

THE REPUTATION MATRIX

PUBLIC RELATIONS EXPERTS DISCUSS THEIR ROLE IN THE CONTINUOUSLY EVOLVING AND REVOLVING WORLD OF HEALTHCARE REPUTATION MANAGEMENT.

The pharmaceutical industry is in some respects the victim of its own success. In fact, some public relations experts believe that the industry suffers from cognitive dissonance. “Many people are not comfortable viewing an industry responsible for developing innovative medicines as being a profit-making venture,” says Richard Salem, executive director, public affairs, at Daiichi Sankyo. “The fact is that profits that come from innovative products drive further innovation. This concept is understood in almost every other industry except healthcare, where there is a sense that healthcare companies should be non-profit entities. But there has to be some incentive for companies to continue to innovate, to take risks, and to look at the next opportunities. The world has benefited enormously from the ability of pharmaceutical companies to succeed on their innovations.”

Donna Ramer, founder and president of StrategCations, says all industries are having a difficult time educating the public to understand the need for profits, especially to support ongoing research and development.

“Given its direct impact upon people’s lives, the pharmaceutical industry is one of the industries at the forefront of today’s global business environment dealing with a negative perception,” Ms. Ramer says. “Financial institutions along with the auto industry, real estate, housing, auto insurance, and other industries that have a direct impact on consumers’ finances and well-being also have seen consumer confidence slip significantly.”

Virginia Amann, senior VP of Porter Novelli Life Sciences, says misconceptions about the industry are fueled by complex healthcare issues that take time to explain, yet the business of science enjoys significantly less media coverage than ever.

“Citizen journalism and social and online media have put science journalism under significant pressure,” she says. “Newspapers are closing, and those that have survived are closing science and health departments and reducing their coverage of science and the business of science; it’s challenging to explore complex topics in the depth that the public deserves.”

Even with dwindling outlets, Gregory Tiberend, president and CEO of Tiberend Strategic Advisors, contends that communications professionals



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DONNA RAMER
StrategCations



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LISA ADLER
Millennium: The Takeda
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should continue explaining the facts to key reporters and other influencers to get the message heard and understood.

“The more often the facts are told, the greater likelihood of increasing awareness and understanding,” he says.

Unfortunately, the negative perception goes beyond the public’s lack of understanding the business of healthcare and is the result of less-than-aboveboard tactics perpetrated by a few outliers. These transgressions not only hurt the industry, but they bring to bear scrutiny on a host of hot-button and complex issues, such as pricing, advertising and marketing practices, and salaries of the industry’s executives, which are just a few of the reputation issues that today’s healthcare PR executives are charged with managing.

THE ROLE OF PR

Our experts stress that public relations does

not work in a vacuum and that reputation management has to be a key business objective.

“A company’s good reputation is not something that just happens,” says Lisa Adler, VP of corporate communication at Millennium: The Takeda Oncology Company. “A PR or reputation management plan needs to be integrated into everything a company does. It has to be deliberate. And it has to be thoughtful.”

Ms. Adler says if public relations resides several layers down in an organization, then reputation is not being given serious consideration.

“As a member of Millennium’s management team, I oversee the development and implementation of all corporate communications programs,” she says. “Further, I also report directly to our CEO and ensure that senior management is aware of these initiatives. I work directly with them to make certain that corporate messaging and position are reflected in our programs. Communications has to have a seat at the table for reputation management to be a key business objective.”

Ms. Amann says, however, there is no one magic communications formula that works for every company.

“It’s important to establish a good quantitative baseline to understand what factors are contributing to or detracting from reputation equity and what drives them,” she says. “It’s critical to make a commitment to positively impact those drivers. There’s a conversation going on, whether we want there to be or not; fortunately these discussions don’t have to happen in a vacuum.”

Ms. Amann also believes that communications professionals have to create an open dialogue with the media to tell a balanced story.

“Over the years, I’ve worked closely with industry scientists to uncover and tell their stories,” she says. “I consistently find that what drives them is their ability to contribute in some way to the development of a medicine that has the potential to save or significantly improve someone’s life. Proactive reputation management is about telling the stories behind the medicines and sharing the science and the strategies behind the discoveries.”

Daiichi Sankyo’s Mr. Salem says communications professionals can also bring insights to address transparency.

“Communications professionals can play an important role by helping their organizations communicate what they are doing in a clear and effective way, which isn’t always intuitive,” he says. “It’s important for communicators to ensure that what we say doesn’t inadvertently appear to be disingenuous or contrived. Candor is critical. Companies need to strive for candid communications within



Reputation is the byproduct of a sustained track record of saying what you will do and doing what you say.

RICHARD SALEM
Daiichi Sankyo

appropriate regulatory guidelines while protecting their proprietary information.”

GOOD NEWS, BAD NEWS

Bailouts, bonuses, and bad business behavior all combined to erode the overall reputation of corporate America to its worst standing in 10 years. In fact, the pharmaceutical industry was the only industry to register a significant positive change from 2007, according to a Harris Interactive RQ survey from April 2009. The financial services industry now shares the lowest industry ranking with the tobacco industry, with just 11% of the public giving positive ratings to these two industries.

Even though the industry’s reputation has rebounded recently, there are chronic issues that plague its standing with the public, namely drug prices, questionable marketing tactics, transparency, and executive salaries.

“The concerns that new drugs are expensive are indeed legitimate, but Americans don’t understand the extremely high cost of R&D, including the costs to run clinical trials, to comply with all FDA regulations, and to run GMP facilities,” Mr. Tiberend says. “Millions of dollars are needed to develop safe and efficacious new therapies for chronic and acute conditions. The number of drug failures in pre-clinical and clinical stages is significantly greater than the number of highly publicized new approved therapies.”

Ms. Ramer says over the years the industry

THE TOP ETHICAL HEALTHCARE COMPANIES*

Company	Rank within Sector	Previous Rank within Sector
GlaxoSmithKline	1	2
Bristol-Myers Squibb	2	1
Novartis	3	5
Abbott	4	3
Roche	5	8
Boehringer Ingelheim	6	4
AstraZeneca	7	6
Johnson & Johnson	8	7
Novo Nordisk	9	9
Baxter International	10	13
Aetna	11	10
Eli Lilly	12	12
Sanofi Aventis	13	11
Pfizer	14	14
BD	15	17
Merck & Co.	16	15
Takeda	17	16
WellPoint	18	18
Daiichi Sankyo	19	24
Medco Health Solutions Inc.	20	19

* This is an excerpt of the healthcare companies ranked by Covalece’s ethical quotation system. Companies across many industries are classified according to 45 criteria, such as labor standards, waste management, product social utility, or human rights policy. It is a barometer of how multinationals are perceived in the ethical field.

Source: Covalece SA. For more information, visit covalece.ch.

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Communications professionals should continue to explain the facts to key reporters and other influencers to get the message heard and understood.

GREGORY TIBEREND

Tiberend Strategic Advisors

has ignored the growing misperception that companies derive high profits from overpriced medications and the issue surrounding the salaries of key executives.

“Profit’ is not a dirty word; in fact, profits are critical to continuing the pipeline with

life-saving drugs,” she says. “But there also is a misperception that the industry’s senior executives’ salaries are off the charts, yet when compared with those in companies of similar size and sales, most people would be surprised to learn they are barely competitive. As an industry we haven’t done a very good job of addressing the issues as they’ve arisen, which is counter to effectively managing a company or product reputation. When something negative is communicated, it needs to be tackled immediately and errors addressed and corrected with facts more than once.”

Another PR challenge is around transparency.

“The industry’s companies weren’t always as transparent about their businesses as they should have been,” Mr. Salem says. “The void was filled by negative perceptions. And as a result, we lost the trust of many Americans. We lost their trust to act in their best interest. Because there was a lack of effective communications, the industry often became associated with the problems surrounding

healthcare instead of the solutions, which is really quite ironic given the nature of our business.”

He says the industry is working hard to regain the public’s trust and reverse negative perceptions.

“Companies are being more transparent, for example, clinical trial results are now posted on a public Website,” Mr. Salem says. “Companies are actively participating in the effort to find solutions to our healthcare system problems and they are communicating more effectively with stakeholders.”

Transparency also requires companies to communicate the bad news as well as the good news, says Millennium’s Ms. Adler.

“We have to talk about the good and the bad,” she says. “We have to talk about all pertinent events and information that impact our business.”

When it comes to pricing a new drug, there are no clearcut or easy answers.

Ms. Adler advises that in addition to the business models that are used, companies should assess the entire environment and have a dialogue with patient advocacy groups. Two-way communications is always a positive.

Mr. Salem says improving the industry’s reputation won’t be the result of a single, isolated campaign, and it will take time to rebuild trust.

“Reputation is the result of a company saying what it will do and doing what it says,” he adds. “Over time, these actions will establish a track record with people who are paying attention. It’s much harder to regain trust once lost. We have to let people know what we are doing and why we do business in certain ways. People need to see companies acting responsibly over

THE PULSE OF REPUTATION

The Global Reputation Pulse study shows that reputations are built across seven dimensions: products/services, innovation, governance, workplace, citizenship, leadership, and performance.

According to the Reputation Institute, which fielded the study, the most influential dimension is product/services, followed by governance. But to earn trust, admiration, good feeling, and support, companies need to address all seven dimensions of reputation. Each one alone accounts for more than 12% of reputation.

Companies that manage their reputation on a single dimension can falter when the tide turns against them, experts from the Reputation Institute say. Companies that manage reputation broadly across several dimensions establish a solid emotional connection with stakeholders that will lead them to support the company.

Other key highlights from the study include:

■ CORPORATE TRUST HIGHER IN EMERGING MARKETS, LOWER IN INDUSTRIALIZED MARKETS.

Companies from the BRIC (Brazil, Russia, India, and China) economies secured solid rankings among the largest global corporations. Even from struggling global industries such as energy, automotives, and banking, strong companies rise to the top. Proportionally, the largest companies in these BRIC countries enjoy a stronger emotional connection with consumers than the largest companies in the industrialized world, namely the United States, Japan, the United Kingdom, France, and Germany.

■ THE INCREASING NEED FOR TRANSPARENCY.

After delivering strong products and services, transparency and corporate ethics

(governance) and caring about society (citizenship) are the best ways to improve reputation with the general public and increase support. Financial performance and leadership saw the greatest increase in importance from 2008, emphasizing that more than ever consumers recognize the impact of the C-suite’s vision and identify the need for continued market success.

■ REPUTATIONS REMAIN STABLE DESPITE VOLATILITY.

Of the more than 400 companies that remained within the Global 600 in both 2008 and 2009, only 7% saw substantial movement in reputation with a change of +/- 10 Reputation Pulse points, indicating a higher- than-anticipated level of stability in corporate reputation around the world.

Source: The Reputation Institute.
For more information, visit reputationinstitute.com.

time and continuing to fulfill their mission of delivering innovative medicines, which many people take for granted. If we can continue to do this, be more transparent, and participate in more initiatives such as healthcare reform, an improved reputation will follow.”

Ms. Amann says a company’s values and its investment in the greater good are important.

“Both can be positively and proactively affected, and, in fact, there is a quantifiable gain for those companies that do so,” she says. “We have found that positive, proactive reputation management among key stakeholder groups not only avoids significant loss of shareholder value, but actually yields more than 10% value added.

“Because the nature of influence has changed and will continue to change with the shift away from traditional forms of media, pharmaceutical companies have new opportunities to listen to and engage with their audiences,” Ms. Amann says. ♦

PharmaVOICE welcomes comments about this article. E-mail us at feedback@pharmavoices.com.

Experts on this topic

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