

Project Battalion
Devising a Public Affairs Structure

INTRODUCTORY QUESTIONS

1. What is the role of Public Affairs in an integrated tobacco company?
What is the right title to reflect this role?
2. Why has the function such a bad reputation in the tobacco company?
3. Is this reflected outside?
4. Are the criticisms justified?
5. Are enough resources, both human and financial, available for the public affairs function?
6. Does BAT need a more pro-active function or is the battle lost? Do we let other companies set the agenda? What benefit do we gain from taking the initiative?
7. How right are we in saying that Public Affairs is crucial for the future of the company. What more do we need to do to make the case?
8. Without the business structure it is difficult to plan one for public affairs but what is the optimum structure?

CENTRAL

9. What needs to be undertaken at the centre?

a) Policy Formation/issue management

<u>Issues e.g:</u>	Marketing freedoms	excise/tax structure/smuggling
	Consumer freedoms	environmental tobacco smoke
	environmental	direct smoking
	developing world issues	addiction
	international investment	nicotine

Smoking Issues

What is the scope and what are the legal constraints on its reporting structure? Should this be a separate function from Public Affairs or integrated?

To what extent can scientific analysis be combined with communicating that analysis to the various audiences. Policy issues normally fall within a public affairs department. Why are there arguments for separating this out in B.A.T?

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Regulatory Affairs What is the case for a separate Regulatory Affairs Department?

Should policy be determined at the centre and how? Who should implement it?

How do we ensure its promulgation to the operating companies?

b) International organisations

Do we need one person dedicated to international organisations. What organisations need covering? What about the regional nature of some of the international organisations?

c) Government Relations

Is there a role for this function at the centre or should it be integrated with policy development? What governments would they talk to?

Should this work closely with, eg. DTI/FCO on help with investment projects?

d) Excise/tax

This is a specialist function. Should it be in Public Affairs or Finance? Should this person deal with international organisations generally?

e) Corporate Image

Name, identify, corporate advertising, print, video

Ensures consistency throughout the group. To what extent does this take place now? Will there be a greater need in an integrated tobacco company? How does this relate to Windsor House.

f) Sponsorship: Community Affairs

Are we satisfied with the current level of sponsorship and community affairs in our tobacco companies?

Given the programmes that currently exist at B.A.T Industries, do our tobacco companies know what is going on and do they get mileage? Why are we doing it? Do we know what is going on at local level?

g) Internal Communication

Who and what do we need to communicate within the company? Does this need to be centrally co-ordinated? What channels exist? Are they adequate? Are we informing our employees adequately and using them to best advantage in putting over the messages we have?

What liaison with the Human Resources departments takes place on this?

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h) Media and external communications (e.g. publications)

Does this function exist? What is the role at the centre if the media is local?
Do we have consistent programmes?

i) Press response team

Inter-functional and inter-regional. How best to set this up?

10. Does the Public Affairs Department stand on its own? Should it be part of a General Services Department?
11. Are the existing reporting lines adequate?
12. What is the relationship with the Legal Department?

REGIONAL

13. Is there a need for a regional structure? If so do we yet know enough about the business structure on which to base it? Is the definition of regional strictly geographical or do other criteria apply?
14. What should the regional public affairs function do and to whom does it report?
15. To what extent should it be involved in policy development or implementation?
16. What systems do we need to make sure there is proper liaison in policy development between the centre, the region and the local operating company?
17. To what extent could a Regional Director/Co-ordinator help local operating companies with Governments, media, pressure groups, local branches of international organisations?
18. What sort of person are we looking for as Regional Director/Co-ordinator? What back up support is necessary? Should he help in the recruitment of local public affairs managers/directors? What are the reporting lines to the centre and to the local companies?
19. What is a sensible regional split up?
20. What is the case for a Brussels Office? Should it be tied in to the other BAT business, e.g. financial services. To whom should a Brussels office report?
21. Is there a case for a Washington office? Bill Hecht devotes 80% of his office time to us at the moment, is this sufficient? Should the person responsible for international organisations work out of the Washington office? To whom should a Washington office report? Does Farmers need to do the same in Washington?

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LOCAL

22. What should be the role of local Public Affairs Managers?
23. How do we find the right calibre of people.
24. To whom does the local public affairs manager/director report?
25. What support does he need from the regional/central level?
26. What mechanisms are needed to make sure this happens?
27. What training do they need?
28. How should it relate to regional/head office?

OTHER QUESTIONS

29. What is the relationship of the Tobacco Company's Public Affairs departments around the Group with Windsor House?
30. Who else do we need to talk to?

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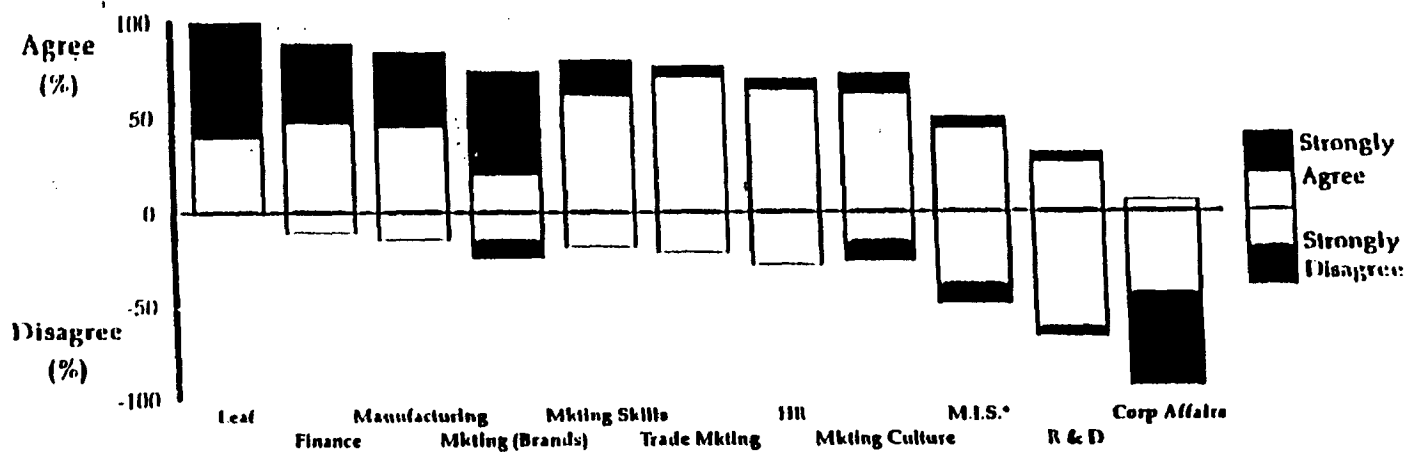
SENIOR MANAGEMENT INTERVIEWS

B.A.T. CAPABILITIES VERSUS PHILIP MORRIS

OBJECT BATTALION

• Initial interview responses suggest that Senior Management believes B.A.T. has the capabilities needed to beat Philip Morris in leaf, finance and manufacturing, but probably not in M.I.S.* R&D, and Corporate Affairs

"B.A.T. has the capabilities needed to beat Philip Morris in..."



Age (out of 4)	3.6	3.3	3.3	3.2	3.0	2.8	2.8	2.7	2.4	2.3	1.6
Agree - % Disagree	100%	70%	70%	50%	62%	56%	41%	47%	0%	-37%	-89%
Responses (n)	18	19	20	20	21	18	17	19	18	19	18

*Note: M.I.S. = Management Interview Systems
SOURCE: B.A.T. SENIOR MANAGEMENT INTERVIEWS

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