

# Woolworths execs accept pay cuts to financially assist staff

Woolworths board members, group CEO [Roy Bagattini](#) and the retailer's senior executive team members have agreed to forego up to 30% of their fees and salaries over the next three months. The savings arising from this will be used to provide additional financial support to staff who find themselves in "extreme hardship" as a result of the current coronavirus crisis.



In line with government regulations, Woolworths fashion, beauty and home stores, which are deemed non-essential operations, are closed for the duration of the nationwide lockdown, while the majority of Food stores remain open.

## Staff remuneration

In a trading update issued on Monday, the company confirmed that it will continue to remunerate all staff, and those who are part of the essential workforce will receive an additional 'appreciation payment' for the duration of the current lockdown period. Woolworths has also implemented a range of initiatives to support employees during this time, including alternative working hours to more flexible practices like work-from-home, leveraging a "full suite of technology tools" to make this happen.

The group reported that sales in its food business rose 27.6% in the four weeks to end-March, while sales at Woolworth's fashion and home business fell 27.8% over the same period as customers shifted to essential products.

Commenting on its food business, Woolworths assured that "strong supplier partnerships" are ensuring a consistent supply of product. "The period immediately prior to the lockdown saw unprecedented demand on specific products that consumers considered essential. This demand has begun to moderate, as shopping patterns are re-set and as confidence in the food supply chain grows."



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## Impact on business performance

The company said the impact of the Covid-19 virus is being felt across all markets in which it operates. "The Group is actively pursuing operational steps and considering strategic options to best mitigate the impacts of the crisis and to ensure the appropriate robust response in this developing situation.

"In terms of our stores, distribution centres and other operations, we are working closely with our health and safety partners, ensuring that all operations continue to conform to the highest level of hygiene and social distancing protocols," Woolworths said.



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The group said that in terms of business performance, the temporary closure of non-food stores in accordance with applicable law and regulation, decline in foot traffic and consequent loss of trade are likely to have a substantial impact on its earnings and cashflow in the second half of the financial year ending June 2020.

"There is a significant focus on facilitating trade and driving revenue including through online channels, given the current circumstances. We are also aggressively reducing costs, and managing inventory and working capital.

"Capital expenditure has been cut, with only critical projects moving forward. We have engaged with our suppliers to reduce apparel product intake and to extend payment terms. We are also meeting with landlords to explore alternative arrangements to current lease commitments, through the relevant period," the group said.

Woolworths said its operations across other African markets have also been "significantly constrained" due to slowing demand, store and border closures in response to local government requirements and responses to the Covid-19 virus.



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## Focus on e-commerce

Significant focus is being placed on the Woolworths online business in order to contend with significantly increased demand.

"The shift of customer spend to essential products, as well as the compulsory closure of FBH stores during the current lockdown period, will have a material impact on the segment's results for the second half of the financial year. We are however encouraged by the growth of our online channel which remains available to customers, notwithstanding that order fulfilment can only be effected post the lockdown period," the group said.

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