# Shirley Xu – President Greater China, Baxter

***'In China, for China' is something we have lived by in the past three decades, and this is evident in our actions, not just our words***

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*Shirley Xu, president of Baxter Greater China, reflects on her extraordinary 26-year (and counting) career with Baxter China, including her perspectives on the success factors behind Baxter's growth in the country over the past decades, its strengths as a diversified healthcare company offering not only pharmaceutical products but medical devices and services, as well as Baxter's continued commitment to investing in China, fostering a positive work environment and remaining a trusted healthcare partner and reputable industry leader.*

**Shirley, we have to start with the extraordinary fact that you have been with Baxter China for over 26 years! Looking back at this journey, what are some of your reflections?**

My journey at Baxter really goes back to my background. My childhood dream was to work in healthcare. This is why I decided to enter medical school, after which I worked in a hospital for less than two years before joining the healthcare industry. At my core, my passion and purpose is, and has always been, the healthcare industry. Baxter is truly a great company. Our slogan – saving and sustaining lives – really resonates with me.

Being able to grow with an organization over a long period is a beautiful opportunity. I have seen how the organization has been built from scratch: how our individual and collective efforts, year over year, have helped Baxter China grow to become one of the most strategic clusters globally for

Baxter. This has been incredibly rewarding.

More importantly, behind these commercial numbers are the patients that have benefited from our products and services. Recalling the healthcare infrastructure and treatment options nearly three decades ago, they were truly at a nascent stage, but today, we can see advanced treatment options and therapies available to Chinese patients. This drives home the fact that we are committed to our purpose to make a positive impact on society.

Secondly, it goes without saying that I really like the people, culture and organization at Baxter Greater China. Baxter Greater China is not a one-person journey but a team journey. But if we have individuals that really buy into the culture at Baxter – a culture of inclusivity, diversity, ethics and compliance – then the company would be able to attract many great talents with similar passions for patients, as Baxter Greater China has done.

Finally, I would like to add that Baxter strongly supports women leaders, offering a very inclusive and balanced working environment, and this is reflected in the gender parity on our Greater China leadership team. For me overall, Baxter has truly been a fantastic company to work for.

**2019 marks Baxter's 30$^{th}$ anniversary in China. Can you outline Baxter's growth story over the past three decades?**

Baxter is an extremely diversified healthcare company, offering not only pharmaceutical products but medical devices and services. We operate across six business units: acute therapies, medication delivery, pharmaceuticals, nutrition, renal care, and advanced surgery, delivering products and therapies from the ER to the OR, and from the pharmacy to the ICU, as well to advancing patients' care in their homes.

Looking broadly over the past 30 years, Baxter has been one of the pioneering companies focused on localization. We call this the 'ecosystem' approach: building a comprehensive infrastructure in China from R&D to manufacturing to sales and marketing to patient management services, so that we can focus on serving patient needs in a holistic manner. 'In China, for China' is something we have lived by in the past three decades, and this is evident in our actions, not just our words. We currently have five manufacturing plants across the country, and the majority of our products sold locally are manufactured locally. Across our business areas, we treat patients across all 31 provinces, and it has been very important to us to continuously expand our presence in China.

In addition, we have also focused on developing and promoting patient management systems to support patient needs. This is very important for us because we work in both the hospital segment (with acute cute) and the home care segment (with chronic care), so we need to build our support infrastructure across both segments, and to link them to help patients move from one to the other.

Across the past three decades, we have therefore built an extremely solid foundation that positions Baxter a trusted partner within China's healthcare ecosystem. Trust is developed not from what you say but what you do, and our continued actions and investment in China over the past thirty years have proven our commitment to China. It has been a consistent effort over three decades, not one-time investments. For this reason, healthcare stakeholders in China do view us as a good, long-term partner.

**We understand that Baxter CEO Joe Almeida has set high growth aspirations for Greater China. Is Baxter Greater China on track to deliver them?**

We are already one of the fastest-growing market cluster for Baxter. Our contributions to global operations are decent, particularly in key areas like renal care and acute therapies. In terms of patient populations as well, Baxter China reaches the largest patient groups within the organization because of our broad and deep coverage of the Chinese healthcare system.

It is not an easy target but overall, with the right portfolio mix, market conditions, innovative products, and a strong localized foundation built over the past decades, I believe Baxter Greater China is in a good position to deliver this.

Of course, we cannot achieve this alone. We must leverage the strengths of the entire Baxter organization. We receive a lot of support from the global Baxter organization, which again reflects the importance of the China market. Our CEO Joe Almeida visits China twice a year and our APAC SVP, Andrew Frye, also pays a lot of attention to this market. In addition, every year, we host a Greater China Commercial Summit with a group of leaders from global and regional functions meeting in China. This allows our global and local teams to exchange valuable insights and collaborate.

We also have to be realistic about the external environment. We have seen a lot of industry challenges this year, and 2019 truly marks a new era within the Chinese healthcare environment. Nevertheless, this does not just affect Baxter, it affects the whole industry – and as an industry, we must consider how we can use our strengths to adapt to the government's new direction in its

healthcare policies. New and different challenges will come but we must think about how we can collaborate, grow and succeed in new environments. It is important to be adaptable.

But overall for Baxter Greater China, we remain unwavering in our overall mission and purpose as saving and sustaining lives.

**There have been significant changes in the healthcare landscape in China over the past few years. How do you anticipate Baxter's story will unfold in the next few years?**

Looking forward, we will certainly continue to invest in China. There are huge patient needs in the China market and demand is only going to grow in the future, so China will definitely remain one of the top priority markets for Baxter.

With the Healthy China 2030 plan in place, it is clear that healthcare is a critical part of the government's agenda. The key question for us is how we can continue to position ourselves as a good, long-term partner for China to offer not only innovative products but also affordable products – to align with the government's agenda to treat more patients in China more cost-effectively. For us, this means accelerating new product launches, exploring new business models, initiating digital transformation, and so on.

When it comes to new and innovative products, China is already one of the first-wave markets for Baxter across all our global business units. Whether it is R&D or commercialization, China is always one of the priorities. This reflects the important positioning of the China market within the global organization. As of last year, Baxter China has really accelerated the pace of product launches, with multiple new products launched each year, and this will certainly continue in the foreseeable future. We want to further improve this as well.

We are also keen to explore new business models in the future. For instance, with our strong existing positioning in renal care, we might see if it would make sense for us to expand into renal care services.

We also want to be open to global best practices. When it comes to healthcare, governments globally are facing similar challenges with aging populations and rising costs. We want to exchange our insights and learn from other markets so that we can execute them locally according to local needs. For instance, I recently observed that US President Donald Trump released an executive order regarding the use of home care therapies for chronic kidney disease (CKD) patients in the US.

**Many companies in China speak about being a trusted partner of Chinese healthcare stakeholders. What does being a trusted partner mean to Baxter Greater China?**

We are guided by our 'One Baxter' philosophy, which clearly reflects our mission. This is what helps us conquer challenges and difficulties. At Baxter, we think about our strengths and values. We are committed to providing safe and quality products continuously. We grow through innovation. We are recognized as a reputable industry leader in our business areas. These are all core elements of Baxter Greater China as a trusted partner within the local healthcare ecosystem.

Ethics and compliance are very important topics, especially operating in China. They form the foundation for sustainable growth. We share the same goals as the government: to reach more patients in China, to cover the market more broadly, and to treat patients more cost-effectively. It is not simply about providing products. We must also share our expertise and be a driver of innovation within the local ecosystem. This is ultimately how you build trust with local stakeholders.

For instance, in 2012, we collaborated with the former Ministry of Health to launch the 'Flying Angel' program, which focused on a sustainable care and delivery model for peritoneal dialysis (PD) patients with end-stage renal disease in rural parts of China. This was important because in those days, such critical renal care was largely available only in Class 3 hospitals in top-tier cities, and we wanted to broaden access to lower-tier cities as well as Class 2 and 1 hospitals. The initial strategic partnership covered provincial, municipal and county-level medical institutions in six pilot provinces. As a part of the initiative, outcomes of hemodialysis and PD therapy were compared, demonstrating equal effectiveness, while PD involves lower cost. As a result of this partnership, which ended in 2018, thousands of patients benefited from a higher standard of care, expanded infrastructure, and improved accessibility and affordability of PD therapy in China.

We also participate strongly in corporate social responsibility (CSR) programs, with a lot of focus on medical and public education. Public education is important because many patients sometimes feel marginalized by society. There is also very little information available about some diseases and their impact on patients. Therefore, we launched the 'Orange Ribbon' (□□□□ )project in conjunction with the China Soong Ching Ling Foundation to raise public awareness of CKD. This has been a continuous long-term effort to help society understand that with proper treatment and management, patients with CKD can still lead normal lives. This requires a change in mindset. This is something I learnt myself from the physicians I spoke to. Life should not be about dialysis.

Dialysis is only a tool for patients to lead better lives, so patients should not feel limited by the treatment but rather empowered to lead the lives they want.

**Finally, the talent environment within the industry has changed significantly, and the turnover is extremely high. As a Baxter veteran, what is your perspective on this?**

Competition for talents is present in every industry around the world as more specific and advanced skills are required for certain jobs. We have to acknowledge this fact but we see this as a positive trend. Healthcare has become such an important and dynamic industry, with new companies emerging and existing companies growing, which is one of the reasons why talents frequently move. This is ultimately beneficial for the industry.

As leaders, we must prepare for the present and also anticipate the future. In the present, we must formulate solid talent development, pipeline as well as succession plans. Baxter has a very strong Greater China leadership team, which is important for retaining talents throughout the organization. We need good managers. At the same time, we must also continuously develop future talents.

We also focus on our organizational culture. For instance, we participate in Aon Hewitt's 'Best Place to Work' survey every year, and we have been recognized as one of the top employers for the past three years. We recently participated in another renowned survey, the 'Great Place to Work' survey, and we have been recognized there as well. These are important milestones for us to reflect on our successes and best practices, as well as identify areas for further improvement. We also have internal surveys every month to see how we can continuously support our employees.

I want to recognize our HR department's efforts here. We have many initiatives to develop and support our employees, such as our core +Me program, which encourages individuals to volunteer for additional responsibilities outside their usual work scope, for instance, in CSR or digital; programs that allow people to try different verticals if they are interested to explore other functions; and remote working opportunities, for instance. We also share patient stories internally, which serve as powerful reminders of the true mission behind our jobs, which is saving and sustaining lives.

A great working environment will attract talented and diverse individuals. I mentioned as well that we have a strong focus on gender parity as well as support for women leaders. At the end of the day, if our employees feel supported and acknowledged, if they have meaningful work, and they

align with the mission and values of the company, they will want to stay and grow with the organization. This then gives us a really positive internal environment to deal with any external challenges.

Personally, I believe it is important to have a balanced mindset. I stayed with Baxter for 26 years – and counting! But that is my own journey. Each individual's journey is their own. Talented people have many choices. What is important is that we feel that our job reflects our passion, it energizes us, it gives us new learnings, we feel that we are making meaningful contributions, and we are rewarded and recognized for our efforts. At Baxter, we try to foster that kind of positive growth environment for our employees.

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