

Creating shared value as a new business model for pharmaceutical companies

" Glaxo Smith Kline (GSK) MODEL "

La création de valeur partagée comme un nouveau modèle d'affaires Pour les entreprises pharmaceutiques

" GlaxoSmithKline (GSK) MODELE "

Ishak KHERCHI

University of Hassiba Benbouali
Chlef, (Algeria)
kherchi.ishak@gmail.com

Mohamed FELLAGUE

University of Hassiba Benbouali
Chlef, (Algeria)
mohamed.fellag@gmail.com

Abstract:

This paper aims to provide shared value as a new business model for pharmaceutical companies to create social and economic value. Based on the dedicative approach we analysed Glaxo smith kline programs that created shared value, we provide new way of doing business for pharmaceutical companies.

Key words: Shared value, Social value, Business value, business model, Glaxo smith Kline.

Résumé:

Cette étude vise à présenter le concept de la valeur partagée comme un nouveau modèle pour les activités des entreprises pharmaceutiques conduisant à créer de la valeur sociale pour la société et de la valeur économique pour les entreprises. Ce travail s'est appuyé sur l'approche descriptive et analytique pour la description du concept de la valeur partagé et la faisabilité de son intégration dans l'entreprise. Aussi, nous avons analysé les programmes adoptés par la société Glaxo smith kline visant a créé de la valeur économique et réalisant le bienfait social. Nous nous sommes parvenu à présenter un nouveau modèle pour la création de la valeur partagée et qui s'ajoute à quelques recommandations qui peuvent être bénéfiques pour le sujet d'étude.

Mots clés: valeur partagée, valeur sociale, valeur économique, modèle d'affaires, Glaxo Smith Kline.

Introduction: An increasing number of companies are turning their attention to the vast health needs of our global population, and finding business opportunities in saving and extending lives. Pharmaceutical and medical device companies are now seizing opportunities to create shared value, they are beginning to realize that, in many cases, meeting some needs of the underserved in low- and middle-income countries may prove an important source of future growth and profitability.

Business are not profit from causing a social problems, business profit from solving a social problems, and this is a fundamental opportunity for business today to impact and address this social problems. Business can create social value and economic value simultaneously, this new business model called " shared value ".

The fundamental problem of this study is related to the way GSK creates business value and social value, so the question is:

How Glaxo smith kline create social value and business value simultaneously!

What shared value means? How can we create shared value? Is this the new business model for Pharmaceutical companies?

This study aims to provide the concept of shared value as a new business model where we can solve social problems and in the same time make profit for company. We also provide the GSK model for addressing social problems.

1. Shared value definitions:

Shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates¹.

Shared value creation is a way of re-connecting a company with the society it is embedded in through identifying and expanding the connections between societal and economic progress, This means recognizing societal needs not exclusively as a burden on the business that only brings higher costs, but as a way to improve business performance while creating added value for the society as well².

Shared value is a way of doing business that considers the society and environment not just as external settings that a company is operating in, but as an integral part of the business. Thinking of how to improve society's wellbeing becomes a step in thinking of how to achieve better business results³.

Creating economic value by creating societal value as one of the most powerful driving forces of productivity, innovation and growth and as the only possibility to recover lost legitimacy from society⁴.

"Creating shared value company" no longer thinks of profitability only, but rather focuses on achieving sustainable competitiveness through simultaneously delivering positive impact on society and environment. The activities should thus be based on long term investment in the company competitiveness and social/environmental objectives⁵.

Creating shared value in health is about competing to meet unmet health needs in low-resource populations across all countries and regions of the world⁶.

2. Creating shared value and other terms:

2.1. shared value and corporate social responsibility:

Businesses create shared value when they can make a profit, create economic value while simultaneously meeting important social needs or important social goals like improving environmental performance, reducing problems of health, improving nutrition, reducing disability, improving safety, and helping people save for retirement⁷.

Corporate social responsibility is fundamentally about taking resources from the business, and investing those resources in being a good corporate citizen: recycling, giving money to social causes, reporting on social and environmental impacts, and engaging employees in community works.

Shared Value is aimed at changing how the core business operates strategy, structure, people, processes and rewards in order to deliver triple bottom line returns⁸.

The fundamental distinction is that CSR is about doing something separate from the business and CSV is about integrating social and environmental impact into the business, using that integration to drive economic value.

2.2. Shared value and social innovation:

Social innovation is a new ways to reach aims, in particular new organizational forms, new regulations, new lifestyles, which alter the direction of social change and which solve

problems better than former practices. They should be worth being imitated and institutionalized⁹.

Social innovation is new ideas that work in meeting social goals. Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social¹⁰.

The basic idea of shared value is that there are many opportunities in meeting these societal needs to actually create economic value in the process. Shared value is where you do both.

3. How pharmaceutical companies created shared value:

3.1. How shared value is created in general:

Companies can create economic value by creating societal value. There are three distinct ways to do this: by reconceiving products and markets, redefining productivity in the value chain and building supportive industry clusters at the company's locations. Each of these is part of the virtuous circle of shared value; improving value in one area gives rise to opportunities in the others.

3.1.1. Reconceiving Products and Markets:

Reconceiving products and markets means on the one hand rethinking a company's products with regard to society's needs and the benefit or harm which is inherent to them. This might include better nutrition or banking systems adapted to the needs of analphabets in rural sites of developing countries¹¹.

Meeting needs in underserved markets often requires redesigned products or different distribution methods. These requirements can trigger fundamental innovations that also have application in traditional markets¹².

3.1.2. Redefining Productivity in the Value Chain:

Redefining Productivity in the Value Chain is the second pillar of the shared value concept. A company's value chain offers many opportunities to create shared value by enhancing value chain productivity or by finding new ways of collaboration with partnering companies new ways of collaboration shall be applied, like increasing their access to inputs, sharing technology, or providing financing. Also, the downward side of the value chain has to be considered. The discovery of new distribution channels that have less environmental impact is presented as one example¹³.

3.1.3. Enabling Local Cluster Development

No company is self-contained; the success of every company is affected by the supporting companies and infrastructure around it. Productivity and innovation are strongly influenced by "clusters," or geographic concentrations of firms, related businesses, suppliers, service providers and logistical infrastructure in a particular field.

Clusters are prominent in all successful and growing regional economies and play a crucial role in driving productivity, innovation, and competitiveness¹⁴.

When a firm builds clusters in its key locations, it also amplifies the connection between its success and its communities' success¹⁵.

3.2. How Pharmaceutical companies created shared value:

Two factors are necessary to create shared value. First, companies need to reorient themselves to systematically and relentlessly uncover new, unmet needs, and find new and better ways to address them, second, to achieve meaningful impact and attractive economic returns, firms need to do so at scale¹⁶.

Face a double burden of infectious diseases and non-communicable diseases (NCDs), such as cardiovascular disease, diabetes, and cancer. Meeting these needs is challenging, even for

sophisticated corporations¹⁷.

Missing skills and knowledge, limited market information, ineffective regulation, inadequate health systems, and limited funding or inability of patients to pay present firms with huge barriers to entry. To overcome these barriers, companies are investing in three levels of shared value (see Table 1).

Table 1: Levels of Shared Value Creation for Pharmaceutical Companies

Reconceiving Products and Markets	Redefining Productivity in the Value Chain	Enabling Local Cluster Development
<ul style="list-style-type: none"> • R&D for drugs, vaccines, and devices that fill unmet health needs • Adaptation of existing products to reduce complexity and cost • Tailored product offerings to meet local market conditions 	<ul style="list-style-type: none"> • Collaborative and homegrown R&D to reduce cost and risk • Efficient, local supply chains and manufacturing to reduce production costs • Locally-adapted sales and distribution to penetrate new markets and better meet patient needs 	<ul style="list-style-type: none"> • Behavior-change campaigns to increase the sophistication of demand for health care • Health system strengthening to enable delivery of needed products and services. • Advocacy and capacity building to strengthen policy and the regulatory environment

Source: Porter .M.E, *Competing by Saving Lives: How Pharmaceutical and Medical Device Companies Create Shared Value in Global Health*, FSG.USA, 2014, p4.

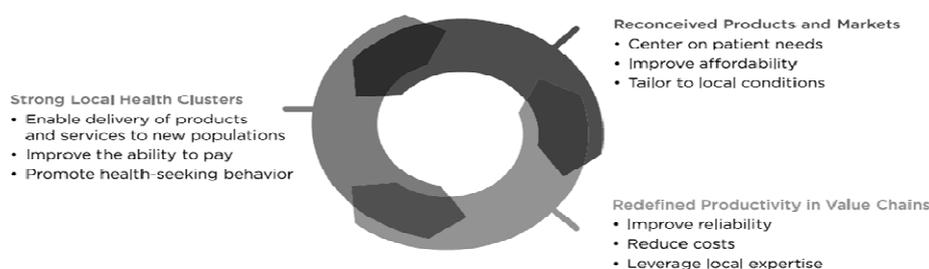
Efforts to create shared value across the three levels are mutually reinforcing, Productive and lower-cost value chains are essential to introducing redesigned product portfolios to underserved markets¹⁸.

Strong clusters can enable firms to serve population segments that were previously out of reach, and can open up new, lower-cost manufacturing and distribution options. Leading firms are beginning to design multi-level approaches to harness this multiplier effect, though the right combination will be unique to a particular company and market¹⁹.

Efforts to create shared value across the three levels are also mutually reinforcing (see shape 1).

Productive and lower-cost value chains are essential to connecting redesigned product portfolios to underserved markets²⁰. Strong clusters can enable firms to serve population segments that were previously out of reach, and can open up new, lower-cost manufacturing and distribution options²¹.

Shape 1: Efforts to create shared value are mutually reinforcing



Porter .M.E (2014): *Competing by Saving Lives: How Pharmaceutical and Medical Device Companies Create Shared Value in Global Health*, FSG, and p16.

4. Shared value between social value and business value:

The most advanced companies have begun to look at social engagement through a different lens entirely. Rather than seeing business and society in opposition, they recognize the enormous potential of business to contribute to social progress. At the same time, they understand that firms depend on healthy and well-functioning societies to thrive²².

Such companies seek to create “shared value” incorporating social issues into their core business strategies to benefit both society and their own long-term competitiveness (see shape 2 below).

Shape 2: Shared Value



Bockstette.V& Stamp.M (2011), p4.

5. Creating social value and business value at the three levels of Shared Value:

Creating shared value from reconceiving products and markets focuses on revenue growth market share, and profitability that arise from the environmental, social, or economic development benefits delivered by a company’s products and services²³.

Creating shared value from redefining productivity in the value chain focuses on improvements in internal operations that improve cost, input access, quality, and productivity achieved through environmental improvements, better resource utilization, investment in employees, supplier capability, and other areas²⁴.

Creating shared value from enabling local cluster development derives from improving the external environment for the company through community investments and strengthening local suppliers, local institutions, and local infrastructure in ways that also enhance business productivity. (see Table 2).

Table 2 : Three levels of Shared Value

LEVELS OF SHARED VALUE	BUSINESS RESULTS	SOCIAL RESULTS
Reconceiving product and markets: How targeting unmet needs drives incremental revenue and profits	Increased revenue Increased market share Increased market growth Improved profitability	Improved patient care Reduced carbon footprint Improved nutrition Improved education
Redefining productivity in the value chain: How better management of internal operations increases productivity and reduces risks	Improved productivity Reduced logistical and operating costs Secured supply Improved quality Improved profitability	Reduced energy use Reduced water use Reduced raw materials Improved job skills Improved employee incomes
Enabling cluster development: How changing societal conditions outside the company unleashes new growth and productivity gains	Reduced costs Secured supply Improved infrastructure distribution Improved workforce access Improved profitability	Improved education Increased job creation Improved health Improved incomes

Porter et al Measuring Shared Value How to Unlock Value by Linking Social and Business results, FSG·USA,2013,P3.

6. The Shared Value Measurement Process:

There are four steps to measure shared value:²⁵

Step 1: Identify the social issues to target:

The starting point for shared value is identifying and prioritizing specific social issues that represent opportunities to increase revenue or reduce costs. This requires a systematic screening of unmet social needs and gaps and an analysis of how they overlap with the business across the three levels of shared value. The result of this step is a list of prioritized social issues that a shared value strategy can target.

Step 2: Make the business case:

After identifying potential social impact at one or more of the three levels, the next step is to develop a solid business case based on research and analysis of how social improvement will directly improve business performance.

This step includes identifying the targets and specifying the activities and costs involved for each shared value opportunity, modeling the potential business and social results relative to the costs (i.e., value creation potential), and making a go/no-go decision.

Step 3: Track progress:

Using the business case as a roadmap, companies then track progress against the desired targets, as with any performance improvement process. This step includes tracking inputs and business activities, outputs, and financial performance (revenues and costs) relative to projections.

Step 4: Measure results and use insights to unlock new value:

The final step focuses on validating the anticipated link between social and business results and determining whether the outlay of corporate resources and efforts produced a good joint return.

7. Who is GlaxoSmithKline?

GlaxoSmithKline (GSK) is a British multinational pharmaceutical, biologics, vaccines and consumer healthcare company headquartered in London, United Kingdom. It is the world's fourth-largest pharmaceutical company measured by 2009 prescription drug sales (after Pfizer, Novartis, and Sanofi)²⁶. It was established in 2000 by the merger of Glaxo Wellcome plc (formed from the acquisition of Wellcome plc by Glaxo plc) and SmithKline Beecham plc (formed from the merger of Beecham plc and SmithKline Beckman Corporation, which was formed by combining the Smith Kline French and Beckman companies).

GSK has a portfolio of products for major disease areas including asthma, cancer, virus control infections, mental health, diabetes and digestive conditions. It also has a large consumer healthcare division that produces and markets oral healthcare and nutritional products, drinks and over the counter medicines, including Sensodyne, Boost, Horlicks, Lucozade and Ribena²⁷.

8. GlaxoSmithKline approaches to create social and economic value:

GlaxoSmithKline designed multi-pronged approaches to provide holistic solutions to social and business problems, GlaxoSmithKline applied all three approaches to creating shared value (table3, 4, 5).

Table 3. Reconceiving Products and Markets

Area of Activity	Approaches	Company
Tailored product offerings to meet local market conditions	Product portfolio selection Tiered pricing Adapted packaging to reduce unit cost or improve safety	GSK set prices for its patented products in the least developed countries at a maximum of 25 percent of the price in the U.K. or France. GSK repackaged its Ventolin asthma medication from a 200-dose pre-filled inhaler at \$5 each to packs of two to three doses retailing for just a few cents.

Porter .M.E (2014): Competing by Saving Lives: How Pharmaceutical and Medical Device Companies, Create Shared Value in Global Health, FSG, p22.

GSK efforts to reconceive products and markets are perhaps the most advanced across the three levels of shared value, GSK have adopted tiered or discounted pricing for poor consumers, and redeveloping existing product lines to meet the needs of these new markets.

Table 4. Redefining Productivity in the Value Chain

Area of Activity	Approaches	Company
Collaborative and homegrown R&D to reduce cost and risk	Investment in new or existing local research institutions Collaborative approaches to reduce cost and share development risk	GSK created a new, jointly-owned company, ViiV Healthcare, that combines compounds owned by both firms to create a viable pipeline for new HIV medicines
Locally-adapted sales and distribution to penetrate new markets and better meet patient needs	Sales force reconfiguration New distribution approaches	GSK is working with its distributors to share the risk of switching to a higher volume model to ensure that price reductions are passed on to patients

Porter .M.E (2014): Competing by Saving Lives: How Pharmaceutical and Medical Device Companies, Create Shared Value in Global Health, FSG, p23

Gsk learn how to deliver reconceived products to new markets, investments to boost value chain productivity will become more common, Innovative partnerships are emerging to share the risks and reduce the costs of R&D, such as ViiV Healthcare²⁸.

Table 5. Enabling Local Cluster Development

Area of Activity	Approaches	Company
Behavior-change campaigns to increase the sophistication of demand for pharmaceuticals products	Social marketing to increase health seeking behavior by patients, Patient education about disease management	partnership with Population Services International in all over the world. Porter .M.E (2014): Competing by Saving Lives: How Pharmaceutical and Medical Device Companies, Create Shared Value in Global Health, FSG, p4

Porter .M.E (2014): Competing by Saving Lives: How Pharmaceutical and Medical Device Companies, Create Shared Value in Global Health, FSG, and p24.

GSK invest in health care clusters within low- and middle-income countries to improve patient awareness and demand, health systems, and the policy and regulatory environment, it not only bolster their own ability to reach new markets, but it also provide value to society that goes beyond the immediate benefit of their medicines²⁹.

9. GSK efforts and programs to create social value: In order to create social and economic value GlaxoSmithKline has developed a set of programs, these programs aims to enhance our understanding of how GlaxoSmithKline as a business create value.

9.1. The health for all programs: GSK has made such an efforts to provide health for all:³⁰

9.1. 1. Open innovation

- GSK Adapt the open innovation R&D model, currently used for Diseases of the Developing World, to apply to other areas of great unmet medical need and scientific challenge, including infectious disease and Alzheimer's disease, by 2015.
- Created the world's first Open Lab for non-communicable diseases in Africa.
- Working with other pharmaceutical companies and academics to conduct a major study in dementia research, Continued working with the IMI's New Drugs 4 Bad Bugs collaboration related to antibiotic research.

9.1. 2. Developing vaccines that don't need to be kept cold:

- Invest in the development of vaccines that don't require continuous refrigeration, making distribution easier and less expensive.
- Invested US\$1.8 million in research to enable a critical liquid component used in our malaria vaccine candidate to remain stable in hotter climates, working with the Bill and Melinda Gates Foundation.

9.1. 3. Better access to medicines and vaccines:

- Extended our tiered pricing approach to prescription medicines as well as vaccines, asking countries to pay based on their wealth and ability to pay; committed to freeze vaccine prices for Gavi graduating countries for ten years.

9.1. 4. Building products to better meet needs:

- Worked with partners to develop an inhaled form of oxytocin, which can prevent women dying from pregnancy-related causes, and to reformulate an antiseptic used in mouthwash to reduce newborn deaths.

9.1. 5. Reducing child Mortality:

- Continued our partnership with Save the Children which aims to reach one million children, matched employee fundraising of £1 million, launched second Health Innovation Award, obtained EMA agreement of pathway for chlorhexidine gel, and established Emergency Response work stream.

9.1. 6. Strengthening healthcare infrastructure:

- Continue to work with partners to support the development and strengthening of healthcare infrastructure. We anticipate this could improve access to healthcare for 20 million underserved people by 2020 (vs. 2012).
- Re-invested £6 million profits in Least Developed Countries to strengthen healthcare systems and partnered with the World Health Organization (WHO), the International Telecommunication Union, Vodafone, Barclays and others to pilot innovative healthcare delivery systems.

9.1. 7. Eliminating and controlling neglected tropical diseases:

Donated a further 858 million albendazole tablets to help eliminate LF and control intestinal worms; made progress towards identifying a preclinical candidate to combat the

leishmaniasis parasite through our collaboration with the University of Dundee and Wellcome Trust.

9.1. 8.Fighting malaria:

- Build on our 30-year commitment to contribute to the fight against malaria through continued R&D investment and partnerships on the ground.
- Filed the world's first malaria vaccine candidate, RTS,S for regulatory approval; started phase III trials for tafenoquine to treat P. vivax malaria.

9.2. Responsible behavior programs:

GSK has made such an efforts to embedding ethical behavior across the business through:³¹

9.2.1. Transparency in clinical trial data

- Led the development of www.clinicalstudydatarequest.com where researchers can now request access to anonymised patient level data from over 1,000 clinical trials by GSK and other companies.

9.2.2. Minimizing animal Testing

- Launched a strategic initiative that has the potential to reduce our reliance on animal studies; continued looking for new ways to develop medicines using human cells and tissues together with the European Bioinformatics Institute and the Sanger Institute.

9.2.3. Promoting Human Rights

- Increased focus on the human rights impacts identified by an external assessment of our business, for example through our global Third Party Oversight program.

9.2.4. Engaging with patient advocacy groups and political stakeholders

- Demonstrate that all GSK interactions with patient advocacy groups and political stakeholders are conducted appropriately, ethically and transparently.
- Enhanced Global Standard Operating Procedures on public policy group and government official engagement; first full year of implementation of an Emerging Markets and Australasia patient advocacy strategy to broaden and deepen interactions with patient groups, whilst embedding the highest levels of transparency and governance.

9.3. Supporting people programs:

GSK has made such an efforts and gave employees the opportunity to use their expertise to support non-profit organizations addressing major global health challenges, while building their own skills and experience through:³²

9.3.1. Protecting the health and well-being of our people:

- Continue to create a working environment that inspires people to grow and perform in a healthy and resilient way.
- Provided preventive healthcare for over 14,000 employees and their families in 15 countries; over 5,200 of employees have participated in programs to improve personal resilience; injury and illness rate down 4% from 2013.

9.3.2. Promoting inclusion and diversity:

- Increased proportion of women in management from 41% to 42%; developing global standards to measure businesses' disability performance.

9.3.3. Community volunteering to create change:

98 employees volunteered with 39 non-profit organizations through our PULSE program; established a Volunteer Ambassador Network in 30 countries to develop locally relevant programs.

9.4. Protect the planet programs:

GSK committed to reduce the environmental impacts of operations products, GSK has made such an efforts to protect the planet:³³

9.4.1. Aiming to be carbon neutral:

- Reduce our overall carbon footprint by 25% by 2020 (vs. 2010) and have a carbon neutral value chain by 2050.
- Cut Scope 1 and 2 emissions from our operations by 11% since 2013 and 19% since 2010; Scope 3 emissions up by 2%, this remains a challenge as the sales of our propellant based inhalers continue to grow.

9.4.2. Reducing our water impact:

- By 2020, reduce our water impact across the value chain by 20% (vs. 2010).
- Cut operational water use by 5% in 2013 and 20% since 2010 – hitting our 2015 target a year early; completed a four-year assessment to measure water impact across the value chain; recertified to Carbon Trust's Water Standard.

9.4.3. Reducing our waste:

- By 2020, reduce our operational waste by 50% (vs. 2010).
- We generated 159,000 tons of waste from our operations, 4% less than in 2013 and 11% less than 2010. Sent 6% of waste to landfill compared to 10% in 2010. 48 sites achieved zero waste to landfill.

9.4.4. Building sustainability in our supply chain:

- We remain committed to building a sustainable supply chain for our Nutrition portfolio. Changes to market dynamics within the portfolio are impacting our sourcing model so we are currently reviewing this commitment.

10. GSK programs created economic value:

GSK efforts and programs to create social value yield a value for the company, business value and financial value:

10.1. GSK programs create Value for the company:

GSK efforts and programs create value for the company:³⁴

- Gsk have a significant global commercial presence in more than 150 markets, a network of 84 manufacturing sites in 36 countries and large R&D centers in the UK, USA, Belgium and China.
- Since 2008 GSK have reshaped our global footprint to improve access to high growth potential markets including those in Asia Pacific, Latin America and Japan.
- GSK Group turnover £23.0bn in 2014
- Diversification delivering organic growth, Emerging Market sales up from c. 16% of turnover in 2008 to 27% today.
- £34 billion in returns paid to shareholders, including £24 billion of dividends and £10 billion of buy-backs. Dividend up from 57p in 2008 to 80p for 2014.
- £3.5 billion cumulative annual cost savings delivered through a range of restructuring programmes since 2008.
- £400 million of incremental savings delivered through restructuring initiatives and ongoing cost reduction.

10.2. GSK programs create financial value:

GSK efforts and programs create financial value for the company:³⁵

- Core operating profit was £6.6 billion. Excluding currency effects.
- Free cash flow was £2.6 billion.
- Sales of new products were £1.5 billion in 2014, grew 84% and represented 8% of Pharmaceutical and Vaccines turnover.
- During 2014, GSK returned £4.1 billion to shareholders via dividends and share buy-backs.

10.3. GSK programs create business value:

GSK efforts and programs create business value for the company:³⁶

- 1st 2014 Access to Medicine Index.
- 100% All countries have fully implemented new sales force compensation model.
- 1st Company to file for regulatory approval for malaria vaccine candidate.
- 84% Dow Jones Sustainability Index score, putting us in top 2% of the pharmaceutical sector.

11. GSK global reach :

GSK is a science-led global healthcare company that researches and develops innovative Pharmaceutical, Vaccines and Consumer Healthcare products:

11.1. Pharmaceuticals:

GSK Pharmaceuticals business develops and makes medicines to treat a broad range of acute and chronic diseases. Our portfolio is made up of innovative and established medicines and we have leading global positions in respiratory disease and HIV. GSK Pharmaceuticals business Total turnover is £15.5bn, and represents 67.3% of Group turnover (Table 6).

Table6: Sales by therapy area

GSK Annual report, responsible business supplement, 2014, p7.

Sales by therapy area	£m
Respiratory	6,181
Oncology	1,202
Cardiovascular, metabolic and urology	965
Immuno-inflammation	214
Other pharmaceuticals	2,407
ViiV Healthcare (HIV)	1,498
Established Products	3,011

11.2. Vaccines:

GSK Vaccines business is one of the largest in the world. We have a broad portfolio of over 30 paediatric, adolescent, adult and travel vaccines. In 2014, we distributed approximately 800 million doses in 170 countries.

GSK Vaccines business Total turnover is £3.2bn which represents 13.9% of Group turnover (Table 7).

Table 7: Sales by product line

Sales by product line	£m
Infanrix/Pediarix	828
Boostrix	317
Cervarix	118
Fluarix and FluLaval	215
Hepatitis	558
Rotarix	376
Synflorix	398
Other	382

GSK Annual report, responsible business supplement, 2014,p8.

11.3. Consumer Healthcare:

Our Consumer Healthcare business is one of the largest in the world, driven by science and values. We develop and market products in four categories – Wellness, Oral health, Nutrition and Skin health and our brands are available in over 100 countries. GSK Consumer Healthcare Total turnover is £4.3bn which represents 18.8% of Group turnover (Table 8).

Table 8 : Sales by category

Sales by category	£m
Wellness	1,596
Oral health	1,797
Nutrition	633
Skin health	310

GSK Annual report, responsible business supplement, 2014,p8.

Conclusion:

Creating shared value is not social responsibility, philanthropy, or even sustainability, but is a new way to achieve economic success, and that it gives rise to the next major transformation of business thinking.

CSV is a rather novel concept that argues the societal progress is at the heart of a company's economic success, and tending to society's issues holds ample opportunities for improved competitiveness and value creation of the organization.

The new business model Shared value provide a big opportunity for business corporations to make more profit and achieve growth, in the same time solving a social problems and create value for society.

Nevertheless, pharmaceutical and medical device companies have an extraordinary opportunity to help reduce global suffering and ill-health by building a competitive advantage in the low- and middle-income countries that will underpin future industry growth. Firms that engage in this area can become engines of progress for the global health field. They can be engaged partners rather than neutral suppliers. GSK have already start to change the way of doing business and apply the concept of shared value in pharmaceutical sector, shared value allowed GSK to reduce cost, makes more profit, and solve a social problems. We hope this article serves to illustrate the scale of that opportunity, and triggers discussion and innovation around ways to capitalize on it.

Notes and References:

¹ Porter .M.E & Kramer.M ,Creating Shared Value, Harvard Business Review,2011 ,P66.

² Lapiņa.I, Borkus.I, Stariņeca.O, «Corporate Social Responsibility and Creating Shared Value: Case of Latvia»,World Academy of Science, Engineering and Technology. Vol:6, 2012, p1606.

³ Ibid,p1607.

⁴ Schmitt.J ,Social Innovation for Business Success, Best Masters, Fachmedien Wiesbaden, Germany, 2014,p22.

⁵ C. Stephenson ,Creating Shared Value: The Inseparability of Business and Society, Ivey Business Journal, vol. 74, no. 4, 2008, p. 772.

⁶ Peterson.K, Pfitzer.M, Mazzuri.S, Wendel.C, Hooson.C , Measuring Shared Value Innovation and Impact in Health A Guide for Corporate Practitioners,FSG,2014,p4.

⁷ Driver.M , An Interview With Michael Porter: Social Entrepreneurship and the Transformation of Capitalism, Academy of Management Learning & Education, Vol. 11, No. 3,2012, p423.

⁸ Moore.C , corporate social responsibility and creating shared value: what's the difference, Heifer International,2014,p4.

⁹ Schmitt.J,op cit,2014, p4.

¹⁰ Mulgan G , The process of social innovation innovations: technology governance. Globalization 2:, 2006,p145.

¹¹ Porter .M.E & Kramer.M,op,cit,p65.

¹² Ibid, p. 8.

-
- ¹³ Schmitt.J ,op,cit ,p23.
- ¹⁴ Porter .M.E & Kramer.M,op,cit,p9.
- ¹⁵ Ibid, p. 10.
- ¹⁶ Porter .M.E , Competing by Saving Lives: How Pharmaceutical and Medical Device Companies Create Shared Value in Global Health,FSG, 2014a,p8.
- ¹⁷ Porter .M. op cit,2014a, p3.
- ¹⁸ Ibid,p4.
- ¹⁹ Michael E. Porter, Advancing the Shared Value Proposition, 22/08/2015, www.thecro.com/topics/social-responsibility/advancing-the-shared-value-proposition.
- ²⁰ Porter .M.E,op cit,2014a p33.
- ²¹ Porter .M.E,op cit,2014a p30.
- ²² Bockstette.V& Stamp.M, Creating SHAREDVALUE: A How-to Guide for the New Corporate (R)evolution,FSG,USA,2011,p4.
- ²³ Porter, M, Hills .G, Pfitzer.M, Patscheke .S, Hawkins.E, Measuring Shared Value, How to Unlock Value by Linking Social and Business Results FSG,USA,2013,p1.
- ²⁴ Porter, M, Hills .G, Pfitzer.M, Patscheke .S, Hawkins.E(2013),op cit ,p1 .
- ²⁵ Ibid,p2.
- ²⁶ FACTBOX-The 20 largest pharmaceutical companies. 26/07/ 2015, <http://www.reuters.com/article/2010/03/26/pharmaceutical-mergers-idUSN2612865020100326>.
- ²⁷ GSK Corporation, about as, 28/07/ 2015, www.gsk.com/en-gb/about-us/
- ²⁸ Porter .M.E, op cit, 2014a p22.
- ²⁹ Porter .M.E, op cit, 2014a p23.
- ³⁰ GSK Annual report, responsible business supplement, 2014, p6.
- ³¹ GSK Annual report, responsible business supplement, 2014, p7.
- ³² GSK Annual report, responsible business supplement, 2014, p8.
- ³³ GSK Annual report, responsible business supplement, 2014, p9.
- ³⁴ GSK Annual report, Full report, 2014, p6.
- ³⁵ GSK Annual report, Full report, 2014, p13.
- ³⁶ GSK Annual report, Full report, 2014, p2.