

UK Royal Mail CEO Rico Back forced to resign: Next stage opens in postal workers' struggle

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Royal Mail Group (RMG) have offloaded their expensively procured CEO Rico Back, after only two years in the job.

Removed in a boardroom coup, Back's final pay-off will be close to £1 million pounds [\$US1.21 million]. He will receive nine monthly payments totalling £480,000, and Royal Mail will provide up to £50,000 towards his legal fees and a maximum £25,000 towards outplacement support on top of unannounced remunerations. Most sickening of all, he will keep his £5.8 million "golden hello" payment received when he first took up the role of CEO.

While the sacking has caught many by surprise, it is the result of RMG's prolonged failure to implement the draconian new working practices—of the kind associated with rivals like Amazon—demanded by the company's shareholders.

Back was parachuted into the company in 2018 tasked with this mission, having previously earned a reputation for brutal labour relations at Royal Mail's European subsidiary, General Logistics Systems (GLS).

During his two years at the head of Royal Mail, however, the company's stock price has fallen by 66 percent, involving RMG losing its prized FTSE 100 status.

Back could not ram through a £1.8 billion modernisation programme designed to shift the company's focus towards delivering parcels and offset a catastrophic decline in letter volumes during the COVID-19 lockdown. From the end of March to the beginning of May, 308 million fewer addressed letters were sent, a decrease of 33 percent. In April alone, RMG suffered a £22 million fall in turnover.

Until a temporary agreement to end Saturday deliveries was reached this month with the Communication Workers

Union (CWU), Back was also unable to do away with the Universal Service Obligation—guaranteeing six-days-a-week delivery—as a step towards increasing the exploitation of the workforce.

His efforts were sabotaged by his own brutish rhetoric and brazen displays of oligarchical arrogance and selfishness, which generated a massive level of opposition among postal workers. The coronavirus crisis stretched these tensions past breaking point and made him a liability to RMG's shareholders. While Royal Mail workers were forced to stay on the job in unsafe conditions throughout the lockdown, the company CEO was working from home in his £2.3 million penthouse in Switzerland. He refused to announce executive pay cuts during the pandemic and only belatedly cancelled executive bonuses.

Back's sacking has been met with understandable satisfaction by postal workers. However, it would be a fatal mistake to believe that RMG will halt its planned attacks on pay and working conditions. As The Who sang in "Won't Get Fooled Again," "Meet the new boss. Same as the old boss."

New CEO Keith Williams has been chosen by RMG's board for precisely the same purpose as Back—to rapidly grow shareholders' profits through an increased exploitation of the workforce. He has already promised "an accelerated pace of change across the business."

Where he differs from Back is in his methods. He will rely more on the CWU to push through the attacks on postal workers, which Back failed to impose through a direct confrontation with postal workers.

Williams was credited with solving British Airway's (BA) two-year dispute with cabin crews in 2011. The event is instructive. In 2009, BA had made 1,700 cabin crew redundant, provoking a strike. In response, the

company victimised several striking employees and removed travel concessions from thousands of others. The outrage this produced created an intractable dispute that cost BA more than £150 million.

Williams was appointed CEO and promised to reverse these punitive measures in return for the Unite union calling an end to the strike. The 1,700 jobs originally lost did not return. A few years later, Unite rewarded BA by pushing through a concessions deal—including surrender of hundreds of millions of pounds in pensions—to boost the company’s ailing profits.

In contrast to Back’s bulldozing demands, Williams’ MO is to avoid open provocations, to give unions the space to manage the extraction of concessions.

This process has begun to take shape at Royal Mail. Michael Hewson, chief analyst at CMC Markets UK, noted, “The hope is that any new CEO will be able to work more collaboratively with the unions to make the changes that are needed to improve the competitiveness of a company, which lags behind most of its peers.”

In a joint statement, RMG and the CWU announced a one-off payment of £200 for workers who have worked throughout the pandemic. Many postal workers have expressed their contempt at such a paltry figure on the CWU’s Facebook page.

But while workers remain sceptical, the union is cock-a-hoop. Instead of sidelining the CWU, Back has proved that attacks on the workforce can only be implemented with their help. The bureaucracy sees Williams’ appointment as an opportunity to return to the close relations it enjoyed with RMG in the past, which saw concession after concession imposed on Royal Mail workers through company-union agreements.

The CWU were just as happy to accept this position with Back at the helm, with General Secretary Dave Ward cheering his offer of “discussions to start talking about a framework for negotiations to resolve the overall dispute that we’ve got with Royal Mail” earlier this month.

Over the past two years, the union has done everything in its power to prevent a confrontation between postal workers and Royal Mail and make such an arrangement possible—using their members’ ballot solely to secure their seat at the company’s table.

This was the perspective put forward in an online CWU meeting responding to Back’s resignation. Deputy General Secretary Terry Pullinger told members, “We didn’t ballot to go on strike. We balloted for our right that we’ve earned to negotiate the future of this industry.”

Back had “inherited a company that had a good

agreement in place ... that was building a relationship with the trade union and rather than just keep that going he wanted to impose his new ideas and a lot of that was without this trade union.”

With his departure, Pullinger continued, the union is in a “strong position” to “work with the board, with whoever the new people are.”

Pullinger and Ward implored them: “work with us, we’ve got the ideas, we’ve always dealt with change” and cynically thanked CWU members for having “given us a platform” to discuss “new strategies” with management.

Rather than the self-congratulations of the CWU, postal workers should take heed of the financial elite’s verdict on recent events. Since Back left, Royal Mail’s share price has increased 7.5 percent. Czech billionaire Daniel Kretinsky, who bought a 5 percent stake in the company early this month to become its fourth largest shareholder, has increased his position. He and his fellow oligarchs have seen this one before—anticipating that management and the union have got their act together and are preparing a profitable assault on workers’ conditions.

Back’s departure does not mark an end to the struggle at Royal Mail, but the beginning of a new offensive of which the CWU’s “discussions” form a crucial, dangerous part.

As the WSWS wrote two weeks ago: “What matters now is how workers at Royal Mail go forward in fighting for their interests. The strike they voted for should be organised now. Its demands must be a permanent end to all attacks on jobs and conditions, the return of pay and pensions lost in previous union sellouts, and the immediate implementation of the safest working environment for those in work and financial security for those required to self-isolate. This struggle must be organised by rank-and-file committees of trusted workers, independent of the union bureaucracy.”



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