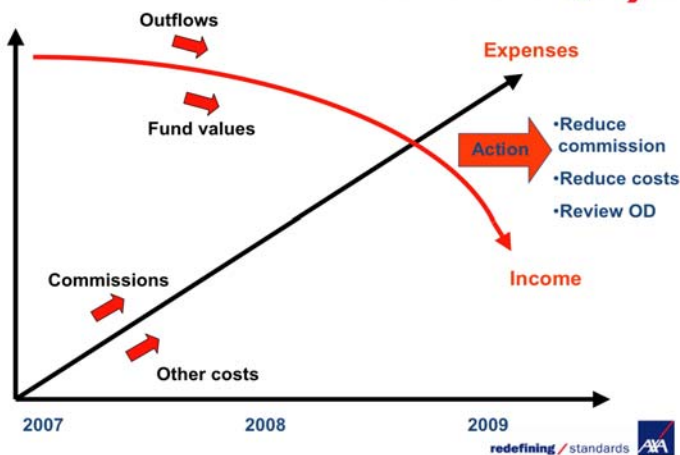




Another fine mess?

“Cost cutting” is now the new mantra of AXA management with operating companies targeted with achieving cost reductions of tens of millions of pounds. Operating company CEO’s are holding roadshows or hosting threads on Our Space to ram the message home, however Unite are concerned that the new obsession with cost cutting masks a more worrying issue within the company that addressing the cost base alone will not resolve...

Our challenges



Pic: Falling income shown in AXA Life staff brief

Today’s announcement in **AXA Insurance** of another office closure and headcount reduction is clearly bad news for those directly impacted and on the face of it systematic of the way **AXA** appears to be going, however in our consultation meetings with Philippe Maso and his business leaders we are convinced that they have devised a strategic plan that will see the general insurance arm concentrate in writing profitable business and ensure it has a long term future. Obviously cost reduction forms part of the plan, but it isn’t the driver. Making sure the business that it underwrites is sustainable and more importantly profitable is the key.

However we have yet to see this from the rest of the business. **Unite** have major concerns that too much emphasis is being put in cost reduction elsewhere and not enough on strategic business planning to arrest the drop off in business income. Like in **Insurance**, profitability is down in both **Life** and **PPP**, and it is true that to some extent the recession is to blame. We will be soon be meeting **Life** management to see how they are going to deliver the increases in income that are vital if the business is to have a sustainable long term future.

We all appreciate that both the UK life and general markets are hard ones and that they are harder now, but it is precisely because of this that **AXA UK** needs a joined-up strategic plan to ensure its continuing viability that doesn’t just focus on cost reduction. Cost cutting alone will not deliver results, indeed too much emphasis on this and not enough on addressing the critical area of business performance and growth could do irreparable damage to the company.

Can you spare a dime?

One of the cost items under challenge is the Defined Benefit (Final Salary) Pension Scheme and Unite is currently involved in negotiations with AXA over its proposals for changes to the current rules.

At present Unite are extremely unhappy with the company proposal which we feel is both unfair to scheme members and potentially damaging to the long term future of the company.

The situation is that we are at a point where the impact on members could be considerably mitigated at a cost of less than £500,000, and we are trying to persuade the company to agree this increased expenditure.