

1995
Key Area Papers

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HUMAN RESOURCES

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1995 KEY AREA PAPER : HUMAN RESOURCES

The 1995 Human Resources Key Area Paper is a continuation and extension of the HR strategy already communicated to Operating Companies. In early 1994 the HR Mission and Key Principles Strategy Paper (entitled "Shaping Up for the Future") was produced which set standards for all HR Managers to accomplish. This was followed by the publication of an HR Audit document that enables General Managers to assess what progress their HR Department is making in achieving the core objectives laid down in the above strategy paper.

The 1995 Key Area Paper sets out the basis of the HR response in the Company Plan, and the information requested should be supplied at the time of the Company Plan. In view of the nature of the information requested, which is aimed at identifying HR trends and developments, 1995 is viewed as the base year for detecting quantifiable improvements in Company performance. Within HR, as in other functions in the organisation, there are specific standards that should be achieved that are measurable and the purpose of the 1995 Key Area Paper for HR is to determine what progress is being made in achieving these and to establish a base against which such progress can be tracked over time.

Human Resources Mission

BATCo's Human Resources function will add value to the business by ensuring that the best talent is employed and developed to maximise their contribution to the achievement of Company objectives.

Succession planning

We will have the right number of employees with the appropriate skills in the right place at the right time.

All operating companies shall use the Human Resources Planning (HRP) system. The HRP database enables Companies to define levels of potential for managers and to identify the proposed successors for key roles within the organisation.

Specifically, BATCo's aim is to increasingly recruit and develop "world class" Managers which will subsequently enable the Company to achieve its stretching business objectives.

Additionally, a fundamental component in ensuring that sufficient numbers of talented Managers are available in future at each management level is the vigorous introduction of a management trainee scheme. Over time, one consequence of this strategy will be the anticipated reduction in international staff.

The purpose of the Key Area Paper for Succession Planning is to set year 1995 as the base year for measuring current activity in this major area to enable the Company to track progress over the plan period.

- Projection per function of the % of managers rated "High Potential" for all management positions in grade 34 and upwards (1995 + plan period).
- Projection per function of the % of management positions in grade 35 and upwards that have planned successors (1995 + plan period).
- Projection of the number of managers to be recruited in mid career⁽¹⁾ (also as % over total management staff) (1995 + plan period).

- Planned reduction of International/Seconded Staff⁽²⁾ over plan period.
- Number (and % over total management staff) of "obstacle" managers, blocking development positions (1995 + plan period).
- Number (and % over total management staff) of High potential management trainees to be recruited by function (1995 + plan period).

Recruitment and selection

At every level of the organisation, we will recruit and select those people with the highest potential to advance our business, in order to move to self-sufficiency.

Growing BATCo's management population from within is a corporate goal rather than relying on external recruitment to source key positions in the Company (defined as "mid career" recruitment). With BATCo's requirement to recruit and develop an increasing number of world class managers and with rising expectations in terms of performance standards we will expect to see the release of some longer serving Managers unable to meet these performance objectives.

The purpose of the Key Area Paper for Recruitment and Selection is to set year 1995 as the base year for measuring current activity in this major area and to enable the Company to track progress over the Plan period.

- Allocated budget spend⁽³⁾ on management trainee recruitment (1995 + plan period).
- Allocated budget spend⁽⁴⁾ on mid career recruitment (1995 + plan period).
- % of the managers recruited over the last two years featuring as high potential/GM potential, per function (current situation + objective setting for plan period).
- Planned management turnover⁽⁵⁾ (dismissal/resignation) rate of grades 34-35-36 (1995 + plan period).
- % of line managers formally trained in professional selection interview skills (1995 + plan period).
- % of line managers formally trained in BATCo's assessment centre methodology (1995 + plan period).

Reward

Our reward philosophy will enable us to recruit and retain the best talent, and will engender the highest level of performance amongst our employees.

With the introduction of a new jobgrade structure within BATCo reflecting fewer levels of hierarchy but broader jobgrade bands, pay scales should be realigned to reflect these new structures.

An increasing proportion of the compensation package for Managers should be performance related with a greater percentage "at risk".

Retirement benefit schemes remain a major cost for the Company and benefit structures should be reviewed to ensure competitiveness in the local market.

- By the end of 1995 all managers will have been advised their new BATCo job grade. Competitive salary structures/benefits packages will be aligned with the new grade structure.
- The company will, within the overall benefits policy, review its retirement benefits to ensure (cost) competitiveness in the local market.
- Projection of an increasing proportion of the management salary increase budget allocated to performance related pay rather than to COL - (breakdown of total budget into % COL/% performance related pay, 1995 + plan period).

Management Development

Management and technical excellence will be developed internally using training methods that will support the business and encourage personal growth in order to develop worldclass talent from within.

BATCo's strategy will move away from training courses being short term solutions to solve a specific training need towards a systematic approach whereby technical, business and managerial skills are acquired in stages that relate directly to levels of seniority and potential.

Training courses are only one component of the management development plan. An increasing number of managers should have the opportunity to learn from cross functional projects/project solving groups, from secondments and project assignments in order to stretch their abilities.

The prime accountability for ensuring that managers are effectively developed rests with the line management team. Coaching skills are therefore essential in ensuring that the most appropriate management development solutions are found for differing situations.

Whilst the majority of development activity will be addressed internally, external training courses do provide a valuable opportunity for acquiring new insights and should therefore feature in the total Training Plan strategy.

The purpose of the Key Area Paper is to set year 1995 as the base year for measuring current activity in this area to enable the Company to track progress over the Plan period.

- % of development plans achieved for all management (1995 + 3 years period).
- Management development budget⁽⁶⁾ as a % over total management salary bill (1995 + 3 years period).
- % of managers trained in professional coaching skills (1995 + 3 years period).
- Number of managers (and % over total management staff) being part of cross functional development activities (projects, transfers, assignments) organised within the company. (1995 + 3 years period).
- % of managers studying for professional qualifications⁽⁷⁾ (1995 + 3 years period).

- average number of training days⁽⁶⁾ for high potential/potential managers (1995 + 1996).

Employee Relations

To create the cultural environment which will ensure employees at all levels are committed to their objectives, to the means achieving those objectives, and to the Company.

- Number of company briefing meetings, communicating the company's objectives and performance for management staff/all employees (1995 + plan period).

Definitions

- * Note (1) Mid Career Recruitment
Where the Company is unable to staff a management position from within and relies on external search methods to provide the suitable candidate.
- * Note (2) International/Seconded Staff
International staff - Careers are managed by BATCo HQ.
International seconded - Employees who are on secondment outside home country.
- * Note (3) Management Trainee Budget Spend
Include cost of campaigns, recruitment fayres, sponsorships, awards, literature and materials, plus publications. Include anticipated cost of training management trainees for first two years. Exclude cost of management trainee salaries: exclude cost of manager's salaries responsible for this activity area.
- * Note (4) Mid Career Recruitment Budget Spend
Include cost of projected job advertisements plus search fees ("headhunting" costs). Exclude cost of manager's salaries responsible for this activity area.
- * Note (5) Management Turnover
Percentage of managers leaving the Company due to resignation/dismissal/retirement (but not for downsizing reasons) as a percentage of the total management establishment.
- * Note (6) Management Development Budget
Management Development budget includes all associated costs with the preparation, organisation and delivery of training courses or learning materials for managers Grade 34 or above. This includes the wage costs of staff within (or contractors used by) the training department but excludes wage costs of course attendees.
- * Note (7) Professional Qualifications
Include all courses of study which directly lead to the award of a locally recognised professional accreditation in either a specific business discipline, a management science or a technical qualification.

Exclude all qualifications which are automatically granted without requiring the individual to devote personal study time.

* Note (8)

Average Number of Training Days

Indicate all off the job 'classroom' based training (e.g. this would include the off the job elements of Competitive Edge - not the on the job elements). Exclude summer schools for professional business qualifications.

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