

## How businesses can combat global disease

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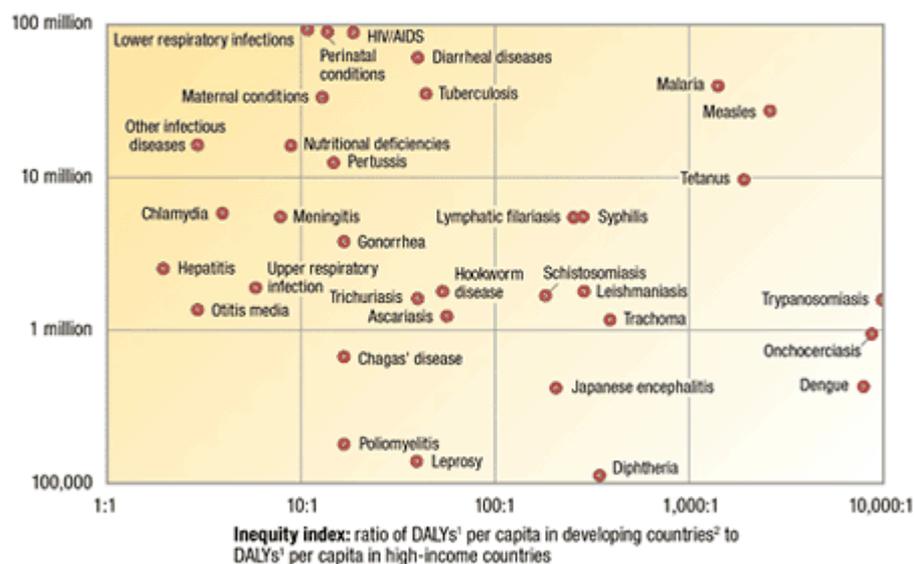
Multinationals are directly affected by the global epidemic. It can't be controlled without them.

The global health outlook is bleak. In 2002, more than six million people—most of them in poor countries—died from HIV/AIDS, tuberculosis, and malaria (exhibit). These three diseases, plus a handful of others, have crippled economic growth and progress in developing countries.

### EXHIBIT

#### Public health, private concern

**Size of burden:** aggregate number of years lost to selected diseases, log scale, disability-adjusted life-years (DALYs)<sup>1</sup>



<sup>1</sup>1 DALY = 1 lost year of healthy life; reflects sum of years lost in the population to premature mortality and years lost to disability for cases of given disease.

<sup>2</sup>For WHO member states in Africa, Americas, eastern Mediterranean, Europe, southeast Asia, western Pacific.

Source: World Health Report 2001, World Health Organization, Geneva, 2001; McKinsey analysis

Although many such diseases are preventable, most public-health systems in poor countries have neither the resources nor the infrastructure to administer care. Poor countries suffer from inadequate health care delivery systems and a shortage of drugs and supplies. When drugs are available, most of the people who need them can't afford them.

Without question, the financial and human resources to solve these problems are lacking. Given their magnitude and the speed with which the three diseases spread, it is now clear that no lasting solution will come without creative partnerships between corporations, on the one hand, and nongovernmental organizations (NGOs) and the public sector, on the other. Among the unique resources the private sector can provide are intellectual property, marketing skills, and public-relations channels, as well as expertise in pharmaceutical development, distribution, and project management. Another critical benefit of this kind of partnership is the access it provides to employees in the workplace—and, by extension, their families.

Yet most executives are passive in the face of this challenge. Why? In our experience, it is often because they don't understand the impact their companies could have on the public-health sector. Any multinational corporation that can't see how it is directly affected by the global disease epidemic is dangerously myopic. The causes of the problem may be complex and its solutions vexing, but its implications are startlingly clear: companies that seek to

benefit from globalization also have a vested interest in helping to manage the global health crisis—indeed, a moral, strategic, and financial responsibility to do so.

By the same token, public-sector institutions and NGOs that ignore companies, view them with hostility, or mistrust any contribution but cash—an increasingly scarce resource for corporations—are being equally shortsighted. Far too many conversations among these players are characterized by public-sector skepticism of "greedy corporations" and their motives. Meanwhile, business executives frequently doubt the competence of public-sector "bureaucrats." Even the pharmaceutical industry, perhaps the most stalwart contributor to many prominent public-health initiatives, has provoked controversy at times. In our experience, this mutual suspicion only adds to the long-standing divide between the private and public sectors.

Successful partnerships, though distressingly rare, offer some encouragement to executives

Examples of successful corporate contributions—from advice to assets, action to advocacy—can offer encouragement to executives. While these promising partnerships are still distressingly rare, they can serve as a starting point for aligning the private sector's unique resources with the public sector's priorities. When this convergence occurs, profound progress can be made on some of the most intractable

problems.

A number of the more interesting examples of such partnerships to date involve companies that advise the public sector on core skills: product launches, marketing, supply chain management, and manufacturing. The Global Alliance for Vaccines and Immunization (GAVI), for example, has leveraged the private sector's expertise by developing a new approach to introducing products: Accelerated Development and Introduction of Plans (ADIPs). Thanks to it, the public sector can generate better forecasts for the uptake of vaccines, thereby providing a more accurate production estimate for manufacturers and ultimately, perhaps, lowering prices and avoiding the need for up-front guarantees.

The pharmaceutical industry isn't the only one helping to develop and market products that have contributed to health gains. For example, in the Central American Handwashing Initiative (1996-99), several global companies—including Colgate-Palmolive and Unilever—helped nonprofits such as CARE, as well as government health ministries, to develop, market, and distribute soaps as part of a public-hygiene campaign. In addition to contributing marketing expertise for its advertising strategy, these companies incorporated its key messages into the promotional materials for their products. The result: in Guatemala alone, 300,000 fewer cases of diarrhea annually among children by the end of a year.

Meanwhile, BASF, Bayer, and others are contributing distribution and marketing support to NetMark Plus, an initiative for increasing the use and sustainable supply of insecticide-treated mosquito nets to prevent malaria in a number of African countries. When such programs unite a commercial element—selling branded products—with a public-health objective, a great deal of progress can be made.

In addition to consulting services for NGOs and public-sector institutions, the private sector can offer a range of assets.<sup>1</sup> DuPont, for example, donated \$14 million in nylon filter cloth to Carter Center programs from 1991 to 1997. As a result of this campaign, the incidence of Guinea worm disease declined by 98 percent, from 3.5 million cases in 1986 to 65,000 in 2001. In the technology sector, China Telecom, Cisco Systems, Motorola, and Siemens donated more than \$2.6 million in equipment to develop a national epidemic data network for coordinating China's response to SARS (severe acute respiratory syndrome). When supply and demand are matched effectively, logistics operates on the proper scale, and contributions are made to established programs rather than to emergency relief efforts, in-kind donations are often the most effective mechanism for corporate benevolence.<sup>2</sup>

Other companies have lent distribution and marketing assets. South Africa's national LoveLife AIDS-awareness campaign, for example, is supported by the South African Broadcasting

Corporation, the Independent Newspaper Group, and Times Media, which have donated print and broadcast resources as well as marketing expertise to the effort.

Companies in the private sector can also take direct action to fill gaps in the public-health infrastructure by delivering health services to their employees and, sometimes, to the local community. India's Tata Iron & Steel has extended its AIDS-awareness program beyond its roughly 40,000 employees, reaching thousands more people. And in nine African countries, Heineken Breweries has partnered with PharmAccess to spend about \$2 million a year to offer antiretroviral treatments to Heineken employees and their dependents. Furthermore, businesses that recognize their privileged position have become effective advocates for improved public-health programs. In 1998, Nestlé's unit in Brazil, for instance, teamed up with that country's Department of Health to create the National Enterprise Council for the Prevention of HIV/AIDS.

Almost every global business has something it can and should contribute to organizations on the front lines of the global health crisis. Even when the full range of the private sector's resources has been harnessed—and at present the surface has barely been scratched—they still may not be enough. It is clear, however, that without the full commitment of corporations, the struggle to improve global health will only become more difficult.

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