

Group Investment Strategy : Chairman's Briefing Note

- Page 1 - Paragraphs 4 and 5 (a) and (b) will lead into an analysis by Mr. Symons of the main figures from the table on page 14 of the 10 Year View, showing the relatively poor growth rates of existing non-Tobacco activities and the small percentage contributions to profits from UK Retailing, Cosmetics and Printing/Packaging.
- Page 2 - A reference to divestment from South Africa has been taken out, but could be referred to in the verbal presentation.
- More importantly, you may wish to expand on the remarks in paragraphs 10 and 11 by saying that although the longer term potential for expansion in developing countries is still considered to be a major opportunity for the Group, it may be necessary to acquire more core businesses in the developed countries before this potential can be fully realised. The strategies for doing this will need to be pragmatic and, although the Group will look for opportunities in the UK and Europe, the USA is another possibility. If a suitable opportunity is identified, it may be necessary to relax previous strictures on increasing the level of the Group's investment in the USA.
- Page 3 - Paragraph 5 of the Tobacco section (on the UK market) has been toned down compared with the paper given to the Board and you may wish to re-emphasise this point verbally.
- The same applies to paragraph 5 of the Retailing section, referring to UK Food Retailing.
- Pages 4 & 5 are unchanged.
- Page 6 - has been toned down but the sense is unchanged.
- Page 7 - The financial implications of the strategies proposed will be covered by Mr. Symons who will expand on the Table in paragraph 2, showing the size of the gap in sales and profits that needs to be filled if the 4% growth target is to be met. He will then go on to talk about the resources that are likely to be available for investment.
- Page 8 - The criteria for acceptable Group development will be picked up again in the papers on Thursday morning. However, you may wish to have them debated to find out whether they are understood and accepted.
- The reference to "Turkey" has been taken out of paragraph 4.
- Page 9 - You may wish to make the point that the experience so far with the project teams has underlined the importance in development of management teams who have a very good knowledge of, and commitment to, an industry or geographical area. Further progress in the project teams depends on positive initiatives from team members, reflecting creative ideas flowing through from the people working for them.

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- Page 10 - Financial Services will be covered by Mr. Garraway on Thursday.
- You may wish to refer to Biotechnology yourself but Mr. Worlidge will also cover this and the other industry sectors mentioned in his paper on Thursday.
- Page 11 - You may wish to use this as an introduction to the sessions on Thursday, emphasising the contributions you are hoping the delegates can make in suggesting work that should be pursued in the Centre.

RS/DJA  
21st September 1983

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