

# Healthcare Marketing in the Age of Sustainability

How players in the healthcare and medical industry can leverage sustainability to achieve business success

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Ogilvy earth 

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Ogilvy Public Relations  
Worldwide

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# Diagnosing the Landscape

It's a core element of nearly every healthcare company's vision and values. It's a word that finds prominence on corporate websites, in speeches and in investor material. Innovation is equated with delivery of new products and services—from breakthrough medical devices and drug compounds to novel surgical procedures. It is the lifeblood of the healthcare industry.

The R&D lab is the traditional engine driving innovation—with men and women in white coats working in laboratories on the East Coast or West Coast of the United States, and increasingly, in China or India, to deliver the next life-saving molecule or device. But the pace of development from bench to bedside is a long and expensive endeavor. And increasingly, gains are harder to achieve. Large mergers and acquisitions have helped refill the pipelines of many companies in the near term. But we believe that long-term industry success will be driven by a different type of innovation – from an environmental, social and business perspective.

Given this reality, the next game-changing opportunities may come from outside the laboratory. Applying the spark of innovation beyond the lab to other elements of healthcare companies' operations holds interesting and exciting potential, in particular to sustainability.

The relationship between the healthcare industry and the environment is complex and multilayered. The World Health Organization has said that climate change is the greatest threat to human health in the coming century. The environment can dictate and impact a population's health. This symbiosis positions the industry to play an as-yet untapped role in driving sustainability that betters human and environmental health. Helen Clarkson, Head of Forum for the Future US also points out the potential cost of climate change and biodiversity loss on industry innovation and profit: "There is potential that new compounds that could cure diseases that have yet to be discovered could be lost if we clear biodiverse areas such as the rain forest."

While external stakeholders view a healthcare company's commitment to reducing its environmental impact as important, according to Tracey Noe, Senior Director of Global Citizenship and Policy at Abbott, they often see "green" policies as less of a priority than the company's commitment to advancing access to healthcare or developing innovative new medicines. "The challenge for healthcare companies," Noe said, "is to anticipate and understand the nexus of environmental challenges such as climate change with the shifting global disease burden – and to develop long-term strategies for addressing stakeholder needs within this changing environment."

Healthcare companies may not be judged today by their sustainability policies, but that day is coming. Companies like Abbott that are investing in sustainability initiatives ahead of the curve see that their ability to help customers and stakeholders realize their own sustainability targets and initiatives will have a competitive advantage – whether that is with GPOs, hospitals or government purchasers. The healthcare company that takes on the leadership mantle will find new business opportunities through differentiation, as well as external benefits beyond the bottom-line, including heightened reputation, recruitment advantages, and partnership opportunities.

In late 2010, OgilvyEarth and Ogilvy Public Relations Worldwide conducted interviews with 10 individuals at global pharmaceutical and medical device companies, as well as sustainability experts, to gather their thoughts and insights. The interviews revealed a world that is both significantly more challenging and equally rewarding for companies that have invested in sustainability. This white paper explores the findings of our research – identifying the challenges, opportunities and future direction of the healthcare industry as it relates to sustainability.

We sought to answer the question: **Can sustainability broaden the healthcare industry's approach to creating shareholder and stakeholder value?** At the same time, can the industry's actions tackle the urgent environmental challenges facing the global population in the form of climate change? If so, how?

# Role Models

Healthcare executives interviewed for this report said they are looking to generally accepted leaders outside the healthcare industry noted for their ability to implement enterprise sustainability initiatives. The list included Procter & Gamble, Unilever, and Nestlé in the fast moving consumer goods (FMCG) sector, Wal-Mart in retail, and Johnson & Johnson and Novo Nordisk among contemporaries in the healthcare sector. However, the names that came up in interviews do not match up one-to-one with the many citizenship and sustainability rankings, which do not agree themselves. This reflects the still rather 'undefined' nature of sustainability, the differences in methodologies for compiling the rankings and, importantly for the focus of this paper, the power of perception in terms of how companies communicate about their sustainability commitments and actions.

A common thread among the leaders across categories is an enterprise commitment to sustainability targets as natural extensions of the business strategy. Wal-Mart, for example, has made sustainability core to its business and worked with stakeholders across the supply chain to increase sustainable product offerings. Companies in this stratum also have learned the importance of communicating about these commitments and the actions toward their achievement—striking the right balance between frequency and intensity. They all define their targets not just in terms of the raw numbers achieved (e.g., pounds of CO<sub>2</sub> spared, water reduction from industrial processes, etc.), but by putting these savings into context.

Many healthcare companies have made great strides in reducing their carbon emissions and water use through manufacturing and supply chain modifications and efficiencies. The next frontier will involve developing new healthcare products and delivery systems to help society adapt to changing climate and disease patterns.

# The Challenges

Healthcare companies face a different set of challenges than other industries in their quest to achieve their sustainability goals.

## **A LONG, EXPENSIVE DEVELOPMENT CYCLE:**

The product development cycle is longer, more regulated and expensive. And the long pay-off cycle for investment significantly raises the bar on risk threshold in product development and marketing.

## **LACK OF OPPORTUNITY TO CHANGE:**

Once a product receives market authorization, it needs to stay relatively the same to remain in compliance with its license. Therefore, constant innovation is difficult.

## **COMPLIANCE VS. DEMAND DRIVEN:**

While regulatory compliance is core to the healthcare model, consumer goods are driven by cultural trends and consumer demand.

## **RESPONSIBILITY IS INHERENT:**

Social responsibility is an inherent part of the industry's DNA. Still, stakeholders are more interested in a healthcare product's efficacy than its sustainability impact. In many other industries, social responsibility was optional, though that is changing with increasing stakeholder scrutiny.

# A Prescription for Sustainability

So where are the opportunities for healthcare companies? Like other regulated industries, there is a careful balance between opportunity and regulatory parameters within which companies have their license to operate. There is value to be derived in terms of brand equity at the product level, as well as building all-important reputational value at the corporate level. Planning the approach is important. Will the company pursue a product-by-product approach to sustainability, or place it at the core of the company's identity?

The following eight areas represent opportunities for healthcare companies to differentiate and achieve long-term sustainability on environmental, social and economic levels.

- 1 Reach Beyond Compliance**
- 2 Social and Business Opportunity Intersect**
- 3 From Donation to Collaboration**
- 4 Building Intellectual Capital**
- 5 Revisit the Business Model**
- 6 Listen to the Customer for Opportunities**
- 7 Re-evaluate to Innovate**
- 8 Make Sustainability an Enterprise Objective**

# 1 Reach Beyond Compliance

The healthcare industry is governed by significant regulation and oversight. So an obvious first place to look to achieve sustainability targets is ensuring compliance with the myriad of regulatory frameworks that apply to marketing, manufacturing and interaction with healthcare professionals. This is only the starting point for leading companies – along the lines of “eating your vegetables.” According to sustainability experts, it’s time companies start looking beyond the parameters of what they need to do – in other words, go beyond compliance to drive cost savings, better brand reputation, employee engagement and other financial and external benefits.

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**EXAMPLE**

## Realizing Impact

Peter Boyd of the Carbon War Room gives as an example the wide-ranging impact of Wal-Mart’s 15-question sustainability questionnaire that formed part of a comprehensive supply chain review. The survey allowed Wal-Mart to “realize and expand their sphere of influence.” Assessing where the business model intersects with issues of local, regional or even global significance is a first step beyond compliance. These intersections may be environmental, social or economic in nature. Finding the areas that are most core to the business (in terms of vision, values) can ensure that the resulting sustainability effort is additive to the corporate mission and not a bolt-on that sits beside the day-to-day business.

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## 2 Social and Business Opportunity Intersect

While the 20th century was defined by disease and medical breakthroughs, the 21st century may be marked by the diffusion of medical technologies to the rest of the world.

Healthcare companies have the benefit of access to products that save lives. These products are serving vital purposes, many of which are problems that intersect with some of the most intractable and devastating health issues of our time. The challenge, as stated by J&J's Brian Boyd, is to figure out how to bring medicine to the 4 to 5 billion people around the world who don't currently have access. That's both a social and a business opportunity.

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**EXAMPLE**

### Reaching the Bottom of the Pyramid

In Latin America and across the developing world, companies like Pfizer are focusing on a new and previously overlooked consumer—the working poor. The economics make sense for Pfizer, as the market for prescription drugs in emerging markets has increased from \$67.2 billion in 2003 to \$152.7 billion in 2008, according to IMS Health. And given the higher incidence of counterfeit medications in the developing world, there is a place for branded pharmaceuticals from trusted names.

But moving into these new markets means more than hiring staff and opening new offices—it requires tackling socio-economic and cultural factors that differ from core Western markets. For Pfizer, that meant not only a different pricing strategy, but also a different communications strategy. Instead of visiting the upper and middle-class hospitals, the Pfizer representatives visited the clinics serving the working poor, in cities and rural areas. In addition to lower-priced products, Pfizer is offering physicians in rural Venezuela computers and access to the Internet to facilitate telemedicine—which is especially useful for doctors in remote or outlying areas to communicate with specialists in cities such as Caracas. In this way, Pfizer and other healthcare companies can be partners with governments that are trying to expand access to quality healthcare for its citizens while at the same time opening new markets for their products.

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## From Donation to Collaboration

The early years of corporate social responsibility for healthcare companies were primarily focused on donating product free or at cost to people in need. Despite good intentions, these programs often fell short of expectations because they failed to consider the entire health ecosystem. Case in point: just 10 years ago, companies active in the HIV/AIDS space donated millions of doses of product that sat in warehouses because there was neither the infrastructure to deliver the medication nor an understanding among patients of how to follow the dosing regimen.

Investing in infrastructure is a new twist on the Corporate Social Responsibility (CSR) blueprint for healthcare companies. What good does it do to donate increasingly complex therapies, or those that are meant for chronic conditions, if they can't or won't be used properly? This is not a new problem, but one that becomes ever more salient as the medical technology available grows and the diseases being treated are more complex.

Over the past five years, innovative financing mechanisms have been created and guaranteed orders have begun to change the corporate responsibility model to a more sustainable arrangement. The result is greater access in poverty-stricken regions of the world to life-saving therapies. Without a doubt, there is still a right and proper place for donations, particularly in times of pandemics. But companies such as Bayer Healthcare Pharmaceuticals are finding new markets and value through partnerships.

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**EXAMPLE**

### Partnering in Africa to Open New Markets

In Africa, Bayer HealthCare is breaking the donation paradigm with an innovative program that seeks to build a sustainable contraceptive market. In partnership with the United States Agency for International Development (USAID), Bayer launched the "Contraceptive Security Initiative" program in Ethiopia in December 2010. Women in the market will now have access to the company's Microgynon Fe at an affordable price. Bayer HealthCare provides the products, supply chain and networks while USAID provides funds for the development of social marketing materials and programs to educate women about modern contraceptive methods. The program is slated to expand to 10 other sub-Saharan markets over the coming years. The Bayer HealthCare-USAID partnership demonstrates the power of collaboration when private and public institutions come together to create shared value and a new market.

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## CORPORATE-LEVEL OPPORTUNITIES

Another healthcare company, Lilly, is using its industry knowledge and a partnership approach to confront one of the most intractable infectious diseases—multidrug-resistant tuberculosis. By working in partnership, the company is contributing to the turnaround of an expanding public health threat at a larger scale than would be possible through a donation program.

**EXAMPLE:**

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### **Aligning Public, Private and Community Partners to Tackle a Global Problem**

The Lilly MDR-TB Partnership was established in 2003 to help meet a global public health priority, one of the UN's Millennium Development Goals (eradication of infectious diseases), tuberculosis. The Partnership is a collaboration between the company, international and non-profit organizations, civil society and governments to specifically address one of the most problematic forms of TB, the multidrug-resistant type. The program focuses on the health threat at all levels—from getting drugs to the patients who need treatment to addressing the spread of the disease through awareness and de-stigmatization campaigns. The Lilly MDR-TB Partnership models the role healthcare companies can play in addressing the largest, most intractable problems by transferring technology to more local, lower-cost production sites while setting up critical public health infrastructure at the community level. The partnership also allows for continued development of new products (such as vaccines) that could lead to eradication of the disease. "At Lilly, we believe that what we do today matters tomorrow," said Greg Spratt, advisor for Environmental Sustainability at Eli Lilly and Company. "That's why we support efforts that provide medicines to those that need it most." And beyond providing medicine, Lilly is realizing valuable opportunities to collaborate with international organizations and leading research, which could spur new innovations valuable to the company and society at large.

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## 4 Building Intellectual Capital

The changing model of philanthropy for the healthcare industry involves building intellectual capital rather than donating financial capital. Helen Clarkson, head of Forum for the Future US, noted, for example, that a company that manufactures asthma therapies might take on the issue of air pollution. This would align with the company's goal of preventing unnecessary morbidity and excess mortality expressed in a way that doesn't specifically involve the marketing of its product. Roche has taken this approach to building capacity in Africa to help the underserved millions of people living with, and dying from, cancer.

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**EXAMPLE**

### Social Capacity Building

Roche is reaching beyond the donation model in Africa. The company is working in partnership with the International Atomic Energy Agency (IAEA) in four countries to address the significant shortage of trained healthcare workers in oncology through the EDUCARE initiative. Cancer is an epidemic growing unchecked in Africa due to the lack of prevention, awareness and screening for disease as well as treatment options. Through a computer-based program called Virtual University for Cancer Control (VUCC), the EDUCARE program is training health providers, leveraging Roche's knowledge of oncology from the developed markets to build capacity, and thereby new markets, in the developing world. Instead of donating products they are donating expertise—it's the classic "teach-a-man-to-fish" model.

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**EXAMPLE:**

### Capacity Building and Training in China and Southeast Asia

Like Roche, Abbott is applying its expertise in some of the world's most serious health conditions to help build capacity among healthcare professionals and better patients lives around the world. In 2009, Abbott trained more than 1,000 community physicians in 10 Chinese cities in diabetes prevention, treatment and management techniques. And through the Abbott Fund Institute for Nutritional Science, the company trained more than 600 Chinese healthcare professionals from 17 provinces in pediatric nutrition management—helping to achieve a 27 percent reduction in malnutrition among pediatric hospital patients in Shanghai. In Vietnam, Abbott reduced malnutrition by 42 percent among children under age 5 participating in a school-based pediatric nutrition program. As with the previous example, these projects create exponential lasting value because they will pay dividends long into the future.

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## Revisit the Business Model

The healthcare industry is focused on improving patient outcomes, often through the sale of products and services related to those products. What if instead the company sold expertise about a disease state, licensing the patents and manufacturing process? To reprise one of the greatest, yet simplest questions ever posed in business, healthcare executives must ask themselves – “what business are we in?” The answer to this fundamental question may hold new, sustainable opportunities.

What if a medical device manufacturer rented its technology and services? What if a pharmaceutical company outsourced its medical experts to build capacity? Beyond medical experts, healthcare companies are home to some of the most sophisticated marketing operations in the corporate world today. What if they outsourced these marketers to focus instead on social marketing and health behavior change? What if, rather than simply changing the corporate tagline, the business model shifted away from treating disease toward promoting (and profiting on) health and wellness? The move need not be disruptive, but evolutionary as healthcare companies seek new revenue streams that aren’t based solely around what comes from their R&D lab.

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**EXAMPLE**

### Development through Social Enterprise

In 2000, Unilever launched an innovative program that met multiple social and financial goals: 1) reducing the prevalence of iodine deficiency in mothers and children and 2) addressing development needs in Ghana. Unilever partnered with Ghana’s Ministry of Health and the United Nations Children’s Fund (UNICEF) to create Annapurna iodized salt. The product is manufactured and distributed locally, creating important jobs while driving efficiencies in the supply chain. From sales (creation of a microlending program to allow women to buy the salt and other items) to market education (working in local schools to drive the information back to parents about using iodized salt) the entire business model was rethought and tailored to the needs of the community. Employing a social enterprise model for the salt business in Ghana cut Unilever’s costs while helping create jobs and attachment to the brand.

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## 6 Listen to the Customer for Opportunities

While it may not be practical or possible to change a marketed product, there are possibilities to focus on the supply chain and packaging reduction to achieve sustainability goals. How to determine where to focus could be as easy as listening to the customer, as Johnson & Johnson found with its monoclonal antibody, Simponi.

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### EXAMPLE

#### “Why don’t you send the next order in a VW Beetle?”

You know you’ve got a problem when physicians are raising a ruckus about the size of the cold chain shippers used to send samples. Johnson & Johnson ran into this issue with Simponi (golimumab), a product used in the treatment of rheumatoid arthritis. The original sample shipper was a large, single-use Styrofoam ‘cooler’ packed with gel packs. Customer feedback on the size and environmental impact of the packaging indicated there was a problem. Typically, pharmaceutical brand teams and medical affairs are not attuned to these types of comments and are more apt to act on efficacy, safety and quality issues. However, the feedback on the cold chain shippers resonated with the Simponi team and they collaborated with procurement and logistics partners to source a more environmentally-friendly cold shipper. Trading Styrofoam and cardboard for reusable shippers with bio-based insulation packs, the team reduced the size, bulk and materials of the shipper without degrading quality to ensure the product arrived viable for use. Given that these shippers are reusable up to 100 times, the return is both financial and environmental.

For Johnson & Johnson, listening to the customer helped uncover a real problem in the supply chain. The solution created environmental and financial value, as well as important reputational value in the competitive TNF inhibitor category with physicians. And not one feature of the regulated drug itself was changed to achieve this result. Simponi is only one example of J&J’s efforts to eliminate paper and packaging across its businesses. The company has eliminated 84 percent of its secondary and tertiary PVC packaging and 93 percent of its packaging contains at least 30 percent post-consumer recycled or fiber from certified forests.

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## Re-evaluate to Innovate

Given the challenge of a decade-long (or more) development process, companies need to look beyond the creation of novel products to re-imagine and reformulate existing products, making them more efficient, sustainable or accessible. This is highly relevant in a year like 2011, when 10 drugs contributing to \$50 billion in sales will face patent expiration. How can companies capture the value of their investments and knowledge in these products to meet consumer demands for something new? That's exactly what GE Healthcare did with the introduction of Vscan.

EXAMPLE

### Imaging Without Borders

Ultrasound diagnostic machines are ubiquitous in the clinical setting, providing healthcare providers a non-invasive look inside the patient's body. Used for obstetrics, echocardiography and biopsy to name a few applications, the ultrasound machine has traditionally been a piece of equipment that the patient would travel to. Its size and energy requirements were not amenable to easy movement or use outside of the hospital or clinic, an unfortunate limitation for use in disasters and remote locations. GE Healthcare, an innovator in medical imaging technology, saw an opportunity to change the paradigm by shrinking the device and the services that accompany it.

The result? Vscan, the world's smallest portable ultrasound. Named one of TIME magazine's 50 best inventions of the year, the device weighs less than one pound, and measures 3 inches wide and just over 5 inches long. Vscan offers the same image quality and diagnostic information as its larger counterparts, yet allows the physician to carry ultrasound technology in her pocket. Therefore, location is no longer a barrier to fast, point-of-care ultrasound analysis—opening its use in more difficult locations.

Vscan's credentials extend to environmental value as well:

- More than 90% less material intensive
- Requires significantly less carbon release to transport
- Lowers energy consumption requirements of ultrasound

In addition to the value of the product itself to the industry, Vscan offered GE a proof point for its highly successful healthymagination campaign. Millions of people have seen the clever advertisement that tells the story of the value of having a more portable ultrasound device. The product's values are aligned with GE's broader messaging, thereby creating credible corporate and brand alignment.

Achieving reductions in carbon footprint and environmental impact may start with realizing efficiencies in the supply chain. But expanding the scope of inquiry to the products themselves can result in significant impact. Baxter realized just such gains by taking a fresh look at a five-decade old product.

### EXAMPLE:

### Being Flexible in a Fragile World

The glass vial is a ubiquitous fixture in the acute care setting. Glass is sturdy, resistant to puncture and easy to label. But it also has its drawbacks—fragility and breakage in handling and the weight of the product during shipping. Baxter developed FLEXBUMIN in response to these challenges, creating the first human albumin in a flexible plastic container. FLEXBUMIN is essentially the company's long-marketed BUMINATE in a new container—giving healthcare providers confidence in using a brand they know in a new form.

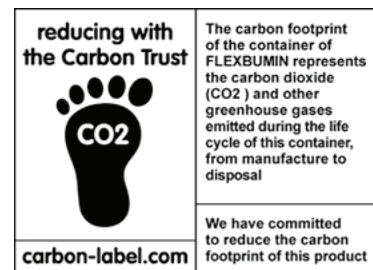
Key features of using a plastic bag versus glass vial:

- Takes up 60% less space on shelves
- Weighs 40% less
- Reduces breakage in shipping and handling in the clinical setting
- Reduces waste material (glass produces 40% more environmental waste than plastic)
- Decreases disposal fees for customers by 90%

Produces a 55 to 77% smaller carbon footprint than the original product

FLEXBUMIN has the distinction of being the first medical product to receive certification by the Carbon Trust for carbon footprint reduction. In a space that is difficult to differentiate a product, Baxter's insight into what would work well in and for the environment led to this breakthrough product.

Why would Baxter go to the trouble of having the product's carbon footprint verified? What is the value? Does the healthcare provider who is administering the product to a burn victim in the Intensive Care Unit care? Or does he care that it works? Tracing the acquisition and procurement path up, however, the answer becomes clearer. A hospital is a business (even if non-profit) and therefore aspires to reduce costs—whether that is through less waste or fewer employee injuries. Additionally, the product helped Baxter deliver on its sustainability priorities and goals—improving its reputation among industry players on *Newsweek's* Green Rankings and the Climate Counts survey. Communications around this case earned Baxter media attention and praise from key stakeholders for the brand and for investors.



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## Make Sustainability an Enterprise Objective

One of the most recognizable corporate visions and values statements in the healthcare industry (and maybe all of business) comes from Robert W. Johnson in Our Credo:

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*“We are responsible to the communities in which we live and work and to the world community as well. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.”*

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This statement is often a starting place for companies to seek guidance for their sustainability goals. Today’s leaders at J&J realize the applicability of their Credo to sustainability as stated by Brian Boyd: “The challenge here is that there is no common definition for the term ‘sustainability.’ For us, it is defined by the responsibilities and values set forth in our Credo. Making that connection for people – that sustainability is part of our heritage – is one of our biggest challenges.”

Coming back to the issue raised in the preface to this section – there is value to be derived in terms of brand equity at the product level, as well as building all-important reputational value at the corporate level. Regardless of which approach is taken, the key factor is moving sustainability away from the margins of the organization and closer to its center. As Abbott’s Tracey Noe pointed out, “More important than the wording of the mission statement or value statement is the structure and governance system in place to deliver it.”

## PRODUCT-LEVEL OPPORTUNITIES

*“If you’re a leader in this space, you’re talking about it. It’s not just that it’s nice that you’re being green, and it’s helping your bottom-line, and your customers are more satisfied with your products—it’s really about telling your story.”*

Aimee Christensen, OgilvyEarth Advisor

In recognition of this fact, Abbott created a Global Citizenship Working Group to integrate citizenship strategy into the core business strategy. This cross-functional team worked to develop metrics that monitor the company’s (and employees’) performance against the strategic priorities. This has resulted in many employees having specific performance goals and targets that relate back to citizenship. By driving the organizational mission and vision down into the goals and objectives on which employees across an enterprise are evaluated for raises, promotions and incentives, it quickly begins to influence the way people think, act and innovate on a daily basis.

Sustainability cannot be parceled off in a separate unit or referred to in a separate report on philanthropy or corporate responsibility. Inherent in Our Credo, among other healthcare company mission statements, is the recognition that company success is coupled with social progress and responsiveness. When companies integrate sustainability, they see new opportunities to achieve economic success.

# How to Do It—

## Starting on the Communications Journey

Embarking on a sustainability journey can be daunting. It requires placing sustainability at the heart of your process from the earliest stages of product design and business planning, getting employees to rally around it, and then seeing it through development, launch, and beyond. Although healthcare faces a unique set of challenges, many of the same guiding principles OgilvyEarth laid out in the Green Marketing Guide “From Greenwash to Great” can be applied to communicating a company’s sustainability efforts.

*“The change that needs to take place is the change from ‘we can’t afford to do this,’ to ‘we can’t afford not to do this.’ When you lead, you gain competitive advantage; when you lag, you face enterprise risk.”*

Glenn J. Barbi, VP of Global Sustainability, BD

### FOCUS ON FUNDAMENTALS

- Build an authentic vision by defining what sustainability means within the context of your organization’s history, mission and values
- Communicate throughout the organization and integrate the vision top to bottom (supply chain, legal, regulatory, marketing and sales)

### PARTNER FOR CONTENT AND CREDIBILITY

- Engage the stakeholder community (including employees, NGOs, regulators, HCPs and investors) to understand what their expectations are of you as a business
- Empower a core set of experts to consult R&D, supply chain, sales, etc. (e.g., cross-functional ‘sustainability engineers’)
- Get independent certification/verification of projects (e.g., The Carbon Trust)



### **MAKE HONESTY A PRIORITY**

- Communicate the commitment and follow up with tangible actions and good stories; be transparent

### **COMMIT FOR THE LONG TERM**

- Give the vision time to be successful (be ready for a five- to 10-year cycle)
- Seek partners and learnings from other related industries
- Assess which products, services are most amenable to changes toward sustainability
- Train and empower leaders across the organization

# Conclusions

Don Young of Smith & Nephew put words to a sentiment heard in many interviews with healthcare executives. He called their efforts a “journey toward sustainability” rather than sustainability being an end state. “It’s a journey that companies are embarking on that involves close collaboration with internal and external customers as they attempt to bring the environmental, social and economic elements of their bottom-line into harmony,” he said.

In the end, to be truly sustainable, movement toward greening and socializing the enterprise must convince Wall Street and the investor community. The healthcare industry, in particular the innovator pharmaceutical companies, has come under fire for a lack of innovation in the past decade. As the innovative small molecules approved during the 20th century lose patents and purchasers are pressuring pricing structures, how else can companies create new value?

We submit that focusing on environmental and social sustainability is one way to increase economic sustainability for these companies. Companies that focus on doing well by doing good also are finding additional benefits – recruitment and retention benefits, investment by socially conscious mutual funds, and positive buzz. All of these benefits ladder up to the bigger idea of creating more value for stakeholders and society.

Here are four key takeaways that healthcare executives should keep in mind during the journey toward sustainability:

## **SUSTAINABILITY DRIVES BUSINESS OPPORTUNITY:**

Successful brands in the age of sustainability not only offer environmental benefits but also enhanced value in the form of higher quality or improved functionality. In healthcare, this extends beyond the product to the ways in which the service is delivered to the healthcare provider and patient.



**SUSTAINABILITY IS IMPROVING AND PROTECTING LIVES:**

Brands in the healthcare space must also deliver social value in terms of greater efficacy, improved safety or increased accessibility.

**SUSTAINABILITY IS AN ACTIVE COMMITMENT:**

The most successful brands know that sustainability doesn't start with a marketing campaign. They engage directly with their customers, measure and verify their environmental impact and partner with other organizations to make a greater impact. Only after this process do they activate external communications and marketing.

**SUSTAINABILITY IS SUCCESS ON EVERY LEVEL:**

Merging great sustainability efforts with great marketing is challenging, but can be done. And when it's done well, it can lead to groundbreaking work, a galvanized workforce, grateful consumers and gangbuster sales.

In the end, what will drive value and future relevance is continued innovation. There need not be tension between creating social value and realizing economic gain as there has been in the past. But the innovation of tomorrow will be a different kind of innovation than that which drove the business from small laboratories to the multi-nationals that exist today.

Healthcare companies that leverage their scale to open new markets and respond to real societal challenges will be the innovators that move ahead in the 21st century. It's about more than innovating for profit; it's innovating to stay relevant. The healthcare industry is rapidly evolving from 'molecules and machines' to an industry dominated by information and telecommunications and retail based on new players and delivery channels. Traditional companies must embrace the changing rules, learn from the examples of other leaders, and partner across sectors to deliver sustainable value.

So embrace the journey and find new profitability and opportunity for innovation in 2011 and beyond.

# Interviewees

OgilvyEarth and Ogilvy PR would like to thank the following individuals and organizations for their input to this paper:

**Glenn J. Barbi** Vice President of Global Sustainability, BD

**Brian Boyd** Worldwide Vice President of Environmental Health & Safety, Johnson & Johnson

**Peter Boyd** COO, Carbon War Room

**Klaus Brill** Vice President, Corporate Commercial Relations, Bayer HealthCare Pharmaceuticals

**Helen Clarkson** Head of Forum for the Future, U.S

**Beth Hunter** Senior Communication Associate, Health, Safety and Environment, Eli Lilly

**Tracey J. Noe** Senior Director of Global Citizenship and Policy, Abbott

**Greg Sprat** Environmental Sustainability Advisor, Eli Lilly and Company

**Dianne Young** Investor Relations, Roche

**Don Young** Senior Vice President Corporate Sustainability, Smith & Nephew

Several Ogilvy clients have been featured in this paper: Johnson & Johnson, Unilever, Smith & Nephew and Bayer HealthCare Pharmaceuticals.



# About OgilvyEarth

OgilvyEarth is Ogilvy & Mather's global sustainability practice. Our mission is to help brands uncover the leadership opportunity in sustainability. Our unique suite of brand services helps clients identify opportunities in the sustainability space, create rich communications strategies based on current and developing initiatives, and plan clear steps for the road ahead. We also provide access to OgilvyEarth's expert community, an unparalleled brain trust that provides highly specialized insights and facilitates connections with a diversity of potential partners.

OgilvyEarth counts among its clients a number of Fortune 500 companies. Whether we are collaborating with intergovernmental bodies or valued corporate clients, creating sustainability communications campaigns that work is at the heart of everything we do.

# About Ogilvy Public Relations Worldwide

Ogilvy Public Relations Worldwide (Ogilvy PR) is a global, multi-disciplinary communications leader operating in more than 80 markets. Named Large Agency of the Year by The Holmes Report and PRNews, Ogilvy PR blends proven PR methodologies with cutting edge digital innovations to craft strategic programs that give clients winning and measurable results.

Celebrating its 30th anniversary in business, Ogilvy PR provides strategic public relations counsel to a variety of clients across its social marketing, public affairs, healthcare, consumer marketing, 360-degree digital influence, corporate, and technology practices.

Through its subsidiary, Feinstein Kean Healthcare, the agency also offers specialized expertise in molecular medicine, advanced biomedical research, leading life science and healthcare technologies and treatments.

## Contacts for More Information

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