

Note for the TSRT meeting: 30th May, 1991

MANAGEMENT TRAINING STUDY  
PROGRESS REPORT

Introduction

The objective of this study is, "to define the required structure and role of management training within management development across BAT Industries; and to develop a detailed profile of recruitment into management," through:

- A 'clean sheet of paper' approach,
- Objective evidence of best practice both internally and externally,
- Separate studies on tobacco and financial services,
- Subsequent review of the role of Chelwood.

This has been undertaken by means of:

- Interviews with personnel and line managers in BATCo, B&W, BATCF, ITL, & Souza Cruz.
- A survey on current manpower and training and development policies and practices.
- Interviews with personnel management of 29 external comparator companies.
- An attitude survey of line managers within BAT and in some of the comparator companies.

Some information gaps remain, particularly with regard to the surveys, but basic data gathering is essentially complete. This report is concerned with the major preliminary findings on management training in the Group's tobacco operations.

Training definitions

Definitions of management training vary across the Group:

- In ITL training is considered to be simply teaching people the right way to do certain tasks. Everything else, including formal courses, is regarded as management development.
- In BATCo training is almost exclusively concerned with management education (a la Chelwood).
- B&W, BATCF and Souza Cruz treat both education and skills development as part of management training.

Whatever the definition, management training in all cases is an integral part of a process designed to ensure future management streams. This process extends from recruitment through induction, individual career plans, on-the-job and formal training, and assessment to succession planning. It therefore follows that training policies need to be integrated into an overall approach to the management development process.

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Best Practice

Some of the key elements of a 'best practice' training approach appear to be:

1. A focus on current and future business issues.
2. A focus on the individual, both in the sense that people have different training needs and placing emphasis on self development.
3. Placing responsibility on line management to develop staff, including the identification of training needs.
4. Using training as means of communication of 'how we do things round here'.
5. Extending training throughout the organisation, rather than devoting it to high flyers alone or, conversely, using it just to fix the problem manager.
6. Training people in how as well as what to manage.
7. Recognising that training is only one small element of the management development process. A well trained manager is not necessarily a good manager.
8. Adopting a simple framework which is readily comprehensible to all. Training and development is not 'rocket science'.

With training focused on the dual requirements of the organisation and the individual manager there is no single solution to the issue.

Nevertheless the conviction found in many external companies (including high tech ones) that 'margins are with the people' was reflected in a sustained emphasis on training as a means of developing competitive edge.

Internal Findings

1. Control of Training

There is scope for developing an overall tobacco Group approach to management training because:

- Organisation structures and cultures are remarkably homogeneous across operating groups and companies.
- The tobacco business is becoming increasingly international. Managers recognise that a parochial approach to the business is less and less viable.

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However, control of management training cannot be centralised entirely because:

- Group policy is to delegate management control to operating groups and companies. Management training must continue to meet operating company as well as Group needs.
- Geographical separation and social diversity.

A key element of the final recommendations is thus likely to be a clear definition of the distinct Group and operating company responsibilities in training terms.

## 2. Training Policy

There is considerable divergence of training policy across the tobacco operating groups. ITL appears to have the most comprehensive approach with a widely disseminated core policy of developing staff to meet the corporate objective of satisfying customer needs, while managing downsizing in the context of no redundancies. Souza Cruz has developed a well thought out system which remains to be tested because of constraints imposed by economic circumstances. B&W have refocused their training on key business issues and in particular in support of their quality programmes. BATCF place much emphasis on early identification and training of future senior management, has comprehensive and sophisticated training tools, but is constrained by organisational rigidity. BATCo, with its unique structure of subsidiaries, relies on Chelwood for training of high potential managers, while encouraging its operating companies to conduct basic management training themselves.

Some common themes emerge:

- The amount of training is relatively low. Formal training days per manager work out at around 3 per year, compared to 5 and up in the more impressive of the comparator companies.
- In all cases training is designed to meet operating company needs alone. Chelwood courses are valued only as a means of bringing a wider perspective to essentially local managers.
- There is a strong correlation between training effectiveness and the emphasis senior management places on the subject. The lesson seems to be that training can be improved simply by being seen to take it seriously.
- A common weakness among the BAT tobacco subsidiaries is that managers are not recognised for developing their subordinates. Reward systems are based on measurable short term business results alone.

If the Group is to develop a common pool of tobacco managers some universal training policies and standards will form an important part of this process.

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### 3. Training Systems

There is a very wide range of training techniques used throughout the Group, some of which reflect best practice in a technical sense, such as:

Modular training - Souza Cruz  
Distance learning - ITL & Souza Cruz  
Self directed learning - ITL  
Individually tailored programmes - B&W & ITL  
Business focused courses - B&W

In all cases these form part of management development systems that are the equal, again in a technical sense, of any found in the comparator companies. (e.g. OF&SP system, BATCo's IDP course which is a very good predictor of success as a GM.)

A considerable amount of 'reinventing the wheel' was encountered with personnel management tackling essentially similar problems in isolation. (e.g. defining manager competencies, reworking appraisal systems, interpersonal skills training, etc.)

As can be expected with the diversity of policy, emphasis on particular aspects of training vary. Both ITL (through MAP) and B&W (through the appraisal system) are expending much effort in identifying individual training needs. BATCo and Souza Cruz to a lesser extent rely largely on generic programmes. B&W make extensive use of outside courses, BATCo hardly at all. BATCo concentrates on management education; BATCF, B&W & ITL give equal emphasis to skills training.

A core training curriculum would be desirable if a pool of Group tobacco management were to be developed. This, in turn, could allow for the granting of 'diplomas' for certain management competencies. These could then be used in internal CV's to facilitate cross company transfers. In addition there are opportunities for tying in management training with academic institutions which could lead to the granting of externally recognised qualifications.

### 4. Recruitment

The principal methods and sources of recruitment into management are as follows:

- From full selection boards (BATCo expats) to simple interviews (B&W).
- Direct from university (BATCF, B&W) or with some work experience (BATCo, ITL).
- As trainees (B&W), or as first line supervisors (ITL), or direct into management jobs (BATCF).

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- On a regular basis (B&W, BATCF, BATCo, Souza Cruz) or as openings occur (ITL, BATCo op cos).
- From immediately post first degree to post second degree with work experience.

Despite this diversity all companies are confident that they continue to compete successfully for the best recruits on the market. However, the common element of management recruitment is the silent assumption that the recruit's career will be confined to the company he or she is joining. Hence neither mobility, nor English language proficiency are necessarily regarded as key criteria for selection. In addition it becomes progressively more difficult to persuade local managers to take on overseas assignments becomes as they get older. These issues have considerable implications for senior management succession in BAT.

A further factor contributing to career rigidity occurs after recruitment. Although all companies conduct induction programmes only BATCF, for a proportion of its intake, rotates recruits across functions for approximately three years. In all other cases recruits go into their respective functions immediately, either as trainees or straight into junior management positions. Thereafter their early careers are generally confined to functional chimneys, thereby gaining specialist knowledge at the expense of general management skills. Only ITL has effectively tackled this problem through company wide use of multifunctional teams working on a full range of business issues. Others recognise a lack of general management skills as a principal weakness of their management.

#### 5. Chelwood

Chelwood is highly regarded by both delegates and senior managers everywhere because:

- it acts as a forum for disseminating Group tobacco policies and strategies and,
- it provides a rare opportunity to exchange related experience across international boundaries.

It is, however, criticised by some senior managers for being both:

- too broad - trying to act like a business school - and,
- too narrow - simply providing management education programmes rather than addressing Group management training needs as a whole.

It is also universally regarded as expensive compared to business school programmes. This suggests that it must provide added value from a BAT perspective to justify its existence.

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Throughput is very low at approximately 140 managers a year. Typically a BAT tobacco manager would attend once every 35+ years. As an infrequent experience for the privileged few, Chelwood's influence on management practices must be limited.

If Chelwood is to be of value in the management training process it needs to:

- be integrated into an overall Group training schema and subject to more consistent direction,
- concentrate on its role as a 'tobacco college',
- broaden its activities both in numbers trained and range of training offered.

Summary

As the preceding analysis hopefully makes clear, training policies and practices around the tobacco operating groups are largely a matter of 'horses for courses' (perhaps an unfortunate analogy). Each operating groups' training system has its strengths and weaknesses but, more importantly, they are aware of the problems and are tackling them. If the role of training were to be defined as supporting operating groups' internal management development alone this study's final recommendations would be limited to suggestions on how to encourage this process of training improvement.

However, what they obviously lack is any degree of commonality. This would be of no consequence were it not for the following factors:

- All companies recognise, to a greater or lesser extent, the need for management to become more international in outlook.
- With the exception of ITL, all companies have experienced or are experiencing difficulties in planning for senior management succession:
  - In the case of the centralised, functionally organised companies this is put down to the difficulty in identifying business management development opportunities within their own structures.
  - BATCo's problem is different in that the expatriate population, from which it has traditionally drawn its senior management, has now dwindled to less than 4% of its management population. The concerted attempt to compensate for this by developing TCNs (Third Class Nationals?) has only been partially successful.

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While recognising that it would be very difficult to return to the concept of the infinitely mobile expatriate in sufficient numbers, a solution to both these problems would be to develop an international pool of management, drawn from throughout the group, that would be prepared to accept a degree of mobility in exchange for enhanced career prospects. These could then be deployed across the operating companies as necessary and provide for Industries requirements. This in turn would assist in breaking down functional and territorial career 'chimneys'.

Under this scenario a Group approach to training takes on another dimension in supporting the development of these managers. However it cannot be created in isolation from the management development process itself as training is simply one of the many tools required to ensure future management streams.

If the concept of an international tobacco management pool is considered appropriate the final recommendations of this study will need to extend beyond simply training itself into the wider development issues that have arisen through the information gathering stage.



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