

The Bertelsmann Health Business Case

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Enterprise for Health Management Conference 2008
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Agenda

1. Bertelsmann in a nutshell



2. Strategic Health Management for Bertelsmann

3. The „classic“ way: number crunching

4. The Bertelsmann way

Bertelsmann AG

The Spirit
to Create

First-class media content and services

Worldwide leading positions in the core businesses TV, books, magazines, media clubs and media services

Creativity and entrepreneurship

A magnet for creative and entrepreneurial talent

Internationality

A globally active media company with more than 100,000 employees in more than 50 countries

Corporate culture

Partnership as the foundation of entrepreneurial success

Organization



Hartmut Ostrowski
(Chairman & CEO)
Direct Group



Rolf Buch
Arvato



Bernd Kundrun
Gruner + Jahr



Markus Dohle
Random House



Thomas Rabe
(CFO)



Gerhard Zeiler
RTL Group



Corporate Culture: The Bertelsmann Essentials

Partnership

Entrepreneurship

Creativity

Citizenship

The Bertelsmann Essentials convey the goals and basic values of our company's employees, executives and shareholders and are based on the Corporate Constitution. It is the responsibility of our executives to spread and exemplify these values and to serve as role models. The Bertelsmann Essentials reflect the current status of consensus and are subject to constant review, revision and improvement.

Agenda

1. Bertelsmann in a nutshell

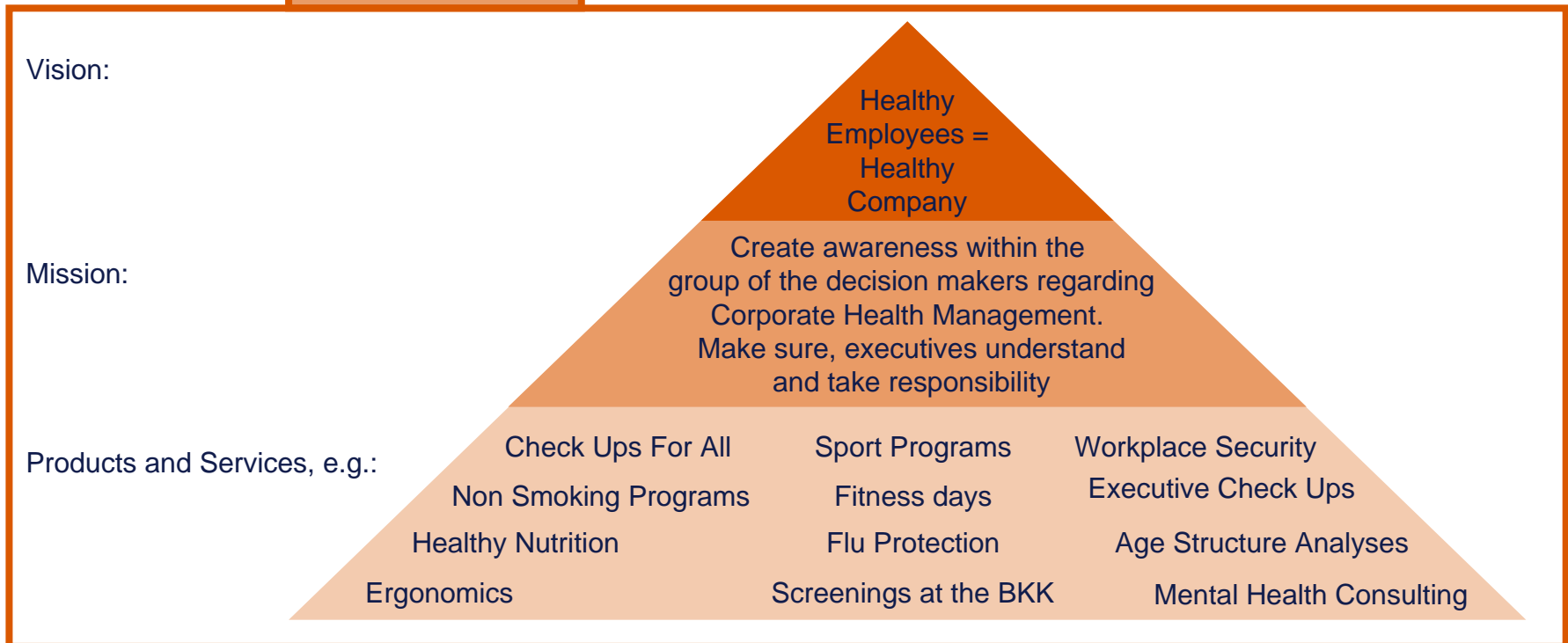
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Philosophy of Bertelsmann's strategic Health Management



Central development of strategic Health Management

Corporate Health Management Coordination

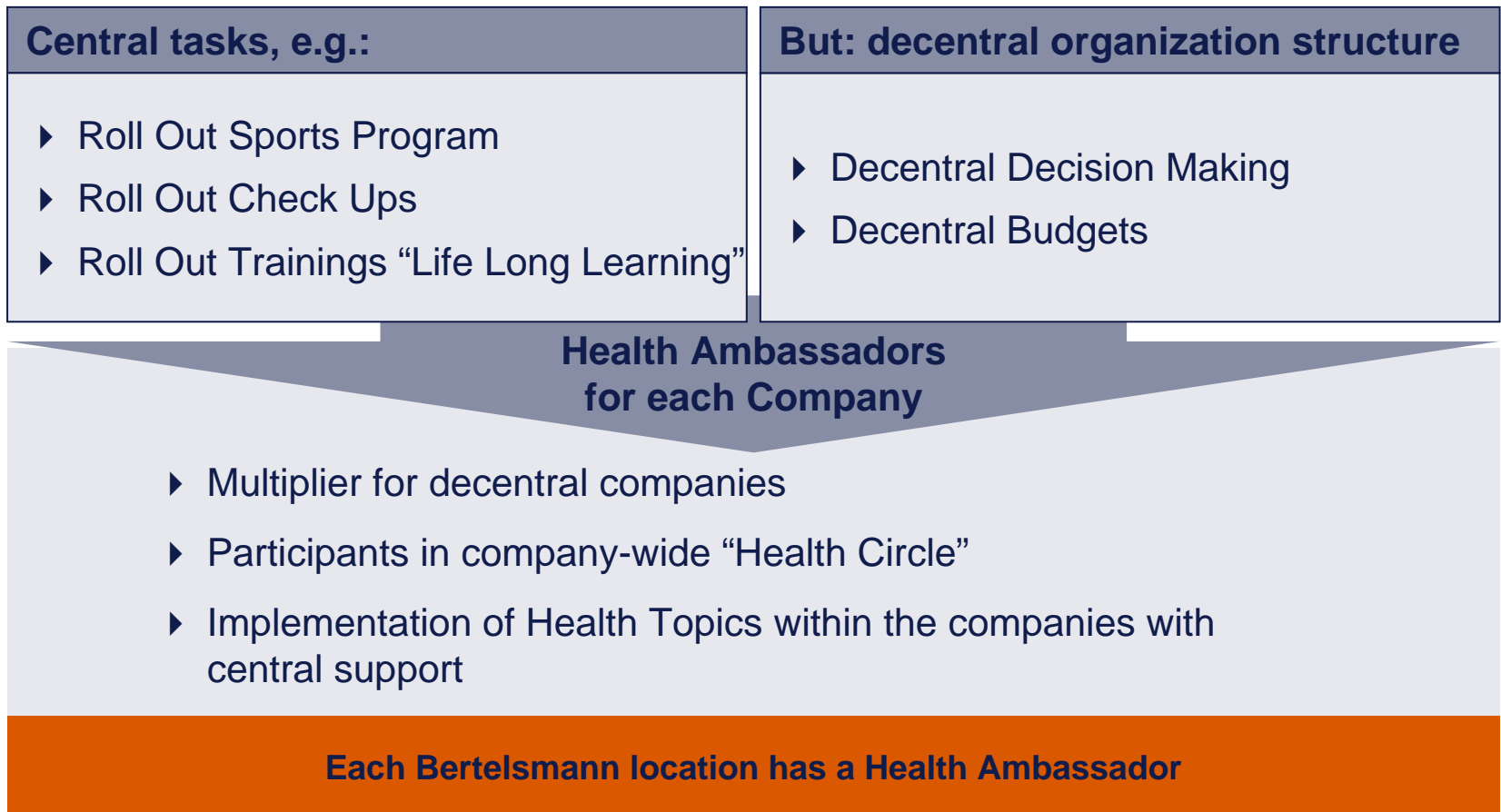
Strategic Health Management



- Coordination of Bertelsmann “Health Circle”
- Yearly Bertelsmann “Health Report”
- Coordination of decentral “Health Ambassadors”

Medicine	Sport	Prevention	Mental Health	Training
<ul style="list-style-type: none"> • Check Ups • Reintegration Management • Ergonomics • First Aid • Inoculation • ... 	<ul style="list-style-type: none"> • Organization of Sports programs • Support for decentral locations • Sports services • Offers for certain target groups • ... 	<ul style="list-style-type: none"> • Smoking • Nutrition • Screenings • Influenza • Avian Flu • ... 	<ul style="list-style-type: none"> • Consultation for Individuals • Consultation for organizational entities • Mediation • Leadership • ... 	<ul style="list-style-type: none"> • Life Long Learning • Integration of Health Topics in Teamlead-Trainings • Health and Fitness for apprentices • ...

Decentral implementation of strategic Health Management

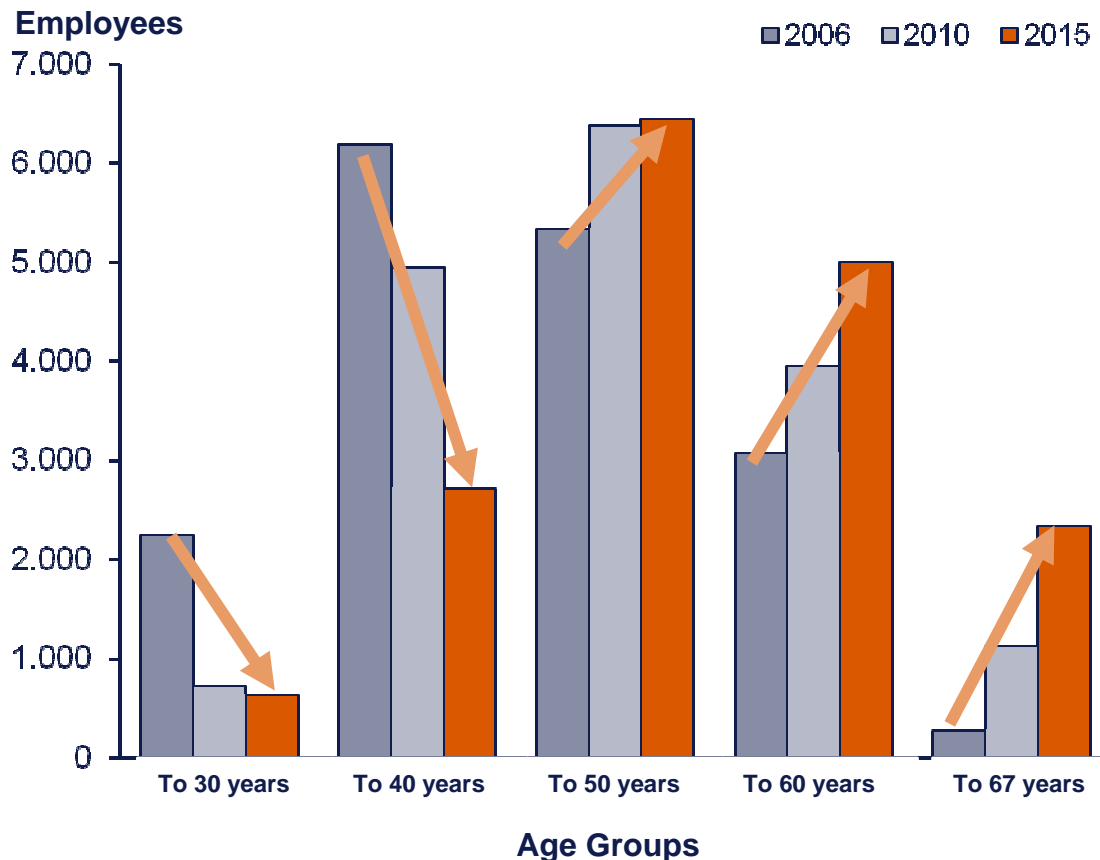


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Due to the demographic change, the age structure of Bertelsmann* will change significantly over the next years



Expected development 2006 to 2015

- ▶ Increase of > 50 year olds from 20 % to 43 %
- ▶ Increase of average age from 41 to 48 Jahre

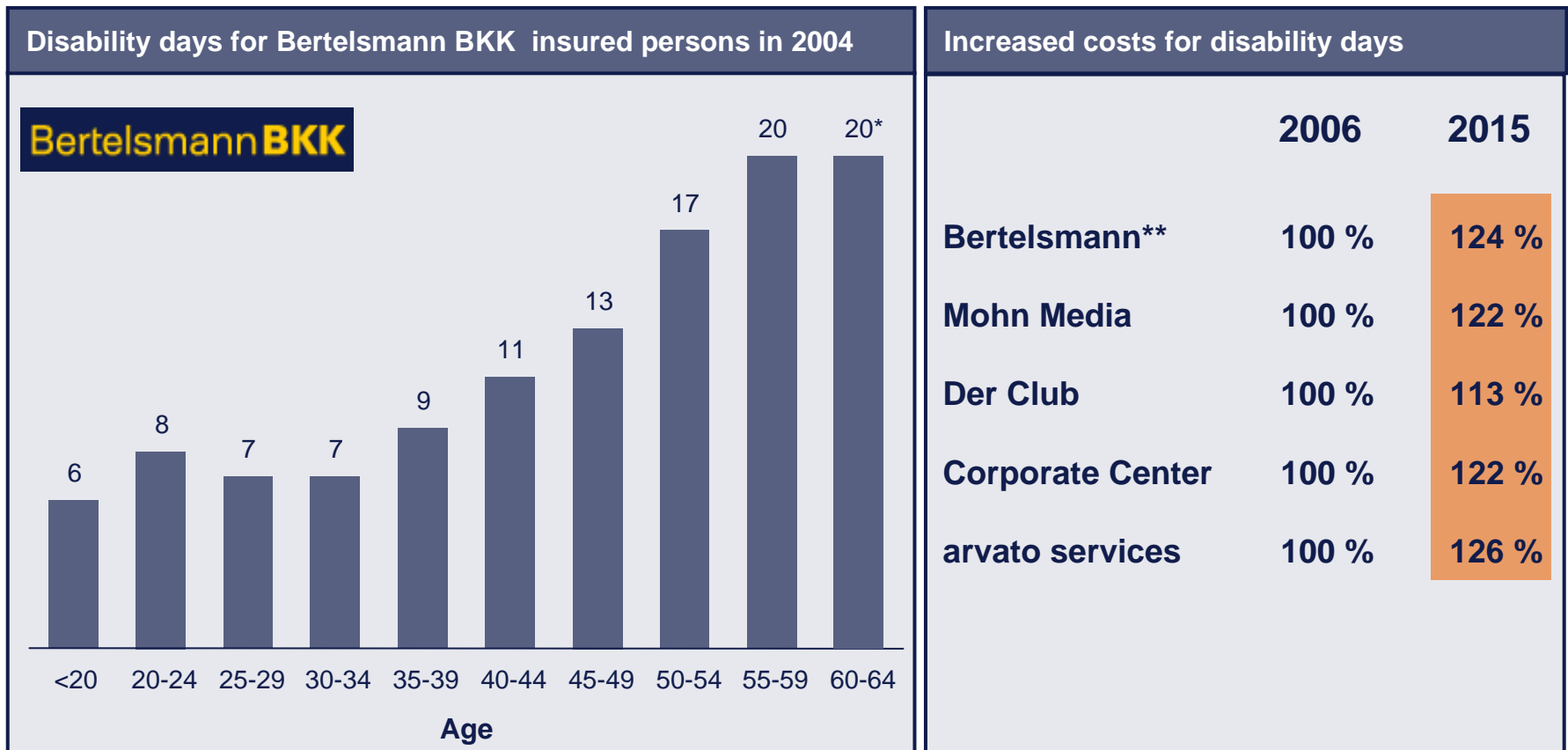
Assumptions:

- Constant number of employees
- Employees retire with 67
- For each retirement a new, 20 year old employee will be hired

Source:

- SAP-HR

The increased average age will lead to a dramatically higher costs for disability days



* Estimated since most of the employees in this age are currently in retirement

** Bertelsmann Germany without G+J, RTL, Prinovis

The cost for disability days in 2007 justifies all investments in Health Topics – and more!

Cost

Disability days in 2007, Bertelsmann Germany:	298.954 days
Assumption: cost for an average disability day*:	200 Euro
Amount for disability cost Bertelsmann Germany 2007:	59 Million Euro

Investment

Investment in Health Topics, Bertelsmann Germany 2007:	1,7 Million Euro
Assumption: due to strategic Health Management, 5% of disability days can be saved in 2008	5.979 days
Estimated cost savings Bertelsmann Germany 2008:	2,9 Million Euro
Estimated net savings due to Corporate Health Management:	1,2 Million Euro

But: Do you believe in the 5 %?

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At Bertelsmann, the employee survey is the key driver for the Health Business Case

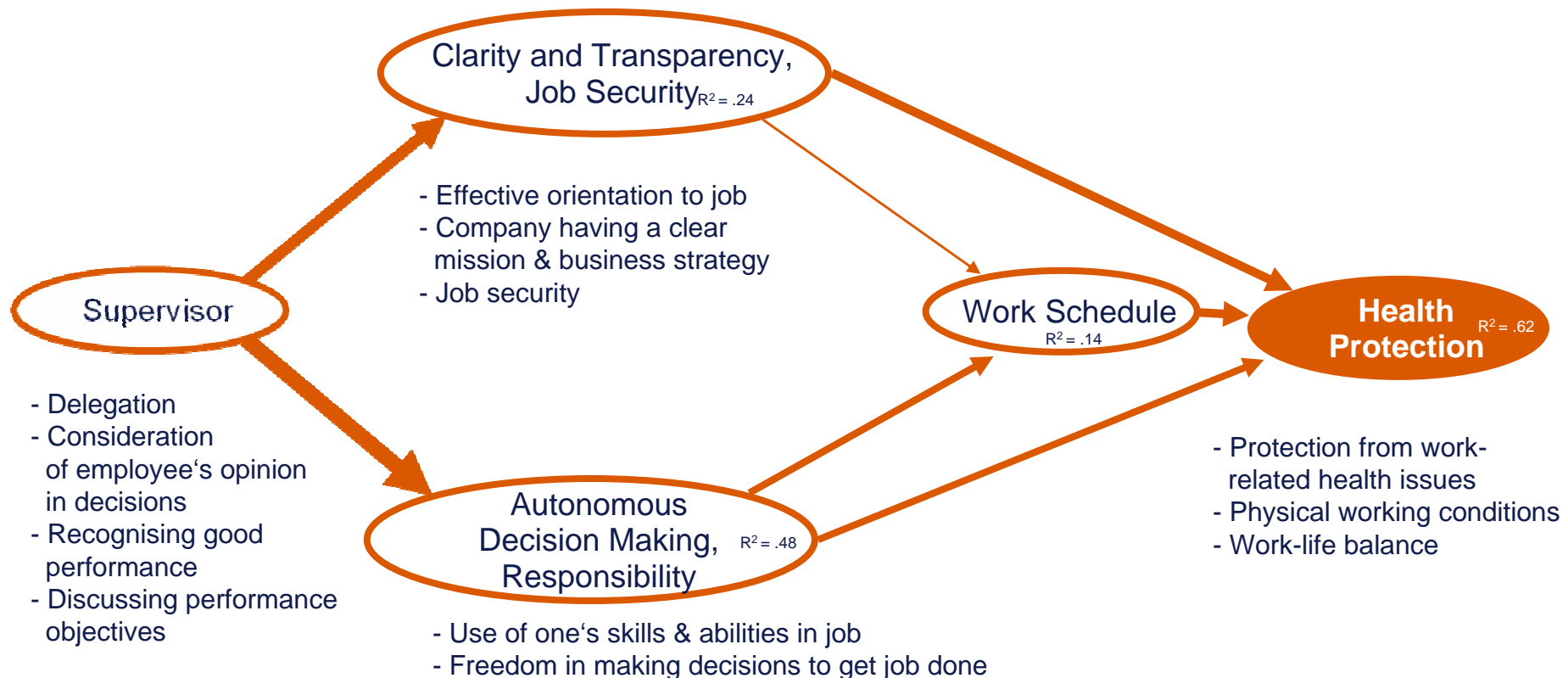
Advanced statistical methods, in particular structural equation models

- allow one to see the **big picture**, looking at the relationships between all questions/factors and the relative importance of each of them. This is superior to correlation studies.
- indicate a **causal direction**.
- are **multilayered**; they visualize causal chains.
- as a **psychogram of employees** they reveal more of health-related influence than employees themselves are aware of.



Main drivers for perceived Health Protection*:

1. Work Autonomy 2. Job Security 3. Work Schedule



*Source: Bertelsmann Employee Survey 2002 with > 50.000 participants

Leadership Style strongly correlates with perceived Health Protection

Workload

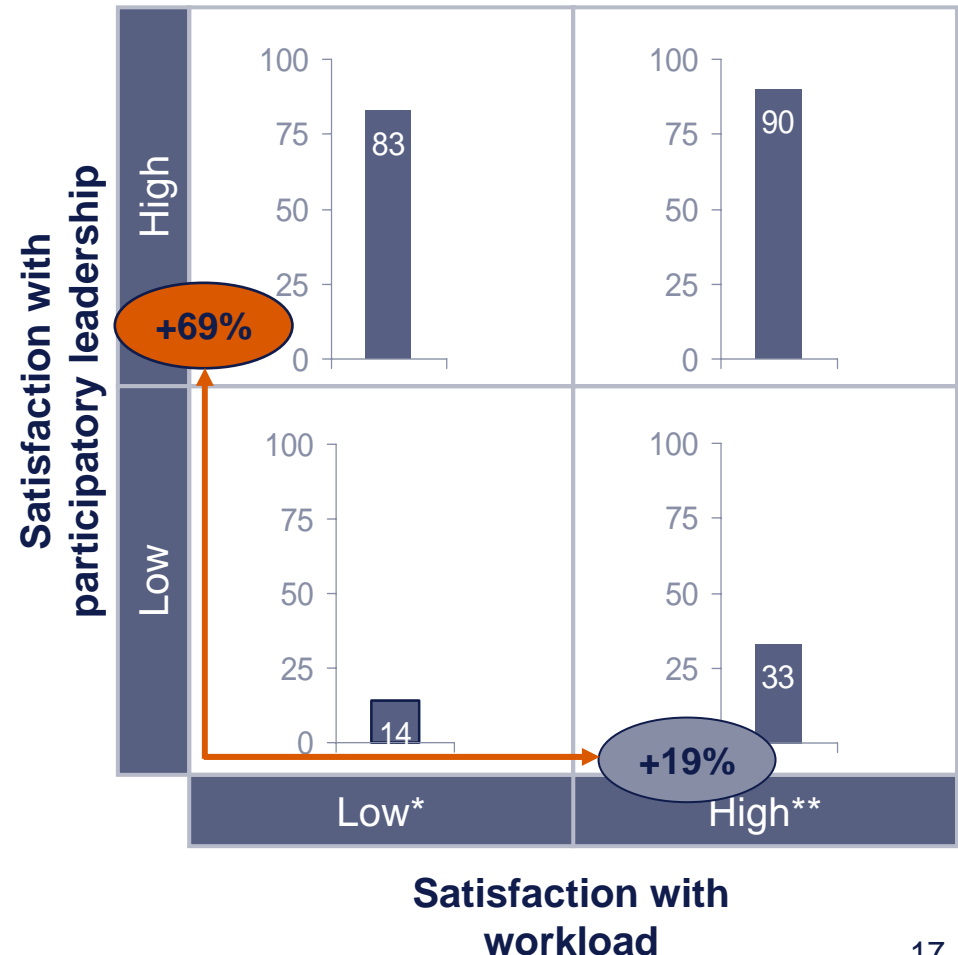
vs.

Participatory leadership

The graphs indicate the percentage of employees responding positively to the item: "Protection from work-related health issues".

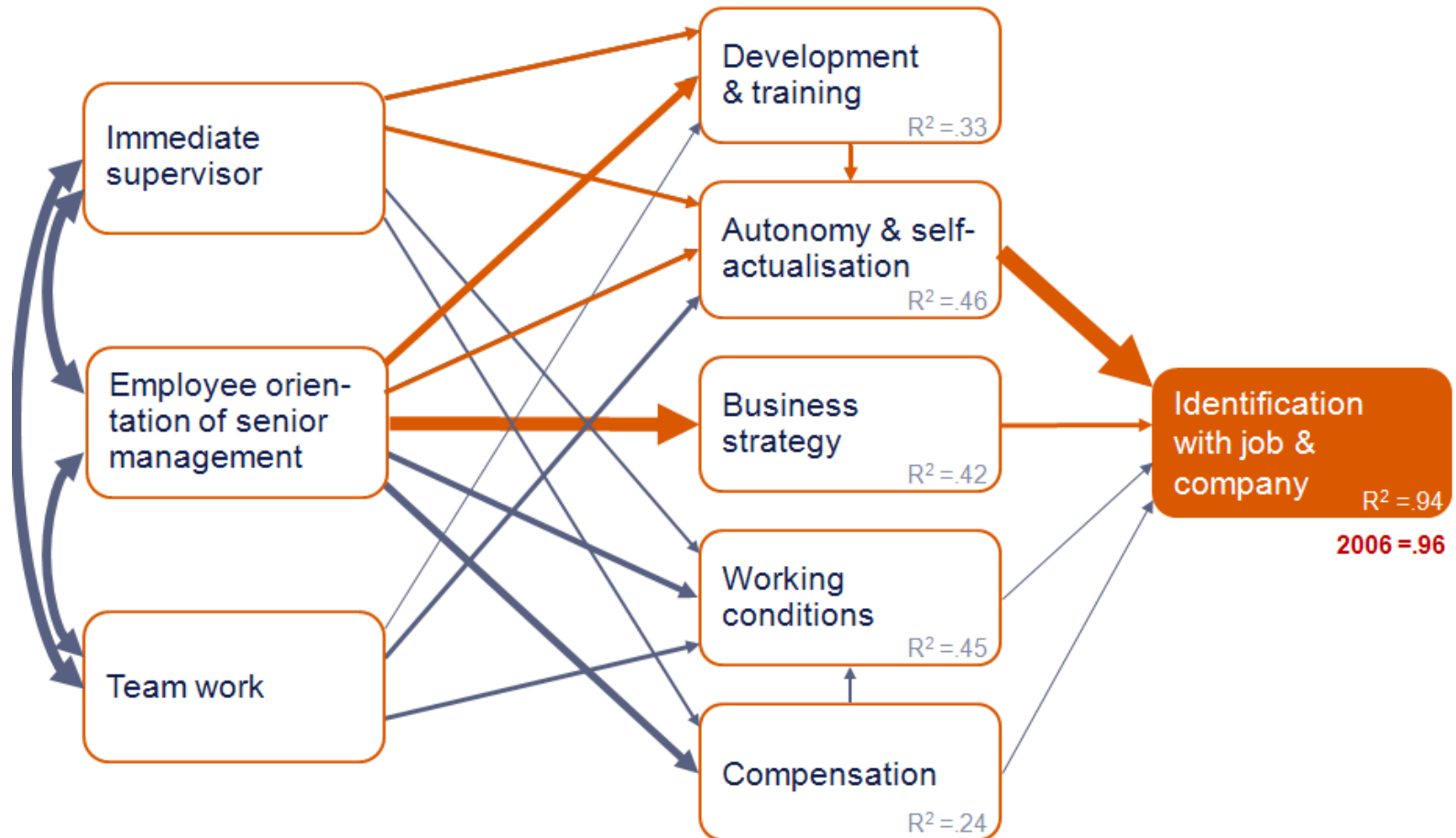
* Employees indicating they are consistently overworked.

** Employees indicating they are satisfied with their workload.



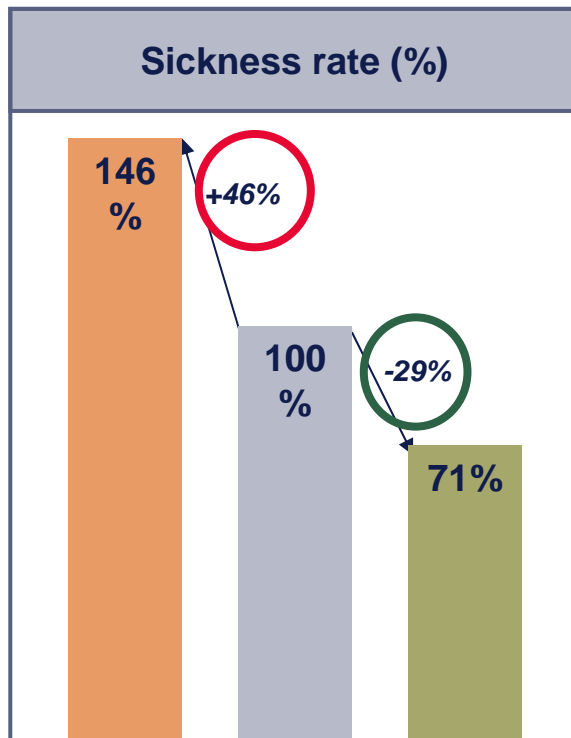
Main drivers for Identification with Job and Company*:

1. Work Autonomy 2. Business Strategy 3. Working Conditions

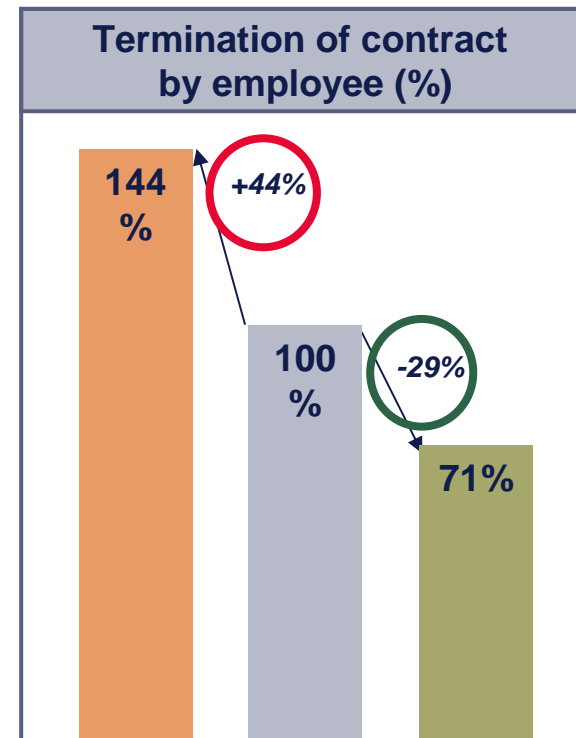


*Source: Bertelsmann Employee Surveys 2002 and 2006: Structural Equation Model on Identification

Greater employee identification correlates with sickness and leaving rates

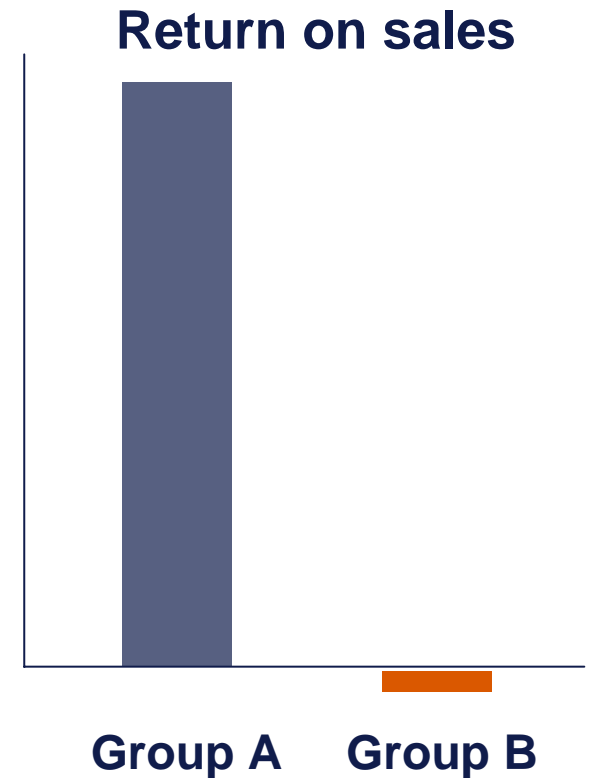
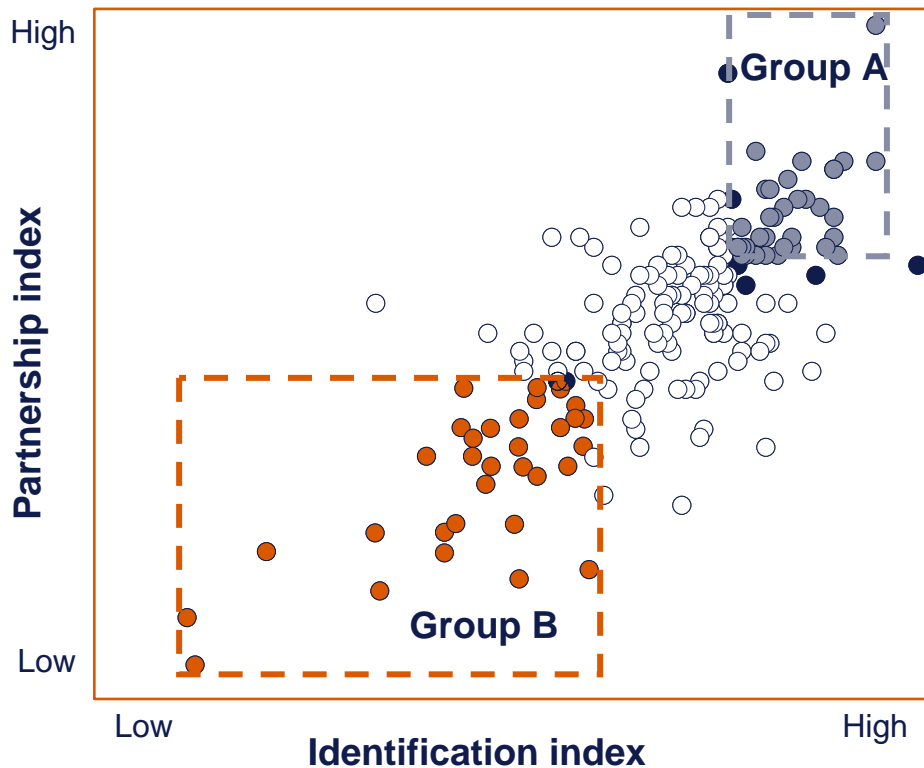


Bottom 25% Average Top 25%
Employee identification
due to participatory leadership

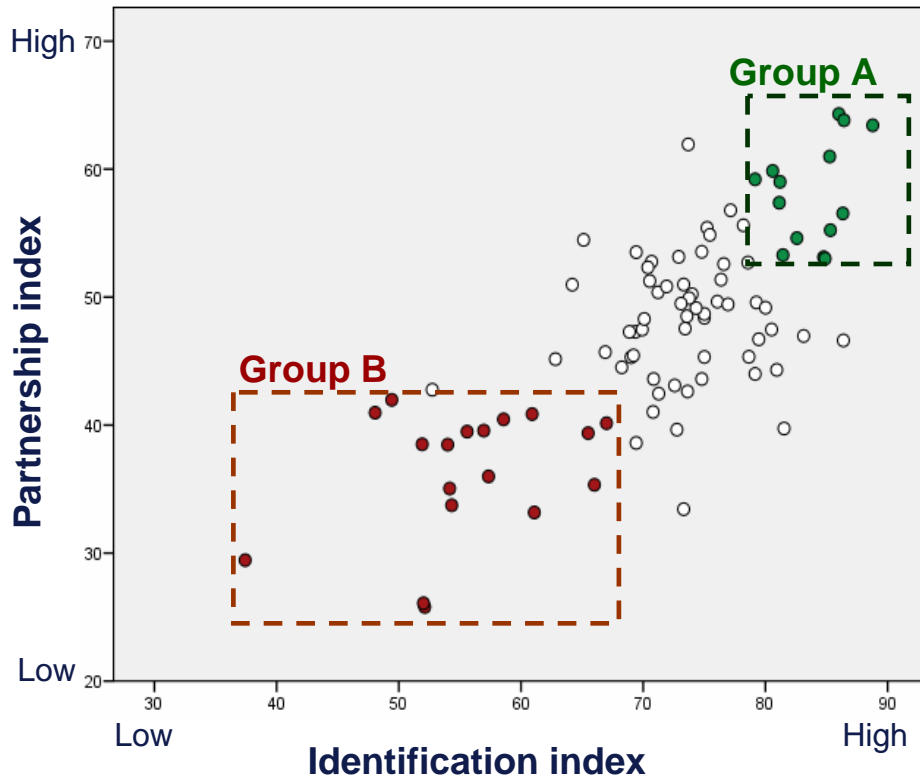


Bottom 25% Average Top 25%
Employee identification
due to participatory leadership

Employee Survey 2002: Partnership culture and identification boost financial result



Employee Survey 2006 underlines the effect of Partnership and Identification on Financial Results



- Companies with low market share and value
- Companies with medium market share and value
- Companies with high market share and value

*Source: Bertelsmann Employee Survey 2006: Analysis of 91 major Bertelsmann companies worldwide

Corporate Health Management at Bertelsmann has its fundament in the Partnership Culture

Bertelsmann
Essentials

Partnership

Entrepreneurship

Creativity

Citizenship

Vision:

Healthy
Employees =
Healthy
Company

Mission:

Create awareness within the
group of the decision makers regarding
Corporate Health Management.
Make sure, executives understand
and take responsibility

Products and Services, e.g.:

Check Ups For All	Sport Programs	Workplace Security
Non Smoking Programs	Fitness days	Executive Check Ups
Healthy Nutrition	Flu Protection	Age Structure Analyses
Ergonomics	Screenings at the BKK	Mental Health Consulting

Thank you very much!

Questions are welcome...