st century."

In Canada, as in Wrexham, workers were reassured that if they accepted cutbacks and layoffs the future would be secured. The Canadian workers were then given notice of closure just a week before last Christmas after the union at the plant accepted layoffs and speed ups.

Kellogg's workers in the UK must draw the lessons of these events. The unions have no intention of putting up a fight to defend 80 jobs at the Financial Service Centre, or in defending the jobs and conditions of those affected through the shift changes on the shop floor. Like their counterparts internationally the unions in Britain have accepted whatever Kellogg's proposes with the minimum of fuss.

The streamlining of factories across the globe by Kellogg's pits worker against worker nationally and internationally. In a globalised economy, companies can close a factory down and open up production thousands of miles away. Workers at Kellogg's UK plants can only fight successfully against job losses and attacks on working conditions on the basis of an international struggle, independent of the trade unions.

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