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The Value of Effective Business Communication

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- Our environment is changing rapidly
-employees seek increased communication in times of change
- Corporate values/ethics and objectives are important to employees impacting engagement and retention.
- Regular effective leadership communication is essential to enhance organisational effectiveness.

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Overview

- Background to Roche/Pharma Industry
- Roche 2000-2005
- Roche Strategic Intent
- Our Employees and what they value
- Climate Survey its Value in effective business communication

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Background

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Rx Marketing and Sales - Environment

- Prescription Products (Rx)
- Require Govt (TGA) approval, and often PBS listing
- Australia largely a reimbursed market
 - PBS listing required for significant sales for most products
- Cannot promote directly to public (by law)

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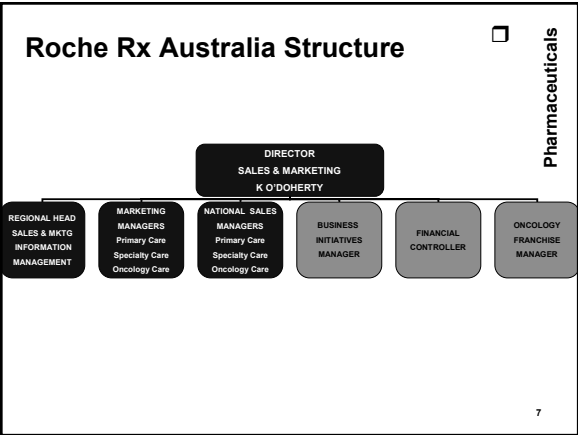
Customers

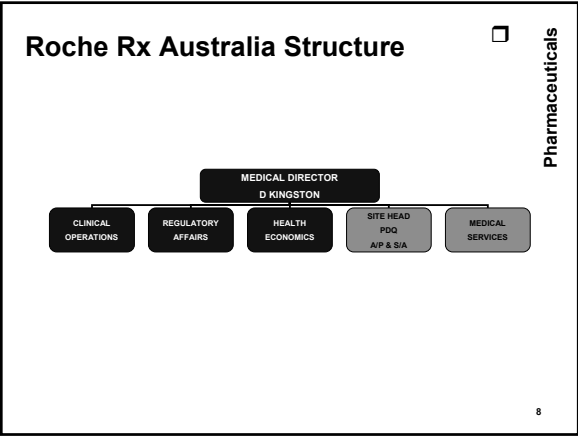
Increasingly diverse group

- ... *Patients*
- ... *GPs*
- ... *Specialists*
- ... *Pharmacists*
- ... *Private Health Insurers*
- ... *HCOs*
- ... *Government*
- ... *Pathologists*
- ... *Nurses*
- ... *Wholesalers*
- ... *CEOs, Medical Directors*

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“Informal Structure”

- Sales/ Marketing/ medical teams work in “brand” teams i.e. are product focused
- Senior Management also Therapeutic area focused ie Oncology, Speciality Care, Primary Care, Established products
- Strong cross functional/matrix organisation
- **Senior Management Team (CMT) drive major business direction, make major strategic and resourcing decisions**

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Roche 2000-2005 ☐

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- Sales growth slowed in 2000-2003
- Global restructuring of business
- Local Restructure in 2003
- Significant portfolio change (products) over 2000-2005.

- Period of significant change and uncertainty

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Roche 2000-2005 ☐

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- Uncertainty in 2003 heightened
 - Where is Roche going?
 - What are the implications for me?
 - Am I getting the whole truth?
 - What about my remuneration, my career?

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Roche 2000-2005 ☐

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- **Globally**
 - Increased communication on direction
 - Expectations more clearly provided
- **Australia**
 - Developed local Strategic Intent
 - Climate Survey conducted annually
 - Increased communication from Senior Leadership team

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**Global Strategy
Roche Corporate Principles**



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Our Mission

Our aim as a leading healthcare company is to create, produce and market innovative solutions of high quality for unmet medical needs.

Our products and services help to prevent, diagnose and treat diseases, thus enhancing people's health and quality of life.

We do this in a responsible and ethical manner and with a commitment to sustainable development respecting the needs of the individual, the society and the environment.

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Corporate Values

- Service to patients and customers
- Respect for the individual
- Commitment to
 - responsibility
 - performance
 - society
 - the environment
 - innovation
- Continuous improvement

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Our Values



A performance culture which is passionate about setting ambitious goals and rewarding achievement

Global teamwork to build our competitive advantage

A drive to change by taking informed risk and by courageous leadership

A sense of urgency and empowerment at all levels of the organisation

Clear, transparent two-way communication

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Australian Strategy



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Maximise Growth Opportunities



Strategic Intent

Our strategic intent is to

“Maximise Growth Opportunities”

via a balance on

People, Products, Patients and Practices

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Maximise Growth Opportunities

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Business Goals

Achieve annualised growth equal to or greater than the Australian market over the Period 2003 – 2007

To be market leader in selected therapeutic categories – HIV Hepatitis C, Transplant, Obesity, CHF and Oncology

Achieve growth in profit greater than growth in sales over the period 2003 - 2007

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Maximise Growth Opportunities

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Strategic Pillars

Strategic Pillars	Goals
Motivated and talented people	<ul style="list-style-type: none"> •Motivated employees •Skilled employees •Attract & retain talented employees

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Maximise Growth Opportunities

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Strategic Pillars

Strategic Pillars	Goals
Sell products	<ul style="list-style-type: none"> •Maximise sales in growth products •Maximise & sustain profit in established products
Satisfied Patients / Customers	<ul style="list-style-type: none"> •Patients <ul style="list-style-type: none"> •Maximise satisfaction with treatment •Prescribers <ul style="list-style-type: none"> •Maximise re-use/retention •Maximise satisfaction •Government <ul style="list-style-type: none"> •Rapid approval with broad indications •Rapid reimbursement with broad indications

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Maximise Growth Opportunities

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Strategic Pillars

Strategic Pillars	Goals
Excellence in practice	<ul style="list-style-type: none"> •Build business opportunities through innovation •Excellence in Business Planning and execution to plan •Leverage learning from internal and external sources to be more efficient

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Communication Tactics

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- **Passive Communication**
-Roche Intranet with full information
- **Active Communication**
Global quarterly updates via email
CMT quarterly updates via email
3-4 times year business presentation to all employees.
Regular Departmental meetings/correspondence
Brand Team/ Customer focus team meetings
- **One on One Communication from manager**
-Twice year performance reviews
- Development plans
- **External Communication**
-Regular customer presentations on corporate values
"Our actions speak louder than molecules"

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Our People

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Characteristics of the Generations

• Traditionalists

- Tend to be disciplined, respect law and order, like consistency
- Loyalty, saving, the work ethic, sense of mutual obligation, patriotism



• Baby Boomers

- Job status and symbols important
- Focus in workplace on process and output, not implications and outcomes
- Optimistic, ambitious, loyal, believed employment was guaranteed



• Generation X

- Focus on relationships, outcomes, their rights and skills
- Not interested in long-term careers, corporate loyalty or status symbols
- Easy to recruit, hard to retain

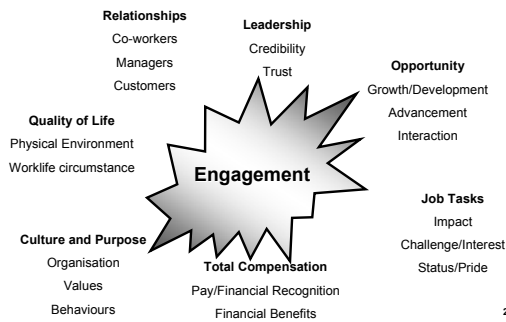
• Generation Y

- Free agents' who are entrepreneurial at heart
- Women and men will expect greater workplace flexibility
- 2/3 in one job <5 years, 1/3 in one job < 3 years

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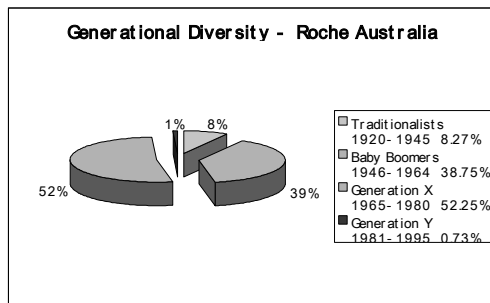
Seven Engagement Factors (Hewitt's and Mercer's)



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Generational Diversity - Roche Australia



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**Our People
Their Expectations** ☐

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- Personal development / Job satisfaction is increasingly important
 - acknowledgement and recognition of each individual's contribution is key
- Flexibility of employment
 - FT/PT options
 - career path flexibility
 - time management of work vs home life
- Expect to work closely with their manager with regular feedback/coaching provided
- Expect to have input into decisions that affect them, and to be well informed about our performance and plans for the future
- Expect to be well rewarded and have a high awareness of their "market value"
- Generation X's- "self interest" dominates rather than "company loyalty" of Baby Boomers. Generation X's are more cynical about company "promises" 28

Our People –Our Expectations ☐

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- Increasingly technical portfolio requires diverse skill set
- Need higher resilience, ability to accept change
- Higher performance standards
- Managers must have excellent people skills as well as technical skills 29

**Personal Communication Skills
Training** ☐

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- Everyone trained in
 - DiSC
 - Advanced "Selling Skills"
- Offered training in
 - EI
 - Advanced negotiation skills
 - Myers Briggs
 - Leadership
 - Coaching skills 30

Climate Survey

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Objective of Climate Survey

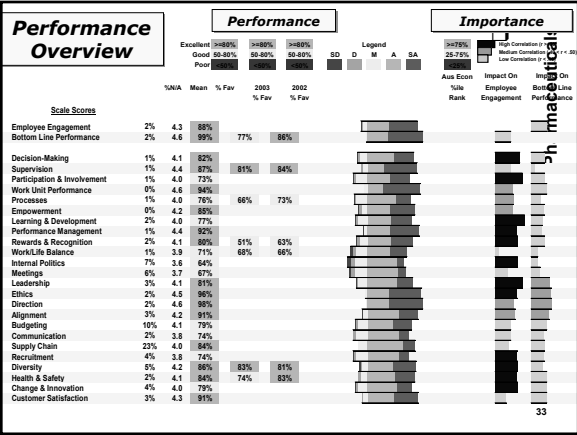
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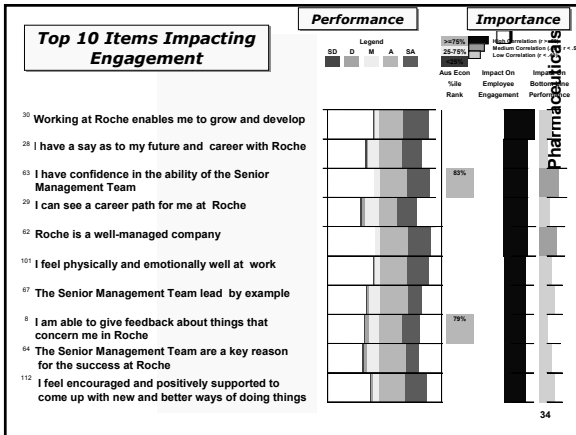
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Each year Roche Rx conducts a employee climate survey to assess **employees' perceptions of**

- Roche Rx's performance across a broad range of general management practices
 - organisational change
 - overall value delivered by our organisation

to enable us to determine what the key drivers of engagement and retention for our people are, and also to track changes over time





How do we act on the results?

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General Principles

- Immediacy**
Disseminate results quickly and take action quickly
- Transparency**
Don't hide unpleasant results - be honest
- Prioritisation**
Clearly identify key gap areas, ie. high drivers of importance for engagement
- Action oriented**
Make definite plans for change and action them, based on priorities

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Case Example

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Climate Survey actions 2004

- Four key development areas identified across the business:
 - *Career Planning*
 - *Reward and recognition*
 - *Senior Management leadership*
 - *Internal Politics (role clarity)*

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Action plans – Performance Reviews and Career Planning

Performance Reviews and Career Planning

- Re-work performance management processes to increase the focus on career planning



- Employee survey completed
- Workshops held to gather ePerform system requirements
- Overseas exchange opportunities – 2 per year with first candidates going on exchange in 2005

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Action plans – Reward and Recognition ☐

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- Complete and distribute New Pharma Rx Remuneration Guidelines
- Recognition Improvements
 - Excellence awards
- Incentive scheme

- Communicated to staff Oct / Nov 04
- New awards rolled out 2004
- New Formula Win incentive programme and OTOP incentive programme

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Action plans – Senior Management Leadership ☐

Senior Management Leadership

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- Senior Management to increase informal and formal contact visits to States
- Increased transparency of decision making by Senior Managers

- New Web site for Senior Management, outlining key meeting objectives etc.
- Increased communication with regular reports

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Action plans – Role Clarity ☐

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Role Clarity

- Developed program and facilitated process throughout division for developing greater role clarity for individuals within departments, and for teams working across departments
- Used external consultants to assist

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What has been the impact on our business?

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The key strengths of Roche seen in 2005 survey

- Clearly understood company direction and ethics
- Understanding of the result of the individual's goals & objectives on total company direction
- Strong work unit performance - especially people and the teams with whom we work
- Strong performance management culture with a reward for performance

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Key areas of improvement since the last survey

- Understanding and transparency of our remuneration system
- Effective decision making
- Encouragement and support of new and better ways of doing things
- Belief in our business direction and confidence in achievement of our goals

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Business impact ☐

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- Key benefits to business are retention of employees and engagement of employees
- **Retention**
Average LOS currently 6 years, increased over several years

Employee initiated termination at 8%
(lowest in 5 years)

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Conclusions ☐

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Conclusions ☐

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- Our environment changes rapidly
 - People seek leadership and clarity of direction, which requires frequent communication.
 - People expect to understand the implications of any change to them personally.

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Conclusions ☐

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- Corporate values and objectives are important to employees engagement and retention.
 - Organisational values and goals must be clearly communicated on a regular basis.
 - Examples of these values in practice rather than theory should be communicated.

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Conclusions ☐

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- Development planning is a key driver for employee engagement.
 - Clarity around Performance expectations and coaching to provide development are critical interpersonal communication skills for all managers.

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Conclusions ☐

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- Regular effective communication at all levels in any organisation is essential to enhance organisational effectiveness.

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