Building and maintaining a positive corporate reputation

A GUIDE FOR AUSTRALIAN HEALTHCARE COMPANIES

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There’s always a group of readers who claim to be too busy to read the whole resource. We are not going to judge you (although corporate reputation is pretty important stuff) we’re going to give you options.

You can read this one pager at the front. If you’re more into video and can put up with my amateurish broadcasting skills, there’s a video blog (and a written blog) via the palin website (www.palin.com.au).

So here goes with the one pager.

You know how you’re always wondering how corporate reputations get built, why they’re important and how the metrics around them come to get measured? Well here’s some guidance.

Corporate reputation is important not least of all because it facilitates better business with your customers, opens the door to new partnerships and helps you attract the very best staff. After all, what bright, engaged, talented prospective employee wants to work for company with a terrible reputation? Or indeed for a company of which no-one has ever heard.

There is plenty of evidence that pharmaceutical companies do not have great reputations (although in Australia there is also evidence of improvement). On a global level, only one pharmaceutical company made the cut in a recent Forbes list of the ’100 Most Reputable Companies’.

If you look at what key things get measured in assessing corporate reputation, the recurring variables appear to be:

- Evidence of innovation
- Transparency
- Meaningful external relations
- Fair dealing and pricing
- Support for the less fortunate
- Contribution of content
- Effective issues management

HOW MANY BOXES IS YOUR COMPANY TICKING AT THIS POINT?

Because the more boxes you tick the better your reputation is likely to be. And having a good reputation will make it easier to do business and help you attract the best talent.
Why bother with corporate reputation?

Big health companies get a bad rap. Pharmaceutical companies in particular have a reputation for having a bad reputation.

One international survey\(^2\) showed that the pharmaceutical industry was ranked 7th of the eight healthcare sectors it evaluated. The main reasons for this were:

1. Lack of fair pricing policies leading to unseemly profits (50%);
2. Lack of transparency in all corporate activities (48%);
3. Poor management of adverse event news (37%);
4. Low level acting with integrity (32%).

In Australia, one of the key local drivers for improving corporate reputation is about attracting the best talent. It’s a tight labour market and the most successful companies will be those that attract the best people.

It makes sense. Everyone wants to feel a sense of pride in explaining who they work for and why. As people build their careers they tend to develop a short list of companies who are of interest to them – companies they think well of and companies that are in their line of vision.

If you’re a company that no-one has ever heard of (or one that does not seem to stand for much) then you’re making the challenge of attracting the best people just that much harder.

“Reputation, built on our past, shapes our present and future. A good reputation can open many doors; a bad reputation can close many more. A good reputation generates respect. A bad reputation breeds suspicion.”\(^3\)

Ian Reed, CEO Pfizer

Pharma companies help save lives but still struggle to convey a positive image.

Unhealthy drugs: Pharma struggles with its reputation

Andrew Ward

An industry dedicated to saving and extending lives might be expected to find equality easy.

Instead, some of the biggest pharmaceutical companies struggle with poor ethics, unpopular management and weak communication.

Merck and Gilead Sciences of the US and GlaxoSmithKline of the UK all languish in the bottom half of the Global Reputation Index; the ranking of 160 companies across all sectors by Lady Gekk, a UK consultancy that aims to promote healthy corporate culture.

Reputational challenges are nothing new for big pharma; controversy has swirled round the industry for decades over issues ranging from dubious payments to doctors and secrecy over clinical trial data to animal testing and banning drugs from the poor.
So what are the key ingredients to reputational growth for big pharma companies?

So if corporate reputation is important in differentiating companies from competitors, attracting the best talent and facilitating negotiations with third parties, what are the drivers?

If you look at the corporate league tables reported on various industry websites and the ratings of reputation and if you look at the variables that these reports measure, they give you some clues about what to focus on.

So that’s what we did. We looked at industry websites, blogs, reports and surveys into corporate reputations in healthcare to see what variables people measured and discussed.

WE FOUND SEVEN RECURRING THEMES.

1. Evidence of innovation
2. Transparency
3. Contribution of content
4. Fair dealing and pricing
5. Meaningful external relations
6. Support for the less fortunate
7. Effective issues management

So let’s look at them in turn to investigate how corporate reputations are built and which variables drive reputation.
First is demonstration of innovation.

This is a big focus for many companies and why you see medical companies sponsoring innovation awards or prizes for outstanding research.

It’s not their core business but it reflects on their culture and how they would like to be perceived.

The notion of being innovative also fits with the current popular corporate narrative around agility – of being able to adapt to a changing business environment and to find new innovative solutions that work.

It also helps build a stark contrast between the “old way” of pharmaceutical business (which was roughly around landing on a huge blockbuster prescribed by primary practitioners for chronic issues like elevated cholesterol or blood pressure) and what might be thought broadly of the “modern way” which emphasises the development of more specialised medicines via innovative collaborations with science based organisations or smaller biotechs.

It conjures associations with science and enquiry – plus it helps emphasise the new way versus the old.
Second is transparency

If I had to pinpoint one thing that has changed most in the past 20 years of medical marketing it would be the commitment of pharmaceutical companies to new standards of transparency.

It’s what people have come to expect and if you can’t meet it then I think it will do you reputational damage.

One key reason why it’s such an important issue is that high profile industry critics have been highlighting it for decades. Author, journalist and academic Ray Moynihan has been writing about disease mongering and the secretive arrangements between healthcare companies and the clinicians that recommend their products since the mid ‘90’s. He’s been joined by many other Australian critics along the way while issues related to problems with transparency bubbled away in the USA and other markets.

These discussions (and advocacy from critics) have driven huge regulatory changes all around the world – from the Sunshine Act legislation in the USA to major new provisions around transparency in the Medicines Australia Code of Conduct locally.

The process by which business gets done and the levels of transparency have changed enormously. I cringe when I think of what was regarded as normal in the mid 1990’s in medical marketing - media releases with ambiguity around who was sending them out, external experts being quoted without reference to their relationship to the company.

It’s all changed and your corporate reputation is reliant on you reflecting and living that change.
Companies with a reputation for being progressive and innovative build that reputation not just on the way they develop drugs and do business. They are also judged as innovative or not in light of how they choose to communicate and engage. What does your contribution look like – your blogs, guest articles, news updates and educational videos - and then how clever are you at promoting it via social media?

Some people like to talk about social media as a game. They ask do you ’play’ in the social media space.

They think it’s a game where you see how many followers, retweets and likes you can rack up and then brag to your friends and colleagues about how connected you are.

But in a business sense, co-ordinating your content marketing and social media is not a game. Presumably you’re trying to do something tangible and commercially valuable like improve your corporate reputation, communicate what you stand for or attract the best employee prospects as talent.

To achieve this your content (your blogs, your videos, your images, your opinion pieces, your letters to the Editor) and the way it is promoted via your social media platforms (Twitter, LinkedIn, Instagram) needs to be setting an agenda. Or at the very least be consistent with what you claim to stand for.
If claims of “patient-centricity” are plastered all over the home page of your website and sit proudly on the wall behind your receptionist, then where is the confirmation of this via your content and shared media?

If access to medicines is part of your corporate ethos then where is the explanation of what actions (and price cuts) you take to facilitate greater access.

These are no minor issues. In a world where competition for staff is tight, prospects are shortlisting their future employers based on their reputation and their contribution. So too are customers forming views about prospective suppliers and manufacturers based on what they say, publish, share, support and advocate.

If you look at the media you own, the content you publish and the stuff you share, does it reflect what you aspire to be? Would those interacting with it get a sense of what you advocate? Would they get a feel for how you are different to other companies?

Because until you see social media as serious business linked to the reinforcement of your corporate reputation, you might be missing a key part of the content marketing puzzle.

Content creation is a key driver of corporate reputation.
It is true that much of the media coverage of this is syndicated from the USA where their largely privatised system means that patients feel price issues more acutely and more directly.

As an example, much of the recent USA-related media coverage related to the breakthrough in Hepatitis C medicines has focused on the different prices that competing companies will charge for their new offerings. The implication is that those companies prepared to offer a lower price are more patient-centric than those charging higher prices.

It is not as acute here in Australia because the new Hep C medicines are reimbursed by the Federal Government via the Pharmaceutical Benefits Scheme so all patients are effectively charged the same.

But increased consumer and media literacy around the way subsidisation works here in Australia will bring these pricing issues into sharper focus in the future. We are likely to see more frequent references to the role of the manufacturer in stories that seek to explain why certain medicines are not being reimbursed.

As awareness of the process grows, people will increasingly ask “If it’s not being listed on the PBS then perhaps the profit-focused company is asking too high a price from tax payers?”

Price is certainly a big issue in Australian private health insurance with premiums rising at three times the rate of inflation. Some innovative insurers seem to have good points to make about how they are working with hospitals to reduce adverse events and thereby reduce health insurance premiums. It would follow that potential customers would come to regard those funds as representing a fairer deal if they can comprehend the rationale (and benefits) behind the approach.

Pricing and access are big issues
Fifth is meaningful external relationships

They say people form a view of you based first on the company you keep.

So the demonstration of strong, collaborative, transparent relationships with patients groups, healthcare organisations and other third parties is another key ingredient.

Positive reputations are not based on what you say about yourself. They are built on what other people say about you.

So authentic external relationships with organisations that share your values and space can clearly help shape perception and image.
Sixth is support for the less fortunate

There is evidence that showing tangible and considered support for the less fortunate is being used as an effective tool to recalibrate perceptions of pharmaceutical companies.

The Guardian recently reported on this in some detail⁴.

People want to know what contribution you are making outside of your core business. Companies that are active in volunteering and charity support will reap a reputational benefit if that action is communicated in an authentic way.

It should be linked to the focus of your business and be clearly driven by corporate values rather than cause-related marketing.

It makes the most sense if your contribution is related to the disease area in which you have solutions. If you can help charities and less privileged people from other countries gain access to your medicines then clearly there is some synergy there.

The biggest mistake companies make in this space is to confuse genuine, authentic concern and support with cause-related marketing.

A certain amount per pack being donated to charities on sales is not perceived as genuine support for the less fortunate. But a charitable, humanitarian, heart-felt contribution will be more accepted as genuine support.
People understand that you can’t control every minute detail of every global business – but you can control how you respond to it. If you do it in a way that is quick, open and patient-centric then you’ll earn reputational points. If it is slow, financially driven and evasive then you’ll need to prepare to wear the reputational damage.

Many companies have earned reputational credits for responding to issues in positive ways. When Merck navigated a global recall of rofecoxib in 2004 it was the most widely used medicine ever to have been recalled. But the company secured reputational credits for its prompt response in ordering the recall and explaining publicly that the recall was driven by safety concerns and not profit.

GSK recalled Children’s Panadol in Australia in 2000 in the face of an extortion threat to the supermarket versions of Panadol for adults. Children’s Panadol was never targeted by the extortionists, but GSK received industry and media plaudits for putting the safety of children first regardless of the economic cost (which was clearly substantial).

People know you can’t control everything and will consider your dilemma accordingly. But they also know you have absolute control over how quickly and broadly you respond.

Your actions while in the storm of a crisis are inevitably going to influence your corporate reputation.

You can’t control everything. But you can control how (and at what speed) you respond.

Drugs boss who hiked the price of life-saving HIV treatment by 5,000 per cent tried to do the same with kidney pills as he vows to reduce the price... but refuses to say by how much

- Martin Shkreli purchased the rights to Daraprim in August for $55 million
- He tried to increase the price from $15.50 per tablet to $750 per tablet
- He has since claimed he wants to reduce the price after a public backlash
- Shkreli, 32, tried a similar price hike while working at another drug firm

There will always be stories that give us all a bad name.
So there they are – our top 7 themes for reputational growth and enhancement in the pharmaceutical and biotech sector.

To re-cap, they are

1. Innovation
2. Transparency
3. Contribution of content
4. Fair dealing
5. Development of meaningful relationships
6. Support for the less fortunate
7. Effective issues management

Which ones are most important to you will depend on your individual circumstances. But ignore any one of them at your reputational peril.
The Palin team has been helping major medical companies build and protect their reputations for nearly 20 years.

Charity partnerships, media training for effective message delivery, issues management, stakeholder relationship programs and strategic content marketing have all helped some of Australia’s best known companies raise their profile and shape what people think of them.

If you’re in healthcare and you’re thinking about the importance of your reputation, we’d love to chat.