British American Tobacco (BAT) at a Glance

British American Tobacco is a global tobacco company with more than 200 brands sold in over 200 markets. The company employs more than 57,000 people worldwide, with many more indirectly employed through its supply chain. BAT contributed approximately £30 billion to governments worldwide in excise and other taxes in 2014.

The Challenge

BAT is facing leadership challenges that many organisations grapple with. As Jumoke Fagbemi, Group Head of Talent Development and Diversity, notes:

“The war for talent is fierce. We are trying to keep high potentials. We also have to think about our future needs and whether we have, or will have, the capabilities to meet those needs. We must be an organisation that adapts to change.”

Designing the Solution

To develop the capabilities needed to secure its future, BAT decided to revise its approach to performance management. “The BAT Way”, launched in 2012 to support BAT’s new global strategy, is designed to promote productivity and organisation sustainability, and reinforce the company’s vision of becoming the “world’s best at satisfying consumer moments in tobacco and beyond”.

The “beyond”, as Fagbemi observes, “is not just about combustible cigarettes — it’s about discovering and moving towards other alternatives. As a result, BAT’s leaders are now asking, ‘What does this mean for us?’” The answer, Fagbemi affirms, lies in people and performance:

“We need to focus on building performance, ensuring globally aligned leadership, and promoting passion and ownership.”

A Legacy of Leaders

BAT focused on creating clarity, consistency, and alignment in its approach to developing leaders: as Fagbemi notes, “We are a global company in 160 different countries. People do things in different ways. The new strategy helps align actions by stating the company’s 10 ‘must-do’s’:

“The biggest ‘must-do’ is creating a legacy of leaders. Leadership is the foundation of everything we do. Every manager in the company should be working towards building a legacy of leaders.”

Developing a legacy of leaders, the first of the company’s “10 commandments”, is critical to realising BAT’s future vision. Like many other organisations, BAT wants to understand the next generation’s needs in order to attract and retain future leaders: Fagbemi asserts that “to ensure our success, we must have diverse talent in the pipeline who are able to do the work. In terms of performance management and talent assessment, we need to make sure that we are objective and clear. We need to make sure people are stretched. We want diversity, so we do a lot of international movement. We want to ensure we retain our high performers, so we need to reward and recognise them.”
DEVELOPING LEADERSHIP CAPABILITY FOR THE FUTURE

Fagbemi stresses the importance of ensuring BAT’s leadership capabilities are aligned to its business strategy and focused on future needs: “To ensure our leadership capabilities will continue to help us drive results, we asked, what needs to change if we want to be ‘future fit’? The first thing we needed to do was to make sure our leadership capabilities would help us develop the critical people skills we need for the future. Part of the process involved looking at what it means to be a strategic leader.”

As a result, BAT refined their leadership capabilities, ultimately choosing eight capabilities centred on leading the business and leading people. Fagbemi describes the process: “We asked ourselves, what is it that we are trying to do? What kind of leaders do we need for the future? We determined that BAT leaders should be passionate owners, and that they should inspire the same in their teams.” The revised capabilities (which include learning agility, consumer-centricity, and team leadership) reflect, in Fagbemi’s words, a “less is more” approach and reinforce BAT’s strong business and people focus.

MAKING AN IMPACT

As an extension of the work to develop the right leadership competencies, BAT also has begun evaluating its selection process, particularly its approach to assessing candidates’ capabilities and cultural fit during the interview stage, to help find the right talent at the outset.

Performance assessment is another important area of focus: “By asking people to rate certain things aligned to leadership capability and leadership development.” Fagbemi notes, “you can work out where you need to improve — for instance, you can see that you may not be very good at developing leaders and teams, and find examples of what is going on in those areas.” Diagnosing the issue is the first step towards improving performance.

Another key part of BAT’s approach to assessment is identifying, for each grade level, the critical experiences that form the basis of the performance evaluation: As Fagbemi notes, “At the junior level, it’s about execution; for mid-level management, it’s about achieving high performance; at the senior level, it’s about business alignment; and finally at the executive level, it’s strategy formulation. In each grade, we identified what people need to be doing not only to be successful at that level, but also to prepare for moving to the next level: For example, mid-level managers should be developing their people skills, while higher-level managers should be seeking experiences that will help them work effectively in emerging and developing markets.”

Development capability is something that BAT takes very seriously. Although many companies use nine-box grids (which, Fagbemi argues, “are useful for performance, but based on gut instinct”), BAT has taken a different tack to assessing leadership potential that is more in line with their motto — “keeping it simple”. BAT’s calibration process prompts managers to rate individuals against the revised leadership capabilities and asks them to consider how individuals compare to their peers (Are they developing and growing? Is their performance above average or strong?). Using this calibration process helps encourage more objective conversations. It also promotes discussions about leadership potential. As Fagbemi notes:

“It’s not just about your performance. It is about your capabilities. It’s important to have conversations around capabilities.”

Feedback from BAT leaders indicates that the revised leadership framework is simple and effective — managers are equipped with the tools they need to evaluate performance, assess development capability, identify high potentials, and conduct quality performance conversations.

LESSONS LEARNED AND ADVICE FOR OTHERS

When asked to share her biggest lessons learned, Fagbemi reaffirms that keeping things “simple and intuitive” makes a lot of sense. BAT’s more streamlined approach to leadership development and performance management is paying off: as Fagbemi observes, “Job performance is being assessed properly, and we’ve increased our engagement scores by four points. If you look at our 2012 results and our current results, you can see that we are heading in the right direction.”

Copyright 2015 Mercer. All rights reserved.
142378-TL