

Case study
May 2014

Tackling the barriers to leadership

British American Tobacco South Asia: shaping leadership in alignment with the business strategy



WORK



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Championing better work and working lives

The CIPD's purpose is to **champion better work and working lives** by improving practices in people and organisation development, for the benefit of individuals, businesses, economies and society. Our research work plays a critical role – providing the content and credibility for us to drive practice, raise standards and offer advice, guidance and practical support to the profession. Our research also informs our advocacy and engagement with policy-makers and other opinion-formers on behalf of the profession we represent.

To increase our impact, in service of our purpose, we're focusing our research agenda on three core themes: the future of **work**, the diverse and changing nature of the **workforce**, and the culture and organisation of the **workplace**.

WORK

Our focus on work includes what work is and where, when and how work takes place, as well as trends and changes in skills and job needs, changing career patterns, global mobility, technological developments and new ways of working.



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Our focus on the workforce includes demographics, generational shifts, attitudes and expectations, the changing skills base and trends in learning and education.

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Our focus on the workplace includes how organisations are evolving and adapting, understanding of culture, trust and engagement, and how people are best organised, developed, managed, motivated and rewarded to perform at their best.

About us

The CIPD is the professional body for HR and people development. We have over 130,000 members internationally – working in HR, learning and development, people management and consulting across private businesses and organisations in the public and voluntary sectors. We are an independent and not-for-profit organisation, guided in our work by the evidence and the front-line experience of our members.

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Case study

The CIPD report *Leadership – easier said than done* explores the barriers to leadership and good people management. This is one of a series of case studies that illustrates approaches to tackling these barriers in practice.

British American Tobacco (BAT) is a multinational tobacco group, selling tobacco products in over 180 markets.

In the South Asia area (SAA), BAT comprises Pakistan Tobacco Company, Ceylon Tobacco Company (Sri Lanka), and BAT Bangladesh. Although each of the companies operates in individual markets, all three are governed by BAT group standards, practices and policies, with performance defined through objectives benchmarked across the three countries.

South Asia is one of the top growth engines for BAT, contributing significant volume to both ASPAC and BAT group volume. SAA is also considered a talent hub for BAT with over 50 managers on international secondments across the globe. The vision for SAA is to maintain and enhance the current success levels.

The leadership behaviour framework

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In order to continue growing leaders who support the organisation's growth, BAT has defined the competencies that these leaders need to demonstrate now and in the future. The company's leadership behaviour framework has been updated to reflect recent insights into the future needs of the business.

Imtiaz Faruque, Area Head of Human Resources, says:

'Two years back we ran a global project to map out the industry 10, 20 or 30 years from now – looking at essentially what the industry will look like and, as a result, what our portfolio should look like. Then we worked backwards from there to figure out the capabilities we need to deliver the BAT of 20 or 30 years from now.'

As a result of that exercise, we have now come up with a new set of capabilities which are, I would say, 80% the same as they were before. But there are new capabilities like above market collaboration and agility. The expected response time these days is very, very little compared with five, seven or ten years ago. And that's why leaders across all levels – not just the top-level leaders – have to demonstrate the level of agility.'

Aly Taseer, Area Talent Manager, explains that BAT has articulated what a BAT leader actually means, as *'the organisation and the people are mature enough to start understanding what we mean by "performance" and "growth" rather than specifying it to the nth degree'*. As a result, the leadership framework can be designed in a concise way:

'A leader is best characterised as in a succinct, very short format, which is: passionate owners, inspiring their people to achieve outstanding results. So we are covering outstanding performance through eight leadership capabilities – half with the "leads people" part and half with the "leads business" part.'

This is where we are talking about those cultural "nuances". Overall, we have concluded from studies that leaders in South Asia need to strike a better balance between business and people leadership capabilities. The new leadership framework is a step in the right direction.'

Collaboration and agility in practice: Line of Sight

Imtiaz explains that introduction of the new behavioural expectations had to be a consultative process, so that individuals 'own' the new set of competencies. He says, 'The capabilities are not built based on what HR thinks the capabilities should be, but by talking to the line managers and asking them what they think our future capabilities are. And when you have line managers actually telling you what the capability set is, you don't have an issue of buying-in anymore.'

To ensure ownership of objectives there is an annual set of meetings that all BAT employees attend, called Line of Sight. These meetings are a platform for communicating top-level objectives down to the levels of the team and individuals, as well as a mechanism for bottom-up feedback on the feasibility of those performance targets.

Initially, the area director receives a set of top-level objectives that fit into the global strategy of BAT. These then get discussed, challenged and interpreted into functional objectives by the executive committee, comprising the area heads of functions. The executive committee members will then work with senior managers in the three countries to define respective contributions to the overall objectives. Finally, the objectives will be cascaded from the top to the bottom of each function with strategy meetings at each level.

An operations manager in the tobacco growing (leaf) area says:

'The targets are very clear. They will say that we will be making this amount of cigarette sticks this year. This is worked out based on the sales figures before the operations hear about that.'

After that all the departments concerned in the supply chain, including the leaf area, will get to know that this is the sales figure which we are aiming at. So the head of leaf will know the objectives for his own department, which tell him how much tobacco we need to grow in order to support the amount of the cigarette sticks they need to sell. He then cascades it down to his team, and then to local area teams.'

There is a leaf strategy conference before the start of every season. All the regions, everyone working in the leaf department, are invited. They come in one place and together make a strategy of how the production targets will be made, how much each area will be contributing. In the end, it is the employees themselves who are making the strategy because Line of Sight has been given to the people. They know what to do, everything is methodical and structured.'

While other organisations may now be practising similar methods of cascading top-level objectives down to the front line, the effectiveness of the BAT approach appears to lie in the openness and honesty of communication at each level, as well as in the high

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ambition of individuals working for the company. Successful embedding of the ownership agenda is also evident from employees across BAT using the language of the new leadership framework.

One middle manager says:

'There's no such thing as a perfect solution in the business, there's all relative things. So when there's a leader that you are able to challenge, it gives you the opportunity to learn more. You have to give the logical arguments and evidence why you are challenging. If you think that it's not possible, you say, "No." If it's possible, we find out a way to do it. That's it.'

Sometimes you are right, sometimes you are wrong, but the senior leaders have started in the department some time back, probably five, six years back, and now new technology, new things have come, so more junior members of staff are bringing in new opinions. /

A junior member of staff says:

'At my level in the organisation everybody has an ambition to be a high-performer. Monetary pay is one thing, but we always want to rise up and build our careers. That's why we spend so much time and so much energy at work! /

Another outcome of the Line of Sight approach is that all the departments are ultimately working to the same target, expressed in the planned annual output. As a result, all functions, regardless of their role, have to work out how they can support the objectives of their company and the region. Notably, even the functions outside the supply chain, such as HR, work towards the top-level growth targets. One HR representative expressed her individual objectives in terms of *'people management interventions I can put in place to ensure we achieve sales growth this year'*.

Achieving consistency in leadership behaviours

As for most large companies, the challenge for BAT SAA is to achieve a standard of behaviours across functions and countries. As the performance against leadership behaviours is judged by the employee line managers, the danger is that the measures applied can be perceived to be subjective.

Aly Taseer, Area Talent Manager, explains:

“In the past, we felt through all our surveys that when determining high-potentials, the process was perceived to be subjective. Through a project called Integrated Talent Management we are making evaluation and assessment simpler and more intuitive for line managers, and are providing a tighter structure around gauging potential that is perceived to be more objective across the organisation.”

A ‘Simply Successful’ campaign running for over 12 months aims to enable line managers to set performance targets in an objective way, assess employees objectively, as well as give the right kind of feedback and coaching. There are two parts to the campaign: one is around the change in systems and processes (for example how performance management is

carried out and recorded). Imtiaz Faruque, Area Head of HR, says:

“We have a structured calibration process across the South Asia Area at various levels. Functions first had their calibration. Then it goes to market-level calibration. Then it comes to area function-level calibration. The last stage is now area-level calibration. At all levels we have challenged several performance ratings, in some cases downward revisions have been made, even at the most senior levels, despite delivery of strong business performance.”

The second element is around change in mindsets (for example encouraging challenging conversations). Such a rounded approach aims to achieve long-term shifts in how leadership behaviours are conceptualised and demonstrated in the organisation. An HR business partner adds:

“Cultural change is what we’re actually working towards. We want the new people we’re recruiting to be the agents of change. They have been recruited for their leadership competencies. Now the real challenge comes as they come in; they bring with them new experiences and mindsets and as an organisation we need to support and foster their ambitions.”

Another challenge for consistency of leadership behaviours and the performance calibration process is the generational and cultural diversity of the workforce. The way leadership behaviours are set and assessed has to support the strategic direction of the business, but also get the buy-in of a diverse workforce. Imtiaz explains:

“To some people, the definition of leadership is clear, especially those who are long-termers. The definitions of the younger generations are a little different.

It’s also different from country to country. Sri Lanka is a very connected society and they expect the leadership behaviours will be a little different from what you will see in Bangladesh. Bangladesh is very competitive. And everybody is fine and okay with that. In Pakistan, they tend to be more emotive.”

Key lessons

- The need for leadership has to be informed by the strategic direction of the organisation.
- Behaviour frameworks must be clear and involve employees in the design process in order to get their buy-in.
- No one learns leadership by attending a training programme. You have to set up the systems and gradually change the culture to create an environment that enables leadership.
- Leadership behaviours have to appeal to the diverse workforce; they have to be understood at the value level.
- Careful cascading of objectives down the hierarchy improves clarity and engagement, but has to allow people the opportunity of challenging back.
- The younger generation in the workforce means it is important to manage individuals' expectations vis-à-vis their promotions and high performance ratings.



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