

Built on Trust

An Interview with Stanley M. Bergman,
Chairman of the Board and Chief Executive Officer, Henry Schein, Inc.

EDITORS' NOTE Stanley Bergman has held his current post since 1989. He serves as a board member or advisor for numerous institutions including New York University College of Dentistry; the University of Pennsylvania School of Dental Medicine; the Columbia University Medical Center; Hebrew University; Tel Aviv University; University of Witwatersrand Fund; JP Morgan Chase Regional Advisory Board; World Economic Forum's Healthcare Governors; Business Council for International Understanding; and the Metropolitan Opera. Bergman is an honorary member of the American Dental Association. His awards include the Ellis Island Medal of Honor; the CR Magazine Corporate Responsibility Lifetime Achievement Award; a Doctor of Humane Letters from A.T. Still University's Arizona School of Dentistry and Oral Health; and an Honorary Fellowship from King's College London. Bergman is a graduate of the University of Witwatersrand in South Africa and is a NYS Certified Public Accountant (CPA).



Stanley M. Bergman

COMPANY BRIEF Henry Schein, Inc. (www.henryschein.com) is 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 nearly 16,000 employees and operations or affiliations in 24 countries. The company's 2012 sales reached a record \$8.9 billion. Henry Schein has been a Fortune "World's Most Admired Company" for 12 consecutive years and is ranked number one in its industry for social responsibility.

Has true health care reform taken place in the U.S.?

We have seen the entire health care industry shift. There is a much stronger emphasis on wellness and the prevention of disease, and there has been a major shift with many procedures moving out of the hospital and into office-based settings.

In another context, health care reform has not completely taken place in the sense that a significant number of individuals still need to be brought under the umbrella of expanded coverage. But much has already occurred. The debate is not whether all Americans should receive coverage but who will pay for it.

You have talked about cultural competence in terms of the diversity of the population. What can be done to address this?

Sometime around 2040, the majority of Americans will trace our roots to the developing world. There is a new America that has been advancing over the past few decades and we, in the health care sector, are not prepared to deal with the unique needs of the diverse communities that will slowly become the majority.

If you look at the private-office practitioner sector of health care, there is a lack of cultural competency because the physician population is not representative of the country. As numerous studies have shown, patient rapport with

health professionals of one's own culture improves case acceptance and personal commitment to care, and improves the health status of the entire population. Thus, we believe that enhanced cultural competency and support for minorities in health care education is very important for the future of health care in the U.S.

Is the importance of oral care well understood?

No, unfortunately, and that's something we need to change for the good of society. It has been well established that oral health is integrally connected to overall health and well-being. It has been well documented that oral disease may increase the risk of numerous chronic diseases, including diabetes and heart disease, and can contribute to adverse pregnancy outcomes. Given that oral care is part of the larger continuum of health care, it is essential for the American public to understand the importance of regular dentist visits as a critical component of protecting one's overall health.

There is a direct correlation between overall wellness and oral health, and yet oral care is not integrated into health care reform, which indicates that its true value is still not widely understood.

How has this company remained so consistently strong?

Our ongoing strength is tied to our deep commitment to the five constituencies that make up the Henry Schein mosaic of success: our supplier partners who manufacture the products our customers need and who can make more money working with us than any other distribution partner; our customers who rely on us to be a trusted advisor and partner in helping them to operate the most efficient practices and provide the highest quality of care; Team Schein, which we truly believe is our greatest asset; our investors who provide us the necessary capital and for whom we provide consistent financial results; and society, reflected

in our commitment to giving back to the professions we serve and the communities in which we operate by helping to expand access to care for at-risk and underserved populations, enabling us to "do well by doing good." The balance among these constituencies is an important ingredient of our ongoing success.

At your size and scale, is it tough to maintain an innovative edge?

We deeply believe that ongoing reinvention is essential to remaining continuously relevant to our customers. At the heart of our success is a concept that we refer to internally as "intrapreneurship" – the concept of entrepreneurship within a large company.

The ability to be an "intrapreneur" within the context of a large company is what gives our management team an edge. We believe that team members must feel as if they truly have a stake in the company's success, that they agree with the value system, and that their ideas will be heard and valued. This keeps the momentum and innovative spirit alive and strong no matter how large the company gets.

How do you balance the efficiencies that technology provides with the human touch?

Our success is all about touching people and engagement – this is more important than any other qualification. We need people who care and can lead others. Our best people are not bosses; our best people are those who would know how to run a summer camp and get everybody engaged in the games being played.

What concerns you going forward?

That we keep our culture in place with people who trust and care about each other. As a company, we're in a remarkable industry. Dental and medical preventive care will be needed by the baby boomers over the next 15 years and the generation after. More people are also spending money on pets today than ever before. The number of pets in China is growing at an astronomical rate. The markets we're in are terrific, so the opportunities are huge. Even with the difficult economy, we still generated 10 percent earnings per share growth in 2009 and a bit more in 2010, and EPS growth exceeded 10 percent in 2011 and 2012.

The only way we will continue to reap the benefits of this is to maintain the trust we have among our customers and team members, who feel that if they work hard, there will always be opportunities for them. If people trust the company, the sky is the limit. ●