

SECRET

**T.S.G. COMPANIES PURCHASING CONFERENCE
WOKING, UK, 5TH TO 7TH MAY 1993**

Agenda item (Civ)

**ATTENDEES: B&W - Chuck Dawson, BATCF - Hermann Schneider,
ITL - Tom Lee, Souza Cruz - Divaldo Gomes,
BATCo - Ed Watt and Procurement Dept.**

At the TSG meeting of the 24th February, it was agreed that a meeting of the Group's purchasing managers should be convened to consider the rationalisation of specifications and co-ordination of purchasing of wrapping materials. From this, recommendations were to be reported to the TSG meeting of 19th May. Prior to the purchasing meeting all companies were surveyed about current key wrapping material supplies. This information was tabulated, analysed and then presented to all delegates. The focus was on specifications, volumes, values and suppliers.

All delegates agreed that the meeting had been of significant value and should be repeated at regular intervals. The consensus was that without such exchanges the BAT Industries Companies are putting themselves at a commercial disadvantage to suppliers and competitors. With exchanges like this, the opportunity exists to establish commonality in pricing baselines and approaches to material and supplier issues.

The data exchange confirmed the approximate total value of spend estimated for wrapping materials at over \$1.2 billion per annum. It also identified apparent purchasing opportunities for all 5 companies that will now be reviewed locally in terms of both cost and specifications.

The discussions identified areas of potential co-operation, both between individual companies and within the whole group, where other Companies knowledge, expertise, information or purchasing volume can add value. Although each company is operating in a different environment with different objectives and priorities, it was noted that major issues and philosophies were converging.

Specific issues that were noted included: -

- Vendor rating - the use of a common system,
- Specifications of materials - to a common standard,
- Qualification procedures for suppliers and materials,
- Print origination - particularly electronic systems,
- Systems developments in material and inventory management,
- Electronic Data Interchange.

It was agreed that these specific issues should be addressed wherever possible in a consistent manner around the Group.

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