

Pick n Pay's voluntary retrenchment offer

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In a bid to cut operating costs, SA's second-largest food retailer Pick n Pay has offered voluntary retrenchment packages to workers mainly at its head offices around the country.



The Cape Town-based company, which reported a 30.8% drop in full-year profit in April, is in the midst of implementing its turnaround strategy.

The retailer has been accused of taking its eye off the ball in several areas and has faced a barrage of criticism over its high cost base, outdated IT systems and labour issues that have seen it lose market share.

Although it is unclear how many jobs or what percentage of costs needs to be cut, there are about 2,000 people employed across its head offices.

Pick n Pay operations director Neal Quirk said: "There are a whole host of initiatives going ahead, this is just one of them in terms of trying to get our costs under control."

Head office staff have until Thursday (8 August) to apply for voluntary retrenchment and management reserves the right to decline certain applications. Quirk said the terms offered were standard - a week's pay for every year of service.

Trimming the fat

Chris Gilmour, an analyst at Absa Investments, said a voluntary retrenchment process was never a good idea.

"They have obviously deemed that there's a bit of fat to be trimmed in the head offices but more often than not you get good people who can actually walk into another job, taking the money and leaving whereas the dross get left behind," Gilmour said.

In 2011, the group said it was considering retrenching more than 3,100 workers within its non-management bargaining unit. It later reached an agreement with the SA Commercial, Catering and Allied Workers Union (Saccawu) that resulted in no forcible retrenchments but allowed for a flexible workforce that ensures Pick n Pay can have the right number of employees in the business at the right times, in line with customer trends and demands.

Earlier this year, Pick n Pay's new boss Richard Brasher said the company "would talk less and do more."

Brasher's appointment was seen as a coup for the retailer. He was Tesco's chief executive of UK operations, where he had a record of cost-cutting and expertise in loyalty, merchandising and multichannel initiatives.

"The voluntary retrenchments are probably a direct result of Brasher appointment. The Ackerman family would probably not have dreamed of doing this type of thing. I think a fresh eye is probably likely to be more apt to actually do it and more likely to actually get away with it. What it says is that Brasher is doing what he wants to do and is not being hidebound by the family," Gilmour added.

The Ackerman family controls Pick n Pay through its majority stake in holding company Pick n Pay Holdings.

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