

August 10, 2004

Management wants more jobs in Bangalore

GUILD TO CHALLENGE RAM ON EDITORIAL OUTSOURCING

Guild leaders on Monday said they will challenge Reuters management's plan to expand the Bangalore editorial unit from a fledgling operation covering U.S. companies too small for RAM journalists to a major bureau that would absorb a dozen Guild-represented jobs.

In a meeting with Reuters America (RAM) managers, Guild leaders said outsourcing plans contained in Global Managing Editor David Schlesinger's surprise memo earlier on Monday violated at least two provisions of our contract and will be grieved.

"Right now, you should know that what we see is a transfer that's not permitted under the contract", New York Guild Secretary-Treasurer Bill O'Meara told the RAM managers.

Schlesinger's memo said the offshore outsourcing of work currently done by Guild-covered staff in RAM would include sending alerts and newsbreaks from some corporate press releases and Securities and Exchange Commission (SEC) filings, writing research alerts from analyst brokerage reports, polling of analysts' expectations of upcoming company announcements and economic indicators, compiling beats and misses and issuing earnings tables for more U.S. companies than Bangalore currently handles.

Schlesinger, chief architect of the company's strategy to transfer editorial work to low paid Indian workers in Bangalore, estimated in his memo that his plan to escalate offshore outsourcing would affect fewer than 20 existing editorial jobs around the world by the middle of next year, although he said the exact number is still unclear.

12 RAM JOBS AT RISK

About 12 of the affected positions are Guild-represented jobs in the United States, according to Senior Legal Counsel Mitch Boyarsky, RAM's labor relations point man who notified the Guild of the outsourcing acceleration in a letter on Monday.

RAM Managing Editor Betty Wong, who met with Guild leaders along with Boyarsky and RAM Human Resources Vice President Glen Russo, said she hoped

to achieve the bulk of the RAM job cuts through attrition. “I would hope that we wouldn’t get to the point of forced layoffs,” she said.

Wong said she does not yet know how many jobs, or which ones, would be affected, since the outsourcing of each function will undergo a still unspecified pilot period in Bangalore before a final decision is made to transfer the work. She said RAM Editorial currently has eight or nine unfilled jobs.

Russo said that when it becomes clearer which RAM jobs would move to Bangalore, management would begin to “freeze” open jobs so they could be offered to displaced employees. Under our contract, even if the outsourcing were legitimate, the employees who would be displaced are those who are least senior, not necessarily those who currently perform the functions being sent to Bangalore.

SCHLESINGER TO DECIDE

Wong said Schlesinger would decide whether the Bangalore bureau had succeeded in its pilot handling of each function. She said she did not know what criteria he would use.

Among the functions to be moved to Bangalore are coverage of shelf offerings filed with the SEC, she said. But she said she did not know if that meant all shelf offerings or just smaller ones, or if coverage of other SEC filings would be outsourced too. She said she would try to find out. Washington-based journalists currently cover SEC filings.

The number of additional U.S. company earnings tables to be done from Bangalore was unclear. Last month, Schlesinger told Guild officials that Bangalore would cover only the those companies with market capitalization smaller than the top U.S. 2,500 firms, which RAM journalists would continue to cover. His memo Monday said Bangalore’s work would expand to include all but the top 1,000 companies, an increase of 1,500 companies. But Wong told the Guild on Monday that RAM journalists currently produce earnings tables for only the top 1,200 to 1,300, suggesting that coverage of only 200 to 300 companies would be outsourced. And Boyarsky told the Guild in a letter on Monday that RAM journalists are currently responsible for earnings tables of the top 1,500 firms, suggesting that coverage of 500 companies would go to Bangalore.

The plan to outsource RAM Editorial work is a departure from Schlesinger’s position last month that the Bangalore bureau would only handle work not currently done by other Reuters journalists. The move is driven by Reuters Group CEO Tom Glocer’s “Fast Forward” program of slashing jobs, pay and benefits.

Boyarsky used management's well worn legal argument to defend the job transfers, saying the decision to move the work to the Reuters India Private Ltd., a Reuters affiliate, was made by RAM's parent company and not by RAM managers. "We're being directed to transfer the work," he said.

CONTRACT BARS WORK TRANSFERS

O'Meara called the argument 'BS'. The Guild already has grieved last month's move by management to expand Bangalore's work to include coverage of marginal companies that Guild-represented journalists cover on occasion. An arbitrator is expected to rule this fall on a similar grievance involving the transfer of Guild-represented technical work to Radianz, a company in which Reuters has a stake. The contract bars the transfer of Guild-covered work to any other entity in which RAM has an interest.

Managers already have designated several editorial support jobs in the U.K. and many other U.K.-based data content jobs for transfer to Bangalore. Management had planned to have 350 employees in Bangalore by last April and 600 by the end of next year, according to press reports. Bangalore's editorial operation began with six workers in April. Last month management said it would expand that number to 13. On Monday a Reuters spokeswoman was quoted in a news report as saying that another 40 journalists would be hired in Bangalore to handle the work Schlesinger plans to outsource.

Just how much Reuters managers hope to save by outsourcing this work is unclear. Boyarsky last month rejected a Guild request for information about the compensation of Bangalore journalists, saying it was not relevant because they aren't RAM employees. But, the fact that the company is hiring 40 Indian journalists to replace 20 journalists and other Editorial employees in the United States and elsewhere suggests that the Indian journalists are receiving far less than half of what RAM employees are making.

Management has scheduled a staff teleconference with Schlesinger for 1 p.m. EDT on Tuesday to discuss his plans. Unlike a similar meeting held last month, RAM managers invited the Guild to send a representative to the meeting at 3 Times Square on a non-precedent-setting basis. Last month management barred O'Meara and Guild Representative Bob Townsend from coming to 3 Times Square for a teleconference with Schlesinger about Bangalore. The Guild filed an unfair labor practice charge over the exclusion, which the National Labor Relations Board is now investigating.

#####