

THE TOBACCO INSTITUTE

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November 12, 1982

MEMORANDUM

To: Messrs. Chilcote; Kelly
From: Roger Mozingo
Re: TAN in the Tobacco States -NC/SC/GA/VA/WV/TN/KY

The attached is intended to be a "talking paper" on the above subject at the November 19 State Activities Policy Committee Meeting.

1. Status of TAN nationally.
2. The role of TAN in the tobacco states as a result of the formation of the National Tobacco Council.
3. Recommended procedures for implementing TAN in the tobacco states with member company salaried employees and wholesaler employees.

I believe it will be to our advantage to handle the proposal routinely and not have it appear as though we are presenting a new program to be operated in these states.

My travel schedule has me in Greenville, NC, Columbia, SC and Raleigh, NC next week. Let me know if I can assist in making the presentation.


R. L. M.

RLM/s

Attachment

cc: Mr. William O'Flaherty

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I Status - Tobacco Action Network

TAN was initiated in 1978 to become a fifty state grassroots program designed to identify, inform and motivate those who are pro-tobacco to work against restrictive and punitive legislative measures which have an adverse impact on the well-being of the entire tobacco industry. Today, the program has been established in 41 states and has matured to the point that the mission assigned is being accomplished. Numerous examples demonstrate that, without TAN involvement and thus without having identified thousands who care enough to get involved, many key industry issues would have been lost by default.

TAN is now functioning with 22 Area Directors operating the program outside the Southeast. Plans are already underway to organize a TAN Advisory Committee and begin volunteer enrollment in Alabama and Mississippi. These two states are non-tobacco producing states and thus do not require the same degree of inter-industry caution as in the case of NC, SC, GA, VA, WV, TN and KY.

When TAN was initiated, it was determined that the greatest immediate need for grassroots support existed in those states where few or no organized tobacco groups existed and where tobacco was not a key agricultural commodity. Beyond Alabama and Mississippi, the remaining southeastern states fall into the category of key producing states.

Also, it was correctly assumed that support among grower groups and tobacco-related organizations did exist and could be depended on to help defend against restrictive or punitive legislation at the state and local level. This assumption contributed further to our decision to delay the implementation of TAN until a greater need existed and until we were fully staffed and confident of our organizational success in the remainder of the country.

A further consideration for delay was the proposed organization of the National Tobacco Council and the relationship of TAN to this important organization after it was fully operational.

Because of mounting anti-tobacco pressures we believe the time is at hand to expand the TAN program into all states and, thus, complete the mandate issued by our member companies in 1978. TAN, in cooperation with the National Tobacco Council, will be successful in strengthening the industry's ability to deal with important issues in these vitally important tobacco states.

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II. The National Tobacco Council - TAN's Role

The amalgamation of the Tobacco Institute and the Tobacco Tax Council was completed on February 8, 1982. With this merger, agreement was reached to delay attempts to organize TAN in the tobacco states until such time as the then proposed National Tobacco Council was organized and functioning. It was envisioned that the NTC would provide support--through the resources of its members--for tobacco's overall legislative positions. This would include:

- o assisting in monitoring restrictive or punitive legislation
- o developing positions relative to such legislation
- o lobbying against these measures
- o assisting in the creation and maintenance of alliances in support of positions affecting tobacco
- o other supportive functions as appropriate

Because the NTC was organized officially on October 27, 1982 and is still in the embryo stage, no attempt should be made at this time to involve growers or general farm organizations in TAN. Further, the NTC Board should be apprised of this decision as well as other decisions concerning TAN as it relates to various segments of the industry including member company employees, wholesaler employees, etc. With this demonstrated spirit of communication and cooperation, the way will be paved to expand industry grassroots programs in the future. To do otherwise could cause concern, as to our intentions, among some groups which have been supportive in the past.

If the NTC - in conjunction with TAN - operates as we hope, it may be that our grassroots thrust among growers and farm organizations should be through officials who head existing organizations rather than having to expend the time and financial resources required to recruit their members. This approach deserves a thorough trial before the decision is made to proceed otherwise.

Basically, the TAN mission in the tobacco states should be to involve those individuals in core segments who, even with a well-functioning NTC, will not have the

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opportunity to contribute to total industry efforts or legislative issues important to all segments. The targeted groups for TAN in those states are member company salaried employees (with the sales force heading the list) and wholesaler employees.

III. Recommended Procedures for Implementing TAN in the Tobacco States

With amalgamation of the TI/TTC and reorganization of the State Activities Division, the requisite Area Directors and TI offices are in place in the tobacco states and are prepared to begin TAN organizational procedures. Area Directors for the tobacco states are:

NC, SC, GA - John Bankhead, Atlanta

AL, KY, TN - Ron Morris, Louisville

DC, VA, WV - Page Sutherland, Richmond

The initial goal for TAN in the tobacco states is to establish the network as an organization consisting of the salaried employees of TI member companies and wholesaler employees.

In addition to TAN activity, the Area Directors will continue to strengthen relationships with core groups represented in the NTC who have been supportive in the past as well as with such diverse groups as suppliers of all types, agri-business councils, chambers of commerce, merchants associations and others. The major thrust of any program in the Southeast aimed at dissuading legislators from introducing legislation detrimental to the tobacco industry is the building of coalitions with allied groups and the maintenance of such alliances. It is vital that this coalition-building function continue and not be de-emphasized with the organization of TAN.

With focus on member company salaried employees (sales representatives initially) and wholesaler employees only, the recommended procedures for initiating TAN are:

1. Each TI member company should appoint a representative to serve on the TAN Advisory Committee in each state. Each Committee Representative (CR) should be advised of his responsibilities and informed about the Area Director responsible for his state. After the

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appointment, the Area Director will meet with the CR to discuss the TAN program and plan recruiting sessions. (Note that one company has already completed this step - see attached).

The Area Director will be responsible for working through wholesaler associations to identify the logical wholesaler representatives to serve on the TAN Advisory Committee.

2. The Area Director will work through the TAC representatives to schedule opportunities to conduct person-to-person recruiting sessions (it has been our experience that successful TAN enrollment can be better accomplished by direct contact rather than by mail. Special recruitment meetings can be scheduled or the Area Director can be given time on meetings scheduled for other purposes.
3. After the TAN Advisory Committee has been established and initial recruiting completed, the TAN program will function much the same as it does with established programs outside the Southeast.

When the TAN program was initiated in 1978 some of our lobbyists and several of the wholesaler association directors viewed TAN as a threat to their positions and as a waste of time and money. This attitude was quickly dispelled and we now find that some of the early doubters are now among the strongest supporters of the program. It has been proven in the Southeast that no state is immune from legislation which would adversely affect the entire industry. It is hoped that the NTC will contribute to the defense of the industry and, likewise, the added assistance from organizing TAN will be important to this total industry effort.

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