GIVING BACK TO SOCIETY

The Right Thing and a Driver of Success

As head of American healthcare supply company Henry Schein since 1989, Stanley Bergman is one of the longest-serving CEOs in the Fortune 500. The company’s consistent performance during his tenure earned him Chief Executive Magazine’s 2017 CEO of the Year award. Ethisphere Magazine wanted to hear how Bergman has balanced performance with his and the company’s strong commitment to social purpose. He also touches on how his upbringing in apartheid South Africa shaped his views on social purpose and equality.

TOPICS COVERED // Stakeholders & Purpose

Can you please share a bit about how your upbringing in South Africa and life experiences shaped your thinking about corporate engagement to protect social values and respect for human dignity?

A number of life experiences and the family values I grew up with certainly shaped my belief in the critical role business can play as a force for good in the world, and the importance of engaging all of Henry Schein’s constituents to create shared value by giving back to society.

My parents fled Nazi Germany in February 1936 for South Africa, and settled in a community called the South End in Port Elizabeth, one of the few remaining racially integrated communities during the waning years of Apartheid. Growing up in this vibrant place, and later witnessing Apartheid’s destruction of the dynamic harmony of our community, influenced me deeply. Of the many lessons I learned from my childhood, one stands out: the richness of diversity and the strength of pluralism.

When I joined Henry Schein in the late 1980s, Henry and Esther Schein deepened my understanding of the power of “doing well by doing good,” a value that they ingrained in the company since its founding in 1932. As the company has continued to expand, we continue to find ways to institutionalize the spirit, culture, and values that Henry and Esther created at the very beginning.

What does leadership mean to you? As one of the longest serving CEOs in the Fortune 500, what are some of the leadership lessons you’ve learned?

This may surprise you, but it was during my days as a young summer camp counselor that I first learned the lessons of effective leadership. Just like the best camp counselors, great business leaders must be flexible, nimble and innovative. Great leaders must be inclusive, recognizing the unique strengths and talents of each team member, and encouraging their passionate participation to drive collective success. Team members look to great leaders for guidance and encouragement, so, just like a camp counselor, business leaders must also play the role of coach and mentor. Lastly, a great business
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leader must tolerate and support reasonable risk. We all know, one can’t learn to swim without diving in.

Leaders today must also think beyond the parameters of their day-to-day business. Creating a better world requires business leaders to fully embrace a responsibility to be engaged in the shaping of society. Lastly, but also critically important: Creating a better world requires leaders who embrace diversity and equally inclusion. All businesses—and all organizations—benefit greatly from the richness of diversity and value of inclusion. Business leaders have the opportunity to promote a civil dialogue among people of every political, religious, economic, and cultural background.

Henry Schein has been ranked as an Ethisphere World’s Most Ethical Company for the past 7 consecutive years. What does the award mean to the company?

Our ranking as one of Ethisphere’s World’s Most Ethical Companies for the past seven years is most meaningful to all of Team Schein. At our very core, Henry Schein is a company guided by the values of trust and integrity.

We are successful because we put our customers’ interests first, as we have since our founding in 1932, while also balancing the interests of our suppliers, investors, Team Schein Members, and society as a whole. This is truly the bedrock of who we are as a company. Our values are reinforced by our Code of Ethics and Worldwide Business Standards, which include strict adherence to the laws and regulations wherever we do business.

Henry Schein’s recognition by Ethisphere underscores our deeply held commitment to these values and our meticulous adherence to the highest ethical standards.

What do you see as the nexus between corporate values, ethics and competitive advantage?

Corporate values and a deep commitment to ethical leadership can be powerful drivers of competitive advantage and long-term success. For this recipe to be successful, there must be at least two essential ingredients: A focus on creating long-term economic as well as social value, and a commitment by business to act as stewards of the full spectrum of its constituencies, including the larger community in which it operates.

We have found that for Henry Schein, our path to long-term economic success has been paved by what we consider to be our “Higher Ambition” model. The power of this model rests in our focus on building deep trust-based relationships with all of our stakeholders: our customers, our team, our supplier partners, our investors, and society.

Health care professionals rely on Henry Schein’s knowledgeable network of trusted advisors for valued solutions to improve clinical outcomes and operational success. And our efforts to create shared value on societal issues that most resonate with health care professionals also deepens that trust-based relationship. It is this trust—the lifeblood of the entire endeavor—that has enabled us to continue to lead during periods of great change in the health care industry, and in all of our businesses.

Of course, we are certainly not alone. There is a growing body of evidence that demonstrates that companies that prioritize stakeholder engagement and have a long-term orientation significantly outperform their counterparts over time.

Henry Schein is widely known for its deep commitment to corporate social responsibility. Please describe Henry Schein’s philosophy of corporate social responsibility? Do you see any tension between that philosophy and your duty to shareholders?

At our core, we are driven by a sense of purpose and mission, and this propels us to create shared value among each of our five constituents.

The fundamental philosophy of our five constituency Higher Ambition model is rooted in Benjamin Franklin’s concept of “enlightened self-interest,” also known today as “doing well by doing good.” Henry Schein has been able to embed our commitment to giving back to society into the fiber of our business by creating an ecosystem where each of our constituencies engages in a synergistic manner to create shared value for society. When implemented effectively, this effort propels the entire enterprise on a successful path.

In this way, there is no tradeoff between corporate social responsibility and fiduciary responsibility. Indeed, we have always ensured that these two pillars of focus are mutually reinforcing.

What does this mean in practice? For us, “doing well by doing good” has required finding the societal issues that our stakeholders care deeply about, establishing innovative and effective public-private partnerships to make a positive contribution to society in these areas, and creating a meaningful path for each of our constituents to participate in these programs.

As a health care company, we have chosen to focus the efforts of Henry Schein Cares, our global corporate social responsibility program, on enhancing access to care for underserved and at-risk populations around the world by promoting wellness, prevention, treatment, and education; providing emergency preparedness and relief; and building health care capacity.

How do you see a commitment to giving back to society as a driver of your company’s long-term success?

Companies committed to this higher purpose attract more customers, minimize operating costs through energy efficiency and reduced waste, attract the best talent, improve employee retention rates, and benefit from an experienced workforce that has a stake in the company’s long-term success.

Giving back to society while operating a successful business is not some idealistic dream. It is the right thing to do, and it is also a powerful engine that drives long-term value creation.

Expert Biography

Since 1989, Stanley M. Bergman has been Chairman of the Board and CEO of Henry Schein, Inc., a Fortune 500® company and the world’s largest provider of health care products and services to office-based dental, animal health, and medical practitioners, with more than 22,000 Team Schein Members and operations or affiliates in 34 countries. Henry Schein is a member of the S&P 500® and Nasdaq 100® indexes. In 2016, the Company’s sales reached a record $11.6 billion. Henry Schein has been a Fortune World’s MostAdmired Company for 16 consecutive years.