

CAC XI : RIO DE JANEIRO

OVERALL PLAN FOR THE CONFERENCE

Item 'A' : Chairman's Introduction (PS)

1. Restate strategy, review progress on this and outline the current issues (to be developed more fully in Strategic Issues paper on Tuesday).
2. Make point about management issues - including adding value from Operating Groups.
3. End by defining questions for conference to resolve:-
 - (a) How can we grow Tobacco profits.
 - (b) How can we grow our Financial Services business.
 - (c) Do we see realistic options for growing Retail.
 - (d) How can we renew our Paper businesses.
 - (e) Do we have a sufficient management resource in terms of competence and style.
 - (f) Are the Operating Groups equipped to add value.

Item 'B' : Operating Group/Company Reviews (CEO/CHAIRMEN)

1. Define the mission for each Operation, its current situation and prospects and the main strategic issues which are being addressed (related, if possible, to the issues for the Group overall).
2. This is meant to provide background rather than being part of the main thrust of the conference which starts at Item 'C',

Item 'C' : Group Financial Forecast (DPA)

1. This should establish:-
 - (a) The results forecast for 1989-1993:-
 - (i) EPS for the Group;
 - (ii) D/E and Resource Availability.
 - (b) How these compare with the Group's Objectives.
 - (c) The main areas of sensitivity
2. This should then lead to conclusions:-
 - (a) The nature of any shortfall against the objectives (e.g. if there is a profit gap, are there resources available to fill this).
 - (b) The main sensitivities/vulnerabilities and the extent to which these seem likely to put the achievement of the objectives at risk.

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Item 'D' : Analysis of Strategic Issues (PS)

1. Restate objectives and agreed strategy.
2. Consider environment and the way in which this could impact on Group.
3. Consider results arising from Financial Forecast and major issues arising.
4. Consider implications for minor activities.
5. Analyse each of major industries in turn, outlining issues to be covered in later sessions.
6. Bring in management issue as lead into Item 'E'.

Item 'E' : Management Development (ACL)

1. Should focus on the key issue of whether we have/are developing managers capable of overcoming the current weakness in being able to formulate viable strategies for the future development/growth of our businesses.

Item 'F' : Tobacco (PS/RS INTRO)

1. Issues to be covered in this session are:-
 - (a) Sensitivities in assumptions and forecasts.
 - (b) The competitive environment.
 - (c) Technological Trends and R&D.
 - (d) Europe.
 - (e) Role of the Tobacco Strategy Review Team.

Item 'G' : Financial Services (BPG/MFB INTRO)

1. The five questions which this session should answer are:-
 - (a) Are we happy with our current portfolio.
 - (b) Are there specific weaknesses we need to address.
 - (c) Are there specific opportunities worth pursuing.
 - (d) Priorities for Investment.
 - (e) What are financial/organisational implications.

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Item 'H' : Retail (PS/RS INTRO + ACL)

1. The key questions which this session should answer are:-
 - (a) Can B.A.T Industries add value to retailing businesses.
 - (b) Is retailing capable of providing a combination of good returns and good growth.
 - (c) Do we have realistic options for growing retail.
- ACL will review progress on Project Exchange.

Item 'J' : Paper (PS/RS INTRO)

1. Questions for this session will be:-
 - (a) What are the renewal options.
 - (b) What are the financial/organisational implications.
 - (c) Options avoiding net investment.
 - (d) The potential in Brazil and BATCo.

Item 'K' : Conference Overview/Item 'L' : Chairman's Summing-Up (PS)

1. Will summarise the answers to the questions posed at the beginning of the conference (with the opportunity for further debate if appropriate).
2. Will then consider the implications for the Group's overall strategy/priorities for action - concentrating on issues for further consideration (e.g. accelerated divestment of non-core activities).
3. Will then outline the next action stages:-
 - (a) Board Reviews of Objectives and Strategies - July.
 - (b) Guidelines to Operating Groups.
 - (c) Strategy Team meetings.
 - (d) Any ad hoc teams set up.

RS/DJA
28th April 1989

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