

The Impact of (RED)

An Interview with Susan Smith Ellis,
Chief Executive Officer, (RED)



EDITORS' NOTE Susan Smith Ellis joined (RED) in July 2007, prior to which she spent more than 20 years as an executive in brand development and advertising. Most recently, she was Executive Vice President of the Omnicom Group. At Omnicom, Smith Ellis led multi-agency client integration programs and business development, and oversaw key educational and teaching programs. She has also held executive roles at Diversified Agency Services, BBDO, and Hill Holliday Connors Cosmopolos. She is on the board of the Miami Ad School and is Board Chair of the Chamber Dance Project.



Susan Smith Ellis

COMPANY BRIEF The primary objective for (RED) (www.joinred.com) is to engage the private sector in raising awareness and funds for The Global Fund to Fight AIDS, Tuberculosis and Malaria, in order to help eliminate AIDS in Africa. Companies whose products take on the (RED) mark contribute a significant percentage of the sales or portion of the profits from that product to The Global Fund to finance AIDS programs in Africa, with an emphasis on the health of women and children. Current partners include American Express, Apple, Converse, Gap, Emporio Armani, Hallmark, Dell, Windows, and Starbucks. More than \$125 million has been generated by (RED) for The Global Fund since its launch in the spring of 2006. (RED) money is being utilized in Swaziland, Rwanda, Ghana, and Lesotho.

How was (RED) created, and how has it evolved to have the vast impact it does today?

U2's Bono and Bobby Shriver were very involved in lobbying on behalf of those with AIDS in Africa. They were in Washington, D.C., the government capital of the West, trying to get governments to put money into the AIDS pandemic. One of the things they heard from Senators and Congressional Representatives was that AIDS was not top of mind for their constituents. So they were being asked to put the taxpayer's money into this issue, but they weren't hearing about it from those taxpayers. Bono talked with then Secretary of the Treasury Robert Rubin about developing awareness, and Secretary Rubin explained that they needed to be like Nike – they needed a big ad budget. Bono had no idea how to get a big ad budget, so (RED) was born from

the idea to create a company that could harness the marketing power of people who would know how to build awareness on behalf of the AIDS pandemic because they already do it for consumer brands all day long. (RED) approached a number of well-known companies, such as American Express, Gap, and Emporio Armani, which then got behind (RED). The organization was launched two years ago in October on *Oprah*. We now have nine partners, and the basic model is partners pay (RED) a small licensing fee to use our marks and then

contribute up to 50 percent of their profits from (RED)-branded products directly to The Global Fund. (RED) never touches that money, and The Global Fund does not charge any overhead on it. One hundred percent of the money goes directly to Africa to the fight against HIV.

How do you decide where to send funds?

The Global Fund helps us with that. Countries put together grant proposals that detail how they would most effectively use the money to fight HIV in their country. For instance, you can ask for a grant to build a clinic or create a counseling program.

How can you make sure the money is getting to the right place?

One reason The Global Fund was created was to harness all the money that comes from various governments and provide an organization to manage the grants and ensure accountability. We think it is important to be able to tell the stories from Africa. It's not just about putting medicine in people's hands; it's also about the end benefit of that – that they are able to raise their children and send them to school so they can go on to contribute to their communities.

We also want to be able to take our current or prospective partners or journalists to the places where the money is working. Seeing it firsthand is so inspiring. It's an incredible gift for those of us who are involved in (RED) to see the difference this money is making. Those who use their celebrity to raise awareness can go to these places and see that what they're doing isn't just lip service.

Do you hope to expand your partnerships?

Yes. We have a portfolio strategy. Global brands can give us enormous exposure. For instance, the Gap can turn miles of retail windows around the country (RED). They give us great

leverage. We also work with niche companies, such as Girl Skateboard. They've designed a board that not only has been successful in raising funds, but that was also important in creating relationships with artists and influencers with Converse, because skaters wear Converse sneakers. But (RED) is a small company; we only total about 20 employees. We're very careful in making sure we can deliver results to our partners. Our goal is to put money from the private sector into The Global Fund, but we're very cognizant of growing the (RED) brand carefully so that we continue to keep people interested and engaged, because sustainability is another goal.

Has the financial crisis caused your partners to cut back their support?

Fortunately, we've not seen anybody yet scale back. Our licensing fees are not enormous, and partners get a piece of the profit from the sales of (RED) products. We also have some metrics that suggest our partners' employees feel good about working for a company that supports this initiative. Consumers also like making a choice that does something more than a normal retail purchase. However, as the consumer economy suffers, people may buy less. So we hope that, when they do buy, they will make a choice to buy (RED) products.

What excited you about taking on your current role with (RED)?

I was intrigued by the (RED) phenomenon, just as a marketer. Meeting with people on the board and Bono and Bobby Shriver and learning about the new model was very exciting to me. While we don't have a lot of financial resources, we work with a lot of people who are willing to help. People will help organize things like art auctions. And people like Christy Turlington and Steven Spielberg will put on Gap shirts and appear in ads.

I was also excited by the opportunity to do something that would make a huge difference in terms of creating stakeholder value. Our stakeholders are primarily women and children in Africa who, without medicine and medical care, would not live. So it's a gift. I have been at it now for a little over a year and a half, and I love my job. That's a really nice thing to be able to say – I love my job. I find it interesting and challenging and dynamic, and it's never boring. It's a great thing. ●

These photos illustrate the dramatic effects on Silvia by anti-retroviral medicine made available to her through the efforts of (RED)