PROPHET

Transforming Healthcare:
The Forces That Redefine Work and Culture

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Executive Summary

Historically, healthcare and life sciences organizations have been slow to embrace transformation and drive change—especially compared to other sectors. For some organizations, their robust profitability and overall economic health provided a disincentive for change. For others, it was more about internal resistance and aversion to risk.

The COVID-19 pandemic demonstrated that all types of healthcare organizations—pharmaceuticals and biotechs, health insurers and hospital systems, device and equipment manufacturers—could change successfully, at massive scale and with great speed. Transformation was fast-tracked, with a near overnight shift to digital, customer-centric operations and more dynamic ways of working. While pre-pandemic challenges—increased cost pressures, shifting consumer demand and changing regulations—were amplified, the industry's response showed that bold and creative action can help address them. Change that would have required years to execute under normal circumstances was completed within weeks.

Managing Multi-Dimensional Change

Like their peers in other industries, healthcare organizations were forced to respond to several digital, technological, cultural and social factors simultaneously. Employee wellbeing and diversity, equity and inclusion (DEI), sustainability and corporate social responsibility (CSR) all shot up the strategic agenda, in addition to the shift to remote working and digital operations.

Despite the formidable challenges, many healthcare providers and life sciences companies were effective in taking deliberate steps to upend historical ways of working and cultural norms. That success is perhaps best exemplified by the fastest development of novel vaccines in history and the heroic work performed by many front-line care providers. Clearly, healthcare organizations are capable of rapid change when forced to adapt; in this sense, the increased agility and resilience of the last year bode well for the future.

In sharing our research findings about change readiness in healthcare and the perspectives of senior leaders from across the industry, our report aims to:

1

Identify which external forces from 2020 are expected to create enduring changes in organizational culture

2

Propose how healthcare organizations can prepare for future evolution by instilling adaptability and resilience in their people and teams

3

Outline a path forward that enables healthcare leaders to drive successful and lasting transformation

Our analysis and recommendations are designed to pay the lessons of 2020 forward.
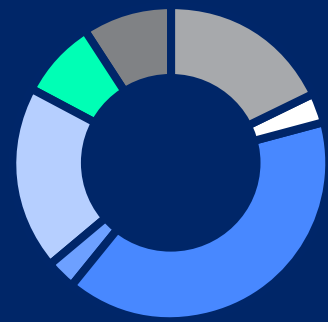
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Methodology

8 INTERVIEWS ACROSS HEALTHCARE SERVICES, HEALTHCARE IT, PHARMACEUTICALS AND MEDICAL DEVICE MANUFACTURERS
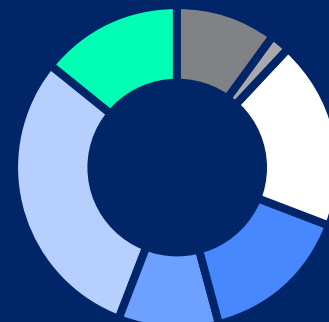
74 PARTCIPANTS FROM PHARMACEUTICAL COMPANIES
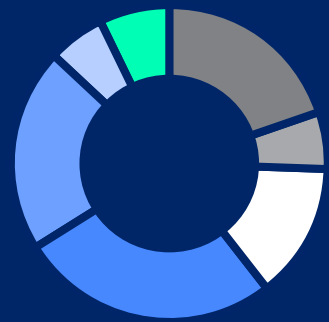
COMPANY SIZE (EMPLOYEES (NET)

250–999	37%
250–499	11%
500–999	26%
1,000–9,999	50%
1,000–4,999	39%
5,000–9,999	11%
10,000+	13%

TITLE

Chief Executive Officer	18%
Owner/ Partner	3%
C-Suite (COO/CFO/CTO/CMO/CXO/CIO etc)	40%
Board Director	3%
Director	19%
Senior Vice President/ Executive Vice President	8%
Vice President	9%

DEPARTMENT

IT	10%
Digital	2%
Finance	19%
Operations	15%
Marketing	10%
Strategy	30%
People / Human Resources	14%
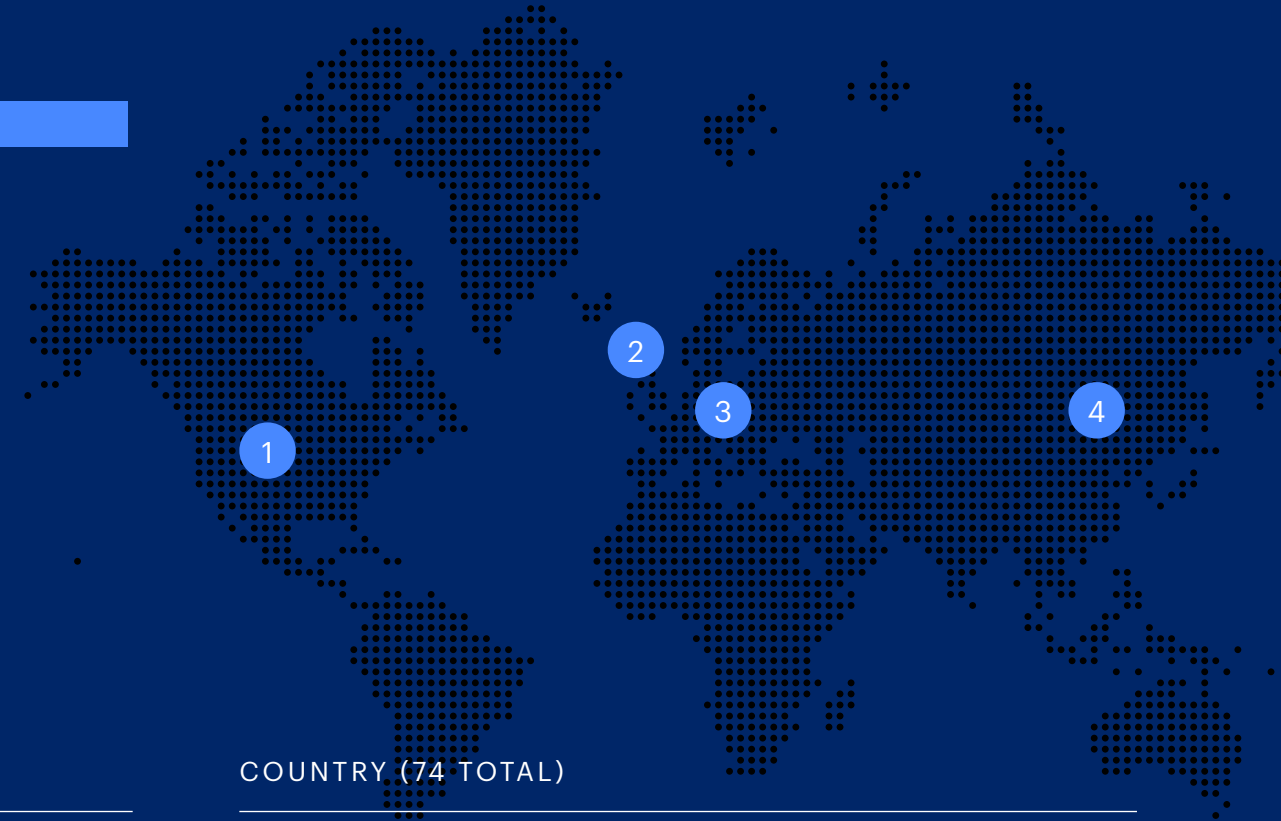
COUNTRY (74 TOTAL)

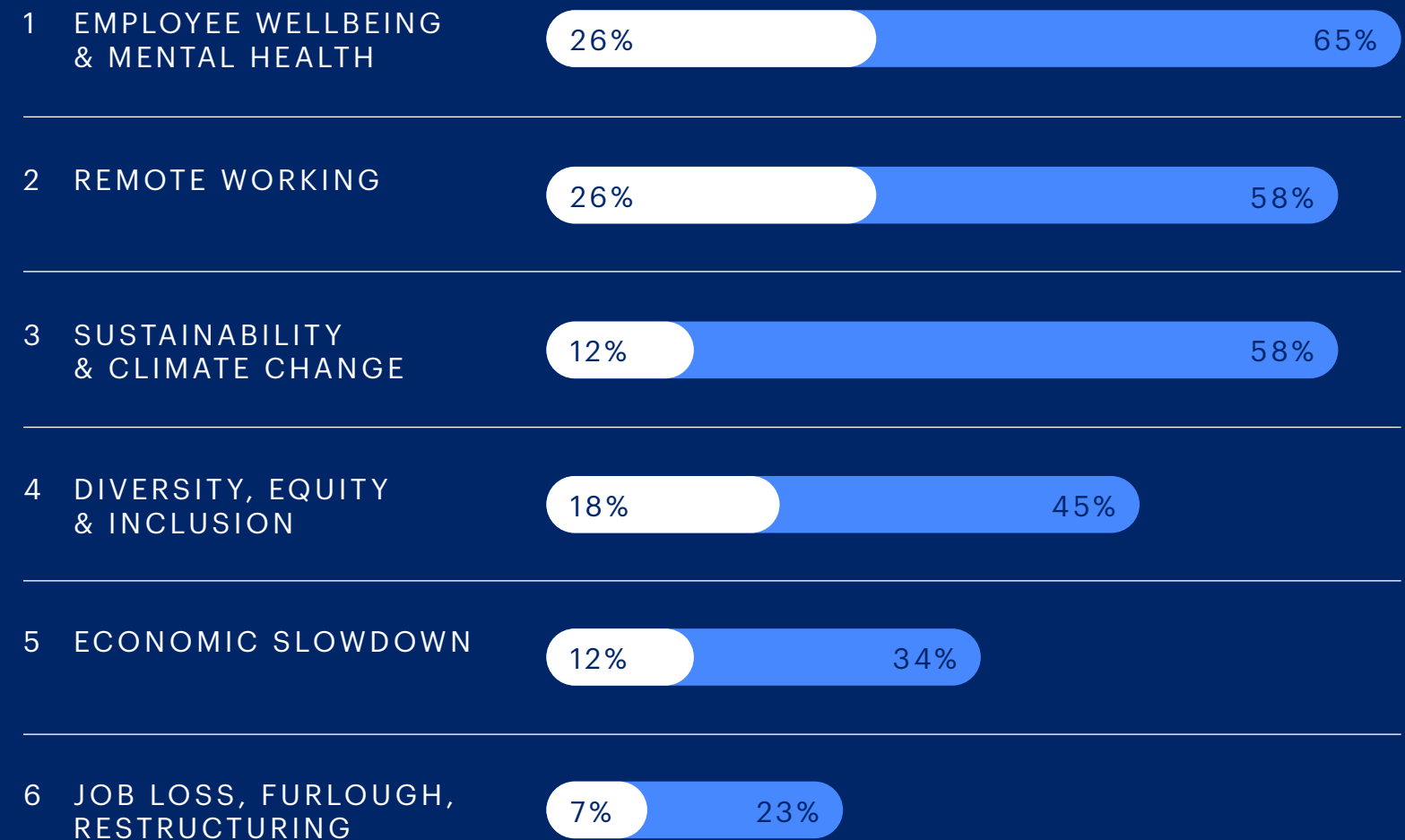|		
1	US	41%
2	UK	18%
3	Germany	3%
4	China	39%

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The Forces That Redefine Work and Culture in 2020

The profound organizational change of 2020 is well documented. There are countless stories of organizations forced to re-examine their cultural norms and form new working arrangements, navigate a sudden and dramatic economic slowdown, reinvent business models and transform employee and customer experiences.

Which of the following areas were important in driving cultural change in your organization in 2020?

● Ranked as the most important force   ● Ranked in the top three most important forces

#		Most important	Top three
1	EMPLOYEE WELLBEING & MENTAL HEALTH	26%	65%
2	REMOTE WORKING	26%	58%
3	SUSTAINABILITY & CLIMATE CHANGE	12%	58%
4	DIVERSITY, EQUITY & INCLUSION	18%	45%
5	ECONOMIC SLOWDOWN	12%	34%
6	JOB LOSS, FURLOUGH, RESTRUCTURING	7%	23%

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However, the impacts and interactions among the underlying forces of change are not as well known. Among pharmaceutical companies, "employee wellbeing and mental health" was the most important force in 2020, with "remote working" ranking second. Our interviews with healthcare leaders confirmed the direct hit that remote work had on employee wellbeing and mental health. The strong effects have been felt throughout 2021 as working environments remain disrupted, with all or parts of the workforces still working from home.

"

You have an unintended relationship between some of the digital workplace initiatives that were always going to happen and the pandemic making them feel more front and center. Some things that were not part of our roadmap—like digitally-enabled commercial sales activities and digital clinical trials —accelerated and created a need for a technology ecosystem and ways of working differently."

KEVIN SCHRAMM
HEAD OF IT STRATEGY AND OPERATIONS
TAKEDA, U.S.

The majority of healthcare and pharmaceutical leaders believe their organizations adapted most effectively to "remote work" and "employee wellbeing and mental health" of all the forces. Still, significant work remains. Employee experience should remain a top focus; 69% of respondents believe it will rise in importance over the next three years. That demonstrates the extent to which healthcare leaders view people as essential to the success of their organizations.

We believe leadership perspectives on the employee experience need to shift and broaden. Policies about where and when employees work are one critical consideration. More flexible hybrid working models will continue to blur the boundaries between work and life. But how they learn to engage with their teams and balance their professional work and personal lives is every bit as important.

"

Remote work has affected us monstrously— particularly the challenges of how we set people up to collaborate. There are a lot of tools, but how do we strengthen relationships in a remote environment? How do we bring new people into our culture?"

SENIOR LEADER
LEADING HEALTH SYSTEM

We're trying to find the right balance between the new capabilities we've discovered from working remotely and what the long-term cultural implications are of remote, virtual work. Leaders must turn to their workforces and ask, "Where can you work remote versus where you need the face-to-face interactions?" As talent leaders, we need to help our people ask the right questions."
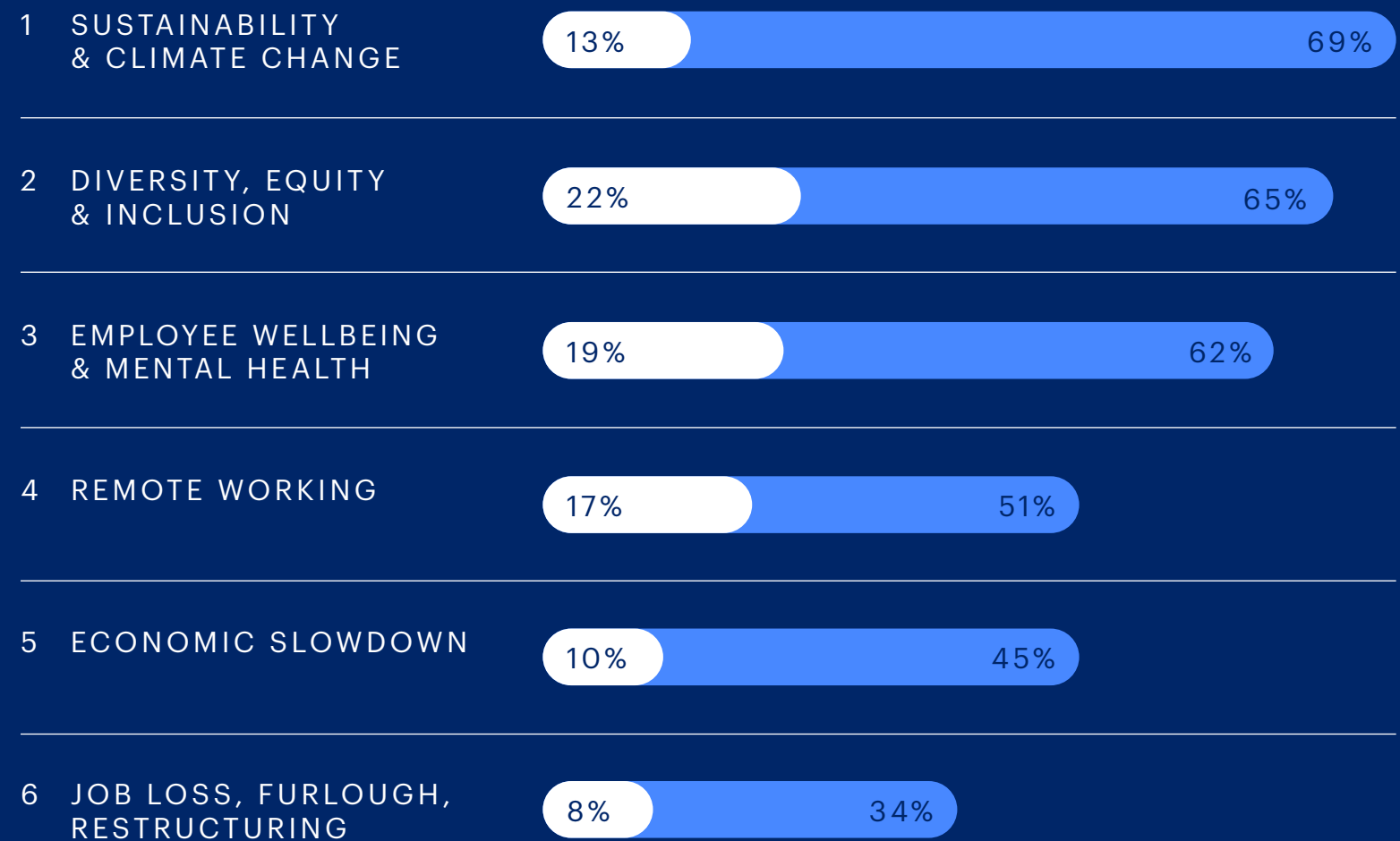
KRISTEN WEIRICK
VICE PRESIDENT, GLOBAL TALENT ACQUISITION AND
CHIEF DIVERSITY & INCLUSION OFFICER
ALCON

Forces Driving Change on the Road Ahead

Leaders largely believe the forces that shaped 2020 will continue to increase in importance over the next three years.

Over the next three years, do you expect (FORCE) to increase in importance, stay the same, or decline in importance for your organization?

● Increase a lot   ● Increase somewhat

#	Force	Increase a lot	Increase somewhat
1	SUSTAINABILITY & CLIMATE CHANGE	13%	69%
2	DIVERSITY, EQUITY & INCLUSION	22%	65%
3	EMPLOYEE WELLBEING & MENTAL HEALTH	19%	62%
4	REMOTE WORKING	17%	51%
5	ECONOMIC SLOWDOWN	10%	45%
6	JOB LOSS, FURLOUGH, RESTRUCTURING	8%	34%

It's no surprise that "diversity, equity and inclusion" (DEI) is viewed as a strong force for future change by healthcare leaders, just behind "sustainability and climate change." Although DEI is not a new concept, it gained new prominence after the death of George Floyd led to a summer of global activism and sparked an ongoing campaign for equality and racial justice. Leaders acknowledge much more can be done to address DEI in the workplace, with only 33% of healthcare respondents viewing their organization as adapting well or very well to this force.

33%

of healthcare leaders viewed their organization as adapting well or very well to DEI in the workplace.

"

When looking at our DEI efforts last year, our executive leadership committed to expanding them. We took substantive actions to partner, influence and invest in lasting change to make life better for our people, patients and communities. This included furthering our integration of DEI in our talent management system withing the company, efforts to improve diversity in clinical trials to provide more specific and better data for underrepresented groups, as well as partnering with more diverse organizations externally to increase opportunities and equity for black Americans, to name a few examples."

SENIOR LEADER
LEADING PHARMACEUTICAL COMPANY

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The increased focus on DEI brought to light many challenges specific to the life sciences and healthcare sectors, as did rising concerns about economic inequality. Beyond commitment to increase diversity within the workforce and in leadership ranks, many firms have re-evaluated other parts of their operations relative to DEI. For instance, pharmaceuticals like Takeda and Eli Lily and Co. are refining their approach to clinical trial recruitment to make them more reflective of the overall community. They are also revamping distribution networks to make their products available to more patients, including the economically disadvantaged.

Similarly, healthcare providers are seeking to expand access through virtual care and by offering free treatments to the recently unemployed. Some health insurers waived copays or offered premium holidays and discounts. All types of healthcare firms sought to diversify their supplier base by expanding their relationships with minority-owned firms.

"

Organizational leadership has been tested on their approach to DEI. Many organizations have viewed DEI as a check-the-box item and something to react to. If you do it right, you're not reacting. You have a clear understanding and list of proof points of who you are and what you stand for. So many organizations have expanded their DEI staff or programs, but the true test is the sustainability of the effort—what is the long-term change we need to drive and make a reality."

KRISTEN WEIRICK
VICE PRESIDENT, GLOBAL TALENT ACQUISITION AND
CHIEF DIVERSITY & INCLUSION OFFICER
ALCON

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Sustainability and climate change are also on the radar of healthcare leaders. Most expect significant future impact, particularly as climate change is a meaningful social determinant of health. Healthcare organizations are just beginning to take actions that contribute to a greener and healthier world. Many initial efforts are directed toward more sustainable packaging and greener manufacturing practices.

"

We created a sustainability strategy that is embedded in our business vision and mission ... because we aim to meet the needs of patients, but not at the expense of future generations. We're showing consumers who really care about sustainability that it matters to us, too. Our commitment touches on people, planet, and a thriving business, where all three aims are deeply interconnected. For example, by 2030, we aim to eliminate packaging that cannot be re-used or recycled or that does not come from sustainable sources. We see sustainability not as a challenge but as an opportunity."

DEREK O'SULLIVAN
VICE PRESIDENT HUMAN RESOURCES
CYTIVA
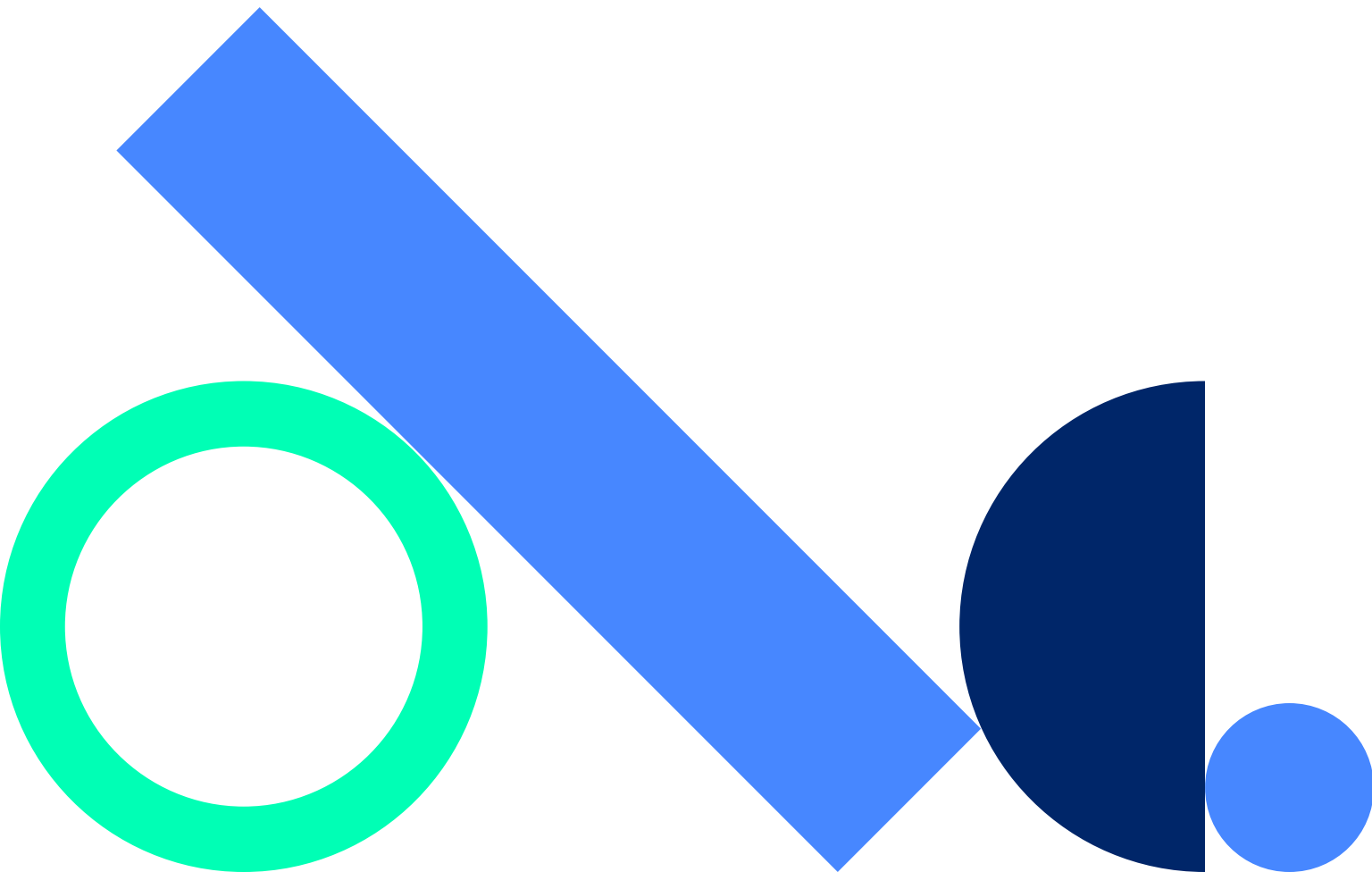
Looking ahead, the forces that made 2020 such a turbulent year show no signs of abating.

They will inspire proactive and transformative change at some healthcare organizations, while disrupting the plans and operations of others. Success in the future may be determined to a significant degree by an organization's capacity to harness the power of these forces to drive necessary and strategic change. leaders must define not only the right transformation priorities and objectives, but also cultivate organizational resilience and agility from the inside out—an attribute we call change fitness.

To do so, leaders must adapt to the forces of climate change, environmental sustainability, stakeholder capitalism and social justice by understanding how they relate to the organizational purpose and how their organization might "do well by doing good." At the same time, they'll need to continue navigating the challenges associated with remote working.

While it has become clear that these forces are part of a "new normal," leaders need to remain attentive and agile as more unexpected shifts arise in the "next normal." After all the market forces and megatrends of pre-2020—personalized medicine, the innovation imperative, new reimbursement models and value-based care, macroeconomic trends and ongoing cost pressures, new regulations—have not gone away. In fact, they will continue to shape the healthcare landscape in the years to come.

Given the amount and pace of change to come, leaders must define not only the right transformation priorities and objectives, but also cultivate organizational resilience and agility from the inside out—an attribute we call change fitness.
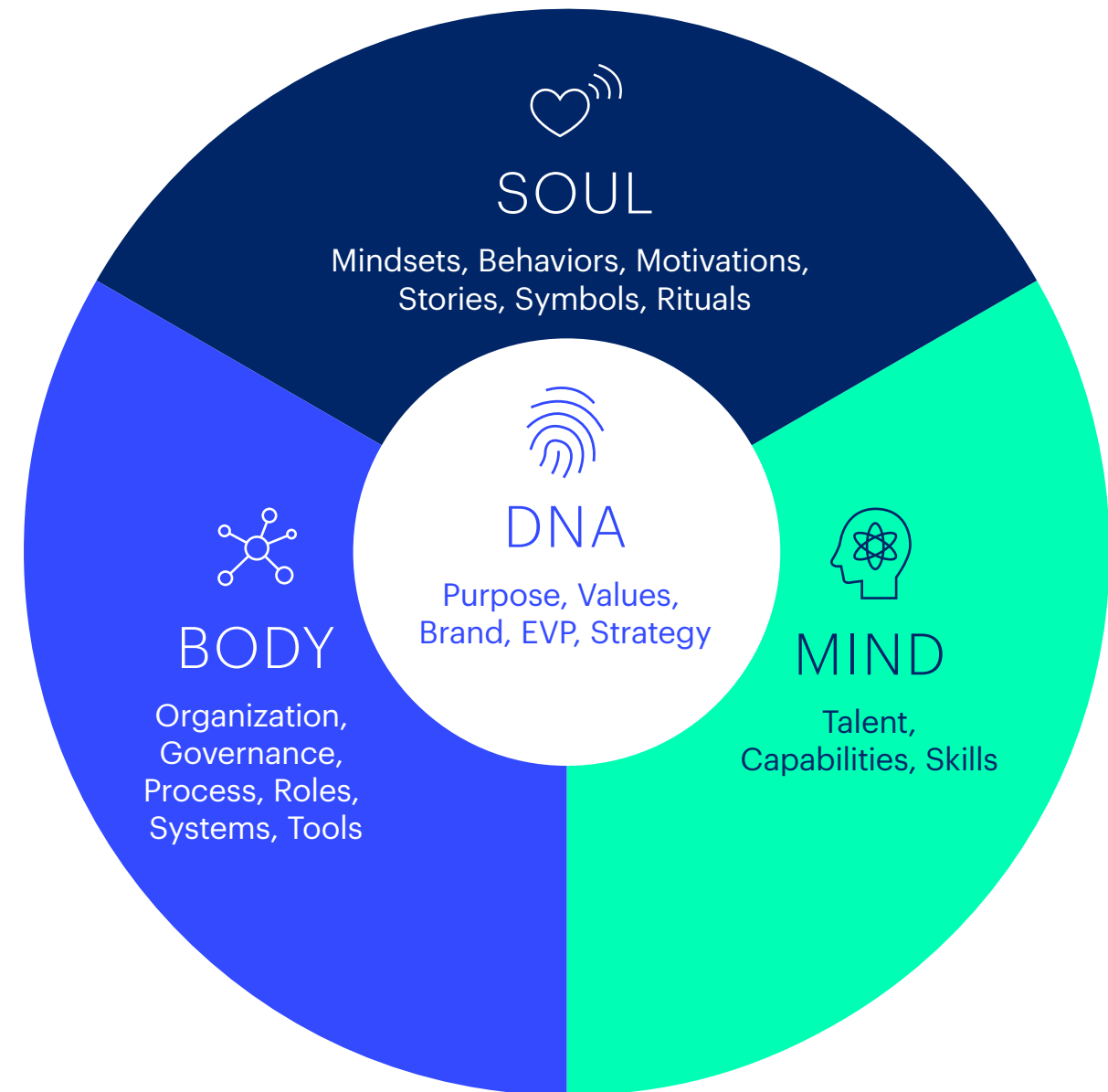
Driving Lasting Change

The events of 2020 demonstrated the importance of organizational culture in dealing with large-scale change. It also demonstrated how traditional change management approaches, which track progress over an obstacle or towards a goal, will not be enough for organizations seeking to thrive in times of unprecedented change and opportunity.

At Prophet, we view all organizations as a macrocosm of the individual. Each one has a unique DNA, and a distinct Body, Mind and Soul. An organization's culture, therefore, is best understood as a holistic organism or ecosystem. For transformation to be successful today, leaders need to think about every element or aspect of the whole and how they relate. Our Human-Centered Transformation Model™ allows us to better perceive and unpack the complexities of organizational and cultural dynamics and identify specific components that can be harnessed in the service of tangible and sustainable change.

45%

of respondents viewed their organization as adapting very well or extremely well to the changing business and social environment.

SOUL
Mindsets, Behaviors, Motivations, Stories, Symbols, Rituals

DNA
Purpose, Values, Brand, EVP, Strategy

BODY
Organization, Governance, Process, Roles, Systems, Tools

MIND
Talent, Capabilities, Skills

Our survey results, as well as our ongoing dialogues with healthcare and life sciences leaders, demonstrate the need for such a holistic approach to change. Fewer than half (45%) of respondents viewed their organization as adapting very well or extremely well to the changing business and social environment.

The organizations that did successfully adapt, took advantage of key organizational catalysts of change.

Fundamentals are essential cultural elements for change

Accelerators are hidden drivers that can make a significant difference to change

THE CULTURAL LEVERS OF TRANSFORMATION

FUNDAMENTALS

Clarify which leaders would lead and / or align top leaders to role model changes

Develop a clear roadmap

Push decision rights downward

Develop KPIs

Identify the skills, capabilities, and roles needed, and develop training to re-skill existing talent

Develop meaningful mechanisms to enable employees to adapt to the change

ACCELERATORS

Set a powerful, actionable ambition

Align talent systems in service of the transformation

Align incentives to drive cross-functional work

Rapidly share successes and lessons learned

Recognize and reward progress, not just outcomes

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Leaders highlighted the importance of pulling levers across the Human-Centered Transformation Model™ to drive sustainable change. An important step beyond setting a powerful ambition is to develop a clear roadmap to define how the organization will achieve the change and clarifying which leaders are leading the change.

Notably, talent recruitment and upskilling rose to the top as one the most crucial accelerators for healthcare organizations and life sciences companies. Pharmaceutical leaders in particular rated "identifying the skills, capabilities and roles needed to drive change" and "developing training to upskill and reskill existing talent to deliver on change" as essential for spurring necessary change. Leaders also recognized the importance of galvanizing their talent behind the change, with "developing meaningful mechanisms to enable employees to adapt" and "recognizing and rewarding progress" as being viewed as critical levers to pull within the Soul.

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Addressing the Critical and Living Parts of Organizational Culture

DNA — Define the Change

Mind — Enable the Change

Body — Direct the Change

Soul — Motivate the Change

DNA

Define the Change

Organizations can drive effective and sustainable change when they set a powerful, actionable ambition and not only align top leaders to the change but have them role model the change.

"You can't take technology and just adapt old processes to be online. Leaders should ask, "What have we learned? Do we need those old processes? How do we evolve that?" Unless that's asked at the very top, you're going to see a company fight to get back to par."

WILLIAM RATNER
US DERMATOLOGY
ABBVIE

Mind

Enable the Change

To enable such change, organizations need to ensure they have the right skills in place, which could include re-skilling and upskilling existing workers or sourcing new talent to fill gaps.

"This notion of balancing technology with culture and talent is core to our approach. We believe that our people, not technology alone, will make the difference in our organization's data and digital journey."

SENIOR LEADER,
LEADING HEALTH SYSTEM

"We have a very rich culture based on the needs of patients coming first. New hires traditionally had the benefit of being around people who have been here for quite a while, mixing in the hallways, seeing patients and understanding how the culture permeates what we do."

SENIOR LEADER,
LEADING HEALTH SYSTEM

Body

Direct the Change

Across systems, governance, tools and processes provide a enable cross functional collaboration and more responsive decision making on the front lines—as a rule or standard operating procedure, rather than an exception reserved for special projects. Pushing decision-making authority down in the organization can help streamline hierarchical structure and improve resource allocation.

"Marketing, IT and clinical care need to figure out how to work together—like how to send appointment reminders for the second vaccine. Marketing can't solve it alone. IT can't solve it alone. I want to see in two years if those cross-functional collaborations are sustained. My hope would be that they stick going forward."

SENIOR LEADER
LEADING HEALTH SYSTEM

Soul

Motivate the Change

Motivating people to embrace and advocate for transformation requires igniting belief in the necessary change. Organizations find the most success by developing mechanisms for employees to adapt to change, sharing stories and lessons learned, and recognizing progress—not just outcomes.

"We have to make change purposeful, because people will overcome the resistance to change if they get the 'why' behind it. If we get everyone motivated on the why and purpose, we're much more successful in implementing change and having it stick."

DARRELL JOHNSON
SVP, CHIEF MARKETING OFFICER
CERNER

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Conclusion

Typically, businesses have been able to effectively navigate and respond to external forces on a case-by-case basis. But the events of the past year have put a spotlight on the importance of corporate resilience and the need to strengthen organizational cultures for the transformations to come.

By adopting holistic approaches to change, such as Prophet's Human-Centered Transformation Model, organizations can achieve greater outcomes in shorter time frames and adapt to changing circumstances more nimbly than in the past. Such models are especially powerful now, given how digital empowered organizations to execute faster and larger-scale change than was commonly believed. Given the need for ongoing evolution, transformation-minded leaders must build on that momentum with continual assessments of organizational fitness for change. Such insights represent a critical first step to building greater resilience across the entire organization.

For discussions on how and where to begin, please contact us:
inquiries@prophet.com
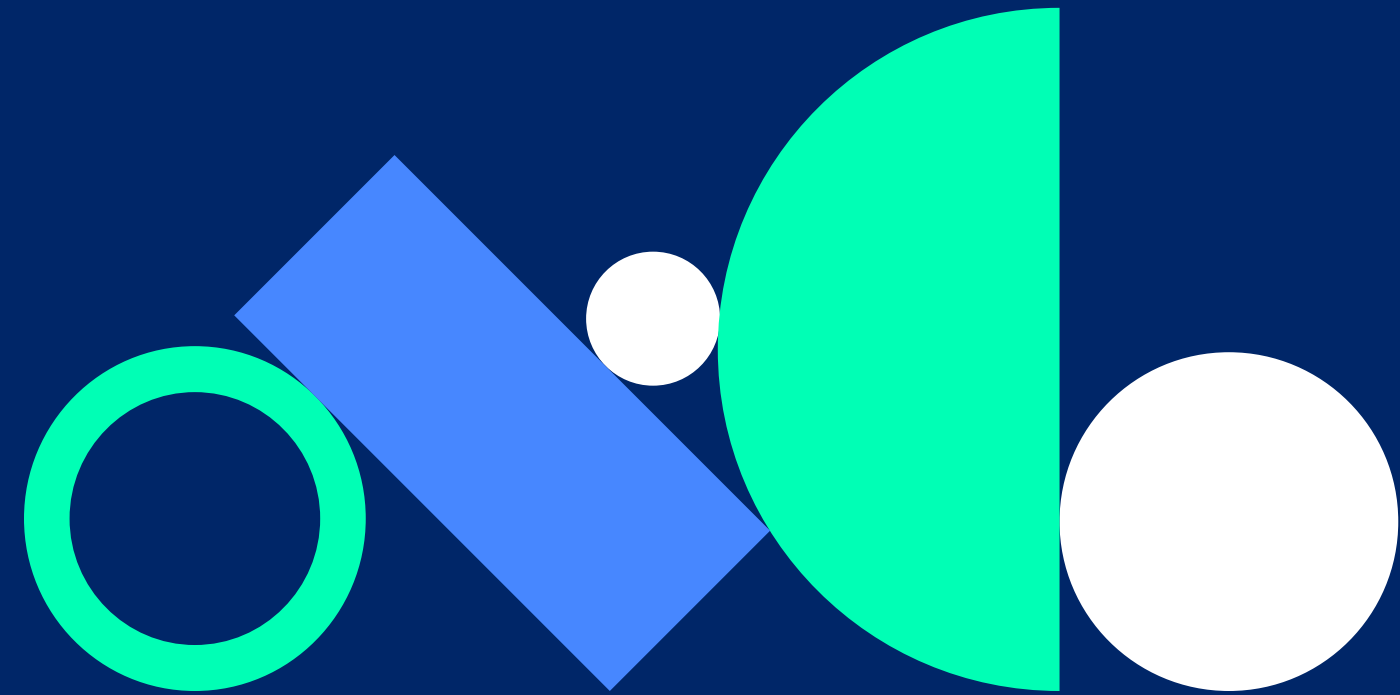
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Prophet is a digitally-powered, creatively-inspired consultancy that helps our clients unlock uncommon growth in the face of disruption. Unprecedented levels of change and disruption require new thinking and transformative approaches to growth. From purpose to product, brand to experience, customers to operations, we bring the insight, rigor and expertise needed to help our clients realize transformative opportunities—in and outside of their organizations.

Our Solutions

Culture and employee engagement

Organizational design and operating model

End-to-end patient experience strategy

Product, service and touchpoint design

Market sizing and value proposition development

Digital marketing and sales strategy

Brand positioning

Brand portfolio and architecture

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