



CONFIDENTIAL – FOR THE ATTENTION OF THE CHAIRMAN AND GCPO

NED EXIT INTERVIEWS – WRITTEN SUMMARY

The following summary is the result of 3 interviews, carried out virtually on Wed 1st March 2023. The three interviewees were; Carla Stent, Zarin Patel and Lisa Harrington who have been in as a POL NED role for between 3 and 7 years. All three interviewees appeared fully engaged and keen to share their thoughts and experiences.

The Interviews lasted between 40 and 53 minutes and were conducted using a semi-structured approach. The information provided below is;

1. a short summary of main themes under the following headings;
 - a) Reason for leaving
 - b) Culture leadership and teamwork
 - c) Advice for new NEDs and for Chairman
2. a record of responses to the questions

It is very clear this small review is just one snapshot but it is hoped it provides some useful stimulus for further discussion, review and insight in order to support performance related decisions for the benefit of POL and those it serves.

1. Themes from responses

The following three overarching themes were purposefully kept brief given the small sample size. Please let us know if further insight / summary is required.

a) Reason for leaving

The primary reason given for leaving the NED post was 'end of term', but it was also acknowledged that there is a need for some fresh energy.

While much of the sentiment from the interviews could be construed as negative, the overarching theme was that the NEDs had been stimulated and felt some pride from their time in post. There was a repeated sentiment that one of the challenges the NEDs may not be so glad to leave behind was the need to; balance the responsibilities as a Board member while facing into a lack of real decision making power.

b) Leadership and Teamwork / Culture

There are questions on how well set up the GE leadership team are for a business turnaround – specifically questions were raised about the capability, the teamwork and the interactions with the Board / NEDs. Notwithstanding the external pressures and constraints governmental changes / politics / shareholders, and competitor landscape etc, there was a strong suggestion that the levels of respect, trust and 'enterprise first' thinking within the GE and also between the Board and GE are a barrier to business success that warrants further exploration.

There were specific questions raised by at least two of the interviewees around the aggressive style / ego led behaviour of one individual.

With the context of the current enquiry especially, there was a clear concern over whether lessons had / were being learned and applied to prevent something similar happening in the future. Concerns were clear around the lack of time / energy that leaders had, but also the apparent underlying lack of trust / respect between leaders and the lack of accountability (healthy support and challenge)

c) Advice for new NEDs and Chairman

Support the accelerated building of a strong board team – with clear accountabilities, roles and ways of working– not only with thin the board but between the Board and the GE. Utilise the experience of the past Board members, make most use of the energy of incoming members, and recontract with all (existing and new) to set team up for success around behaviour and role / function expectations.

Agree and be really clear and focused on leading around key risks – including commercial, reputational (stakeholder and customer), and transformational (tech and people). Rapid alignment and building of trusted relationships to raise levels of focus and accountability for the enterprise.

Review capabilities and restructure the leaders in GE as necessary to provide the CEO with the support needed to both lead on a successful public inquiry while also leading the business turnaround

Strong and honest communication about current context and future ambition. Resetting of expectations with external stakeholders, customers & shareholders about the need for change.

NED Exit Interviews - Questions and summary of detailed responses (non verbatim)

	Questions	NED Feedback
1.	<p>What did you enjoy in your NED role? &/or What would you say was / were your biggest achievement(s) while in your role as a NED?</p>	<p>Ensuring we were paying 'proper' compensation to post masters vs penny pinching. Helping to make sure that there was enough focus on righting previous wrongs</p> <p>Not an easy question to answer even though there was a strong personal connection to the PO for me. I have enjoyed the interaction with the Board and the people below, and also the interaction with the two Post Master NEDs has been positive, and great to get the 'real voice' and I believe it has helped us to stay grounded and make what we are doing real. I was proud that I was part of an organisation that really came into its own for the community during Covid.</p> <p>It has been very technically challenging, but I have enjoyed the stretch. Feel proud that we are in a position to continue trading, and to have been part of the POL that played such a valuable role for communities during covid. We have moved the POL to do the right thing legally and financially. Also feel that the risk agenda is now not just seen as bureaucratic but as strategically impt for us to balance what we do e.g. as a going concern and how we remunerate competitively etc.</p>
2.	<p>What is the main reason(s) for you choosing to resign from your NED post?</p>	<p>I have chosen to not do a 6 year term (I have not resigned). The original plan when I joined was to succeed as chair of audit commission but I appreciate I don't have enough FS experience, and while my background in large transformations is useful there is a strong need for mail and logistics experience.</p> <p>I also don't have the rapport with and respect for the FD. He has an aggressive style which I believe has forced out a number of females in his team and NEDs.</p> <p>I have come to the end of my term, and while there is a need for some continuity I also think you can lose some perspective if you stay too long.</p>

		<p>I have found it a challenge being on the PO Board – it can feel like a puppet Board, where we don't have real decision making powers while actually having a lot of responsibility.</p> <p>I have done my term. If asked to continue I feel there is a need for fresh blood to help move forward on some of the debates about POL future etc (which feel like they have got a bit stuck)</p>
3.	What are the issues facing POL that will likely consume the time of the incoming NEDs?	<p>That they will be coming into a Board that is actually not that influential as a whole, that it really has no authority, it just rubber stamps on decisions made elsewhere.</p> <p>The board is not really listened to. The exec is under real pressure and it is not sure they know how to get the most out of the NED's.</p> <p>There is not enough clarity on the role and expectations of the NED's / Board.</p> <p>The complexity of the shareholder relationship makes some things protracted. And the climate of political instability / lack of continuity of govt stakeholders means messaging is not as consistent as would be ideal.</p> <p>We have a funding envelope and a strategic set of objectives to achieve, but these don't match. This makes it hard to be commercially viable and this means we compromise which in turn leads to not keeping up with customer. It is harder to make the kind of turnaround decisions that we should be – we are limping to survive.</p> <p>'Dealing with historic issues well' – I hope that we are now at the 'bottom' (reached our low point) and can start to look up.</p> <p>I am not sure we have the right calibre of team at exec level, and therefore there is more chance the NED gets involved in detail when they shouldn't. Turnarounds need strong leaders and leadership; with courage, energy and will to drive change, and who can help the organisation believe.</p> <p>Historical matters – the enquiry phases 6 & 7 will draw a lot of focus about progress made / what has been done. (This is likely to be taxing timewise and emotionally)</p> <p>The funding debate is not resolved. And also being clear about the purpose of the POL – what is it going to be in the next 5 -10 years? There is a definitely a need for the POL leadership to be aligned around its reinvention, and it needs investment.</p>
4.	How would you describe the	<p>The Board has lost two high court cases and probably as a consequence is risk averse – it doesn't feel</p>

	<p>Board and the influence the Board has on POL.</p>	<p>it has real authority. The Board needs to help drive the changes that are needed given what POL is facing – Government reluctance to close PO’s and commercially driven Competition. The CEO, Chair and UKGI are the those that can have/ do have influence, but it isn’t always clear what the UKGI rep is here to do?</p> <p>It feels as though we are a bit of a rubber stamp on things</p> <p>The board is respected and opinions are sort. The governance is clear around who has the mandate.</p>
<p>5.</p>	<p>What are some of the challenges internal & external that the board should expect to face/tackle?</p> <ul style="list-style-type: none"> • GE leadership • Bureaucracy • Strategic • Commercial 	<p>Overall, for a variety of reasons (capability, energy) the leadership probably isn’t strong enough for the demands the organisation is facing. Nick (and the Exec) are the fixers, not the cause of the Horizons situation, but his and their ability to remain rational and focused is being really tested by his/ their attachment to the serious nature of the historical issues and this is depleting energy and bandwidth for the transformations.</p> <p>The Board and the Exec need to be better at supporting each other. The level of teamwork is poor. The public enquiry process is consuming and draining the GE’s energy needed for the turnaround. Be really clear and aligned on the messages for the shareholder re challenges ahead</p> <p>The GE use the board to rubber stamp things but don’t involve the Board as they might. I am not sure we are respected or valued, we are all vested. There isn’t the level of trust in the GE nor are we trusted by them – this has resulted in a lack of commitment to minuted actions. There is a genuine concern that the Board are held accountable for stuff that we don’t actually have the authority to decide on Having learned from the post master NEDs it shows how ‘out of touch’ our execs are they are not connected enough to the commercials and definitely not in touch with the customer</p> <p>More leverage to make bold decision is needed within Govt. Of course timings are not easy given politics / state of Gvt & elections, given some of these bold decisions will relate to a reshaping of the</p>

		<p>PO landscape.</p> <p>Need to take cost out of the business – need to be set up to support a smaller retail operation</p> <p>Nick doesn't have the strongest of leadership teams. Is he the best judge of talent needed? There is no obvious successor to Nick other than D (CIO) but he is far too stretched and needs to focus on the platform. For the next 12 months there is a need for someone who will perform a CEO BAU role (COO / CEO designate) given much of Nick's focus and time will be spent on the enquiry.</p> <p>There are some 'warning lights' around the way work is proceeding on the new platform (not dissimilar to those witnessed during the Horizon programme) – these are linked to a strategy / culture of 'trying to do too much'. There is a need for POL to stop doing things – needs some brave decision making.</p>
6.	What is/ are POL greatest strategic challenge(s)?	<p>The balance of respecting and sorting the past vs driving a bright future.</p> <p>Create a foundation for success with strategy and people capable and focused on turnaround and enterprise (teamwork at top, culture throughout)</p> <p>To be clear and focused on the commercial transformation needed</p>
7.	<p>a) What do you see needs to change in terms of culture?</p> <p>b) Are there any individuals within/outside POL who drive the wrong culture?</p>	<p>People need to feel they can 'play a part' and the focus from what I see in the GE isn't on people's strengths but on knocking them and focusing on their weaknesses (specifically AL (CFO))</p> <p>The sense is that people (generally) don't feel able to fully contribute, let alone challenge what might not be working – not sure I see how this can change (easily) but the behaviour / tone definitely needs to be clearly seen in the snr leaders.</p> <p>There is really not a lot of trust, and given what the enquiry is trying to achieve, to avoid major incidents like this happening again, this is a real issue!</p> <p>There is too much siloed working – there needs to be stronger exec team in place (with enterprise wide turnaround mindset)</p> <p>Never had a great relationship with Al – he is not great around females and not great with change / doesn't value being challenged or others' views. He is obviously a core part of the existing culture.</p> <p>As mentioned earlier – POL has too much going on – it needs more focus on fewer / the most</p>

		<p>important priorities. I am not sure the culture is that strong on 'accountability' and then making tough decisions regarding capability (technical and behavioural) ? It feels as though we are carrying too many snr people?</p>
8.	<p>What advice would you want to share with the incoming NEDs?</p>	<p>Help get Nick (CEO) in the right place. Make sure the right 'contract' is in place with the Exec so as a whole the leadership is set up for success. (But be aware that as things stand the exec probably don't have the bandwidth – they are too busy)</p> <p>POL is a great organisation. We need fresh energy to drive change and help us stay purposeful. The postmasters provide lots of fabulous purpose from their communities. We must take brave turnaround decisions. We need to face into the commercial realities and risks – Think about what 'PE' would do.</p> <p>Really understand the technology – there is a massive dependency on the new platform / system and it isn't good enough to just think of it as a black box! NED's need to see first hand how it is working and help explore and communicate where problems are occurring or likely to occur (to avoid issues similar to those created by Horizons)</p> <p>Focus on the key risks Push for simplification</p>
9.	<p>What advice would you want to share with the Chairman?</p>	<p>Complete a great handover involving new and outgoing NED's and extending to the other Board members. Give clear and frank messages to the shareholder (to help everyone Internally and externally) appreciate the situation PO is in.... and the ambition moving forwards</p> <p>Be decisive over the team. Have we got the right CEO for a turnaround? Are there too many NEDs? As NEDs we feel very managed by the business. It doesn't feel like we have the right level of respect or that we are all in it together(NB appreciate this is two way responsibility). There doesn't feel like enough camaraderie in the Board – there isn't enough mutual respect with the execs. Reset our relationship with shareholders</p>

		<p>Help our business look ahead (while maintaining enough respect and learning from the past)</p> <p>Getting the people and the team that make up the new Board up to speed asap. Careful management of the Post master NEDs – amplify the really useful and balanced / constructive insight, and listen to but skilfully manage the trade union approach, in order that the Board develops into the team it needs to be. Need to identify the survival priorities and then strip all else.</p>
10.	What should the incoming NED do to build trust, high performance, and accountability among POL senior leadership?	<p>We should be in a position to constructively challenge but first we need to spend time on building a foundation of trusted relationships. Align around a common vision – making this a great institution again, make sure we all see ourselves as on the same side.</p>
11.	How would you describe the effectiveness of the Board level GE leadership?	<p>Given that the POL is in need of sustained transformation – commercially and culturally, (so it is set up to compete and be successful in the market) there are questions about the fit of the Board level GE leadership. How well suited are they to drive the turnaround? To what extent do they have the behaviour / approach needed to a) engage and inspire their people and stakeholders for the turnaround? b) to challenge the behaviour that is not conducive to high performance teamwork and a successful turnaround?</p> <p>Nick and Al are effective as individuals but their relationship is far from optimal. Overall there is very little alignment between members of GE on the board. It doesn't look like Nick has many that he can rely on or trust. He will need more churn in his team.</p>