

L I M I T E D

R & D PROGRAM

At the direction of the TSRT, representatives of BATCF and Brown & Williamson met to define the technical programs which must be developed to support the two organizations as Centers of Excellence for blended products. These programs are essential to achieve the technological base for development of superior smoking quality.

Criteria used to define the programs included the following:

All programs must have commercial relevance.

Priority is focused on near term returns (2 years or less).

Some programs should generate building blocks for longer-term returns (2-4 years).

The broad approach used in this process first involved identification of key areas of technology. The next step involved determining which Center would have overall responsibility for each identified area. Once this was accomplished, development and coordination of the programs were decided. Finally, discussions focused on how the two Centers would develop and manage future activities.

Key programs identified, and agreed to, are summarized on the attached table. In brief, there are 13 identified programs. Six of these will be managed by B&W and four by BATCF. (Three will be maintained by Southampton.) One each of the B&W and BATCF programs will represent a shared resource effort by the two Centers. As shown in the table, additional resources required by the two Centers total 21: seven staff additions at BATCF and 14 at B&W. This total staff addition of 21 represents about 45% of the current FRC manning of 47. (Some of the current FRC manning is not shown in the attached.)

Development of the programs will be accomplished through the Project Management approach. Project Managers will be identified in each Center for the various programs. Development of programs will include objectives, relevance to business needs, deliverables, milestones, and timing. Once developed, these programs will be jointly reviewed and approved by senior technical management at the two Centers. Following approval, progress will be critiqued through periodic reviews by senior technical management together with selected technical staff. While the periodicity of the reviews is to be established, it is anticipated that they should be every 6-9 months. Reviews of this frequency are considered critical since they also serve as coordination vehicles; further, the frequency is consistent with the relatively short time frames of most of the programs (i.e., two years or less). Some of the programs will require infrequent meetings of lead scientists within the two Centers. This is especially true for the two areas with shared resources.

Future programs will be influenced and guided by several factors. Prominent among these are marketing needs, competitive activity, regulatory pressures, and relevant market research.

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