




**Project, Programme and
Change Management in
British American
Tobacco: A 5 Year Story
in 30 minutes....**



Introduction



- This is a presentation about the introduction of Project, Programme and Change Management disciplines into a global company. It aims to show:
 - Why the company felt the need to do this
 - The progress achieved over the last 5 years
 - Where it is going....
 - What the lessons are

British American Tobacco



British American Tobacco is the world's second largest quoted tobacco group by global market share, with brands sold in 180 markets. With more than 300 brands in our portfolio, we make the cigarette chosen by one in seven of the world's one billion adult smokers. We hold robust market positions in each of our regions and have leadership in more than 50 markets.

Our business enables governments worldwide to gather over £15 billion a year in taxes, including excise duty on our products, over 8 times the Group's profit after tax.



We continue to invest in our four global drive brands - Kent, Dunhill, Lucky Strike and Pall Mall - which have grown combined volumes by more than 50 per cent since 1999. Vogue, Viceroy, Rothmans, Kool, Benson & Hedges, State Express 555, Peter Stuyvesant, and John Player Gold Leaf are also part of our international brand portfolio, playing a key strategic role in the different regions where we do business

British American Tobacco – 2001 V 2006



- Group of 180 end markets largely working to their own strategies
- Functional hierarchies from end market through area, region to global
- A single Project Management approach, developed in house, used only by IT (if they could be bothered)
- No Programme Management approach
- Poor record of success in Projects (particularly when cross-functional)
- Change Management seen as a separate discipline needing its own method (and consultants)
- Project Management seen as an inconsequential skill - it's my day job
- One Global Strategy, aligned downwards through regions and areas to end markets
- Shift towards a global company
- Adoption of PRINCE2 and MSP. Removal of in house method
- Network of Programme Management Offices (active community of practice with around 70 members across the world)
- 'I can't remember a significant Project failure in the past 3 years'
Fin Director
- Change Management integrated with Project Management
- Project Management seen as key core skill for general managers

So why change?



- Years of growth by acquisition presents many potential problems
 - Over capacity
 - Complex, often duplicated, systems and processes
 - Lack of standardisation
 - Brand portfolio in excess of 300, with 1000's of variants
- Increasing external regulation of the tobacco industry
- Increasing threat from illicit trade
- Consolidation within the industry
- Need to act as a Global Company to reduce costs and improve competitiveness
- The right time to change is when you are doing well

The Milestones



- **The Early Years (2001 to 2003): Establishing PM Skills**
 - Middle East Area presented an ideal start
 - Did not use the in house method
 - 'Experimentally minded' management team
 - Opportunities for growth – where we had failed before
- **The Middle Years (2003 to 2005): Establishing PgM Skills**
 - The Europe Region presented a gift
 - Biggest Region
 - Most complex environment
 - Massive change required
- **The Maturing Years (2006 to 2007): Going Global**
 - Established Global Programmes
 - Board level SRO's
 - Formalised the PMO structure
 - The era of standardisation and effective tool support
- **The Future Years (2007 to ?): Onwards and Upwards**
 - Established portfolio management and the links with strategy
 - Clearly defined Project-lead organisation

How was it done: The Early Years 2001 to 2003



- Starting small, but in the right place
 - New market entry Projects (Middle East)
 - Decide between building in-house pm skills or buy in just for Projects
- Starting with big ideas
 - End game of a Project-lead company
 - Constant vision promoted at every opportunity
 - Establish PM skills as core for future business
- Fight Battles you can win
 - Training was by us (practical not how to pass an exam)
 - Support was by us (recruited 2 experienced Project staff)
 - Have a good propaganda campaign (strategy to Projects)
 - Don't be a slave to methods

How it was done: the Middle Years (2003 to 2005)

- European Region had similar aims to the Middle East Area but BIGGER
- Perceived success in Middle East led to 'offer you can't refuse'
- Created a Regional PMO
- Created first network of end market PMOs
- Introduced Programme Management
- Started the debate on Change Management (is it a big deal?)

How was it done: the Maturing Years 2006 to 2007



- PMO Community of Practice goes global and takes ownership of the methods
- Intranet site established
- Global Programmes become a reality for the first time
- Established caddy system
- Continue to promote the Project-lead organisation concept
- Find a formal home within the Strategy and Planning group
- Integrated Change Management through product based planning (a specialised skill NOT another method)

How it will be done: The Future years 2007 to ?



- Portfolio Management established
- Links with strategy made more formal
- One support tool for strategy, portfolio, Programme, Project and annual budget management
- Introduction of some more discipline
 - Resource Management
 - Prioritisation
 - PM careers established
 - Visibility of entire portfolio by strategic pillar

Lessons learned

- For a global change top management committed support is not just a cliché
 - Need to establish how the methods support global strategy to the point where without them you know it can't be achieved
- Make your own luck
 - Right Projects
 - Right people
 - Right 'story'
- PRINCE2 and MSP are their own worst enemy
 - Standard training promotes the bureaucratic view
 - Absence of techniques is good and bad
 - The exam prevents understanding
- Standard training is not enough
- Consultants should be used sparingly to support never to manage
- Actively manage the adoption of these methods as a Project
- It's OK to be different (South Africa V UAE)

Mistakes we made?

- We lost control of the training which lead to large numbers of trained, well-meaning amateurs
- We did not see the exponential growth coming (did we really have a plan?)
- We overestimated the Project management competencies within the company (even within PMOs)
- Having sacrificed some (well, ok, lots) of the discipline to get adoption early on, it became difficult to introduce it later
- Did not recruit enough external skill
- We underestimated the power of the functional silo
- We should have killed off Change Management consultants much earlier
- We wish we had never mentioned Programmes