

BRANDPIE

BRANDPIE CEO PURPOSE REPORT 2023:
HEALTHCARE INSIGHTS

Beyond saving lives

The dilemma of purpose in healthcare



In brief

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New data from Brandpie reveals almost 80% of healthcare businesses have a purpose and, as the industry undergoes rapid transformation, the vast majority of healthcare leaders believe purpose will become more important over the coming five years.

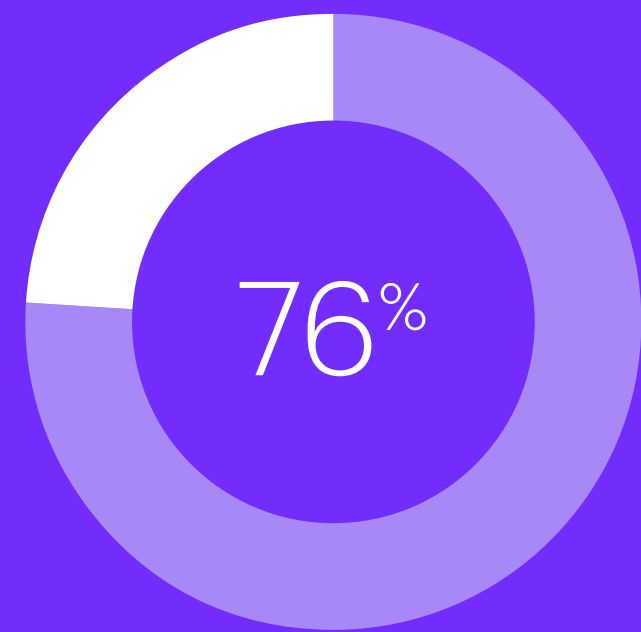
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However, while 73% of healthcare CEOs agree purpose has a positive impact on employee loyalty, only 35% believe purpose actively helps to attract and retain talent, reflecting the sector's struggle to make purpose actionable and relevant.

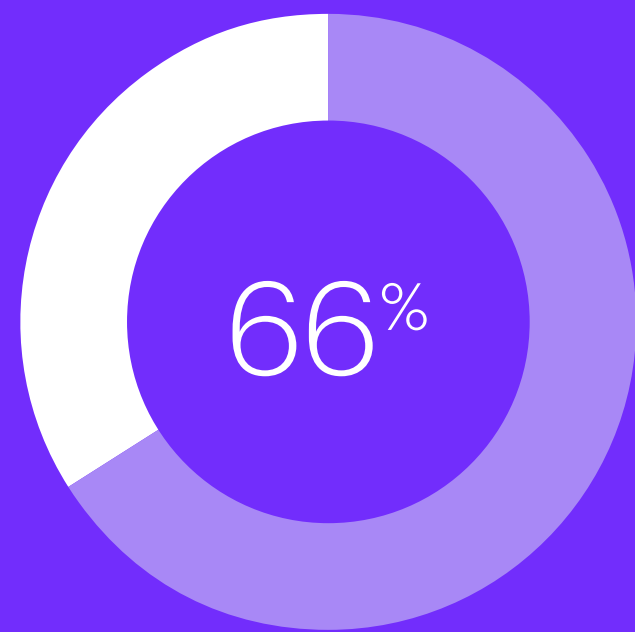
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Nevertheless, healthcare leaders consider purpose to be a key strategic guide for their business, with 85% saying it impacts the majority of their business decisions.

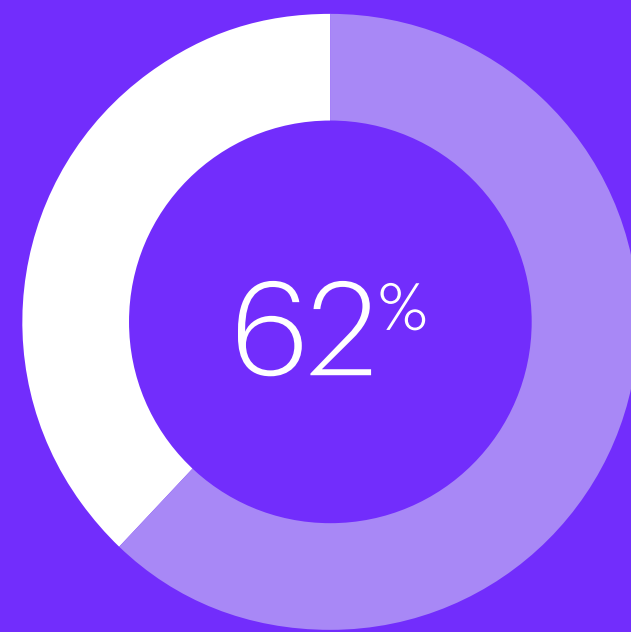
THE TOP THREE BUSINESS CHALLENGES IDENTIFIED BY HEALTHCARE CEOS



Managing supply chain disruptions



Ensuring business resilience



Keeping pace with digital transformation

The state of healthcare today

The healthcare world is going through a period of major upheaval. On top of a challenging macroeconomic environment, firms in this industry have supply chain disruptions, digital transformations, increased competition from new market entrants and a sector-wide talent shortage to contend with, alongside numerous other challenges.

New data from Brandpie's CEO Purpose Report 2023 reflects these pressures. For 76% of healthcare CEOs, managing supply chain disruptions is a top concern heading into the next 18 months. Ensuring business resilience and agility ranks as the second biggest concern, selected by 66% of CEOs, while keeping pace with digital transformation rounds off the top three at 62%.

The last few years have therefore seen a huge amount of transformation in the industry as businesses race to keep up with the pace of change. Many healthcare firms have turned to transactional forms of transformation to fuel future growth, with the volume and value of mergers and acquisitions (M&A) within the industry peaking at a record-breaking high in 2021.

Hampered by regulatory friction and economic headwinds, M&A declined in 2022 – but it's largely expected that activity will return to normal levels this year. In May, for example, US-based CVS Health acquired Oak Street Health to strengthen its primary care services, in a megadeal reportedly worth \$10.6bn.

We know a strong purpose plays a critical role in uniting a business and enabling decision-making, particularly during times of crisis and significant change.

Elsewhere, you have multinational industry giants like Bayer exploring transformation at an organizational level. New CEO Bill Anderson is under pressure from investors to restructure and revitalize the embattled company, including calls to break up the group. According to a MarketScreener report, plans to cut management jobs are already in the works.

Periods of transformation are both challenging and risky for businesses.

Decision-making becomes quicker and more complex, and employees can feel unsettled and disconnected.

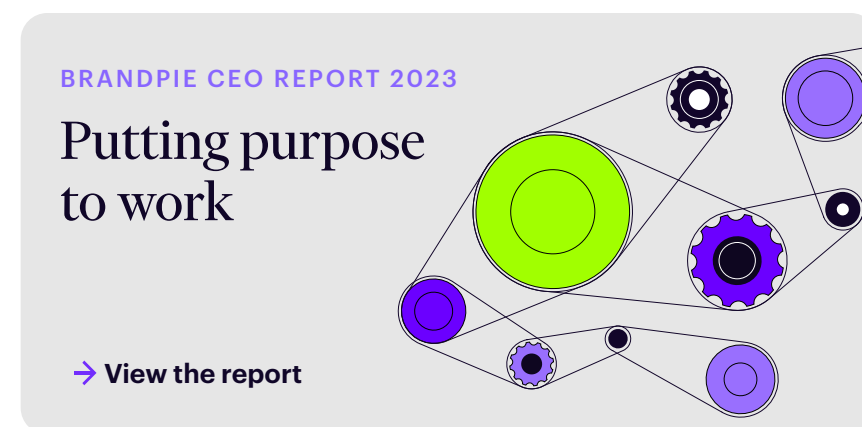
This is typically where purpose comes into play. We know a strong purpose plays a critical role in uniting a business and enabling decision-making, particularly during times of crisis and significant change. We also know that companies which successfully implement purpose see the impact on their top and bottom lines, enjoying higher market share gains and growing on average three times

faster than their non-purposeful competitors (as outlined by Jim Stengel and Millward-Brown Optimor).

Yet, looking at the findings of this year's CEO Purpose Report, we can see there are some conflicting views among healthcare leaders about the role and value of purpose, including the need to measure its impact, its effect on attracting and retaining employees, and the role it plays in driving business decisions. In particular, there's confusion around how to make purpose both actionable and relevant.

Healthcare, by its very nature, is arguably the most purpose-driven of all industries. Every healthcare business is wrapped around a fundamental mission to improve and save people's lives.

But our findings prompt the question: is this enough to reap the rewards? Can every healthcare firm have the same destination in mind, or, amid all this upheaval, does purpose have a bigger role to play?



Demonstrating impact is the least challenging aspect of purpose implementation, with only 27% identifying this as a point of concern.

Evaluating the impact of purpose

According to our research, the vast majority (79%) of healthcare businesses have a purpose. Three-quarters of healthcare CEOs believe the importance of purpose has increased over the last five years, while 68% believe it will continue to increase over the next five.

There is therefore no doubt that purpose is considered critical within healthcare and, as the industry's transformation continues, its role and importance are set to grow further.

However, this means almost a fifth of healthcare leaders say their business does not have a purpose. Within that group, 39% don't see the value in purpose or don't see it as a priority. It may be that purpose is so baked into healthcare as an industry, that these CEOs don't see the need to develop a purpose that is distinct to their business alone.

Interestingly, although the majority of healthcare CEOs overall believe purpose has grown and is continuing to grow in importance, 32% of those businesses with a purpose admit they aren't currently measuring its impact. Of that cohort, 89% say there is either no need or they don't see the need.

Again, this points to the intrinsic nature of purpose within the industry. As the purpose of helping and healing is fundamental to so many healthcare businesses, its impact may be assumed and measurement therefore becomes a low priority for some.

Indeed, according to healthcare leaders, demonstrating impact is the least challenging aspect of purpose implementation, with only 27% identifying this as a point of concern. That's despite nearly a third of CEOs claiming not to measure the impact of purpose at all.

79%

of healthcare businesses have a purpose

HOWEVER...

32%

of healthcare businesses with a purpose don't measure its impact

Attracting talent

The data also speaks to a possible tension between purpose and science when it comes to attracting, engaging and retaining employees. The healthcare industry has been struggling with labor and skills shortages for years, a problem the pandemic has only made worse. For almost half of healthcare CEOs, attracting and retaining talent is a key concern for the next 18 months.

But while 73% agree purpose has a positive impact on employee loyalty, only 35% believe purpose actively helps to attract and retain talent, suggesting some healthcare CEOs may consider purpose at odds with scientific progress or freedom.

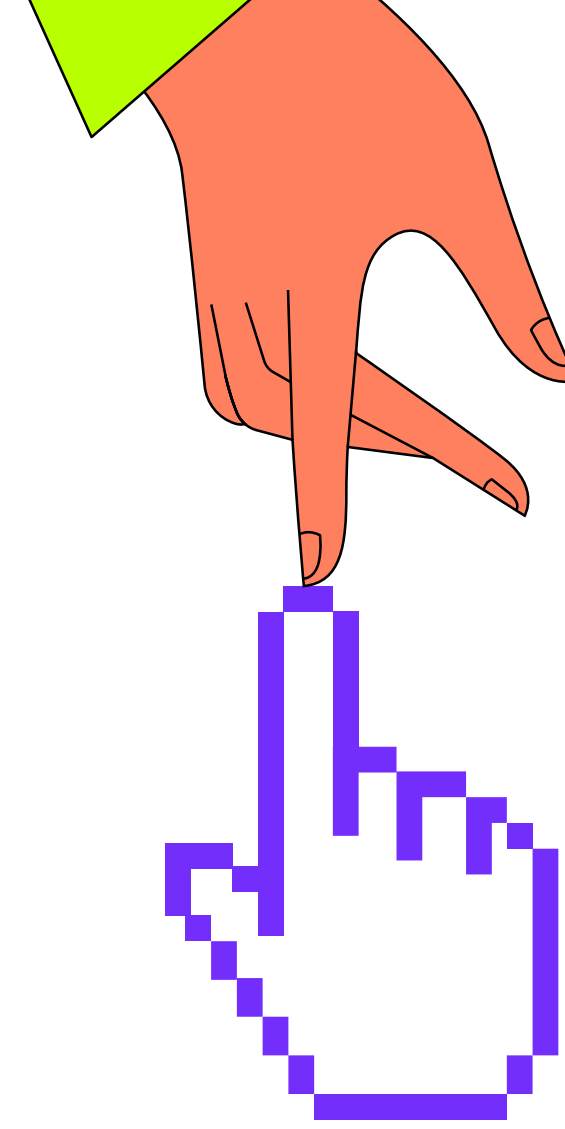
We at Brandpie know from running live, collaborative sessions with over 30,000 employees across various organizations and industries over the last eight years that employees want to work for organizations with a clear purpose. However, when a company's purpose is as vague and universal as 'saving lives', it does little to distinguish it from any other firm in the healthcare world.

On the flip side, we often see in healthcare that business strategies can be so rooted in science that employees feel disconnected from the overall purpose. They don't feel they see its benefits or that they understand it. Healthcare therefore under-indexes compared to other sectors when it comes to employee engagement through purpose.

It's therefore no surprise that 52% of healthcare CEOs say making their purpose relevant and actionable is the most difficult part of implementation.

Engaged employees are extremely valuable to any company. A recent Gallup report found organizations with high levels of employee engagement are 23% more profitable than those with low levels of engagement, while teams with low engagement suffer turnover rates that are 18-43% higher.

But while healthcare leaders identify talent attraction and retention as crucial to future business success, it appears they are not yet unleashing the full power of purpose to help them achieve this goal.



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HOWEVER...

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No. 1 purpose challenge for healthcare CEOs: making purpose relevant and actionable

Healthcare therefore under-indexes compared to other sectors when it comes to employee engagement through purpose.

Guiding business decisions

All that said, it's clear that many healthcare CEOs see purpose as highly valuable, even as some struggle to make it fully resonate with current and prospective employees.

In particular, purpose is seen as a key strategic guide, with 85% saying it impacts the majority of their business decisions.

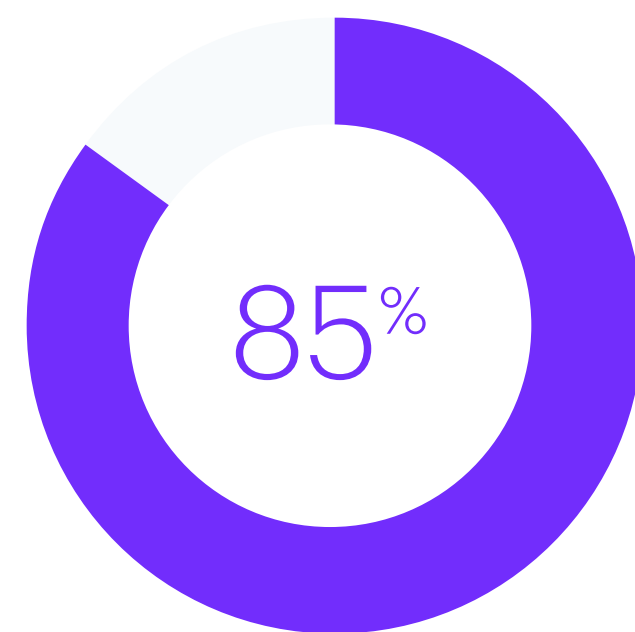
In addition, 74% believe purpose has a positive impact on customer loyalty and 71% believe it has a positive impact on brand perception. Evidently, when done right, the value of purpose for healthcare businesses is broad-reaching.

However, creating a purpose that is relevant, actionable and distinct in an industry that is already bound by one unanimous goal is clearly a significant challenge. Reflecting that, among those CEOs who say their business does not have a purpose, nearly half say the reason is they don't know where to start.

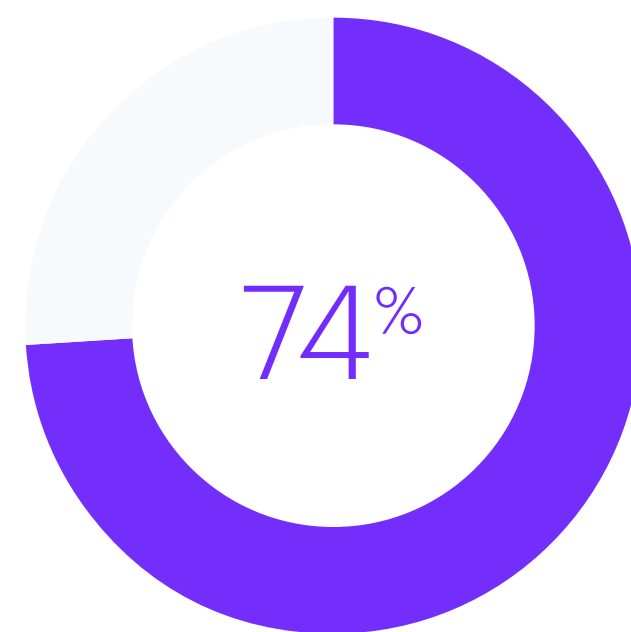
Is it enough for healthcare businesses to rely on 'saving lives' as a purpose? Or should every business have a different and distinct destination in mind? Is there truly a tension between science and purpose, and if so, how can this be resolved?

And, most importantly, what does all of this mean for healthcare organizations as they navigate these transformative times?

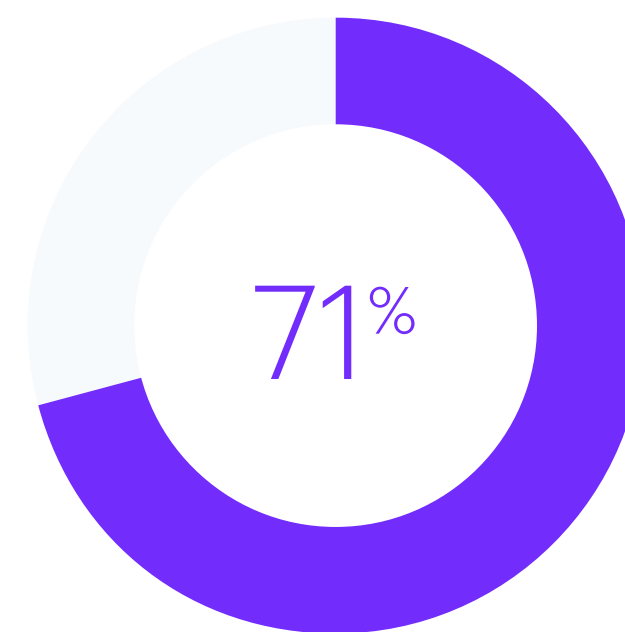
HEALTHCARE CEOS ON THE IMPORTANCE OF PURPOSE



Impacts majority of business decisions



Positively impacts customer loyalty



Positively impacts brand perception

Where to start?

Do you want to be a purpose-driven CEO? To power progress and create real differentiation for your brand in the healthcare sector, here are four initial questions to consider:

1

Does your organization's purpose statement challenge, inspire, and enable the business to deliver long-term value?

3

Are you using your purpose as a lens through which to make decisions, power innovation, and explore new business models?

2

Is your purpose supported by a clear ambition and strategy for the business, and is everyone in the organization aligned around that future vision?

4

Are you clear on how to implement purpose in a pragmatic way that galvanizes and inspires your employees?



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