Associates

To help us fulfill our company purpose of reimagining medicine, we are changing the way we work to unleash the talent and creativity of our people. We made progress in 2019 on our cultural transformation, which is a strategic priority for Novartis. We aim to make our culture a driver of innovation, performance and reputation, and a source of sustainable competitive advantage.

Cultural transformation means ensuring employees feel inspired by our purpose. We want them to be constantly curious about new ideas that can improve health outcomes for patients, physicians and society as a whole. And we strive to create an “unbossed” culture in which leaders are encouraged to serve their teams, remove obstacles, and empower people to attain their personal and professional ambitions.

To support this transformation, our goal is to attract, develop and promote highly talented people who embody the new culture, and to build a diverse and inclusive workforce so we can tap the broadest possible range of skills, experiences and backgrounds.

Progress in cultural transformation

Providing inspiration and sustaining impact

Our purpose provides a major source of inspiration for employees, and we constantly seek ways to show how their work contributes to its fulfillment. In 2019, Novartis senior leaders increased communication about the impact we are having on global health – whether through the launch of innovative cell and gene therapies, or through our efforts to fight malaria. The company’s purpose was a constant theme on our internal social media platform and intranet. We also held a series of live global events featuring external thought leaders to inspire employees with ideas from outside the organization.

We aim to sustain inspiration by providing employees with a working environment and practices that encourage them to do their best work. In 2019, for instance, we began experimenting with a new approach to managing people’s performance. In trials involving more than 16,000 employees in eight countries, we eliminated individual performance ratings, stressing instead the importance of teamwork and collaboration. People got regular feedback from peers as well as managers, and we increased the focus on coaching to improve performance. The experience we gained will inform how we extend the process across the company in the next two years.

We also began implementing a global guideline providing for at least 14 weeks’ paid leave for all new parents employed by Novartis, regardless of gender, to support the well-being of their families after the birth or adoption of a child. Currently 82% of employees in more than 40
countries can benefit from the guideline and by January 2021 we expect it to cover all Novartis employees, helping them feel more fulfilled and inspired in their work and home lives.

We continued our Energized for Life initiative, including programs to improve employees’ health and well-being. For example, we expanded a program that supports people affected by medical conditions such as cancer and neurological and cardio-metabolic disorders to cover 80,000 employees and their families in more than 70 countries. Our alliance with an external company that gives advice and support in areas like nutrition, movement, mindset and recovery now extends to all employees worldwide. In addition, we started rolling out mindfulness and mental health support programs globally.

**Encouraging curiosity and learning**

We are building a culture that stimulates curiosity, encouraging people to challenge the status quo and explore new ways of working. To support that culture, we provide multiple opportunities for employees to learn from colleagues and external experts. This is vital to help us keep pace with the digital revolution in healthcare and accelerating innovation in biomedical research.

A popular employee-crowdsourced idea to support culture change prompted us to announce a new investment of USD 100 million over the next five years, on top of our existing annual training budget of about USD 200 million. And we are encouraging all employees to devote 100 hours per year to learning activities.

About 2,000 people completed a digital immersion course for leadership teams that included a hands-on simulation with opportunities to experience and use the latest technologies. Our online Digital Awareness Hub launched in 2018 to help demystify digital technology was used by 33,000 people, or nearly a third of all employees.

In 2019, we began giving employees free access to 3,500 virtual courses provided by Coursera in conjunction with 200 leading global universities. During the first year, more than 7,000 people took part in over 1,800 different courses, many relating to leadership and digital skills, amounting to nearly 85,000 hours of training. In addition, we started offering virtual master’s programs in data science via Coursera with two US universities. In collaboration with LinkedIn Learning, 11,000 employees completed more than 370,000 shorter courses and training videos. We also launched virtual language training and around 14,000 people took part, supporting effective communication among colleagues from 120 countries.

This activity reached its peak in our second Novartis Learning Month in September, when over 15,000 employees devoted 100,000 hours to learning and participated in 130 webinars and 250 local learning events. For the full year, employees spent an average of 35.8 hours on learning activities, up from 22.6 hours the prior year.

**Creating unbossed leadership**

Leaders are critical for driving culture change, and this means developing strong and self-aware managers who act in an unbossed way. In other words, they set clear priorities, empower their teams, and encourage employees to speak their mind and take smart risks.

In 2019, 350 senior leaders began a year-long leadership development program to build the capabilities they need to help transform our culture. So far, 120 have completed it, with the
rest due to finish in 2020. Members of the Executive Committee of Novartis (ECN) are going through the same intensive program, which includes a two-week immersion session supported by coaching, as well as webinars, and three 360-degree evaluations to track progress. We plan to cascade key aspects of the program to 10,000 leaders over the next three years, helping embed the new leadership approach in our organization.

We expect the benefits of the new approach to grow as more leaders adopt it, but there are indications it is already beginning to change the way people work. For example, in a technique borrowed from the technology industry, self-directed project teams in our manufacturing and commercial operations are developing digital applications more quickly than they were able to in the past. And when our medical liaisons in the US were freed to organize their own approach to telling doctors about some positive research results in heart failure patients taking Entresto, they doubled the number of customer engagements in a 90-day period, compared to the typical top-down approach.

We believe effective leadership is grounded in self-awareness, and in 2019, we rolled out a new online assessment tool that allows leaders to get feedback from colleagues and team members on how well they are encouraging an inspired, curious and unbossed culture. In addition, a range of tools monitor progress within the organization and provide regular feedback. In an annual survey, employees gave their managers an approval score of 82.5 points higher than a global benchmark. A new quarterly survey to assess employee engagement in November 2019 showed a score of 74.4 points above the pharmaceutical industry benchmark, with a score of 78 for sense of purpose, 2 points above the benchmark.

**Ensuring a wealth of diverse talent**

The future success of Novartis depends on our ability to recruit and promote talented individuals who can drive the company’s performance in an era of accelerating innovation. In 2019, we continued our progress on initiatives to promote a diverse and inclusive workforce.

Novartis made progress toward our goal of gender balance in management by 2023, with the percentage of women managers at 44%. The number of women on the ECN rose from two to three, and women now head both the Novartis Pharmaceuticals and Novartis Oncology business units.

We also made progress toward our United Nations Equal Pay International Coalition (EPIC) pledge to close the gender pay gap by 2023. One major step is to remove potential bias from the system by eliminating historical salary data when making job offers, and in 2019 we achieved this in seven countries covering 40% of global hiring, including the US and India.

We are encouraging more open discussion of pay so employees can see how their income compares to peers and, where possible, to external benchmarks. We have already launched pay transparency in France and plan to add seven more countries in 2020, including the US and Switzerland. In a further sign of our commitment, Novartis has been included in the 2020 Bloomberg Gender-Equality Index, which tracks a range of measures including female leadership and talent pipeline, gender pay parity, and inclusive culture.

Our progress in diversity and inclusion (D&I) was reviewed in two global surveys. We were pharmaceutical industry leaders in the Refinitiv (formerly Thomson Reuters) D&I Index and were seventh out of more than 7,000 companies worldwide. We were also ranked No. 7 in the
Dow Jones Sustainability Index, which compares the environmental, social and governance performance of the world’s leading companies. We were industry leaders in a number of environmental areas and in “labor practice indicators” covering D&I, equal remuneration, and freedom of association.

In addition to the focus on D&I, our talent strategy aims to anticipate future business priorities. Internal promotion has played a vital role in revitalizing the company’s leadership as we transform our culture, with four out of 10 new ECN members in the last two years coming from within the organization. Among the company’s top 293 leaders, 38% were appointed during the past year and 82% of these positions were filled internally. We are also stepping up external recruitment, both to refill the talent pipeline and to develop our capabilities in key areas such as data science.

A major driver of recruitment is our new Employer Value Proposition, which captures our appeal as an employer and provides a framework for attracting talented individuals to the organization. One year after launch, we have already seen an 88% increase in hires made via the Glassdoor recruitment website and a 72% increase in hires made through LinkedIn, compared to 2018.

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Footnotes:

* ‘Unboss’ is a term used in a book ‘Unboss’ by Lars Kolind and Jacob Bøtter. In the book the authors offer the concept of “unboss” as opposed to the conventional “boss”. To «unboss» means to transform your organization into a purposeful social institution. An “unboss,” the antithesis of a traditional manager, is part of an organization rather than above it. The unboss inspires the entire organization with passionate advocacy. An unboss is a team member and shuns the symbols that traditionally set leaders apart from their employees.

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