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AUTOMOTIVE

UK luxury auto sector loses jobs as Bentley, Aston Martin Lagonda trim workforce

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A Bentley Flying Spur outside St. Martin's Theatre in London. Image credit: Bentley Motors

By LUXURY DAILY NEWS SERVICE

As the lockdowns ease and stimulus packages to keep employees on furlough end, expect more news of layoffs.

That occurrence happened sooner than anticipated in the United Kingdom's automotive industry. Only a month after Bentley Motors announced resumption May 11 of its operations than it followed up with another pieces of news: the Volkswagen-owned automaker would cut up to 1,000 jobs, or nearly one-fourth of its workforce.

"This is a necessary step that we have to take to safeguard the jobs of the vast majority who will remain, and deliver a sustainable business model for the future," said chairman and chief executive Adrian Hallmark in a statement from the company's Crewe, England headquarters.

"COVID-19 has not been the cause of this measure but a hastener," he said.

The cuts would come in the form of voluntary redundancy terms, but could lead to compulsory layoffs.

License to cull

The Bentley news came a day after fellow U.K. automaker Aston Martin Lagonda announced the elimination of 500 jobs from its 2,600 total workforce. The news coincided with the release of the DB11 and special issue of 25 units of the DB5 car first used in the James Bond movie, *Goldfinger.*

A troubled brand, Aston Martin received an investment of $239 million from Formula 1 billionaire Lawrence Stroll, a Canadian, and his fellow investors in January.

The company owes $1.2 billion and hopes to cut $25.6 million annually, with $15.3 million achieved through job cuts and other expense trimming.

The cuts will occur in August to coincide with the arrival of Tobias Moers, CEO of Mercedes-AMG, who will take over the CEO's job at Aston Martin Lagonda after incumbent Andy Palmer resigned a few days ago.


The new Aston Martin DB11. Image credit: Aston Martin, photo by Tobias Kempe

Locked down, not knocked down

Bentley, which currently has 4,200 employees on its books, had just come off one of its best years in recent times with record sales until the COVID-19 coronavirus struck and led to a collapse in sales over the global lockdowns.

Per industry data, U.K. new car sales fell by 89 percent in May over the same period a year ago, and 97 percent the month before as auto dealerships closed over the government-mandated lockdown.

Bentley is now working on its "Beyond100" restructuring strategy that will focus on the development of its electrified models.

The brand which recently celebrated its centennial year aims to have a hybrid option for each of its car models by 2023, and a completely electric version by 2026.

While sales have been on the upswing over recent years, Bentley's finances were always shaky. This so-called "voluntary release" program to cut payroll costs is a bitter pill to swallow for a brand that, like its peer Rolls-Royce Motor Cars, prides itself on handcraftsmanship.

COVID-19's long tail could mean fewer sales this year and beyond as Bentley customers and prospects pull back.

"With this considerable forecast reduction to future revenues, Bentley has hastened plans carrying out a comprehensive review of its cost and investment structure and as the last resort, as with any organization, the people costs and structure," Bentley said.