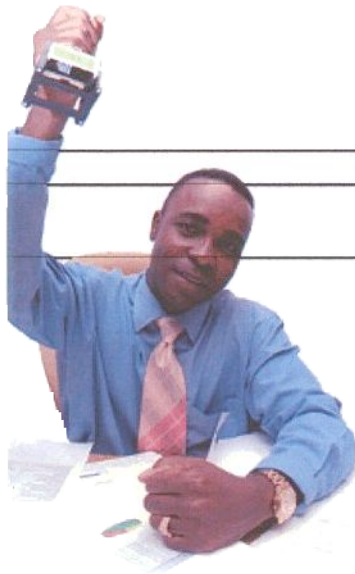


APPENDIX C: ELI LILLY CASE STUDY

APPENDIX C1



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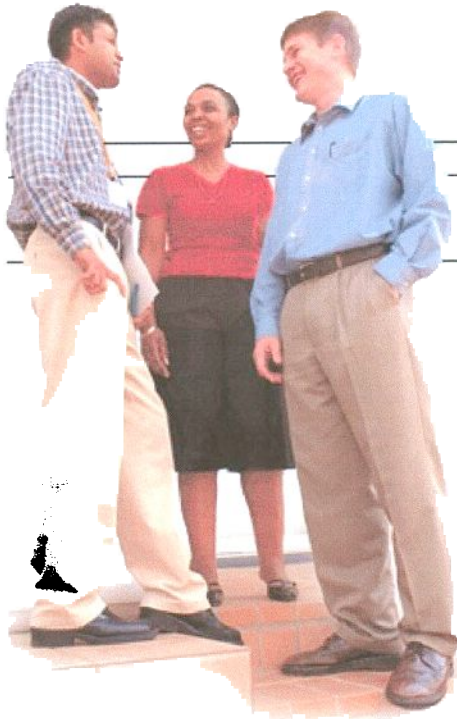
Prozac has been Lilly's best selling product for a number of years. From a corporate perspective, the challenge facing Lilly is that Prozac lost patent protection in the United States this past year. The company is now tasked with ensuring that it maintains turnover and business, in spite of losing its biggest revenue generator ever. Not many pharmaceutical companies have survived losing a blockbuster like Prozac. But Lilly, because of its extremely rich product pipeline, is confident that it will survive – and even thrive.

Going forward, the challenge for Lilly South Africa is to provide healthcare to a shrinking private sector and an emerging middle class market. "We have to find creative ways of reaching this market," says Whitfield. "However, the problem is that the private health care system in its current guise is a challenge. The government needs to ensure a strong private sector, that will then allow for expansion of this segment into the emerging middle class, thereby reducing pressure on the national health care system."

Whitfield's vision for Lilly South Africa during his tenure as general manager is to grow the business locally, to grow the people who work for Lilly and for Lilly to be a good South African corporate citizen.

We'd like to tell you more about our company and the work we do.

APPENDIX C2



Lilly South Africa

Lilly
Answers That Matter.

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welcome

Driven by research and innovation, Lilly is developing a growing portfolio of best-in-class pharmaceutical products. We apply the latest research from our own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Indiana, USA, since 1876, Lilly provides answers – through medicines and information – for some of the world's most urgent medical needs, focused on mental health, cancer, diabetes, women's health, cardiovascular disorders and infectious diseases.

Our people are key to our success. We are a career-oriented company, and take our hiring decisions very seriously. We base our selection primarily on the match between the individual and the values of the company, these being:

- **respect for people** including concern for the interests of all people worldwide who touch — or are touched by — the company: customers, employees, shareholders, partners, and communities;
- **integrity** that embraces the very highest standards of honesty, ethical behavior, and exemplary moral character; and
- **excellence** reflected in our continuous search for new ways to improve business performance to become the best.

Highlights and Features

- **NEW !!!** Pricing Regulations and Lilly's price list.
([Download Adobe](#) if needed.)
[Download the price list...](#) ▶
- **NEW !!!** A new treatment for erectile dysfunction is now available.
[More info...](#) ▶
- The Lilly Foundation, Southern Africa. Eli Lilly announces a new initiative in community relations.
[More info...](#) ▶
- Oncology on canvas
[Press release...](#) ▶
[Competition rules...](#) ▶
[Competition entry form...](#) ▶
- **NEW !!!** [International diabetes care awards...](#) ▶

These values have not changed from those on which the company was founded by Colonel Eli Lilly 126 years ago.

Being recognized for three consecutive years as being one of the top twenty best employers in South Africa is testimony to the strong company culture that is in place as a result of unwavering adherence to our values." Christopher C Whitfield; General Manager.

Lilly is committed to being a responsible corporate citizen. We fund and facilitate a number of community projects including donating personal computers to schools; medication and toys to homes for abandoned children and financial help through an independently-run bursary fund.

APPENDIX C3



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Biggest plus/minus

Company culture & style

Career opportunities & development

Pay & benefit

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The corporate culture of Lilly is integrally linked around employees who are viewed as the company's most valuable asset. The company's three key values are respect for people, performance excellence and integrity. Company values are key and are well integrated in the way each employee behaves. "We reflect our key values in each and every interaction," says Jeanette Schwegmann, human resources director. Every Lilly employee is encouraged to strive, using these values as a foundation, towards excellence and innovative solutions.

The leadership at Lilly is very accountable and intent on providing an environment where people can flourish. "This management style requires very open communication about the company vision and how individuals fit into that vision," explains Whitfield.

The approach at Lilly is always to add value. "We believe that if somebody has a healthcare problem we have a responsibility to try and find a solution," explains Whitfield. "We will go the extra mile in order to achieve the ultimate end which is to restore health and well-being to our consumers. It is our company promise to provide answers that matter."

The US-based Lilly Foundation has been extended to South Africa. The Foundation's premise is that the cure for many diseases centers around education. The Foundation also provides education bursaries and access to free TB medication around the world. One of the first projects they have concentrated on in South Africa is diabetes education.

We'd like to tell you more about our company and the work we do.

APPENDIX C4

about us > Human Resources Priorities

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Lilly places a significant emphasis on multi-skilling and multi-tasking. Most sales staff have a tertiary education.

Lilly SA has embraced Employment Equity requirements. At the end of the 1998 only 8% of the company's local workforce was black. By 1999, this figure had improved to 20% and is currently at 23%. The 2004 aim is to have 46% of the workforce from previously disadvantaged backgrounds. The company's operations committee had no female members in 1998 and now has 25% representation.

However, Lilly will never compromise the company philosophy of integrity and excellence. According to human resources director, Jeanette Schwegmann, "We will continue to recruit the best candidate for the job but we will look in different places for those individuals. We have expanded our recruiting network and will continue to do so."

As for so many other South African companies, the skills shortage available is an ongoing challenge.

Lilly currently boasts an eight to nine percent staff turnover compared to an industry average of 14 to 15%. "Recruiting talented people who are prepared to be loyal to the company will always be a priority. We try to hire for a career – not simply a job," explains Schwegmann.

From a human resources perspective, understanding and managing diversity remains one of the most critical challenges facing the company.

We'd like to tell you more about our company and the work we do.

APPENDIX C5



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Corporate Citizenship > Vision and Strategy > The Lilly Difference

The Lilly Difference

Mission

We provide customers "Answers That Matter" through innovative medicines, information, and exceptional customer service that enable people to live longer, healthier, and more active lives.

Strategic Intent

By providing for the unmet needs of our customers through a continuous stream of innovation, we will outgrow all competitors.

Vision

"Answers That Matter" is the foundation of our promise to our customers. We will deliver on our promise by listening to and understanding the needs of our customers and providing unmatched value.

To provide our customers unmatched value, we will create four dimensions of competitive advantage:

- Generating an accelerating flow of pharmaceutical products from internal discovery and external sources that address our customers' unmet needs
- Manufacturing and supplying our portfolio of products at an ever-increasing level of quality and service
- Providing information, services, and delivery systems that maximize the customer-defined value and that drive the early and sustained adoption of our products
- Partnering to obtain access to high-potential molecules and strengthen key capabilities, thereby creating more value for Lilly and our partner from Lilly assets than we could achieve on our own

Our organization will be adaptive and highly flexible, allowing us to respond to both internal and external changes.

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Corporate Responsibility Statements of Conduct

Long-established core values guide Eli Lilly and Company in all that we do. These values are:

- **Respect for People** – We maintain an environment built on mutual respect, openness, and individual integrity. Respect for people includes our concern for the interests of all people who touch – or are touched by – our company: customers, employees, shareholders, partners, suppliers, and communities.
- **Integrity** – We conduct our business in a way that embraces the very highest standards of honesty and ethical behavior and is consistent with all applicable laws and regulations. We are honest in our dealings with customers, employees, suppliers, competitors, shareholders, and the community.
- **Excellence** – We pursue pharmaceutical innovation, provide high-quality products, and strive to deliver superior business results. Our quest for excellence is reflected in our unsurpassed focus on quality and a continuous search for new ways to improve everything we do. As a result, customers around the world will increasingly choose our products, enabling us to generate a superior financial performance that benefits our shareholders, employees, and the communities where we live.

Building upon these values, Lilly embraces the following corporate responsibility principles:

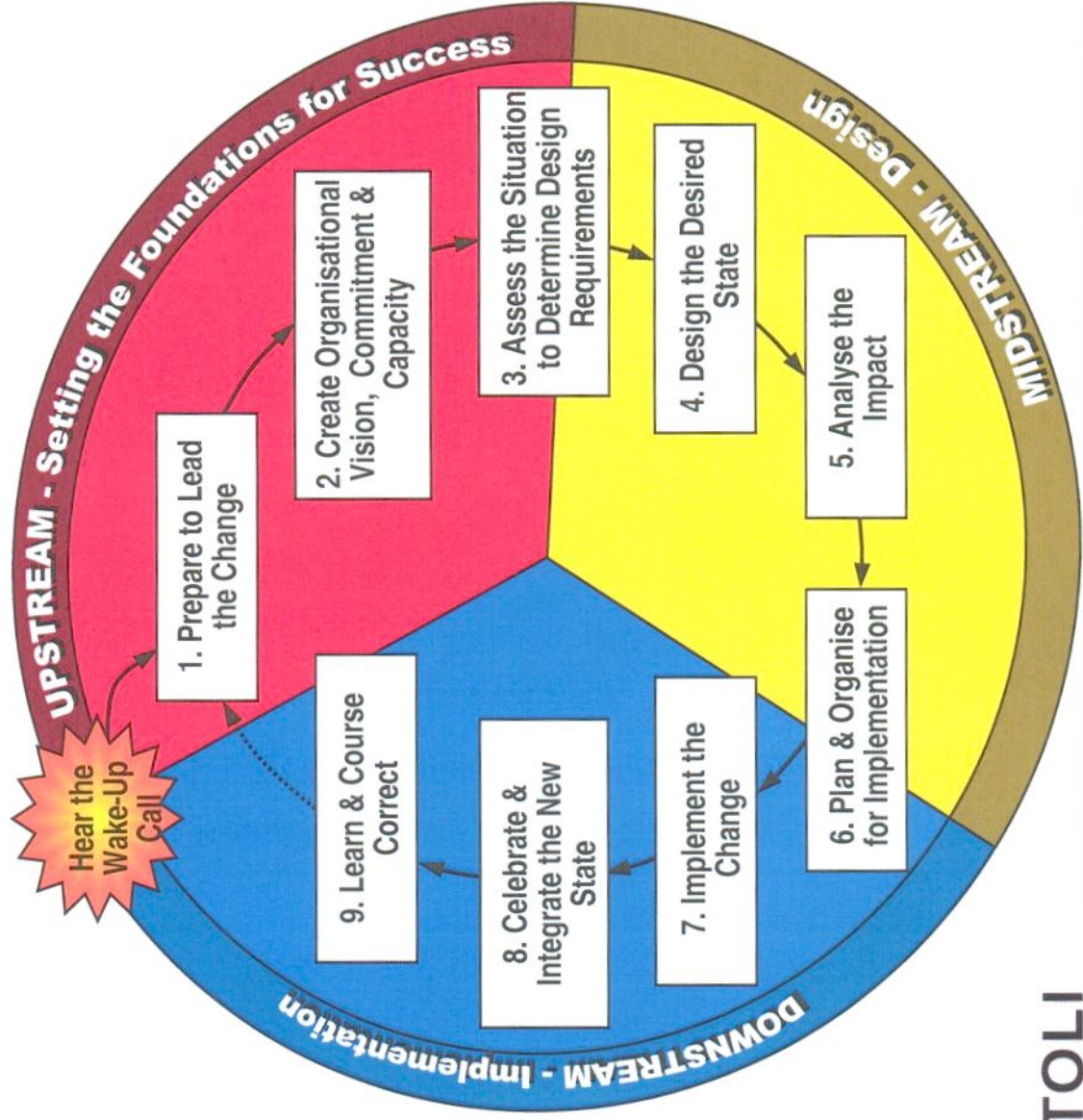
- We are dedicated to providing customers “Answers That Matter” through innovative medicines, information, and exceptional customer service. Our dedication will enable people to live longer, healthier, and more active lives.
- We discover and develop products through rigorous testing and in accordance with the highest scientific and ethical standards. We strive to create innovative products that are either first-in-class or best-in-class and fulfill the clinical promise of their Lilly label.
- We reliably manufacture and supply high quality medicines that are safe and effective.
- We comply with the laws and regulations of every country in which we conduct business and act affirmatively to verify our compliance.
- We conduct our business activities with respect for people and a commitment to diversity, equal opportunity, and freedom from exposure to improper conduct and discrimination.
- We listen and respond forthrightly to questions and criticisms of Lilly and the pharmaceutical industry. We commit ourselves to doing so with the utmost in transparency and timeliness. Our aim is to lead within our industry, improving its responses to the questions and criticisms it faces.
- We select and maintain relationships with suppliers based on the merit and value of their products and services. We will work only with suppliers that we believe are in full compliance with local laws and Lilly’s standards of social, environmental, and economic performance.
- We safeguard and make proper use of nonpublic company and third party information to which we have access.
- We respect the privacy of individuals’ personal information.
- We create and maintain safe and healthful working conditions.
- We respect and protect the environment.
- We comply with all laws and regulations that govern the manner in which we participate in the political process and interact with government officials and public international organizations.
- We create and maintain proper records, adhere to the highest standards of external reporting practices, and are as transparent, clear, and accurate as possible in providing information to our stakeholders.
- We price our products mindful of dual responsibilities - to realize the profits that will enable us to invest in discovery of the next generation of innovative medicines and to permit patients to have access to the value that our innovative medicines can bring to them and their families today.
- We are at the forefront of good corporate governance and have strong, independent, and diverse membership on our board of directors.
- We support charitable needs in communities where we operate and in areas where we have talents and resources that will make a difference.

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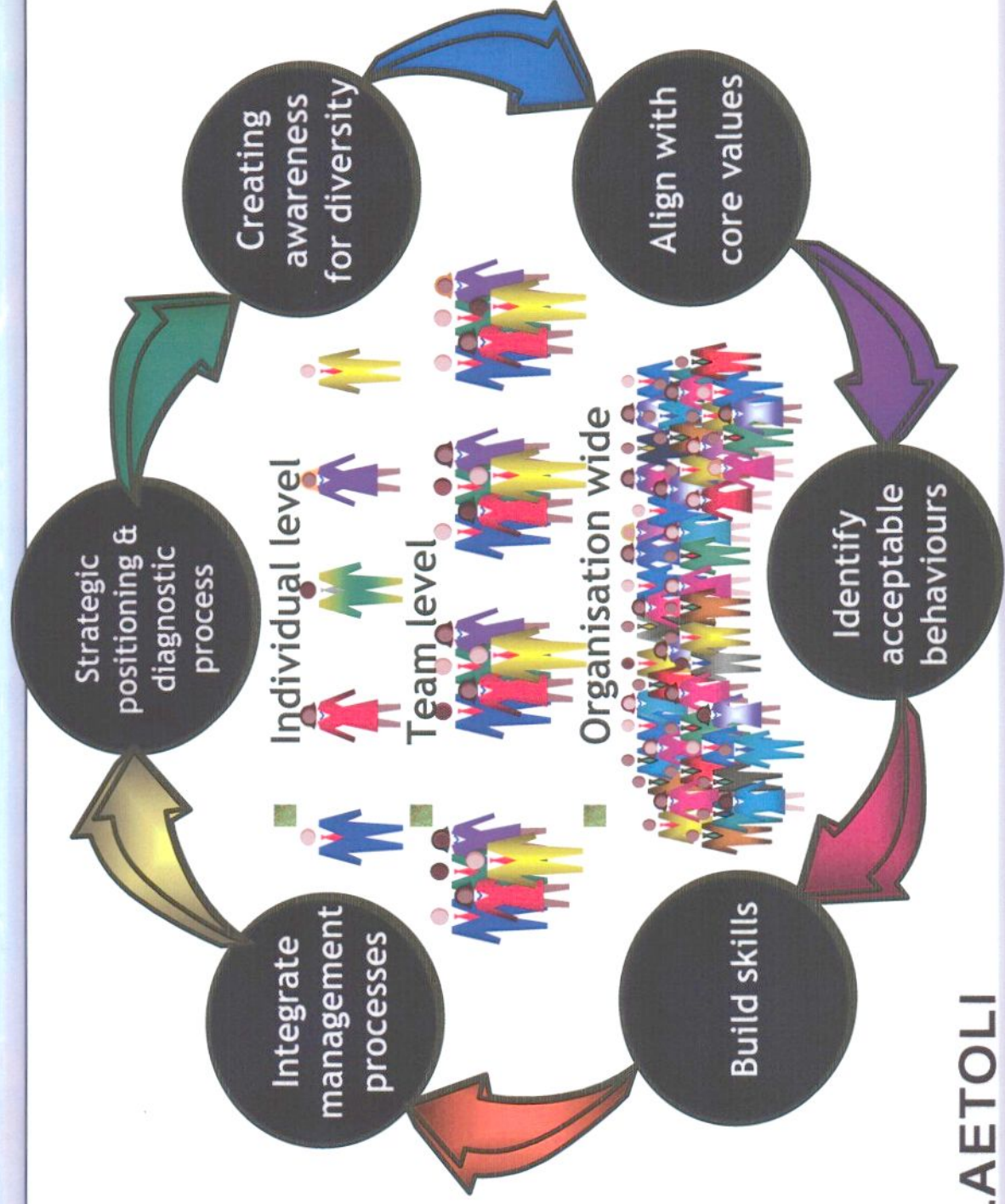
Silly The Change Enablement Route Map

Answers That Matter.



APPENDIX C7

Diversity Process Model



APPENDIX C8

Principles underpinning the Diversity Intervention

- That systems thinking must guide the diversity intervention at all times
- That diversity is not a “stand alone” intervention, - integration is achievable
- That change takes place through engagement & participation
- That a principled approach to diversity intervention must be followed

APPENDIX C9

Purpose and Outcomes of a Diversity Workshop

1. Introduction

Diversity ... everyone seems to be talking about it. Businesses train on it, leaders support it, the media promotes it. But what exactly is diversity? Is it gender? Is it race? Cultural background? Personality type? The answer is yes - and much more. In many South African organisations, people let diversity get in the way of their relationships with other people. This negatively affects efficiency and effectiveness. But, there are also successful organisations which realise that people's differences can be their strength - *if* they combine their skills, experiences, and, ideas while still valuing each others as *individuals*.

Diversity is not really a skill or something for which one can be trained. Diversity really means "*differences in people*". Whether diversity becomes an asset or a liability to you and your team or to our organisation depends on how you as a staff member or manager use it.

2. Purpose of the diversity workshop:

To work collectively as employees of Lilly to consider the strengths and development areas of the company and to lay the basis for a company culture that will embrace an increasingly diverse workforce.

3. Suggested outcomes of the workshop:

This workshop is part of a journey for Lilly. After the workshop, the following outcomes should be achieved:

- To build a common understanding on the strategic business challenges facing Lilly in creating employment equity and a culture where diverse employees can perform to their fullest potential.
- To create a common language in Lilly when communicating on diversity.
- Build acceptance that people of Lilly come from diverse cultural backgrounds, with different opportunities and experiences.
- Promote acceptance and awareness that difference is positive, not negative.
- To consider the feedback on the Employee Survey and to develop consensus on the next steps.

Programme for Workshop

Section One:

- ❖ Opening, welcoming and administrative arrangements
- ❖ Purpose and outcomes of the workshop
- ❖ Outcomes and Ground rules for our workshop
- ❖ Glad, Sads and Mads about employment equity and a diverse work force.

Section Two: Understanding the business rationale for valuing diversity

- ❖ The Global Challenge
- ❖ Role of people in achieving success
- ❖ Global Competitiveness
- ❖ Demographic and skills trends in South Africa
- ❖ Relationship between “diversity” and company’s employment equity process

Section Three: What does diversity mean?

- ❖ What does diversity really mean?
- ❖ Sources of cultural programming
- ❖ Embracing Diversity
- ❖ Barriers to valuing diversity
- ❖ How do diversity barriers effect performance in the leadership Team and in the organisation?
- ❖ “Know me” and cultural exchange

Section Four: Corporate Culture and Valuing Diversity

- ❖ What is culture
- ❖ Appreciating difference
- ❖ Cultural diversity in teams
- ❖ Change starts with me

Section Five: Road ahead for Lilly

- ❖ Feedback on Employee Satisfaction Survey
- ❖ Next steps for Employment Equity Process
- ❖ Next steps for Diversity intervention
- ❖ Role of the Leadership Team in the process

“If it is to be, it’s up to me!”