

# **Internship Report**

On

## **Functional Overview of British American Tobacco Bangladesh**

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## **Letter of transmittal**

23<sup>rd</sup> March, 2017

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**Subject: Submission of Internship report on British American Tobacco Bangladesh.**

Dear Sir,

I would like to submit my report titled “Functional Overview of British American Tobacco Bangladesh” I prepared it as a part of the academic requirement for BBA program of BRAC Business School, BRAC University.

I am working under the Supply Chain Department with the planning team of Secondary Manufacturing Department. Preparing this report was a great learning experience for me as I got to learn different supply chain and manufacturing knowledge which is also different from my way of concentration.

Thank you for your support and for your patience in me. I am always there for you to answer any query you think necessary for understanding this report.

Sincerely yours,

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## **Acknowledgement**

At the beginning of preparing this report, I would like to convey gratitude to the Almighty Allah for all his blessings upon me completing this report. This internship report is an actual picture of effort of so many people. For this, I am grateful to a number of people who helped me to organize this report and or their kind opinion, suggestions, instructions and support and appropriate guidelines for this. I have received endless support and guidance in preparation of this report from numerous sources. I would like to take this opportunity to thank them all.

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Their valuable contribution has facilitated the successful completion of this report to a great extent.

## **Executive Summary**

Being in a controversial industry, British American Tobacco Bangladesh has proved its standing in counting prominent industry in Bangladesh. It plays a great significant role in Bangladeshi economy. As we know British American Tobacco Bangladesh is one of the largest multinational companies in the country and has been operating for over 100 years more than 180 markets around the world.

The different functions of the company are continuously helping to remain the market leader of the industry. In one side the marketing department is trying to grab their market position by offering the customers different brands and on the other hand the manufacturing department is trying to meet the market demands. All the departments of the company are running in hand in hand. With all its quality and commitments the company has won many hearts as well as consumer confidence. The Supply chain management of the company has become a competitive advantage over the competitors.

Within the organization, the supply chain refers to a wide range of functional areas. These include Supply Chain Management-related activities such as inbound and outbound transportation, warehousing, and inventory control. Sourcing, procurement, and supply management fall under the supply-chain umbrella, too. Forecasting, production planning and scheduling, order processing, and customer service all are part of the process as well. Importantly, it also embodies the information systems so necessary to monitor all of these activities.

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## 1. Introduction

British American Tobacco is the world's leading tobacco company and one of the world's leading multinational companies, selling more than 200 brands in over 200 markets and employs more than 50000 people all over the world. BAT makes the cigarettes chosen by one in eight of world's one billion adult smokers being the market leader in more than 55 countries.

Established in 1902, with the joint venture of the United Kingdom's Imperial Tobacco Company and the American Tobacco Company of the United States with an agreement that the parent companies will not trade in each other's domestic territory and to assign trademarks, export business and overseas subsidiaries to the joint venture.

BAT was first listed in 1912 and consistently holding their reputation as being one of the 10 companies in London Stock Exchange and Fortune 500. BAT has a primary listing on the London Stock Exchange and is a constituent of the FTSE 100 Index. It has a secondary listing on the Johannesburg Stock Exchange and on the Nairobi Securities Exchange.

In 2015, BAT has sold about 663 billion cigarettes, made in 44 factories in 41 countries. The portfolio includes world famous Global Drive Brands. Not only that BAT's tobacco product range also includes Fine cut (roll your own and make your own tobacco), snus and cigars. The company is also focusing on developing Next Generation Products which are basically less risky alternatives to the regular cigarettes alongside their traditional tobacco business.

Worldwide BAT employs about 50,000 people directly and indirectly through their supply chain. BAT beliefs that, the divine qualities of the employee of this company played a major role in their success. BAT culture is about developing talent from within and also attracting people who are about to make a difference in the business. BAT is rated as TOP Employer in many countries where they operate. In 2016, BAT was ranked as one of the top five employers across Western Europe and named as the number one employer in Mexico.

BAT valued their partners the most. Throughout their journey the relationship with the Tobacco farmers were most important to them. For the main ingredient for their product, tobacco, BAT work with almost 90,000 independent farmers all over the world. Moreover, BAT has more than 1000 Leaf technicians who spend their days advising the farmers on crop growing and also on sustainable agriculture. Not only that, BAT also continuously supporting retailers all over the world by offering them their own business knowledge and experience so that they could built their business and run them properly.

BAT is always committed to the highest standards of corporate conduct in the process of their “from crop to smoke”. BAT always feel proud about how sustainable and responsible they are in their way of running the business and the recognition that the company received through their journey shows that it’s not just they who think they are doing the right thing. Some biggest achievements like – the first tobacco company to be listed in the Dow Jones Sustainability Indices in 2002 and ranked number one in a good governance index published by the Institute of Directors shows the proper evidence.

BAT holds a vast market position in each of the four regions – Americas; Asia-Pacific; Middle East and Africa; Eastern and Western Europe. The company maintains a very unique marketing approach which is second to none. The geographic diversity, proven strategy, strong brand value, potential people has well placed the company in further success. Moreover, the Research and Development sector of the company is working confidently in innovating new type of cigarette products which will the company to grab a new market in near future.



## 1.1 British American Tobacco Bangladesh

The presence of British American Tobacco in this part of the world can be traced back to 1910. Beginning the journey as Imperial Tobacco 103 years ago, the Company set up its first sales depot at Armanitola in Dhaka.

After the partition of India in 1947, Pakistan Tobacco Company was established in 1949. The first factory in Bangladesh (the then East Pakistan) was setup in 1949 at Fauzdarhat in Chittagong. In 1965, the second factory of Pakistan Tobacco Company went into production in Mohakhali, Dhaka. Thereafter it became Bangladesh Tobacco Company Limited in 1972 immediately after Bangladesh's independence. In 1998, the Company changed its name and identity to British American Tobacco Bangladesh (BAT Bangladesh) aligning the corporate identity with other operating companies in the British American Tobacco Group.

BAT Bangladesh is a part of British American Tobacco plc, one of the world's most international businesses, with brands sold in more than 200 markets around the world.

BAT Bangladesh makes high quality tobacco products for the diverse preferences of consumers, spanning the business 'from crop to consumer' and are committed to embedding the principles of corporate social responsibility Group wide.

### **Our Vision**

Our Vision is to be world's best at satisfying consumer moments in tobacco and beyond.

### **Mission Statement**

Our mission is delivering our commitments to society, while championing informed consumer choice. We need to continue to ensure that our consumers are fully informed about the choices they are making when they purchase our tobacco products. We recognize that we have a responsibility to offer a choice of products across the risk spectrum, but we will also defend their rights to choose and provide them with the products they want. As society changes, and people's

priorities and needs shift, we need to be ready to meet new challenges and take advantage of new opportunities. We are a major international business and with this status come responsibilities, from being open about the risks of our products to supporting rural communities in the developing world.

### **Our shareholders**

We were among the first companies to be listed on the Dhaka and Chittagong Stock Exchanges and currently ranked amongst the top 10 companies in terms of market capitalisation. British American Tobacco Group holds 72.91% of our shares; 12.86% is owned by Investment Corporation of Bangladesh; Shadharan Bima Corporation, Bangladesh Development Bank Limited, Government of People's Republic of Bangladesh and a further 14.23% is owned by other shareholders.

### **Our Contributions**

We continue to contribute approximately two-thirds of the revenue derived from the cigarette industry, wherein 2013-14 fiscal year BAT Bangladesh contributed over BDT 8,436 crore as taxes to the National Exchequer. The company will continue to support Government proposals that establish a sustainable level of tax contribution to the national exchequer while ensuring a sustainable growth for the industry.

### **Our beliefs**

At British American Tobacco Bangladesh, we strive to be a responsible company wherever we operate - that may be to our shareholders, employees, business partners or any other relevant internal and external stakeholders. To us, responsibility is a way of life and that is why we believe 'success and responsibility go together'.

## **Our people – Our strength**

Employing more than 1,500 people directly and approximately 50,000 people indirectly as farmers, distributors and local suppliers, we take great pride in saying that BAT Bangladesh is one of the most preferred employers in the country. It is the people, who bring their differences every day and make BAT Bangladesh a great place to work in.

## **1.2 Product and Service**

British American Tobacco Bangladesh is doing business for a very long time with its attractive product segments. The company pursues that, encouraging people to start smoke or more smoke is not their actual motive of business, rather its about meeting the preferences of adult who have chosen to consume tobacco and also differentiating their brands from existing competitors.

BATB manufactures and market high quality and well established international brands. Positioned into four segments in the current Bangladesh cigarette market the current brands are - Benson & Hedges, John Player Gold Leaf, Pall Mall, Capstan, Star, Pilot, Bristol, Derby and Hollywood. All these brands are categorized in the four different segments, described below:

- **Premium Segment:**

### ***Benson & Hedges***

Since its launch in 1997, Benson & Hedges has dominated the Premium segment and set the standards in a very competitive market. In 2008 B&H achieved 3 billion stick volume marks for the first time. And in 2012, the house of Benson & Hedges launched a new and unique variant - Benson & Hedges Switch. Keeping innovation at its core, Benson & Hedges Switch became the

first ever capsule cigarette to be launched in Bangladesh. From 2013-2015 faced tough challenges due to high price increase with a gradual volume decline. The company concentrated on building the equity by making consumer-centric investments to strengthen the brand. This segment continuously faced various competitions due to the availability of the smuggled cigarettes in the market.

- **High or Aspirational Premium segment:**

*John Player Gold Leaf, Pall Mall and Capstan*

John Player Gold Leaf, Pall Mall and Capstan are positioned in the Aspirational Premium segment. Launched in 1980, John Player Gold Leaf is one of the highest selling brands of our company, enjoying large market share in the Aspirational Premium segment. As this brand launches various other products, which help them to grab the market and also to hold the strong brand equity as well. In 2005, we launched three flavored Limited Edition Product and Packs under the ‘Taste the World’ campaign, which were extremely well received by consumers. In July 2006, three Limited Edition Product and Pack (LEPP) were launched under the campaign ‘Blender’s Choice’. BAT Bangladesh launched John Player Gold Leaf Smooth in December 2008. The new cigarette with its enhanced filtration and perforated long filter is geared to offer smokers a smoother smoking experience with a full bodied flavor. Pall Mall was the Group’s first Global Drive Brand to be launched in Bangladesh in 2006.

- **Medium or VFM segment:**

*Star*

Star and Star Next are positioned in the VFM segment. Star was launched in 1964 and Star Next was launched in 2012. The brand has absolute leadership in the segment with a robust performance. The company is continuously putting emphasis on developing this brand’s quality to strengthen the brand image and preferably to meet the consumer demand.

- **Low segment:**

***Pilot, Hollywood and Derby***

We have three brands in Low Segment – Derby, Pilot & Hollywood. Derby was launched in 2013 and is the biggest brand among the three, offering taste differentiation to the consumers through its two variants. On the other hand, Pilot offers true and authentic smoke to the consumers. Pilot was launched in 2009 and at present it is the fastest growing brand in the industry. The third brand is Hollywood which was launched in 2011. The industry segment in this segment has increased from before. Low segment share has reached almost 80% which is a great concern for BATB.

### 1.3. Structure of the Organization

The structure of the company is very much decentralized but the parent company controls the overall strategic directions and financing. The main functional areas of BAT Bangladesh are:

- Operations (Manufacturing and Supply Chain)
- Marketing
- Human Resource
- Finance
- Leaf
- Legal & Company Secretarial
- Information Technology
- Corporate and Regulatory Affairs (CORA)

The “Board of Directors” is responsible for the overall decision making process. “Board of Directors” is composed of 10 members headed by the Chairman of the company. The present Chairman of the company is Mr. Golam Mainuddin. The Managing Director of British America Tobacco Bangladesh is Mr. Shehzad Munim, who is appointed by “BAT Holdings” Managing director is the head of the Executive Committee, consists of all the functional heads.

The Board is collectively responsible to the Company’s shareholders for the long-term success of the Group and for its overall strategic direction, its values and its governance. It provides the leadership necessary for the Group to meet its business objectives within the framework of its internal controls, for discharging the Company’s obligations to its shareholders and its responsibilities to its broader stakeholders.

## 1.4. Business Operation

The core business operation of BATB is to manufacture the cigarettes and sold it to its ultimate customer. But with the motive of “from crop to consumer” BATB have to do the whole processing of the ingredients to make cigarettes. The main activities of the company are given below:

- **Tobacco leaf growing:** Tobacco leaves are the main component of making cigarettes and the company followed a strict and unbreakable rule to maintain the quality of the tobacco. There are registered farmers, around 35,000 who grow the tobacco with proper support of the companies appointed leaf technicians. Khushtia, Rangpur and Chittagong are the main region for growing tobacco.
- **Leaf Processing:** Leaf processing is another very important task for the company. After cultivation this is the most difficult work as a certain amount of moisture is preserved in the leaf. The leaf is processed in two factories. Firstly, for separating the lamina (the stem) from the leaf in the GLT Factory (Green Leaf Threshing) and Secondly, for cutting the leaf for production in the Dhaka Factory under PMD (Primary Manufacturing Department).
- **Manufacturing Cigarette:** The cut tobacco is then sent to SMD (Secondary Manufacturing Department) for final production. Here all other materials from Primary Manufacturing Department and Filter Rod Department including all the wrapping materials come to the SMD for the final production. There are three shifts working for 24 hours to meet the daily production target.
- **Distributions:** After production with whole packaging the products are sent to various distribution houses for storing. From the distribution houses the products are distributed in the whole country with the appointed distribution agents who are known as distributors. They directly work with the trade marketing team and ensures that the product in distributed to all retail outlets.

- **Brand Image:** BAT does not go for promotional activities which is a great challenge for them. They adopt different kind of marketing approach to communicate with their existing consumers.

### 1.5 Corporate Social Activities of BATB

Over the year, British American Tobacco Bangladesh has built its reputation and corporate brand image as one of the leading organizations of our country in terms of people, process and practices. The organization believes that the business has a key role to play in helping society to achieve the necessary sustainable balance of economic growth, environmental protection and social progress in different ways that will build value for all our stakeholders. BAT Bangladesh is a contributor to society through its CSR initiatives, sustainable practices and regulated operations.

Bangladesh is vulnerable to natural disasters due to the frequency of extreme climate conditions and its high population density. BAT has been a steady partner to the country's afforestation scheme for the past 35 years. The Company initiated a program in 1980 to combat deforestation and so far contributed close to 90 million saplings. BATB plays an active role on afforestation and community support program to help the tobacco farming communities. BAT takes pride taking such measures as it is one of the ways through which the Company is able to proudly participate in Bangladesh's continuous journey towards prosperity. Therefore, its CSR activities are designed to contribute to the economic, social and environmental sustainability of the community in which it operates and are in perfect alignment with the Millennium Development Goals (MDGs) of United Nations.



- **Afforestation: BAT Bangladesh's flagship CSR programme**

British American Tobacco Bangladesh initiated its afforestation programme in 1980 when the forest department called on the private sector to support its endeavor to conserve the forests. So far, BAT Bangladesh has contributed around 79.5 million saplings to the country's afforestation initiative in the last 34 years. It is presumably the largest private sector driven afforestation effort in Bangladesh.

The Project has also won international recognition for the company recently when BAT Bangladesh was awarded **Asia Responsible Entrepreneurship Award** in 2014 under **Green Leadership** by Enterprise Asia, a non-governmental organization striving for the pursuit of entrepreneurship development in Asia Region. As a national recognition for special contribution in tree plantation, BAT Bangladesh has received National Award for five times in the year 1992, 1999, 2002, 2005 and 2007. The programme is designed to focus on the socio-economic needs of the human society as well as overall environmental perspectives.

- **Safe drinking water: Bringing smiles to one hundred thousand people everyday**

Having recognized the gravity of water and sanitation and in the context of the Millennium Development Goals, BAT Bangladesh has stepped forward with a safe drinking water project. As a part of the safe drinking water initiative, BAT Bangladesh has already installed 53 filtration plants to make water free from arsenic and other harmful contents in arsenic prone areas in the country. All the 53 plants now purify 270,000 litres of drinking water, meeting the need of 135,000 people every day. The plants are maintained by local committees consisting of members from local communities. More than hundred communities in rural areas with the safe drinking water plants are now living a better life than before as safe drinking water is enriching their livelihood. As a result of running this particular CSR Programme - Probaho, BAT Bangladesh won the 'Asia Responsible Entrepreneurship Awards' for best CSR Project in 2015.

- **Solar home systems: Bringing ray of hope in rural communities**

BAT Bangladesh is providing Solar Home Systems free of cost to rural communities of the country which are currently out of electricity. So far, the Company has installed 1,366 units of solar home systems in 15 villages of Bandarban and Khagrachari districts, illuminating the community and its people in the off grid areas of the country. Now, more than 8000 rural people are connected with electricity for the first time. This initiative will continue its journey to kindle hope in remote rural communities by bringing in a completely new dimension in the lives of people and progressing it with the power of energy.

## 2. Nature of the Job

In my internship period in British America Tobacco Bangladesh I worked with the Planning team of Supply Chain under the department Operations. My main task was to provide additional support to the Planning team in their day to day work.

### 2.1 Job Responsibilities

I was assigned with some regular work with the supervision of the Factory Scheduling Manager and WM Scheduler such as:

- **Weekly plan order upload:** On every Monday I had to upload the weekly plan in the system within 2p.m. After the planning meeting my supervisor used to prepare the weekly MPS. After preparing the MPS we have to prepare the frozen plan where the production plan are slightly less than the dynamic MPS with adjusting time for Deep Cleaning and Preventive Maintenance.
- **Daily production order release:** On a daily basis I had to release the daily production order for Finished Goods under SMD, Filter Rod under FRD and Cut Rag under PMD. There is specific requirement for each of the component to release and I did that work according to that.
- **Performed the monthly demand upload:** Within the 24<sup>TH</sup> – 26<sup>th</sup> of each month I had to perform the Monthly Demand Upload for coming 36 months. For that we had to collect the APO Demand numbers from the marketing department and then prepare a Excel file with CSV format and put the demand numbers by Depot for 36 months. This file is than uploaded in the system and with the help of that the plan for production is created.

- **Preparing Reports:** On a daily basis I had to circulate some reports. Firstly, I had to prepare the OEE and AMO report on the daily performance of the modules working in the factory. This help to know whether there is any additional input is required for the good performance of the module. Secondly, “Daily Manufacturing Report”, which shows the day to day whole plan, production, OEE, AMO, weekly MQI, PCTP progress, FRD OEE, previous months production and crew information.
- **DLV of SMD production order:** The SMD production orders which are basically the finish goods cannot be delivered automatically in the system though it is delivered physically. So, I had to do the DLV for each of the production order in the system on daily basis. Previously it was done on every Monday but now because of some problem arise it has to be done n regular basis.
- **Inventory Management:** BATB have a policy to put Graphical Health Warning (GHW) on the blanks or box outer or shells of their Cigarette packet. This is basically a health warning for the smokers showing some pictures of the patients’ who suffered from diseases caused by smoking. After every three months this GHW changes which is called GHW transition. There are seven GHW. During that transition I had to report on how much blanks, BOT and shells are on hand in our materials godown and in suppliers stock as well. Based on that we had to prepare the production order for different SKUS or better say different brands.
- **Preparing Wrapping Material Report:** Wrapping materials are one of the essential elements for the making of cigarettes. I used to prepare a list of wrapping material contains- material code, supervisor, per mn.. Requirement, used in which SKUs, unit, supplier, used in which specific module and their type. To prepare that report I used to take help from BOM (Bill of Materials). The main purpose of this report is to provide

necessary information about a material used in the production of each of the Finish Goods.

- **Production Order Overdue:** Production order overdue is one of the main drawbacks of BATB and to lessen that I had to circulate regular report whether there is any overdue for SMD, PMD and FMD. If one order is not confirmed within 48 hrs that is marked as a overdue. If there is any order pending then we have to notify that department to confirm the order as soon as possible as that is calculated under the performance of that department.

### 3. Project Summary

As requirement of the Undergrad program we have to do Internship program under any company so that we could get practical knowledge alongside of theoretical knowledge. This is very useful phrase for a student. To fulfill that requirement I started my Internship Program with British American Tobacco Bangladesh. I have worked with the Planning team of Supply Chain under Operations department. My Internship period started from 10<sup>th</sup> October, 2016 to 10<sup>th</sup> April, 2017. With the supervision of my supervisor who is a Factory Scheduling Manager I have learned so many things about how a manufacturing company works. My main contribution was to support the planning time in a day to day basis. While working with these people they have given me an idea about the functions of BATB and also how the Manufacturing of Cigarettes take place. As I got the chance to work practically here, so I would like to give an overview of how this company works.

#### 3.1. Objective of the Study

##### Primary Objective

The primary objective of this report is to fulfill the requirement of our Internship program alongside to fulfill the requirement of the completion of my BBA under BRAC University. Moreover, it also helps me to implement my knowledge that I gained throughout my undergraduate life from different courses.

##### Secondary Objective

- To present an overview of British American Tobacco Bangladesh
- To analyze the Functions of BATB and how these works
- To Describe the process of manufacturing cigarettes

### **3.2. Methodology**

The report has been prepared based on the experience that I have gathered from my internship period. At first I have selected the research topic and collected information depending on that.

### **3.3. Sources**

The information is collected from two sources. These are - Primary Sources and Secondary Sources.

Primary Sources of data were –

- Practical desk works.
- Direct observation from daily work.
- Conversation with different employee.
- Observing the activities of different employees.

Secondary Sources of data were –

- Annual reports of British American Tobacco Bangladesh
- Director's report of British American Tobacco Bangladesh.
- Different journals, reports published on BATB.
- Different Websites from internet.

### **3.4. Limitation of the study**

While preparing the report I have faced some limitations. These are given below:

- The basic time period of internship was not enough. Due to the shortage of the internship period it was really hard to know about an organization. Even this time period is not enough to know my whole department.

- The information regarding the topic was not available at all and only interviewing was to enough. The process of the manufacturing company is a bit lengthy and they apply new techniques in a frequent way. So, gathering information was another problem.
- Another limitation was not all employees are aware of same process as the techniques used to get changed so gathering information from a huge group was basically confusing.

### **3.5. Overview on the Core functions of British American Tobacco Bangladesh**

BATB is manufacturing company which work is a process based organization. The departments work as a support function for each other rather than working independently. The whole organization is well described through the supply chain process and their supply chain process is named as “from seed to smoke”. The core functions of BATB are given below:

- Operations (Leaf, Manufacturing and Supply Chain)
- Marketing
- Human Resource
- Finance
- Information Technology
- Corporate and Regulatory Affairs (CORA)



### 3.5.1. Operations

The operation Department is basically consist of – leaf, manufacturing, supply chain, Procurement and Product & Quality. Each of the part of operation made the value chain process work smoothly. The functions of Operation are described in details below:

#### Leaf Operation

The leaf department of BATB works with a mission to exceed customer expectations by providing quality tobacco at competitive price. The leaf department is responsible for tobacco growing, tobacco processing, green leaf threshing and packing, leaf bending, export and import of tobacco leaf. Almost 80% of the leaf that is required is brought from BATB’s own cultivation. Flue-cured tobaccos are cultivated and purchased by the leaf department. Instead of owning any farmland or employing farmers BATB register thousands of farmers along their land to grow and cultivate tobacco. At the beginning of the season the various depot distribute registration forms to the farmers in its regions. Bat strives to maintain an ongoing relationship with its registered farmers. Each farmers information in maintain in the depots through in house database software called Integrated Leaf System (ILS). On basis of that information the company decides whether to register the farmer for following crop season or not. The company provides all the necessary ingredients for cultivation starting from seed to loan for tobacco cultivation, so that; they get the quality tobacco for cigarette production. At the end of the period of cultivation the company buys those tobaccos from the farmers in a given price in bulk. The price of the tobacco depends on the tobacco grade which indicates the quality of the tobacco. The tobacco cannot be cultivated throughout the year as there is a specific season for growing tobacco. So when the tobacco is cultivated BATB buys those tobaccos all around the country.

The leaf department makes an estimate of the quantity of tobacco that is need to purchase on the numbers provided by the SOP (Sales & Operation Planning) team.

## **Leaf Growing**

Tobacco leaf cannot be cultivated throughout the year. The leaf cultivation season starts in the month of July. During that time tobacco seedbeds are prepared to generate the seed that will be distributed to the farmers for cultivation. The seed plantation is occurred during October and November. Necessary fertilizer, pesticides and other loans are provided to the registered farmers for growing crops. Farmers use their own method for irrigation and plowing to prepare the land. Harvesting and curing begins at the end of January and continues till March. Almost 100% of the raw tobacco is “flue” cured.

## **Tobacco Buying**

Tobacco buying process begins in Mid February and continues till the end of May. The farmers bring their cured tobacco in the form of bales to the buying courts in the depot. There are seven depots of BATB. Recently a new depot is added which is in Sylhet. The tobacco is graded in several criteria and purchased in these sites. All relevant information is marked on the bales and stored at the depots till the shipment to the GLT.

Buying courts are located in the depots. The farmers bring their tobacco to these sites on a specific day to sell them. Here the bales are graded, priced and weighted. After the tobacco is bought the bales are stored in the depot with proper mark on the bales representing their grade, price and weight. These tobaccos are stored in the bales till they go for processing in the GLT.

## **Green Leaf Threshing Plant (GLT)**

Green leaf Threshing Plant is a tobacco processing plant. After cultivation the tobaccos are brought into the GLT for further processing because tobacco leaf cannot be used in Cigarettes the way it is cultivated. It needs two step of processing and first one is done in the GLT. The

tobacco is brought to a uniform moisture level and temperature. Different grades of tobacco are blended in GLT. The processed tobacco is sized and packed before going to the Dhaka factory.

The GLT is in khushtia and is a seasonal factory, operating for six months of the year, on two shifts per day. The remainder of the year it is closed but used to clean the machinery and make modifications as necessary.

After the tobacco is stored in the depots, it is brought to the godown at the GLT for processing. The GLT godown has a capacity on about 500 tons. The different “buying” grades of tobacco are combined in fixed proportions to create “packing” grades. The “packing” grades are then sent to the Dhaka Factory for further blending. The final blend is prepared in the Dhaka Factory which is directly used in different brands of cigarettes.

### **Tobacco Processing**

In the tobacco processing step at GLT each Tobacco leaf is separated into four components – tip, lamina, stem, and product. At the beginning of the process flow, the tips of the tobacco leaves are cut off by a calibrated cutter. The leaves are then passed through the sand reel where foreign materials and dirt are separated. The tobacco leaves are then proceeds to the threshing line to separate the lamina from the stem by hitting the leaves. The separated laminas are then dried and re-dried. Then the re-dried laminas are packed in a temperature of about 43 degrees Centigrade with approximately 12% moisture content for storage. Meanwhile, the separated stem moves to the stem dryer where it is re- dried for storage purposes and then sent to the stem packer. The moisture content level of the stem is brought to around 12 % at the time of storage. This is the basic tobacco processing in primary level. The next processing take place after going to the Dhaka factory and that’s the final processing.

## Export

Though the main objective of Leaf department is to ensure continuous supply of tobacco, so that, the production is not hampered throughout the year. But our tobacco leaves are of world class standard so previously BATB also export tobacco to the countries like UK, USA, Hungary, New Zealand, Egypt. BATB does this for various reasons. Such as - improve inter group trading, helping to improve the domestic quality of tobacco, earning foreign exchange for the country, help to built a good attitude to the government and the country.

## Manufacturing

The Manufacturing department is one of the core essences of BATB. It works with the mission “We delight our customers with superior quality product through flexible operations”. To achieve that mission the Manufacturing department is engaging in some core activities as well. To understand how the manufacturing department works we need to know details about the division of manufacturing department. This department is divided into four parts. These are –

- ✓ Primary Manufacturing Department (PMD)
- ✓ Filter Rod Department (FRD)
- ✓ Secondary Manufacturing Department (SMD)
- ✓ Engineering and Site Service Department

BATB requires most of its suppliers to deliver the raw materials just in time for their production line. The company uses KANBAN process for Inventory Management. Only one day stocks are available in the factory premises for production purpose. For the long term contracts with the supplier for about 36 months, there is a possibility to reduce the inventory with a contract of fixed price. Other than that it is not possible. Suppliers have to be prepared with 18 months manufacturing plan through direct link with the help of BATB’s advanced IT support.

## **Primary Manufacturing Department**

The primary manufacturing department is responsible for the further processing of tobaccos coming from the GLT and imported tobacco to make it ready for cigarettes production. For that, the tobaccos pass through a set of integrated and regulated machinery with a purpose to blend the different “packing” grades in specific proportion. Convert the bales in “rag” so that it is suitable to use in cigarettes. Another important task is to maintain the moisture of tobacco in a specific temperature. The threshed lamina and stem are not of the size suitable for use in the cigarettes. To make them suitable several steps are performed. Firstly, the bales of lamina which comes in a compressed form are opened and cut into suitable size to use that in cigarettes. Before cutting, the moisture level is to be rise so that excessive dust is not produced. After cutting, the moisture content is again raised to make it suitable to use in the cigarette making. During the drying stage the temperature of the tobacco is a bit high and later it has to be adjusted. In the HVST stage the “fill Value” of the cut stem has to be increased to maintain a level by applying sudden high velocity steam. After the HVST, cut stem has to be dried to a level required for cigarette making. Moreover, casing has to be added to some Air cured Tobacco to increase the sugar content. Now the tobacco is ready for final production and send to the SMD floor.

## **Filter Rod Department (FRD)**

The filter rod id prepare in this department. Filter rod is one of the very important parts of a cigarette. The filter rob is basically the filter of the cigarette that filter the tobacco while smoking. The filter is made mainly from cellulose acetate fibres, known as tow. Cellulose acetate is derived from wood pulp. The fibres are bonded together with a hardening agent, triacetin plasticiser, which helps the filter to keep its shape. The filter is wrapped in paper and sealed with a line of adhesive. Sometimes charcoal is added to filters. .The paper that covers the filter is called tipping paper. Tipping paper is made if paper and adhesive.

## **Secondary Manufacturing Department (SMD)**

SMD is the place where the cigarettes are produced. Tobaccos coming from PMD that is blended and conditioned along with the wrapping materials come to the SMD to manufacture cigarettes. The final processed tobacco is stored in the Cut Tobacco Store (CTS) which has a 70 ton storage capacity and that tobacco is stored for one and a half day. Currently there are 36 cigarette making machines in the Dhaka factory, working for 24 hours in three shifts. The shift managers and team leader are putting their continuous support for each and every cigarette that is produced. There are officers who make sure the quality of the cigarettes is maintained properly or not.

The flow of tobacco and cigarette paper to the cigarette making machines are regulated by six (programmable Logic Controlled) PLC controlled feeders. These feeders send in the required quantities at the right time to ensure smooth production.

Each of cigarette is monitored by a separate feeder. In addition to the tobacco and cigarette wrapping material, filter rods are fed into the machines for cigarette production. The machines combine these three inputs to generate cigarettes as output. Defective Cigarettes are identified and removed in a waste disposal.

The manufactured cigarettes are deposited in trolleys and carted to the packing machines. There are currently 18 packing machines at Dhaka factory. These machines are equipped with the wrapping material used to pack the cigarettes. Almost all of the wrapping materials used are imported. Local companies, however, conduct the printing work that is required. The manufactured cigarettes are fed from trolleys into the packing machines, which generate the packed cigarette as output. The flow is monitored closely to identify and eliminate defective products.

## **Engineering and Site Service Department**

The Engineering and site service department works for the full engineering support in the factory. There are currently 36 modules in the factory and each of the modules need close supervision each and every day. In a weekly basis the modules are need to clean which is called Deep Cleaning and that which take 6 hours. Another task that is done is preventive maintenance which takes 12 hours. Our engineers are working day and night to make the modules perform well. Besides that this department also working continuously for the all site engineering supports that is needed in the manufacturing floor.

### **3.5.2. MARKETING**

The department works with two basic objectives. Creating an effective entry barrier for international competitors and improve our benchmark supplier status. Marketing department has the responsibility to reach the ultimate consumers through trade. The emphasis is not only on what volume is sold to the retailers but also on what volume is sold to the ultimate consumer. The mission of the department is to reach our target consumer in the most efficient and effective way by becoming the benchmark supplier to the trade within strategic channels in every market place where we do business.

The marketing department and the production works hand in hand as the production take place according to the need of marketing department. The marketing department forecasts the sales volume of different cigarettes for the coming business month, and based on that a marketing plan is created which is called Sales & Operational Plan (SOP). Based on the plan, the marketing department fixes their sales volume and manufacturing department sets their production schedule.

A well organized team is working continuously to make the mission of the department come true. For that, the whole country is divided into 6 regions to perform the marketing activities

efficiently. These regions are dividing into 11 areas. There are Territory Officers who run the areas working under Area Manager. Area managers work under the Regional Manager who operates under the Head of Trade.

### **Distribution Channel**

BATB does not go for direct marketing. They sold their products to the distributors. The distributors sell the goods to the retailers and the retailers then sell the goods to the wholesalers. The retailers sold the wholesaler because sometime they do not have adequate funds to buy the required quantity.

**Regional Go-down:** There are five regional go-downs throughout the country to fill every regional demand just at the time of need, and to overcome various uncertainties related to physical distribution of products, every regional go-down is directly controlled by separate Regional Manager to face the regional physical distribution challenge.

**Carrying Contractor:** They are the party engaged in the physical movement of cigarettes from head office go-down to regional office go-down. Normally they are the truck owners who take all the risk and responsibilities of physical movement of goods between two warehouses.

**Distribution Warehouse:** All distributors have their own warehouse, where cigarette can be kept safely while not degrading its product quality. Distributors buy the cigarette from BATB and from that point ownership and all responsibilities of the products go under the distributors.

**Internal Carrying Agent:** They are like carrying agent but carry small volume of products. Normally they are local truck owners. They carry products from, regional go-downs to distributor warehouses. They also take all the responsibilities and risk engaged in physical movement of products.



**Opening Stock at Distributors' Office:** Apart from the warehouse, every distributor also maintains another stock at their *office*. This stock *is* for maintaining any change in market demand instantly. Dealers sometimes sell cigarette through their counters to face special situation.

**Delivery Van:** All the delivery vans are owned by the dealers to assure the supply of cigarette on the door of wholesalers, cash & carries and retailers just according to their demand. There are two types of delivery vans. One is Scooter van and another is Rickshaw van.

**Cash & Carry:** They are businessmen who sell cigarette directly to consumers and at the same time they sell cigarette to the retailers.

**Retailers:** Retailers are at the end of the physical distribution system of cigarette Selling products directly to the consumer. Any change in market demand instantly. Dealers sometimes sell cigarette through their counters to face special situation.

**Distributors:** The financial standing of the distributors, their reputation in the local region, and prior related business experience are some of the key criteria examined when a distributor is selected. The regional manager, supply chain manager and head of trade marketing prior to making a decision check the evaluation forms and field recommendations. After a distributor is selected, they issue a 'letter of intent' that specifies certain requirements of the company. After these requirements are satisfactorily fulfilled, a formal 'letter of appointment' is issued.

Distributors buy fixed volumes of cigarettes from BATB at a set price and resell to the retailers. The company closely monitors their activities and performance and ensures them to operate in the market at the highest standard. Distributors follow a work routine set by the company, generating paper work, and reports as required. Distributors are assigned a certain geographic region within which they sell their cigarettes. Different routes are assigned within the region that

helps to sell their stock. Vehicles owned and operated by the distributors are responsible for carrying stock along these routes and selling it to the retailers.

### **3.5.3 Human Resource**

**Mission:** Embedding winning culture where people always strive to excel.

To develop the most vital element of the organization which is the human resource BATB has put in a lot of efforts in responding to various changes and problems through effective formulation and implementation of human resource strategies through the HR department

- ✓ Bridging the gap between top level and lower level management.
- ✓ Improved performance through attractive reward system
- ✓ Strive for excellent management practice

From recruitment to selection and also from employee welfare to industrial relations, this department has to play an important role.

#### **Recruitment and Selection**

Recruiting the right person for the right job is the main target of this department.

#### **Training and Development**

- Fighting employee obsolescence
- Prepare them for the future.

#### **Personal Department's role**

- Assist operating managers to identify employee's training need.
- Assist the Training managers to design and implement training programs.

- To carry out general skill development program.
- Management training on Industrial Relations.
- Monitor on the job training and training offered by the training programs.

### **Communication**

- They try to create and maintain a communication channel between the management and the employees independent of union influence.
- Employee briefing session.
- Quality circle meeting.
- Discussion with the union.
- Open forum.
- Housing magazine.
- Annual report booklet for the employees.
- Training and motivation session

### **Compensation Management**

- Employee services
- Workers' canteen
- Dispensary and medical treatment.
- Scholarship for employees' children.
- Uniform.
- Benevolent fund.
- PF loan.
- Retirement benefits.
- Long service awards.
- Personal Records and Statistics

### **Safety:**

- Formation of department fire fighting team.
- Compliance to statutory requirements.
- Fire vigilance exercise and training.
- To liaison with government fire department.
- Organize mock fire drills.

### **Security:**

- Employment of security staffs.
- Checking of all outgoing vehicles.
- Spot-check of goods truck.
- Physical checking of workers while leaving.

### **Winning in Our World**

BATB has very good corporate reputation for excellent management practices base on Trust, Commitment and Achievement, which is the main driver to develop WOW (Winning in Our World) culture throughout the organization. The WOW values are clearly defined and employees, management & Union all are continuously striving to achieve these values.

### **Achievement:**

- a. **Vision:** We understand what each of us has to do.
- b. **Map:** We believe in our plan.
- c. **Consumer focus:** We live for our customers.

**Commitment:**

- a. **Confidence:** We expect to win.
- b. **Standards:** We keep raising our standards.
- c. **Drive:** We take personal responsibility.

**Trust:**

- a. **Teamwork:** We have trust in each other.
- b. **Support:** We learn from Each other.
- c. **Belonging:** We are proud of who we are.

There are certain guiding principles that center on the corporate principles of the company. The core asset of the company is a result of the four philosophies that the company adheres to in every management aspect of the organization:

**Open Minded**

It encourages within the organization to be able to maintain an environment where the managers can have open-minded approach to various strategic decision-makings.

**Enterprising Spirit**

The core asset of the organization will come from the enterprising spirit embedded in the minds of the managers, resulting from effective strategies.

**Freedom through Responsibility**

Managers at all levels work with freedom of responsibility in their areas of functioning.

**Strength from Diversity**

The company derives its drive for effective attainment of goals from the strength of Diversity

The departments' various activities cover setting criteria for the selection procedures which are Interview techniques, training standards etc. According to the BAT policy guideline, the department maintains the personnel through formulation policies on wages, fringe benefits, annual leave, training calendar, provident fund, performance appraisal etc. Remuneration is managed centrally and there is never any negotiation but settlement. It also settles with the trade union for Long Term Agreement (LTA) between management and workers and the 'collective bargaining agents'. The concept behind the industrial relations is always '*win-win*' situation.

### **3.5.4. Finance**

Finance department is responsible to evaluate the economic performance of the Organization. BAT strictly uses the budget as part of the strategic plan to go for operational activities. The company budget helps to measure its performance acting as a tool for feed forward and also for feedback. The company at the beginning of the year starts its operation with the budgeted sales, target, cost, investment and other financial activities. The company for control purpose evaluates its performance at the end of each month. It helps to give the actual information of cost, sales and other data and compares with the budget allocation or target. In this way it finds the variances, then find out the reasons and take necessary corrective action or review the budget. The overall responsibility of doing this goes to the Cost Accountant and Finance Director of BAT. The Finance department has its established strategic plan, normally the person involved are Finance director, company executive, Material Resource Planning Manager (MRP), Information Technology Manager (IT), Management Accountant and Financial accountant. Under Financial Accountant there are three accountant officers, Head Office accountant, Production accountant and Leaf Accountant. These three account managers individually have Deputy Head Office

accountant, Deputy Production Accountant and Deputy Leaf Accountant. Under these three Deputy Accountants three Assistant account officers work.

Finance Department audits the expenditure at a regular interval to ensure that rules and regulation are properly adheres the operation. External auditor also checks all the BAT Financial system and also prepares the annual financial report. If they find any deviation they report to the Chief executive for taking corrective action. The Auditors Inform the BAT Head Office and makes them visit the operating company to ensure the Management Control are directly administrated. Any new proposal is analyzed from the viewpoint of future prospects of the plan, Profitability, Capital Investment and Shareholders wealth. Here the Finance department gives special consideration on the Return on Investment of the proposal. Detailed month wise cost analysis is done in detailed to access the variances. At each financial point's corrective action are taken to remain within the budgeted plan.

## **Budget**

The Budget process is done at BAT in two steps. First the former year annual report is taken as the base of the budget. And in the second step, top management with the help of financial department tries to integrate proposal of the next year, which have been already established. The proposals have been considered from the viewpoint of inflation of the currency, cost of living, and exchange rate prevailing in the country. By integrating the proposals the concerned authority figure out the costs involved. After that they add these costs with the former year Annual Balance sheet and thus formulate coming years' budget.

There are various parties involved in making and executing the budget. Some of the parties are organization, Budget Committee, Negotiation, Issuance of guidelines, Initial Budget Proposal. As all the costing comes from various departments and units so the role of the organization as a whole is vital preparing Budget.

BAT always keeps a budget committee for each year and this committee is consisted of MD, National Sales Manager, Finance Director and Chief Accountant. This committee reviews the budget then either approves or adjust the same. BAT is not allowed to do any budgetary activities other than directed by the main Head Office.

### **Transfer Pricing Method**

There is no special rule on transfer pricing at BAT. They use a mixed transfer pricing system in the company, there are two ways BAT do their transfer pricing. In production department they do cost based transfer pricing and in finished goods they do market based transfer pricing. Between two production units they set the pricing and for market based they set the pricing while distributing product to the wholesalers and retailers. The managers from each unit get the transfer pricing by negotiation and set the pricing after that the top management sets the transfer pricing and contribution margin. When the top management decides and especially after the negotiation they send the pricing to the senior managers after that the final report is structured on the base of final decision from the Finance Department.

### **Foreign Exchange Policy**

Some tobacco is being exported to BATBs sister companies in overseas countries and thereby it earns very limited amount of foreign exchange. For manufacturing its product BATB needs lot of Raw Material i.e. tobacco and packaging materials which are not available in the country and so the company have to import those items by purchasing Foreign Exchange from the secondary -exchange market. To keep the cost down of the secondary rate, the company makes the forward reservation of the required amount for the individual letter of credit. And the Treasury Manager of the company finds the best solution to Hedge the currency market and accordingly the company negotiates with the foreign exchange rate with the Financial Banks. As a policy, BAT



Bangladesh will engage in foreign exchange transactions through usual banking channels only: to meet the requirements of its (a) Normal commercial trading activity, and to manage and provide for (b) currency cash flows relating to this activity on up to a rolling 12- month basis. It will include specifically the following means:

- Imports through letters of credit (L/C) for working capital requirements and capital expenditure project.
- Remittances for payment of dividends, royalty and technical fees, expatriate staff allowances, consultancy fees etc.
- Travel expenses.
- Training expenses
- Payment for institutional memberships and for publications.
- Payment of advertising, travel and other expenses which are permitted from the Export Retention Quota.
- Payments of principal, interest and financial charges in connection with any off-shore borrowing which may be in place from time to time.
- Exports.
- Forward cover for imports, remittance and exports are part of the policy guidelines.

This policy is issued by the Exeo. The Managing Director and Finance Director are authorized to jointly take decisions on matters arising in the course of business not covered in this policy and report such decisions in the immediate next EXCO meeting.

### **Foreign Exchange Exposure**

BAT exposure to foreign exchange is mainly imports and to lesser degree on scheduled remittances, i.e. for T&A fee, consultancy services, overseas training etc. BAT's exposure to foreign exchange can arise at a variety of points. Normally exposure will arise on the opening of

a LC for the import of Leaf, Wrapping Material, Capital Equipment, Spare parts etc. However, there is also commitment and exposure to foreign exchange risk in the following circumstances:

- A foreign supplier is contracted either by British American Tobacco Bangladesh or by Technical Services to supply capital equipment.
- The fast moving spare procurement yearly schedule is agreed with Molins, Singapore.
- Scheduled payments for T&A fees.
- A purchase commitment is made by BAT Bangladesh for leaf, wrapping or spares to any overseas supplier.
- On contracting or placing an order overseas for consultancy services for machinery installation, computer software etc.
- When a promotional campaign is contracted or launched from outside the country.
- If an off-shore loan is negotiated.
- To a lesser degree, when overseas training plans are made out.

BAT Bangladesh will seek to take forward cover for all known commitments within the constraints imposed from time to time by the Bangladesh Bank or the government. For offshore commitments denominated in Taka, for instance dividends and royalty, BAT Bangladesh will hedge the exchange rate only if requested to do so by the beneficiary. In no circumstances will the company undertake a foreign exchange transaction that may violate the exchange control regulations of the country or attempt transaction that may be otherwise improper. Further, it is the company's policy not to take any speculative position or enter into any transaction with the intention of securing a gain in foreign exchange trading.

### **3.5.5. Information Technology**

**Mission:** 'The mission BATB IT is to enhance BATB's competitive position by increasing operational efficiency and timely decision making through measurably better and more compatible information system, and by harnessing the most appropriate technology and implementing new business practices to enhance BATB's business effectiveness.'

Information Technology department was mainly acting as a supporting service for all the other functions of BAT. As the emergence of super information highway and other technological advancement made the business world more competitive, BATB also made necessary adjustments towards the changes and in continuation with that process IT was made a separate department in February 2000. The head of IT is also a member of the executive committee and he is supported by the function support IT managers.

British American Tobacco Bangladesh IT department drives the demands of its business and processes. IT delivers comprehensive, timely, and relevant business information to decision makers wherever they are located. This will allow the organization the maximum ability and flexibility to identify new opportunities and quickly respond to competitive challenges.

#### **Key Functions of IT**

- Establishing and maintaining information and infrastructure architecture to support knowledgeable business users who incorporates IT into their decision making and of doing business, supported by specialist team who manages and seeks continuous improvement, outsourcing where possible.
- Resilient communication infrastructures that are flexible and are able to take new technical innovation to keep the cost down.

- To adopt global application convergence strategy that meets the local business requirements, and develop local applications where appropriate, outsourcing data processing where possible.
- To support the changing organizational structure and requirements, IT continues to make available innovative services and training.
- To develop application and promote the use of the group working tools as first choice of communications and to become center of excellence for group working.
- To develop and retain IT professionals.

### **3.5.6. CORA**

CORA is the department which is responsible for upholding the corporate image of the company. Since BAT is in a controversial industry it is very much important for it to manage all its stakeholders as well as to manage the media. All these are done by CORA. It also looks after the legal aspects and taxation of BATB. CORA carries out different activities such as:

- Managing taxation and excise
- Looking after stakeholders interest
- Correspondence with media
- Maintaining government lobby
- Working towards development in the field of mal nourishment, poverty and cultural adoption
- Discouraging under aged i.e. under 18 smoking
- Managing external and internal communication
- Publicity management
- Selling the idea of socially responsible corporate business practices inside the organization
- Looking after the legal issues of BATB

Through projects and initiatives around the world BAT is committed to help to protect and improve the environment, support local employment and tertiary education, promote artistic and cultural activities and assist with disaster aid.

The Corporate & Regulatory Affairs Department (CORA) of the company is dedicated towards achieving the company's fifth strategic imperative, which is: To be a responsible company in an industry seen as controversial.

Globalization and increased scrutiny of businesses by consumers and the general public mean that companies are today judged not only by the quality of products that they produce but also the manner in which they carry out their business activities. It is therefore, an imperative that corporate bodies are responsible not just in their businesses but also in the social domain that they operate in. British American Tobacco's philosophy has been to be conscious corporate citizens wherever they operate, respectful of local cultures. The company recognizes that it manufactures a product, which carries significant risks. In this light, the company believes that only informed adults should use its products and that under-age persons should not smoke. It also believes that the company must act, behave and carry out its business activities in a manner accepted by society at large as responsible. This includes dissemination of the company's positions on issues. Corporate & Regulatory Affairs function is charged with driving reputation management to the heart of the business and ensuring the company's involvement as a leading development partner of the country.

### **The CORA Mission:**

To proactively build strengthen relationships based on mutual benefit and trust with all our stakeholders and enhance our corporate reputation through visible responsible activities.

Reputation management involves identifying and prioritizing the company's stakeholders and preparing and implementing plans to engage and communicate with these stakeholders. In a competitive market, BAT wants adult smokers to choose its brands over those of its competitors. Advertising has two purposes - to maintain brand loyalty and to encourage smokers to switch brands. Advertising provides consumers with information to make choices. BAT believes that the use of tobacco products should be an adult choice. Advertising programs, including promotional activities for tobacco products should be carried out in a responsible manner.

BATB has carried out significant activities for society such as Blood Donation Programs, Immunization programs. The afforestation program of BATB in Khustia, Chittagong and some other areas of Dhaka has made tremendous contribution to the environment.

#### **Different Activities Carried Out by CORA:**

##### **Environment, Health and Safety:**

Environmental issues, health and safety are high priorities for responsible companies, and British American Tobacco is no exception. BAT accepts their business operation impact on the environment, and they are committed to following the best international standards of environmental protection and to the principles of sustainable development. Their environmental management systems conform to international standards such as ISO 14001; in safety management, they have a zero target for accidents across our operations; and they are developing occupational health management from a sound basis already in place. In 1999, group expenditure on Environment, Health and Safety (EHS) was over £20 million.

##### **Afforestation Programs (Globally):**

In some countries, wood is burned as a fuel for tobacco curing or used for building curing barns, in the same way as it is used for other crops and building purposes. Since the 1970s, BAT has

run ambitious afforestation programs, sponsoring and promoting the planting of 267,000 hectares of managed, renewable woodlands worldwide to date. The scale of these woodlands effectively makes British American Tobacco one of the world's largest tree-planters outside the timber and paper industries. The aim is to provide a sustainable source of wood fuel for contracted tobacco growers who require wood, and to contribute to conservation and bio-diversity in developing countries.

### **Afforestation in Bangladesh**

British American Tobacco Bangladesh began its afforestation program in 1980, to compensate for wood being burned as a fuel in tobacco curing. Due to the pressure on land for farming, farmers are at first reluctant to allocate land to trees, especially as they might not be able to harvest them for some years. British American Tobacco's solution was to plant fast-growing trees on canal banks, roadsides and railway embankments. To date, 710 kilometers of canal banks, 115 kilometers of roadsides, and 52 kilometers of railway embankments have been planted. Through commitment by dedicated company managers in the field, farmers' demand for saplings has increased to the point where over 3.5 million trees are planted annually. In 1993, British American Tobacco Bangladesh received the Prime Minister's Award for Afforestation. As a result of the company's afforestation activities, Bangladesh now has a wood fuel surplus of 80,000 metric tons.

## 4. Findings and Recommendation

- BATB is the market leader in Bangladesh tobacco market and to remain in their achieved position they should come up with some new brands as customer demands. Moreover their new brand launched in November, 2016 Star Click Pack was generally accepted due to having some problems in its feature.
- BATB should increase their market shares as well as the competitors are always trying to bit the company by searching for various scopes.
- Function in a controversial industry is really challenging and BATB in always being successful in doing CSR activities. But BATB should also practice social welfare is a drastic way so that they could get the local peoples' support as they are the one who are helping this company to successfully run their business in this territory.
- One of the biggest problems of Dhaka factory is overdue. The orders are not confirmed on daily basis so there is a pool of orders which remain unconfirmed. As a result, new orders cannot be taken place due to the shortage of materials as shown in the system.
- For proper monitoring of the SMD, the company needs more managerial employees.



## 5. Conclusion

Though BATB is doing a tremendous business in its industry but as the industry itself is a controversial one so the company should try to adopt various advanced means to remain the leader in the industry. Moreover, as time passes by, people are getting more health conscious and smoking is a bad choice for that. If the company improves their product line by introducing some less harmful products they can surely survive in the long run.

Recently, BATB has won Golden Leaf Award which is the most prestigious award of BAT. In last year, BATB has produced the highest amount of cigarettes. The achievement that BATB is getting is not only the achievement for the mother company or the company itself. It is also a big achievement for our country. Our country our people are globally recognized and become a pride for the whole BAT Family.

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