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Corporate Citizenship at Eli Lilly and Company: A Strategic Use of Core Competencies

An interview with Laurel Vogelsang
*Associate Director for Corporate Responsibility
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Article at a glance

- Corporate social responsibility, or corporate citizenship, is a constantly evolving concept.
- Good corporate citizenship utilizes a company's core competencies to benefit the community as much as to sustain the corporation.
- Relationships built on shared goals, not just philanthropy, contribute to community sustainability and corporate profitability.

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Introduction

The complexities of operating in a global economy create challenges for companies striving to operate in a socially responsible way, especially in developing countries. Many have found that if the notion of corporate citizenship remains limited to philanthropy, companies fail to take full advantage of their core competencies. In contrast, emphasizing key business expertise to engage more effectively with local communities can provide unique opportunities to make a difference at a grassroots level. In this interview with the Center for International Private Enterprise (CIPE), Laurel Vogelsang, associate director for corporate responsibility at Eli Lilly and Company, discusses how the principles of good corporate citizenship can be an integral part of a successful corporate strategy. Founded in 1876, Lilly is the world's 10th-largest pharmaceutical company. By working with local stakeholders around the globe, Lilly has been able to leverage its expertise to fight such deadly diseases as tuberculosis and diabetes – diseases that can cripple communities and hinder the growth and development of many countries. Lilly's experience shows that companies everywhere should strive to translate their core business strengths into effective corporate citizenship.

CIPE: Corporate social responsibility, or corporate citizenship, is an evolving concept. What does it mean today for a company to be a good corporate citizen?

Laurel Vogelsang (LV): I think one key element of this evolution is how the understanding of corporate responsibility has moved beyond just the issue of reputation. Corporate social responsibility (CSR) has traditionally been very much tied to how companies wished to be viewed. What we are starting to see is less of doing good just for reputation's sake and more focus on interdependence between business and society. Rather than dealing with what used to be perceived as inherent tension between society and business, good corporate citizenship today is about finding

ways to work together. We are thinking more strategically about how we can best leverage our assets and expertise in CSR initiatives.

CIPE: In that context, what are the values that underlie good corporate citizenship?

LV: Lilly's five guiding CSR principles are: aligning our efforts with the core business, leveraging assets and expertise, working together with partners, sustaining long-term commitment to solving problems, and demonstrating measurable impact. There are some key values, too, that we have as a corporation. The most important one is respect for people. It really underlies everything that we do as a responsible business and it means supporting society, recognizing what each individual contributes, and trying to do our part holistically.

CIPE: One of your major programs, the Lilly MDR-TB Partnership, involves working together with international organizations, businesses, and other partners. What is the nature of that cooperation and why is it important to involve various stakeholders in CSR initiatives?

LV: The partnership started in 2003 as a pioneering initiative to fight the global threat of multi-drug resistant tuberculosis (MDR-TB). It is a joint public-private initiative led by Lilly in cooperation with 17 global health and development organizations, academic institutions, and private companies. We work together to provide access to medication, transfer manufacturing technology, train healthcare workers, raise awareness of the disease, and provide resources for prevention, diagnosis, and treatment. We also assist governments and policymakers through advocacy in designing effective strategies to fight MDR-TB.

For instance, we have been working with the International Council of Nurses and the International Hospital Federation to share the knowledge and tools for detection, treatment, and management of tuberculosis in countries that are most at risk. So we are not only reaching patients

directly, but also addressing the issues of training healthcare workers and implementing sound health policies. It has been one of our most successful efforts and we are hoping to use it as a model for bringing together a large group of stakeholders.

CIPE: Under this program you have also been working directly with partners in the private sector in different countries.

LV: Yes, we partner with four pharmaceutical companies in the countries hardest hit by MDR-TB: China, India, Russia, and South Africa. We have been working with them over the last six years to transfer technology and good manufacturing principles so that they can produce affordable, second-line drugs both for their own markets and for export. This partnership not only provides access to MDR-TB drugs to the populations that need them most, but also supports local economies. The transfer of technology is also a way to transform the traditional top-down type of corporate philanthropy into a model where the recipients are more in control. After all, they have the grassroots-level knowledge of how we can best support their efforts.

Our program is also focused on the economic implications of tuberculosis – a disease that continues to impose heavy costs on businesses and communities worldwide. The World Economic Forum, another of our partners, has developed an innovative TB and MDR-TB Toolkit for the Workplace designed to help companies tackle the spread of TB. It has been distributed among workers and managers in China and India, and is now being adapted for use in other countries.

CIPE: Those local partnerships get to the heart of the question of how to make CSR more effective. Yet, the pharmaceutical industry continues to struggle with its global image and allegations that vital medications are too expensive and inaccessible to the world's poor. How do you respond?

LV: This struggle really underscores the complexity that the world faces with many health issues. Lilly is helping where we can to provide access to healthcare, but at the same time, patents are crucial to us. They are the life blood of our industry, and we need to be able to protect innovation or else there is no incentive for pharmaceutical companies to develop new products. By ensuring quality medicines, patents also protect patients from the threat of counterfeit products. According to the International Policy Network, fake malaria and TB drugs are responsible for nearly 700,000 deaths annually. So, it is a complex message.

There is another important issue here. With diseases such as AIDS, TB, or malaria, there is always a danger of misused medications strengthening drug resistance. If the treatments are not properly completed, all you are doing by simply providing free drugs or money to buy them is creating drug-resistant strains. This is not corporate responsibility – quite to the contrary, it is not taking full responsibility. Lilly recognizes the complex nature of this situation and that is why we strive to make our initiatives as comprehensive as possible. We do not just give away drugs, money, or technology. We train healthcare workers and manufacturers, we educate patients, we raise awareness among policymakers. Ultimately, what matters is the sustainability of our work so that it can be continued by local stakeholders.

CIPE: Lilly's other key CSR focus is on diabetes. Why did you choose this particular health area along with TB?

LV: The reason goes back to our CSR principles: focusing on our core competencies and bringing that expertise to the field. TB is one such area. As far as diabetes, Lilly was the first producer of commercial insulin back in 1923, so there is quite a history. We continue to provide insulin and other products for diabetics and fund research. In terms of CSR, Lilly participates in the International Diabetes Federation's (IDF) "Life for a Child" Program, established in 2001 to help children with

diabetes in developing countries. We donated more than 800,000 vials of insulin to this program, which will benefit as many as 24,000 children, primarily in sub-Saharan Africa. Also, jointly with the IDF, we have recently produced a documentary illustrating the struggles of children with type 1 diabetes in Nepal to raise awareness of the devastating impact of this disease in the developing world.

We also focus on diabetes education. Last year, we launched Diabetes Conversations, a program designed to improve understanding of the disease among patients and enhance patient-clinician interactions through a group learning experience. This new program targets more than 40 countries in Asia, Europe, and Latin America. Lilly also continues to work through our “Peers for Progress” program where patients with diabetes around the world are trained to serve as mentors to other patients.

CIPE: How would you rate the impact of those programs?

LV: Many other companies have an easier task of reaching more people through their CSR programs because their products or services meet some broad consumer need. Our drugs are not for everybody; they serve a group of patients who have very specific – and very difficult to treat – medical conditions. So we may not be getting the same kind of bottom-line impact from our work as companies in other industries. But, if you look at the multiplier effect of our efforts on not just patients, but their families, communities, and workplaces, it really is significant.

CIPE: Your CEO John C. Lechleiter said, “We understand that to fully deliver ‘Answers That Matter’ to a global society requires more than medicine alone. We must strive for the highest standards in our business operations, and be transparent about them. We must use our resources and influence to strengthen the communities in which we operate.”* How is Lilly implementing that vision?

LV: One example is the Global Day of Service, an initiative we introduced last May. It focuses on personal engagement of our staff around the world with the communities in which they are working. Over 20,000 Lilly employees participated in projects that ranged from a day-long city makeover in Indianapolis, through fundraising to fight MDR-TB in China, to planting trees as a part of reforestation efforts in Turkey. One element of that initiative is especially worth emphasizing: the Transfer of Hope worldwide charity walk. Lilly staff from all our 48 plants in more than 35 countries participated and raised money to fight tuberculosis. This joint action represents well what we are trying to do as far as CSR: engage with the communities we are a part of and make a tangible contribution to society.

As far as transparency of operations, it is certainly a challenge for all businesses to uphold that standard consistently. There have been issues in every industry where mistakes were made. One initiative we have recently introduced is to voluntarily disclose payments we provide to doctors for speaking and consulting services. We are the first pharmaceutical company to do so, just like we were the first in the industry to publicly disclose our clinical trials, educational grants, and charitable contributions. Naturally, there are many more improvements that could be made, but that is a start and it has now become the industry standard.

It is increasingly clear that although compliance with existing legal guidelines is very important, it may not always be sufficient. Companies as good corporate citizens have a responsibility to strive for the highest ethical standards of their operations even if it means going above and beyond what is legally mandated.

CIPE: That point is particularly important for businesses operating in developing countries, where laws may be deficient or loosely enforced. What other advice on corporate citizenship would you give to companies conducting business in emerging markets?

LV: First of all, regardless of where you engage in corporate citizenship, it benefits your company as well as the end recipients of your assistance. As I mentioned earlier, the benefits to Lilly include the improvement of the business environment by emphasizing the interdependence between business and society and demonstrating this connection via patient-based programs. By engaging in this important work we improve patient outcomes – our core mission.

In addition, it is great from a staff motivation perspective. Employees feel inspired if they know they work for a company that cares. They are not only more dedicated to their daily tasks but eager to go beyond them and volunteer for a cause. Corporate citizenship is also a great recruiting and retention tool. We are all working here because we want to help patients, and CSR initiatives provide a way to contribute to that goal. This attracts the best workers and makes them stay.

Companies operating in developing markets should try to find opportunities to engage with local communities and to have a holistic approach to global development needs. Those companies often face questions on whether their CSR is purely philanthropic or put in place to just to help them grow a business. For us, it is more the former because we recognize the incredible need in Africa and other places. But finding synergies between your business and developing markets can also be a powerful tool for CSR. For instance, we chose to focus our technology transfer program for MDR-TB drugs on countries that already had the basic capabilities to manufacture them. By building on those capabilities, we help countries improve the health of their workforce and this creates a better business environment not just for us but for every local company as well.

CIPE: A common perception is that corporate citizenship concerns only large international companies. What about smaller businesses?

LV: Small businesses can and should be involved in CSR. It may be especially hard right now in the face of the global economic crisis when many businesses feel financially strapped. All enterprises must focus first on their bottom line to survive and not everyone can find the extra resources. But, being a good corporate citizen does not necessarily have to cost money. It can be a day of service, it can be a transparency program, it can be any number of things. If you can identify something that is in line with what your company does and what you hope to achieve for the society, there are a lot of creative ideas out there for companies of all sizes. I would encourage all companies to think creatively about CSR in ways besides financial contributions.

CIPE: Lilly is the 10th largest pharmaceutical company in the world, uniquely suited to address the most pressing global health problems. What is your vision for the future of your corporate citizenship?

LV: We have a very clear vision: to catalyze sustainable access to healthcare for underserved populations. Those words were chosen very carefully to emphasize the need for sustainability of our efforts and the broad definition of who the “underserved populations” include. They are patients in many different locations who cannot get proper access to needed medication for a number of different reasons. Maybe they do not have transportation to get to a healthcare facility; maybe there is a supply chain problem with getting drugs to the right place; maybe they cannot pay for their medication. Global health issues are large, but so is our determination to help in every way we can through using our core expertise strategically.

Notes

* See: “More About Responsibility,” Lilly Corporate Responsibility Report 2008, www.lilly.com/pdf/corporate_responsibility_2008.pdf

Laurel Vogelsang is Eli Lilly and Company's Associate Director of Corporate Social Responsibility (CSR) for the company's Office of International Government Affairs. As the Washington, D.C.-based member of Lilly's CSR team, Vogelsang develops awareness programs to inform policymakers of multi-sector commitments to global health – specifically MDR-TB and diabetes. Prior to joining Lilly, Vogelsang directed and consulted for national and Washington, D.C.-based healthcare partnership programs focusing on aging, minority, and youth populations. In this capacity she developed strategic plans to secure institutional funding from the corporate and foundation communities. Prior to her career in fund development, Vogelsang was legislative director for an Ohio member of the U.S. House of Representatives, handling trade, health, and tax. Vogelsang received a bachelor's degree from Miami University and a master's degree from the University of Maryland/College Park.

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