

DRAFT

REPORT TO THE BOARD OF INFOTAB ON CREDIBILITY

1. Basis of concern

Members of the Board have expressed concern about credibility as we understand it under three main headings:

- the primary health issue
- the behaviour of company members to each other within the industry
- the poor reputation we have, despite being excellent employers and good citizens.

2. Origins of the problem

Although the degree of the problem varies from country to country, basically the causes of our difficulty appear to be:

- until relatively recently the industry was silent in the face of an ever growing attack
- our product
- a poor image of industry in general
- a poor image of the tobacco industry, particularly as multinationals
- the use of advertising which by many people, particularly to the left of centre in politics, is seen as an unjustifiable expense to the consumer

3. Symptoms of the problem

Obviously there is a problem both philosophically and emotionally, but we wish to highlight the practical aspects of the problem to ensure that our recommendations for action are limited to the things perceived as important by the Board. The following, therefore, seem to be of practical concern:

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- individuals are personally attacked at social and informal gatherings
- chairmen and directors of companies are attacked at Annual General Meetings and similar formal occasion
- Stock Market quotations tend to suffer when smoking issues are raised
- the smoker has a considerably lower social and status image than 20 years ago
- the smoker is apologetic about the use of our product
- there are increasing restrictions on where and when people may smoke
- there is an attempt to associate the industry in people's minds with "drugs", "Mafia" etc. particularly in the press
- there are heavy increases in taxes
- recruiting good people to management positions can be difficult
- there are increasing restrictions on our ability to promote and advertise a legal product

4. Inherent limitations

We wish to emphasise that despite practical action that can be taken and is recommended, it is not possible to foresee rapid changes in our image. Different member companies see different levels of potential in dealing with the problem. The basic limitations preventing any realistic hope for rapid results include:

- the historic backlog of some 20 years while the industry said little, if anything
- the primary health issue combined with legal constraints
- the highly competitive nature of the industry

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5. Analysis of current and possible activities

Although under 4. above, we have indicated that rapid results cannot be expected, two points need to be made strongly :

- (i) much has been done and is being done on which we can build
- (ii) there is scope for change of emphasis and extra activity

These two principles apply both to the need for fire-fighting activities and the need for broader basic long term work.

Past and current activities on which to build

- Economic Impact studies
- Research - scientific, social and attitudinal
- Community activities
- Social and cultural activities
- Employee education on smoking issues
- The allies programme ?
- Development of materials e.g. CATAC, ACT etc.
- Development of argumentation e.g. passive smoking paper, background briefing papers etc.
- NMA's as central co-ordinators of national campaign
- Scientific workshops primary, passive and other issues

New action and stronger emphases

- Public statements by top executives
- Statements about industry as a whole by top executives of the industry, industrial organisations (e.g. CBI in the UK)
- Statements about the tobacco industry
- Use of annual reports to reinforce case
- Company employees at all levels joining and contributing to social organisations and developments
- Further research, particularly on passive smoking
- Development of media contact, particularly the press
- Preparation of materials to be used by the press

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- Immediate refutation of inaccurate statements by opponents
- Constant improvement on our statement on the primary issue — *Top priority!*
- More compelling statements on passive smoking
- Stronger statements on activities in the Third World
- More emphasis on economic impact
- Joining Chambers of Commerce and other organisations which help to promote the case of industry
- Speaking to medical and scientific leaders of thought
- Developing the aspects of genuine and defensible need for smoking socially and psychologically ?
- Emphasising the amount of research done both internally and externally to underline our concern
- Developing a journal (see separate note by Ansell Egerton)
- Developing the programme with FAO and Third World country delegates to FAO
- Developing further economic impact studies in all countries, even if some of the studies have necessarily to be limited in scope
- Developing further the advertising industry as a spokesman since they legitimately cover a wide range of products apart from us without drawing specifically attention to tobacco
- Following up the implications of the Vitamin A story
- Developing the concept of MRFIT studies
- Consulting specialists e.g. social psychologists about the general image of industry and particularly large companies both national and international in order to get a technical approach to our campaign (Brian Simpson and Antonietta Corti are following this line)
- Developing health and nutritional studies in tobacco growing areas in comparison to non-tobacco growing areas in the same country
- Developing a rationale to support our case for being reasonable, moderate, concerned members of society and not merely large scale profiteers (this is not stating what we are doing but why we should naturally wish to do it)
- Making wide-spread use of the TI of Australia document "Why more research is needed"
- Developing the News Service of suitable articles that NMA's can place in the local press
- Developing multi-ministerial committees as far as possible in any country to make sure that a balanced approach is taken to our issues.
- Research for medical benefits of smoking e.g. ulcerative colitis, stress related conditions etc.

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6. Things to avoid

Apart from positive activities, there are also certain things that the industry could avoid which can either provoke attack by our opponents or damage our image:

- avoid public conflict between companies
- avoid obvious disagreement in discussion with authority
- avoid provocative action which whilst complying with the letter of the law and regulations appears to flout the spirit of such regulations.
- avoid silence in the event of attack
- do not let blatant inaccuracies pass unchallenged
- do not contravene or appear to contravene codes and guidelines for multi-nationals, such as those from the OECD and the EEC.
- do not ignore the concern of employees and other potential allies about our product and industry; their commitment cannot be assumed.

7. Conclusions and recommendations

In order to ensure consistency between what industry says and does, with a view to creating the needed emphasis on all action aiming at an improved credibility, top management policy decisions and support are essential. Indeed, in some areas of the corporate world, any action not directly relating to short-term profitability might be considered to be less urgent and important, and understandably so.

Only a long-term, systematic, regularly reviewed action plan can yield favourable results. This includes actions which, in the short-term do not appear profitable, such as carrying out regular opinion surveys (to understand the development of trends), investing in research (to provide a regular flow of findings to counter-balance those which may reflect negatively on the industry), and anticipating areas where problems may arise, for example, where certain practices may become restricted by legislation, or become socially unacceptable.

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There is no simple solution to the credibility problem. We have lost our credibility over a long time. It will take us time to rebuild it. It is a question of weaving a complete pattern of credibility. We have to start to say things which obviously can be believed. We have to start doing things, or continue doing things which are approved of. Gradually, we will come:

- to be recognised at all
- to be recognised as responsible people
- to be recognised as caring people
- to be recognised as truthful people.

We can prepare more detailed documents which could form the basis of an action kit. Before these are further elaborated, we feel it is important to have the agreement of the Board on the points which require special emphasis. Our recommendations would be:

*Emphasise CONTROVERSY.*

1. Improve contact with the media and especially the press
2. Further research sponsored by the industry into passive smoking
3. Encourage NMA's to do research locally, particularly of social, political and attitudinal topics
4. More public emphasis on the research that we have already done or sponsored
5. More emphasis on our contribution in the Third World films, brochures, etc.
6. Ensure that individual companies publicise activities which they undertake.
7. Member companies should see INFOTAB as a major catalyst and then reinforce and support NMA's with necessary resources

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8. More statements either through annual reports, newspaper articles, magazine articles by Chairmen of companies and other very senior executives about the role of industry in general and the role of the tobacco industry in particular
9. The avoidance of apparent conflict within the industry which can be exploited by our opponents.

RLOE/DVG

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