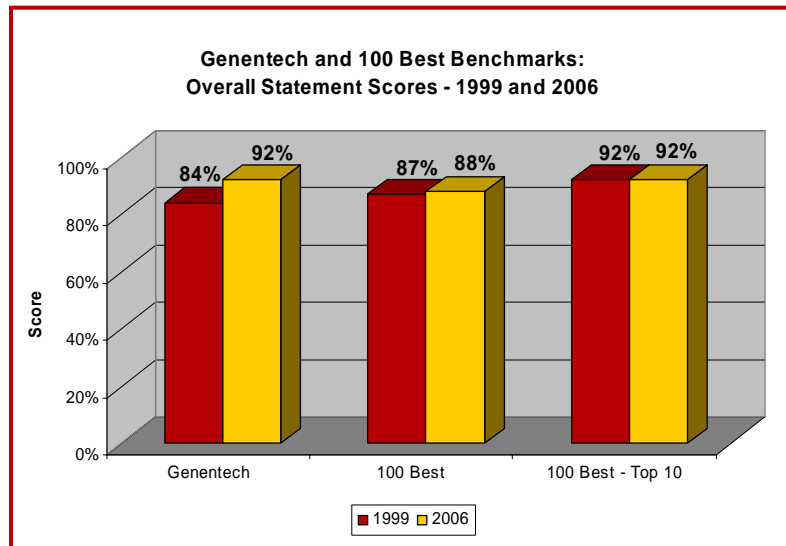


What It Takes To Be #1

Genentech Tops the 2006 100 Best Companies to Work for® in America List

By Robert Levering and Milton Moskowitz

Genentech, a biotechnology pioneer, tops this year's 100 Best list for a number of reasons, the most important of which is the high rating from the people who work there. We measure those ratings through a survey instrument called the Great Place to Work® Trust Index®, and this year, Genentech scored among the top 10 percent of the nearly 500 candidate companies. Genentech's scores have improved steadily since the company first appeared on our list in 1999 (#56). That year, 84% of surveyed employees agreed that, "taking everything into account," they considered Genentech to be "a great place to work" (right). This year, 92% of surveyed Genentech employees said yes.



We also consider the employee responses to the survey's two open-ended questions about why they believe their company to be a great workplace. On this score, Genentech was a clear winner.



Employee comments include:

- "We love what we do because we know that our job has meaning. Our management team always reminds us that the patient comes first, unlike other companies where the bottom line is the driving force."
- "The culture of this company fosters such a warm and diverse environment where everyone is treated equally. You can just as easily talk to our CEO, Art, as you can with any other employee."

A second major reason for Genentech's climb to first place: HR policies and practices that cover the waterfront. We evaluate companies through a five-dimensional Great Place to Work® Model® (left) that encompasses Credibility (values, internal communications); Respect shown to employees (training, recognition programs); Fairness (equity in pay, diversity); Pride (social impact of products/services, philanthropy); and Camaraderie (celebrations). Not only does

Genentech field a variety of programs/policies for each dimension, but in many cases, its programs are world-class. Employees have numerous avenues to reach management including an interactive Intranet site called gWiz 4.0, webcasting meetings, Town Halls and "Art's Quarterly E-mail Surveys," where the CEO typically receives and responds to about 800 ideas, suggestions and complaints from employees.

Genentech's work-family programs are also strong. One employee told us: "Working here has never been just a 'job' because much emphasis is placed on how work and personal commitments can coexist. Time off to rejuvenate is encouraged via sabbaticals every 6 years. Families are supported with excellent on-site daycare and nursing mothers' rooms, complete with pumps. Many errands can be done on campus: hair cutting, prescription filling, dry cleaning, photo developing, banking, and car washing to name a few."

Few companies in our experience throw more parties or celebrate successes better than Genentech, from Friday afternoon "Ho-Hos" to spectacular blowouts with performers such as Elton John.

Finally, we found that Genentech's various programs and practices fit together coherently. Competition for a spot on this list is intense and it's not enough for a company simply to have a grand basket of programs, some of which are world-class; also, this is not a pay-and-benefits competition. To make the list, a whole set of policies must translate into a people-oriented culture. Genentech passes that test. The company describes itself as follows: "More than a biotechnology company, Genentech is a community. Over 8,000 dedicated employees call Genentech home because of our shared passion for patients. Our unwavering commitment to our mission has made our business successful and has contributed to creating a stimulating and rewarding work environment."

Employees at Genentech are proud of the cancer-fighting drugs their company has produced. The company's egalitarian policies – giving stock options to everyone, for example – have enabled employees to share directly in the rewards that come from commercial success. It's a unique synthesis combining business strategy with an employee-friendly strategy, and it's why Genentech stands at the top of our list.

Genentech Quick Facts

Industry	Biotechnology & Pharmaceuticals
U.S. Employees	8,121
Training	51 hours/year
Voluntary Turnover	5%
Job Applicants	246,000
Headquarters	San Francisco, CA
CEO	Art Levinson
Founded	1976
Ticker Symbol	DNA
Website	www.gene.com

Genentech Perks and Benefits

- Free snacks
- Pet insurance
- A personal concierge service
- On-site childcare, banking, hair salon, dental service, and Weight Watchers
- Unlimited sick leave
- Fully paid 6-week sabbaticals for employees, every six years
- Flexible scheduling programs (including telecommuting, compressed workweek)
- Access to financial and legal counseling
- Classes and seminars on a wide variety of topics supporting personal growth like "Walking to Good Health, Happiness & Longevity" and "Smart Strategies for your 401K."

Best People Practice® Examples

Creating a great workplace isn't about implementing a specific set of programs and practices, it's about developing a cohesive culture that consistently enables people to "trust the people they work for, have pride in what they do, and enjoy the people they work with."

The following practices reflect a fraction of the numerous programs and practices Genentech uses to build a great workplace. The intention that surrounds these programs and the specific fit they have within Genentech's culture is a critical part of what makes them so effective. For example, while employees in every workplace need to feel management keeps them informed of important issues and changes, the best mechanism to do this may vary significantly between workplaces.

What works for an 8,000-person, technically savvy, biotechnology firm like Genentech will probably be different than what would be most effective at FedEx, with 210,000

employees on the road in more than 3,000 locations around the country, or what works for the non-profit Griffin Hospital, which has just over 1,000 healthcare employees in its Connecticut location. While each of these organizations has been able to create one of the best companies to work for in America by developing a strong and unique culture that fully incorporates the fundamental elements that create great workplaces, they've each done it their own way. Here is a sampling of what Genentech has done.

Best Practices that Build Credibility



Credibility is built through three interdependent sets of behaviors and attitudes found in the practice of two-way communication, competence and integrity. Effective **communication** invites two-way dialogue. Leaders and managers are clear and informative with the information they share; mechanisms are available to employees that afford them the opportunity to begin conversations about what they might need or want to hear. **Competence** is seen in the skills and behaviors needed for the effective coordination of people and resources, directing employees' work with the right amount of oversight, and clearly articulating and pursuing a vision for the organization as a whole and for individual departments. Management's **integrity** depends on honest and reliable daily actions. Managers strive to be consistent in what they say and do, and promises are kept. Additionally, employees have confidence that their managers run the business ethically.

- Each quarter, CEO Art Levinson sends business update e-mails to inform employees about product, financial and relevant business news at the company, but it's not a one-way flow of information. For over two years, Art has been asking for feedback on his e-mails by including a quick electronic survey in them. The electronic survey encourages employees to give Art feedback about aspects of his e-mails (content, length, etc.) but it also encourages employees to give feedback, ideas, suggestions or voice complaints.
- At the VP Lunches, employees have the opportunity to engage in small-group discussions with one of the company's 46 Corporate Officers. Employees get free lunch and free-flowing, unscripted, candid dialogue about anything and everything with a leader in the company. Executives meet the men and women at all levels of the company who make our business a success and hear – uncut and uncensored – what is really on their minds. Topics have ranged from Genentech's business goals to what keeps the executives up at night to Genentech's position on current issues like stock option expensing and drug pricing. One measure of the value of the VP Lunch program is that the desire to participate is as strong among employees as it is among the Corporate Officers.
- In addition to business-specific dialogue, Genentech's Executive Committee may even answer non-work related questions. Company rumor has it that in the last year, Art fielded a question from an employee's child about astronomy (a hobby of the CEO) and Sue Hellmann, a trained physician and president of Product Development, answered a question from a then-pregnant employee asking for Sue's medical opinion about the potential value of banking umbilical cord blood. Both senior leaders promptly – and personally – responded! Even though Genentech is more than 8,000 employees strong, it's nice for employees to know that management is still approachable and that informal communication is still alive, well, and encouraged.
- Genentech hosts an annual conference wherein hundreds of members of the Genentech Research community come together to discuss and learn about what is going on in the various areas of Research. It is usually followed with a night-cap of fun and games, such as this year's "Carnival in Rio" party.
- Webcasting provides a chance for employees to hear and see Genentech's leadership. As the company grows, Genentech knows it is more valuable than ever for employees to be able to see and hear their leadership. With 33 buildings in South San Francisco in addition to facilities in Vacaville and Oceanside, not everyone has the opportunity to run into CEO Art Levinson making his morning espresso. That's why, in response to employee feedback, Genentech launched its very first webcast to unveil Genentech's "Horizon 20.10.1" plan – the goals, strategy, and vision to take Genentech through 2010. After an unprecedented string of positive clinical trial results, Genentech was able to quickly share what the senior managers had heard a week earlier in person with all 8,000+ employees via a two-hour session that was webcast (and archived) on the company intranet.

Best Practices that Show Respect



Respect is demonstrated through practices that provide professional support to employees, encourage collaboration and allow for expressions of care both in the workplace and outside.

Professional support is shown to employees through the provision of training opportunities and the resources and equipment necessary to get work done, as well as through the expressions of appreciation for accomplishments and extra effort. **Collaboration** between employees and management requires that leaders and managers genuinely seek and respond to employees' suggestions and ideas, and involve people in the decisions that affect how they get their work done. Managers demonstrate **caring** by providing a safe and healthy working environment, and by showing an interest in people's personal lives. Caring managers are also aware of the impact the work has on employees' personal lives.

- GenenCheck awards recognize and reward key contributions made by employees who go beyond their regular responsibilities. All employees are eligible for consideration except for the CEO and chairman, although only under exceptional circumstances will awards be granted to those at the director level and above. Checks range from \$1,000 to \$2,500 after taxes.
- Genentech provides professional development opportunities to administrative support by celebrating Administrative Professionals' Appreciation Day (APAD) with a half-day of activities focused on education, resource sharing, and skill development. In 2005, more than 250 administrative professionals attended. After a day of networking with representatives from company vendors and various Genentech departments, everyone was invited to enjoy a meal together and reflect on what they had learned.
- The Guaranteed Ride Home Program provides rides to employees who may take public transportation to work and need to get home quickly for emergency situations. Security services will provide the means to get home at their expense, whether through a rental car or a taxi.
- On January 4, 2005, the Corporate Diversity department at Genentech held its fifth annual Diversity Awards Celebration to honor four employees as the 2004 Diversity Champions. These employees were selected to be recognized based on a set of three criteria: they embrace and exemplify Genentech's Diversity Value and Philosophy through their decisions and actions; they champion the Diversity in Action (DNA) Plan (Recruit, Develop, Include) through explicit actions; and they make a significant impact on diversity efforts that produce tangible results.
- Genentech's growth has fueled many professional growth opportunities for our employees through the creation of new jobs, but it is also recognized that growth requires a continued and concerted commitment to professional training. As a result of employee feedback related to promotions in recent years, Genentech is assessing their practices and processes surrounding promotions and has initiated a number of new programs. For example, recognizing that successful organizations are made up of individuals who are continually focused on developing the right skills for their jobs, Genentech developed learning and development courses to help every employee develop the skills they need now and in the future. Because employees are so busy, some courses were introduced as well-received online courses. Genentech is also developing a Fastracking Managers for Success program, which recognizes that while the work they are doing to establish leadership competencies is critical to their long-term success, they also need to ensure that managers have the basic tools, skills, and process knowledge to be successful.

Best Practices that Ensure Fairness



The three principles that support the practice of Fairness in an organization are equity, impartiality and justice. A sense of **equity** is conveyed through balanced treatment of all people in the distribution of intangible and tangible rewards. Manager **impartiality** is displayed through an avoidance of favoritism in hiring and promotions practices, and absence of politicking in the workplace. **Justice** is seen as a lack of discrimination based on people's personal characteristics, and the presence and utilization of a fair process for appeals.

- Genentech's gLife program helps employees understand the company's comprehensive compensation and employee centered programs and how these programs are administered. gLife is intended to support employees in creating the life and work style that enables them to bring their best to the business, to their family, and to Genentech's mission of addressing significant unmet medical needs. The program covers salary, bonus, employee stock plans, and employee stock options.
- At Genentech, diversity and inclusion goals are often set by senior leaders to ensure a diverse workforce. For example, the senior vice president of Specialty Biotherapeutics set the goal that 20% of all hires for the sales force for a new drug product would come from diverse sources. In the end, she surpassed that goal with 33% minority hires, 50% of whom are sales managers.
- The Diversity Network Associations (DNA) promote, celebrate, and recognize diversity among the 8,000+ workforce. The mission and activities of the DNA do not stand alone; they are well-meshed with Genentech's business objectives and the high-level "Horizon 20.10.1" plan, which delineates the goals, strategy, and vision to take Genentech through 2010.
- Genentech strongly believes in discovering and nurturing talent within the company, allowing employees to grow their careers both within departments and across them. This commitment is demonstrated in various ways, including through the company's internal transfer program, through which Genentech encourages all eligible employees to apply and interview for internal positions that can help them advance in their careers and make even greater contributions to the company. The promotion rate has grown from 12.3% in 2001 to over 16% in 2004. In 2004 alone, there were 1,200 promotions, and 25% of internal transfers were used as the source to fill job requisitions. Incredibly, in 2005, internal transfers surpassed employee referrals as the number one source for filling open requisitions.

Best Practices that Develop Pride



Managers in great workplaces help to build employees' pride in their work and the work of the company. Employees feel pride in their **personal jobs**, and know that their individual work makes a difference. The work that is produced by their **team** is a cause for pride. People also feel pride in the **company** as a whole, based on the organization's public reputation and standing in the community.

- The Genentech Employee Giving Program matches dollar for dollar the charitable contributions made by employees for up to \$500 per employee. Genentech went beyond this level after the tsunami devastation in South Asia, agreeing to match up to an additional \$100,000 in employee tsunami relief contributions
- Community contribution efforts are both company-initiated and employee-initiated. As a part of South Asian tsunami relief efforts in 2004, the DNA Group South Asian Network launched into action, posting on the intranet a list of excellent non-governmental organizations in the affected areas to which employees could donate and know their contribution was to be used for direct relief efforts. The group raised more than \$10,000 through this effort.

Best Practices that Support Camaraderie



Practices within the Camaraderie dimension encompass three aspects of employees' relationships with their co-workers. Employees experience camaraderie in the workplace through the level of **intimacy** they find, or the ability they have to be themselves. **Hospitable** workplaces are friendly and welcoming to all employees, and encourage people to have fun during the work day. A strong sense of **community** develops in organizations where people feel that they are part of a team or a family, that they cooperate within and across departments, and that people are connected by common values and purpose.

- The Ho-Hos, a long standing tradition at Genentech, are Friday-night company-sponsored get-togethers that originated with co-founder Bob Swanson bringing in beer during the afternoon to “take a break and talk about how the week went.” Now, they are usually tied to an event or theme, like The Taste of Recovery Operations St. Patrick’s Day Ho-Ho and Chinese New Year Ho-Ho. All Ho-Hos give employees the opportunity to talk, relax, and laugh with colleagues, friends, and family.
- Genentech employees demonstrate some “welcome back” fun for sabbatical-goers/returners by redecorating their offices or cubicles. For example, knowing that one employee spent part of his sabbatical working on his old Mercedes, his colleagues turned his work space into a car – complete with a car door hung on his cube door, a steering wheel attached to his computer, and hubcaps around the outside.
- Friendly pranks and practical jokes have always been a part of Genentech’s culture of having fun, even among the executive officers. For example, when executive vice president of Research Richard Scheller joined Genentech, CEO Art Levinson orchestrated a ruse in which all top managers pretended the company was actually going down the drain.

Additional Resources

- Join **Genentech’s Stephen G. Juelsgaard, Executive Vice President, General Counsel and Secretary**, for his keynote address at the 2006 Great Place to Work® Conference, April 5-7 in Boston, Massachusetts, to learn more about how to create great workplaces directly from Best Companies leaders. For more information, visit www.greatplacetowork-conference.com.
- **Nominate your company** to be on Best Companies lists in North America, Europe, Latin America and Asia by visiting <http://www.greatplacetowork.com/best/index.php>.
- **Consulting Services:** We believe passionately that any organization of any size or industry can become a great place to work®. Great Place to Work® Institute, Inc. consulting services are based on 25 years of researching Best Companies, and our in-depth knowledge of how companies transform can help you achieve higher levels of productivity and profit. Through our assessment, action planning, and advisory services, we can help you to measure, benchmark, and positively impact employees’ experiences of your organization.



Great Place to Work[®] Institute, Inc. has conducted pioneering research on the characteristics of great workplaces for over 25 years. We believe all companies can become great places to work, and our mission is to help them succeed. Our Great Place to Work[®] Model[®] is recognized as the standard for assessing great workplaces. In 27 countries around the world, we are proud to:

- **Recognize the Best Companies** for their achievements through our international Best Companies lists. In the U.S., these lists include Fortune's *100 Best Companies to Work For*[®], as well as the "Best Small & Medium Companies to Work for in America" published in collaboration with SHRM.
- **Help companies create and sustain great workplace cultures** through our consulting services. Our data collection tools (employee survey, focus groups, 360° professional development tool) educational workshops and training programs, action planning system, and strategic advising services all support the transformation process within any organization. The Institute's unique access to Best Companies' data allows us to offer unparalleled benchmarking opportunities, best practice information, and transformation insight to our consulting clients.
- **Share resources, best practices, and Institute research** through our education services. These include peer networking groups, workshops, conferences, and publications which enable organization leaders to learn directly from each other, as well as benefit from our wealth of knowledge and lessons learned from the Best Companies and our clients.

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