

STAKEHOLDER ENGAGEMENT

making inquiries

British American Tobacco has begun to take a fresh approach to its stakeholder dialogue, which was producing diminishing returns. Rather than just consulting, the company has launched a programme of ‘appreciative inquiry’ that helps interested parties define policy

A decade ago, British American Tobacco found itself in a bind. Progress on key sustainability challenges was almost non-existent, the industry’s image was faltering badly, and stakeholder trust in the company’s brand was low.

To kick start a change, the British-based multinational initiated a massive stakeholder dialogue process. Invitations for roundtable discussions and facilitated debates went out to everyone from academics to non-profits. Opinions flooded in.

The results were immediate and ‘big hitting’, says Jennie Galbraith, international sustainability manager. Stakeholder feedback informed many of British American Tobacco’s early policies and actions around sustainability, and it also framed the contents of the company’s initial corporate responsibility reports.

Over time, however, the benefits began to wane. There is only so much, British American Tobacco learned, that can be gleaned from inviting interested parties to critique and comment upon existing proposals. ‘We’d shifted from looking at all the issues across the board to making the dialogue quite focused. But we still felt that the value we were getting was becoming more limited’, Galbraith admits.

Conscious that a change of tack was required, one of British American Tobacco’s external consultants pointed the firm to an approach known as ‘appreciative inquiry’. Developed by David Cooperrider, a business professor at Cleveland-based Case Western Reserve University in the US, appreciative inquiry is a change management methodology based around the principle of co-design.

‘The appreciative inquiry approach is about working together with stakeholders to actually develop plans, proposals or strategies’, explains Galbraith. ‘It’s a big shift from developing a strategy and then presenting it to stakeholders, as we did in the past.’

Refined over several decades, the approach has an impressive pedigree. Those to have successfully put it to the test include the US Navy, the United Nations Global Compact and even the Dalai Lama.

In gestation for a number of years, British American Tobacco’s first practical experiment with the methodology occurred in November 2009. The subject for debate centred on the development of a sustainability strategy for its supply chain operations.

the company

British American Tobacco is an international tobacco group that produces 724 billion cigarettes in 50 cigarette factories across 41 countries. The UK-based multinational had revenues of £40.7 billion (\$64bn, €46.8bn) in 2009. It:

- began international social reporting in 2001-02
- has entered into an agreement with the European Commission and the European Union to tackle the problem of illicit trade in tobacco
- has a Social Responsibility in Tobacco Production programme that reaches all 250,000 leaf suppliers to its companies
- helped to establish the Eliminating Child Labour in Tobacco Growing Foundation.

‘appreciative inquiry works with stakeholders to actually develop plans’

The format of the first session featured several important modifications of the previous model. First was the length. Instead of running for an hour or two, the dialogue lasted all day. The quantity of attendees followed a similar trajectory. Around 70 people took part, up from a dozen or so in the past. Their identity also varied significantly from previous times.

Interested parties from across all sectors were invited, including suppliers themselves.

‘Before, we might have considered that suppliers would be too biased,’ says Galbraith. ‘But part of the appreciative inquiry methodology is to find people who have a common interest in the output. So now we think they are just the people we need.’

The biggest shift of all could be seen in the agenda. In essence, there wasn’t one. Over the day, stakeholders pooled their thinking and viewpoints to arrive at a genuinely joint position. The company repeated the process in February 2010, this time on the subject of employment and wellbeing policies in a changing business environment, particularly in tough economic times. In June 2010 it returned to supplier issues, providing outcomes that built on the November dialogue to develop the sustainability strategy in more detail.

Appreciative inquiry puts special emphasis on practical outcomes. The supply chain sessions evince as much. As a direct consequence, the business is now looking at establishing a sustainability scorecard, introducing carbon accounting, and improving the integration of logistics into its joint supply chains.

Galbraith is quick to stress that British American Tobacco has not ditched its former approach to stakeholder engagement. The firm still uses the basic five-stage framework of AccountAbility’s AA1000 SE



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standard, widely recognised as an international stakeholder engagement benchmark. ‘What we’ve done is slip in the principles of appreciative inquiry to tweak and improve it,’ she explains.

Nor has British American Tobacco adopted the appreciative inquiry approach wholesale. In its full form, dialogues last three days and habitually involve anywhere up to 1000 people. The company has also watered down the language and tone of the methodology to make sure it is more suited to a British business audience.

The experiment appears to be delivering. Above all, the company cites clearer outcomes that enhance its decision-making. Gone are the ‘interesting, philosophical debates’ of the past. In their place are ‘tangible ideas for action’. One key step in achieving that is the appreciative inquiry tenet of inviting along employees. Previously, ideas that did not fit exactly with the company’s operations could easily fall by the wayside. Now, with internal experts at hand, those ideas can be worked through and adapted as appropriate.

The mutually constructive nature of the dialogue process has resulted in two other important impacts. First, it has reinvigorated stakeholder participation. Interested parties now feel they have an opportunity to shape policies, not just critique them.

‘It’s absolutely fundamental to the process that British American Tobacco is not saying, “we have all the answers”, but rather that it’s presenting the issues and asking stakeholders to help to address them’, explains Paul Burke, senior partner at corporate responsibility consultancy Acona and a third-party facilitator for British American Tobacco’s stakeholder dialogues.

To reinforce that message, the sessions begin with a subject overview from an academic, a voluntary sector representative or another independent expert, Burke explains. ‘We try to avoid someone from British American Tobacco standing up and saying, “This is how we do it”’, he reiterates.

In a similar vein, the principle of co-design is helping to reduce conflict levels and find middle ground. Previously, the company would decide something,

then go out and defend it. That put it on a regular collision course with detractors. By weaving stakeholder needs and expectations into the decision-making process, it is hitting on more collaborative solutions. No longer is it constantly on the defensive – which is a notable bonus for a tobacco company.

So far the methodology has only been rolled out in London, where British American Tobacco is headquartered. But the company is planning to take its new approach overseas. Over the coming year it hopes to hold dialogues in separate emerging markets around the topic of sustainable agriculture.

The biggest challenge still awaits, however. By Galbraith’s own admission, issues such as supply chain sustainability and responsible employment practices do not generate hate mail. The health impacts of British American Tobacco’s tobacco products, by contrast, do. Plans to incorporate this highly emotive subject into future stakeholder dialogues are in the pipeline.

The appreciative inquiry methodology is reputed to be a highly effective tool in resolving conflict situations. If Professor Cooperridder ever needed a test case, British American Tobacco’s future dialogues on harm reduction will certainly provide him with one.

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comment BRITISH AMERICAN TOBACCO



Many firms engage with interested parties through stakeholder dialogue. With the appreciative inquiry approach, British American Tobacco has gone further, working with a wider pool of stakeholders than before, to produce practical outcomes. The approach is now fully integrated into operations and organizational culture.

Points to note:

- it has involved internal, as well as external, stakeholders in the process
- the co-designing of policies has helped reduce conflict and opened up the middle ground between the company and stakeholders
- it has combined its existing AA1000 SE five-stage framework with elements of the appreciative inquiry approach to suit a UK business audience.