

MedAdNews

THE MAGAZINE OF PHARMACEUTICAL BUSINESS AND MARKETING • MEDADNEWS.COM • OCTOBER 2007

What leaders need

Leaders from across the pharmaceutical and biotechnology industry discuss the experiences and characteristics they possess that have helped them succeed in a challenging business.

By Med Ad News staff with Tig Conger, partner, and Kevin Butler, managing partner, Heritage Partners International

Strong leaders constantly develop their leadership skills to take on the increasingly complex challenges of the pharmaceutical industry. Working with *Med Ad News*, Tig Conger and Kevin Butler of the executive search firm Heritage Partners International spoke with 10 leaders across the pharmaceutical and biotechnology industry to understand the qualities needed to succeed. They also learned how the requisite experiences and characteristics of leaders have changed during the past 25 years and the requirements needed to face change in the future.

“Over the past 25 years we’ve seen advances in research that produce molecules targeting more specific diseases,” Mr. Conger says. “As the industry has evolved to address more complex and specialized diseases, the commercial organizations have had to evolve. General managers today are leading very different types of organizations than they were 25 years ago.”

The leaders Mr. Conger and Mr. Butler spoke with represent three different types of organizations within the industry: therapeutic business heads within a large pharmaceutical or biotechnology organization; specialty pharmaceutical heads of publicly traded companies; and the heads of U.S. or North America operations for big pharmaceutical companies.

“It is clear that the level of complexity is rapidly increasing everywhere, whether in a start-up or a major global pharmaceutical company,” Mr. Butler says. “The old saying, ‘Lead, follow, or get the hell out of the way’ never had more meaning than in today’s health-care marketplace. To be successful tomorrow you’ll need to have an innate love of complexity and the ability to organize what today we’d probably call total chaos. If not, then this industry may not be for you.”

The executives’ educational backgrounds are varied, with about half of them holding undergraduate degrees in the natural sciences and one third holding

advanced degrees in the natural sciences. One third of the individuals Mr. Conger and Mr. But-

About Heritage Partners International

Tig Conger is partner and Kevin Butler is managing partner of Heritage Partners International, a senior-level executive search firm that focuses on delivering superior work to a select group of clients globally in the Life Sciences Industry. Please contact them at 203-789-0000 or visit the Website at: HeritageLeaders.com.

quick facts

- As the types of organizations within the industry become larger and more complex, leadership skills become more critical for career success.
- Complexity will follow the continued shift from the blockbuster model to the specialty model, the acceptance of personalized medicine, and continued challenges for reimbursement.

ler interviewed held MBAs. The majority of the commercial leaders have a background in sales, marketing, or business development, but there were exceptions. One of the leaders began his career in manufacturing operations and another was a research scientist.

Dare to be different

A key theme that carried across all of the interviews was that these individuals dared to be different. Early in their careers, the leaders Mr. Conger and Mr. Butler spoke with were distinguishing themselves from their peer group by gaining different functional experiences, working outside their home country, or pursuing special projects. Overall, these leaders demonstrated a willingness to take career risks and stretch themselves by actively developing new skills.

Each of the leaders Mr. Conger and Mr. Butler spoke with gained experience in multiple areas early in their career. Quite often, individuals moved from sales or market research to marketing or business development. In some instances the functional changes were even broader — moving from manufacturing and supply chain management to marketing and sales or from research scientist to general management. The consistent theme for functional experience was to avoid getting stuck in a single function track, even if this means taking a lateral move.

Diverse backgrounds

Having a solid understanding of market fundamentals in combi-

nation with experience in sales and new product development helped to grow Chris Clement's career. "Recognizing the value, I continued to develop these skills, and even today, the decisions I make rely heavily on my business experiences," he says.

In 2002, Mr. Clement joined specialty biopharmaceutical company **Savient Pharmaceuticals Inc.** (savientpharma.com) as president and chief operating officer. He became CEO in 2004. "To manage a specialty pharmaceutical company, you're involved in everything, and you need a diverse background of scientific, clinical, and commercial experiences," Mr. Clement says.

George S. Barrett, CEO, **Teva North America** (tevapharm.com), and corporate executive VP, global pharmaceutical markets, has a particularly unorthodox academic background. Having received his dual bachelor's degree in history and music from Brown University in 1977, Mr. Barrett describes himself as possibly the only music major in his business school class when he pursued his MBA at New York University, which he received in 1988.

"I never really planned to go into business," Mr. Barrett says. "Unlike many of my business school classmates, I didn't have an undergraduate degree in economics or engineering ... In the early part of my career it worried me, because I saw all of these people that came from more classic backgrounds. I eventually grew to appreciate what this liberal arts background gave me."

Mr. Barrett believes that his unique background shapes the

way he approaches problem solving. "I noticed this in business school," he says. "The teacher would hand out a case study and all these people would immediately start calculating ... I felt like saying, what are they calculating? You know it might be a good idea to think and ask yourself what is this problem really about."

As an Air Force veteran, **Boehringer Ingelheim Corp.** President and CEO J. Martin Carroll believes that his military background gave him experience that could not be replicated by going straight into business. "What we were asked to do was much different than any experiences I would have had in terms of decisions and leadership," Mr. Carroll says. "It exposed me to lead-



"To manage a specialty pharmaceutical company, you're involved in everything, and you need a diverse background of scientific, clinical, and commercial experiences," says Chris Clement, President and Chief Executive Officer, Savient Pharmaceuticals Inc.

ership and responsibilities and assignments I might not otherwise have seen.”

Mr. Carroll started in the pharmaceutical industry at **Merck & Co.** (merck.com) working in manufacturing, something uncommon among CEOs. “What I’ve always reflected on is how important it is to be exposed to a set of experiences that in other parts of the business you might not have until later in your career,” Mr. Carroll says. “If you’re on the third shift in manufacturing, you’re probably by yourself and you have to make decisions, so your decision-making process develops because you’ve got to make decisions with whatever analysis you have at the time.”

Mr. Carroll also developed the ability to interact with people while working in union and non-union environments within

manufacturing. In addition, Mr. Carroll learned cost control and project management skills as he dealt with manufacturing’s tight cost environment.

“By the time I transferred into marketing, I had a lot of experiences that helped make the move a natural transition,” Mr. Carroll says. “I was the first non-marketing sales person at the company to become product manager.”

Military service offered a competitive edge for Ellen McDonald as well. Ms. McDonald is senior VP, business operations, and chief business officer, **AEterna Zentaris Inc.** (aeternazentaris.com). She has held senior leadership positions at **Chugai Pharma USA** (chugai-pharm.com), **Bristol-Myers Squibb Co.** (bms.com), and **Johnson & Johnson** (jnj.com). She holds a bachelor of science degree in general engineering with a minor in international relations from the United States Military Academy, West Point, N.Y., and an MBA from the executive program at Columbia University, New York.

At West Point, Ms. McDonald had a mentor who showed her that the military police corps was her chance to get close to the action, since women were not allowed to serve in combat arms branches. She served in Germany from 1984 until 1987 and then went back to the officers’ advanced course and then to Fort Hood for her company command. In the Army, Ms. McDonald learned how to manage people and balance the needs of her people versus the mission. She was highly educated in balancing strategy with tactical requirements.

David W. Keiser is president

and chief operating officer of the biotechnology company **Alexion Pharmaceuticals Inc.** (alexionpharm.com), but he spent the first 14 years of his career working for large pharmaceuti-

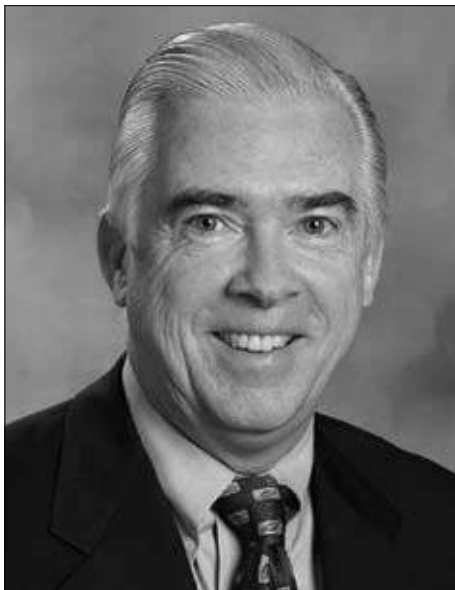
Successful leaders...

- Dare to be different by gaining a breadth of experiences that differentiate them from their peers.
- Master a core functional area but gain a solid knowledge of all areas.
- Take career risks to develop new competencies and exposure to senior management.
- Find a mentor, a senior executive to provide knowledgeable, objective counsel for career decisions.

cal companies.

“I’ve always been comfortable taking well-defined risks,” Mr. Keiser says. “This is an important personal characteristic for someone who wants to move from big pharma to a small specialty pharma. Before joining Alexion, my professional background was well-balanced between commercial experience and understanding the science. Today, I can’t imagine doing this job without a good understanding of science and technology.”

Mr. Keiser’s international background and formal medical/scientific training enabled him to progress through commercial positions requiring a strong understanding of science in Europe and the United States. “You have to actively take on jobs and assignments that may be risky, but allow you to differentiate yourself from your peers,” Mr. Keis-



“Personalized medicine is where we’re going, and diversity of medicine will move more and more toward the individual,” says J. Martin Carroll, president and CEO, Boehringer Ingelheim Corp.

er says. “I have dual citizenship, which allowed me to take a non-traditional path early on and work for a Swiss company [Hoffmann LaRoche] in Switzerland.”

Mr. Keiser grew up in the United States in a home with a strong European influence. He holds dual citizenship in the United States and Switzerland and speaks German.

International experience

Gaining international experience early in their careers was a way many of the executives interviewed were able to distinguish themselves. More than half of the leaders Mr. Conger and Mr. Butler spoke with had worked outside their home country at some point in their career. The con-

sensus opinion was that their international experience contributed to their selection for higher positions and now provides them with a richer appreciation for the organizations they are managing.

While at Merck, Mr. Carroll spent a period of time working in Japan. “For me, Japan was interesting on many levels,” Mr. Carroll says. “That experience offered exposure to a new cultural business environment where I worked in a business driven by a Japanese company, Banyu, of which Merck had a 51% ownership, and run by Japanese management. I was able to gain a wealth of international experience that afforded me numerous opportunities for executive growth.”

Mr. Carroll believes that the in-

ternational experience he gained working in Japan was a major factor in winning his leadership role at Boehringer Ingelheim Corp. (us.boehringer-ingelheim.com), the U.S. headquarters of German company **Boehringer Ingelheim GmbH** (boehringer-ingelheim.com). “I didn’t recognize it, but during the interview period there was a lot of time spent discussing my experience in Japan,” Mr. Carroll says. “In hindsight, I think that’s what they were trying to determine. In their mind it was a good surrogate that if I could succeed in Japan, I could succeed in a European company.”

Reinhard Franzen, president of **Bayer HealthCare Pharmaceuticals Inc.** (bayerhealthcare.com), has had broad international experience, working in Berlin, Thailand, the Middle East, and the United States. With **Schering AG**, Mr. Franzen’s early training program in the 1980s mandated that trainees spend time working in all of the divisions of the company to best understand how safe and effective pharmaceuticals are brought to patients. For him, this included a variety of positions, from working in the production facilities to serving as director of marketing in the Philippines.

“Different cultures and adding diversity to the people that help you run a business like your management team and your support staff, are extremely important,” Mr. Franzen says. “You do not just get an opinion or support from one angle. The multiple angles are important.”

A fellow leader at Bayer, Paolo Pucci, also has broad international experience. A native of



“The more exposure and interactions you have with senior management, the more opportunity you have to contribute to addressing the truly strategic issues of a company,” says Peter A. Lankau, president and CEO, Endo Pharmaceuticals Inc.



“The value of an early-stage organization is determined by the quality of its basic science and the ability to reduce science to practical products,” says Frank Baldino Jr, Ph.D., chairman and CEO, Cephalon Inc.

Naples, Italy, Mr. Pucci is executive VP and president, global oncology business unit, Bayer HealthCare LLC. He began his career at Eli Lilly and Co. (lilly.com).

“Over the years at Lilly, I had been a sales representative in New Jersey, an area sales manager in New Jersey, a director of sales in Italy, a marketing assistant and marketing manager and business unit manager before becoming the regional marketing head for neuroscience for Europe and East Africa for a number of years,” Mr. Pucci says. “Finally, I ended up as the country head for Sweden with certain broader responsibilities for Scandinavia. This earlier experience at Lilly has helped me a great deal at Bayer, where, over the past five years, we’ve gone through and conquered many challeng-



“The real benefit of joining (smaller) companies is that you can develop so many more skills by having responsibility for a much broader part of the business than with big pharma,” John Orwin, senior VP, sales and marketing, BioOncology, Genentech Inc.

es. We have gone from a very significant product recall to a very significant growth spurt with the integration between Bayer and Schering AG.”

Living in Germany for several years played a key influence in the life of Ms. McDonald. She looks at the world through a global lens. Ms. McDonald also has two daughters adopted from China, and she has an affinity for Asia which she learned through her children.

The ability to read people in any setting is critical, according to Mr. Barrett. “It’s particularly true in a global setting, where you have these wild cultural differences,” he says. “I’ve enjoyed the aspect of learning about other markets and about how you globalize products or globalize processes but also how you deal with cultural change and differences. How do you integrate business functions or activities in context of cultural differences? How do you advance an organization where you have people that are looking at things from a different perspective? I feel very comfortable in doing that.”

Special projects

Almost all of the executives Mr. Conger and Mr. Butler spoke with had held full-time positions with responsibility for a special project during at least one point in their career. The special projects — such as managing the integration of an acquisition or managing the generic defense of a key compound — were high profile and had a material impact on a key business unit or the entire company. The projects provided significant exposure to senior

management and, upon completion, led to further career progression.

In 1988, Mr. Clement joined Searle as director of strategic planning, where he was able to work on several high-profile projects that helped distinguish him. He successfully led the effort to extend the period of exclusivity for the anti-hypertensive drug **Calan SR**, at that time the company’s flagship product. In this effort, Mr. Clement gained great credibility with the R&D, legal, and commercial organizations. At about the same time, Searle was preparing to launch three major products — the arthritis drug **Daypro**, the anti-infective **Maxaquin**, and the sleep disorder drug **Ambien** — over a 24 month period. Mr. Clement was promoted to VP, marketing, and was given responsibility to lead this complex launch effort.

“As the VP of marketing, you have to be able to bring strategic clarity to the company’s portfolio,” Mr. Clement says. “To do this effectively requires a solid understanding of the products’ clinical attributes as well as how physicians will view the products relative to alternatives they may have. It also requires great alignment communication and respect among all internal departments.”

Peter A. Lankau has served as president and CEO of **Endo Pharmaceuticals Inc.** (endo.com) since May 2005 and was appointed a director in March 2005. His career began at William H. Rorer Inc., a predecessor to Rhone-Poulenc Rorer and Aventis, as a sales representative where he sold the company’s portfolio of prescription

products. Mr. Lankau was soon promoted to hospital sales representative and then to district manager, where he spent the next nine years managing various sales districts.

In 1988, Mr. Lankau was presented with an opportunity to join the company's consumer products division and lead a new "consumer professional" division, which promoted consumer brands directly to physicians. Looking back, Mr. Lankau now considers this decision a turning point in his career. At the time, he realized that moving out of the mainstream pharmaceutical business was risky, but he also saw this as a way to distinguish himself and begin to develop strategic thinking skills and participate at a more senior level within the organization.

"I was frequently working with the senior management team of the organization," Mr. Lankau says. "The more exposure and interactions you have with senior management, the more opportunity you have to contribute to addressing the truly strategic issues of a company."

According to Mr. Lankau, he has had a number of important positions in his career that were risky. "Sometimes the positions took me out of the mainstream business and sometimes they had a limited duration with no clear next step," he says. "But, I often sought out these positions because I had confidence in myself and knew that if I did well I would be noticed by senior management and then other opportunities would come."

In 1999, Rhone-Poulenc Rorer and Hoechst Marion Roussel merged to form Aventis, and af-

ter leading the sales and marketing integration process for almost a year, Mr. Lankau chose to join **Alpharma Inc.** (alpharma.com) as VP, sales and marketing. In this role, he was charged with developing a branded products division for this primarily generic pharmaceutical company.

In mid-2000, Mr. Lankau joined Endo and was named CEO in 2005. Mr. Lankau believes that his breadth of experience in sales, marketing, and business development gives him the ability to understand the individual components and economic drivers of his business. Importantly, he believes that these experiences provide him with a sound understanding of the risks inherent in the business and how to manage risk.

John Orwin is senior VP, sales and marketing, **BioOncology, Genentech Inc.** (gene.com). Earlier in Mr. Orwin's career, he joined **Alza Corp.** (alza.com) as senior director, oncology marketing. During the next few years he progressed through a number of positions at Alza and Johnson & Johnson's Ortho Biotech, following that company's acquisition of Alza.

"My leadership skills really developed when I was asked to head up the transition team for integrating Alza into Ortho Biotech," Mr. Orwin says. "Alza had just been acquired, and there was a strong sense of change and ambiguity running throughout the organization. I knew I had to help my people make the leap to become part of the new organization. I was dealing with a lot of complex people issues that had to be resolved in a fairly short period of time. Overall, I think the

integration was pretty successful and, in the process, I learned a tremendous amount about leading an organization through a period of change."

Find a mentor

Another circumstance in common among the leaders Mr. Conger and Mr. Butler spoke with was the presence of a mentor at important stages of their careers. Although the majority of these leaders had worked for at least three different pharmaceutical or biotechnology companies and a single mentor was not necessarily present throughout their careers, they attribute a portion of their success to a senior individual who provided informal coaching and counsel at key decision points.

The founder of **Cephalon Inc.** (cephalon.com), Frank Baldino Jr., graduated from Temple University in 1979 with a Ph.D. in pharmacology. Shortly after receiving his doctorate, he joined E.I. DuPont de Nemours & Co. as a research scientist. Between 1982 and 1987 he progressed through several positions and became a senior research scientist within DuPont's pharmaceutical business. Although he enjoyed working for DuPont, he was interested in achieving a position that would offer him a greater sense of personal contribution to science and medicine.

Dr. Baldino had been watching other scientists become biotechnology entrepreneurs, and he began talking to a number of people about how he could make this change in his career. One of the most influential people was William J. Rutter, Ph.D., the

founder and chairman of **Chiron Corp.** (chiron.com).

“I met with Bill and discussed my ideas, and he served as a role model and encouraged me to pursue my ambition to start a biotech company,” Dr. Baldino says. “It was 1987, and I was 33 years old when I quit DuPont and went out West to find venture capital funding to start this company. I raised \$500,000 and started Cephalon.”

Mr. Barrett believes that he has had many influential mentors throughout his career, not only among those he has worked for or worked with, but also among those who have worked for him. “There was an executive who worked for me for years,” Mr. Barrett says. “I hired him when he was late in his career, in many ways because his experience was so extensive. He followed me from one company to the other and in a sense, served as my counselor from below. That’s a very important role. Someone who will tell you the truth. I’ve learned even from people who I admired the least. You just have to have a commitment to the lessons from wherever they come.”

Develop leadership skills

In surveying executives from different kinds of companies in the pharmaceutical and biotechnology industries, Mr. Conger and Mr. Butler found that the mix of skills needed grows more complex depending on the position within the organization. Successful leaders have evolved to meet the organization’s changing needs.

For example, the therapeutic

business leaders are product focused, with a strong bias toward marketing and sales activities. The specialty pharmaceutical leaders are equally focused on the product performance plus the new product planning and development activities of their organizations — particularly if they are managing companies with only one or two key compounds in the market or in development.

The leaders of the big pharma organizations, although clearly involved in key decisions around sales, marketing, and product development, are often setting a strategic tone for a broader range of functions where they are not necessarily providing immediate direction. Individuals managing this type of organization depend more heavily on leadership skills, which become more critical as the complexity of the organization increases.

Dr. Baldino believes that a leader’s skill set must evolve with the changing needs of the organization. “A leader with strong R&D management skills can be ideal for a start-up organization,” he says. “The value of an early-stage organization is determined by the quality of its basic science and the ability to reduce science to practical products The company evolves and at some point the ability to consummate commercial deals becomes a key requirement for the organization. Since most of these companies are losing money for the first decade, you must do deals to survive. You’re either raising money or selling research or looking for a licensing deal. You must have a willingness and instinct to evolve.”

Often, people join small biotechnology companies with the sole idea of making a lot of money, according to Mr. Orwin. “A lot of times, this doesn’t happen,” Mr. Orwin says. “The real benefit of joining these companies is that you can develop so many more skills by having responsibility for a much broader part of the business than with big pharma.”

By leading the marketing team in a small organization, one can work closely with the CEO and learn to look at key commercial issues from the CEO’s perspective. “It can be very powerful if you choose to return to a larger organization and then bring these skill sets with you,” Mr. Orwin says.

As Mr. Orwin’s career has progressed from sales representative to leading a major business unit at Genentech, his success has been dependent on developing new skills. Throughout his career, a technical knowledge of his products and the therapeutic markets have been requirements. Mr. Orwin developed the functional skills as a marketer that were key to his success as a product manager and head of marketing.

Mr. Orwin believes that smaller organizations often offer a great opportunity to develop a broad set of technical skills early in one’s career. As the size of Mr. Orwin’s organizational responsibility expanded, the relative importance of his leadership skills have increased. He believes that these leadership skills are often developed during times of organizational adversity. Even with a strongly developed set of technical, functional, and leadership

skills, Mr. Orwin continues to believe that a day in the field can be the best source for ideas to drive the business.

“Regardless of which position you hold in the organization, there’s no substitute for spending a day in the field,” Mr. Orwin says. “You reconnect with the customer and come back to the office with a lot of ideas.”

Mr. Franzen believes that his leadership skills were put to the test during the year-long integration of Bayer and Schering. Bayer HealthCare Pharmaceuticals was launched in April of this year, incorporating Schering’s subsidiary Berlex Inc. “The experience of uniting our two companies has been, at the same time, both challenging and energizing,” Mr. Franzen says. “With the April 4 launch of Bayer HealthCare Pharmaceuticals in the United States, we have established a new and highly-competitive specialty pharmaceutical business in the largest single pharmaceutical market in the world.”

The integration was informative for Mr. Pucci as well. “The six years since I have been at Bayer tell me that anything is possible,” he says. “Life is not just about change, it’s about traumatic change and how to succeed through it.” The continuous transformation of the pharmaceutical industry has taught Mr. Pucci to look ahead positively and to be courageous in the face of challenges. “Not the courage of blindly going into situations to fight through it,” Mr. Pucci says. “But to go into the situation in a deliberate way with a game plan that, however risky, has a good chance of success and is the best option you can devise.”

Expect more complexity

These leaders expect to see an increasingly complex business during the next 20 years. The prevailing business model will continue to evolve from being driven by blockbuster products to specialty pharmaceuticals as new technologies enable the development of personalized medicines. This, in turn, will continue to place price and reimbursement issues at the center of a national health-care debate. As these issues and opportunities make the industry more complex, individuals with diverse experience and strong leadership skills will be in high demand.

For many years, changes in the pharmaceutical industry have occurred slowly and incrementally, but that is changing, according to Mr. Barrett. “We’re at a point where we’re seeing real discontinuity,” he says. “Changes are bigger and are coming faster.”

A deeper appreciation of diversity in the marketplace will be crucial, according to Mr. Carroll. “Changing demographics are a phenomenon that we’ll have to react to and be able to market and sell to,” he says. “R&D across various patient population profiles and the differences within people will be very important. Personalized medicine is where we’re going, and diversity of medicine will move more and more toward the individual.”

As the industry changes during the next few years, the principal experience processes of research and innovation will be crucial, according to Mr. Franzen. “If people cannot make a difference at the disease, patient, or provider level, it will not work,” Mr. Franzen

says. “The skill set that drives innovation is essential to make sure that the public and the shareholders understand there is a difference that we make.”

Mr. Pucci believes that the challenges of the future will require more lateral thinking among industry leaders. “The skills that will emerge as the most important will not so much be technical skill sets, but will be the way people think,” Mr. Pucci says. “The leaders and all those working in the health-care sector of tomorrow will contribute and succeed if they can be lateral thinkers.”

Lateral thinking was much more common in the early 1990s during the discussion of managed care. Leaders then needed to be aware of their surroundings and of the interdependencies with business partners and other relevant parties. They were aware that the pharmaceutical industry and its products are an element of a much more complex whole. Mr. Pucci believes, however, that in the last several years, that type of lateral thinking has not been as prominent in the industry. As the industry becomes more complex, that will have to change.

“We will need to be capable of managing pharmacogenomics and diagnostics, and that will require tremendous technical skills,” Mr. Pucci says. “But then we will need to understand and govern the impact of pharmacogenomics on drug discovery, development, and reimbursement, and it will require very effective lateral thinking to develop a vision and a coherent strategy.”

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