



# A Vision for Biomedical Discovery and Access

An Interview with Henry A. McKinnell Jr.,  
Chairman and Chief Executive Officer, Pfizer Inc, New York

**EDITORS' NOTE** *With a bachelor's degree in business from the University of British Columbia and both an M.B.A. and Ph.D. from Stanford University's Graduate School of Business, Hank McKinnell joined Pfizer in Japan in 1971. Before becoming the corporation's chairman and CEO, he held a number of senior-management positions, including president and COO, executive VP, CFO, and president of Pfizer Global Pharmaceuticals. McKinnell also serves on the boards of the Partnership for New York City, ExxonMobil, Moody's, and John Wiley & Sons, and is chairman emeritus of Pharmaceutical Research and Manufacturers of America.*



Henry A. McKinnell Jr.

**COMPANY BRIEF** *Pfizer Inc became the world's largest pharmaceutical enterprise after its acquisition of Warner-Lambert in 2000; three years later, it widened its lead by acquiring Pharmacia. Based in New York, it markets or co-promotes 14 prescription medicines that are number one in their therapeutic categories, including Detrol, Lipitor (the world's largest-selling prescription product), Neurontin, Norvasc, Viagra, Xalatan, Zithromax, Zoloft, and Zyrtec. It also markets leading consumer brands (including Benadryl, Listerine, Lubriderm, Nicotrol/Nicorette, Sudafed, and Visine) and is among the world's largest developers and marketers of vaccines and medicines for animals. With approximately 130,000 employees on six continents, Pfizer (NYSE: PFE) reported total sales of \$32.4 billion and net income of \$9.1 billion in 2002.*

**Considering the present economic climate, how optimistic are you about growth for Pfizer?**

Revenues in our business are largely affected by prescription medications going off patent, but we're very lucky in

that most of our product line is patent protected at least until the latter part of this decade, until 2007 or 2008. Add in our abilities to discover and develop new medicines, and to license other companies' important new medicines, and I believe we're in good shape.

By 2006 – that is, in advance of the 2007 and 2008 patent expirations – our strategy is to have 20 new products either approved by the

Food and Drug Administration or awaiting approval there. Some of these products have already been approved and are being rolled out around the world this year. And a number of those drugs we have in the pipeline have potential in the billions of dollars.

**At what stage in new medicines' development can you predict their success?**

Ours is the classic high-risk, high-reward business. We have to test thousands of leads to develop a single marketable medicine, and we don't even get enthused about a compound until the odds against its approval drop to about 100 to 1. And the frustrating part of this business is that promising compounds can be derailed very late in their development stage. You can't really gauge the success of a new medicine until it's fully developed, registered, and put in the hands of doctors for a year. That said, many of the products we now have in the pipeline show very good promise, as I mentioned. And a number of current products are being tested for new uses and indications, where the risk and costs of failure are much less.

**Research and development are, of course, intrinsic to your business. Has Pfizer's investment in R&D changed at all in recent years?**

Any single project in our industry, from laboratory to patent, takes 8 to 12 years to develop and costs an estimated

\$800 million. But we've always invested very aggressively in the engine of our business, which is our research-and-development capability. This year, we'll spend approximately \$7.1 billion on these activities, a sum that leads all others in the research-based pharmaceutical industry. We're also rated the number-one "partner of choice" in our industry, a status that helps us find and develop good products through licensing, co-marketing, and other partnerships.

**Pfizer has always been known for its talent – its human capital. Since your acquisition of Pharmacia earlier this year, have you been satisfied with how the two corporate cultures have meshed?**

It has been a smooth transition overall. We knew Pharmacia well, we knew its culture was a close fit to ours, and we knew it had many excellent people. Our biggest challenge comes in the reality that we have to streamline our company. For example, the Pfizer-Pharmacia entity ended up with 24 research sites, too many for even an industry leader. So we had to close some sites – both Pharmacia and Pfizer sites – and this is a difficult process for us, and, more importantly, the colleagues and communities involved. I believe we've gone the extra mile to offer opportunities to people displaced by the closings and, when that wasn't possible, to be on the generous side in terms of severance pay, continuation of benefits, and retraining assistance.

**You've been a major advocate of broadening the world's access to health care. How much can one company do in this regard, and how important is it for drug companies to work together in this area?**

It's important for drug companies to work together, but it's far more important for everyone, inside and outside our industry, to work as partners for better access. Society in general isn't doing a good collective job of providing access to medicine. It's clear in sub-

Saharan Africa, for example, that local governments haven't been successful on their own, nor have U.N. agencies or the U.S. government. However, we've learned from our own experience that, while individual organizations alone can't be successful, by working together, we can be. Take, as an example, the International Trachoma Initiative, which is an effort to reduce the world's leading cause of preventable blindness – millions of cases a year. Pfizer is a partner in this initiative, along with a number of national governments, high-profile foundations, and academic institutions. This partnership has a clear vision, strong management, and solid accountability for results. The initiative just passed its fifth anniversary, and during its existence it has reduced blinding trachoma infection rates by 50 to 75 percent in a number of seriously affected nations. We're on track to eradicate blinding trachoma by the year 2020.

Pfizer is similarly active in HIV/AIDS. We provide our drug Dolutegravir free of charge in 17 countries now, through a partnership that trains health-care workers in using it against complex and crippling yeast infections. We also recently partnered with Makerere University in Uganda and a number of infectious-disease specialists in the United States. The goal right now is to train 100 new HIV/AIDS specialists each year, who will return to their homelands in Africa and, in turn, train thousands in what they've learned. Those thousands will care for millions of patients and, hopefully, prevent many thousands of infections through education.

The harping criticism of our industry is that we care more about profits than we do patients. That certainly hasn't been the history of this industry. In fact, over the past five years, the industry's contributions to broader access to medicines have exceeded by several times the investments by the World Health Organization and other international agencies. In Pfizer's case alone, we currently donate in cash and products more than \$550 million worldwide, of which \$440 million is in the United States and benefits some 3.8 million low-income patients. So, both as an individual company and as an industry, we can and should do a lot. We can't do it all alone, but we can do it in partnership with others.

**Is the general perception of the good works the industry does strong enough? Is the industry doing an effective job in this area?**

Frankly, I don't think we're doing a very effective job of communicating what we do, when you consider that 50 percent of opinion leaders still believe that new medicines come from the federal government or research-based universities. The fact is, well over 90 percent of new drugs come from privately funded, research-

based pharmaceutical companies, such as Pfizer.

**You've spent a great deal of time in Washington with just such opinion leaders. Has the relationship between the public and private sectors been improving?**

Yes, it has. I think all the major players in the public and private sectors understand that biomedical research is difficult and fraught with risk. I also think we have the access we need to opinion leaders to tell our story. We need to do a better job of communicating it.

**Pfizer also has been involved in the Florida Healthy State Initiative. Has it been successful?**

The Florida Healthy State Initiative is a strong example of how we've worked together with a state government, Medicaid, private universities, and hospitals – and exceeded everybody's expectations. We're managing the diseases of about twice the number of patients we expected: about 113,000, versus the 50,000 initially targeted. Medical outcomes and cost-saving targets also have been exceeded. We believe the Florida Healthy State Initiative may be a model for health-care delivery in the 21st century.

**And how has the Pfizer Share Card been doing?**

The Pfizer Share Card is now used by some 400,000 low-income seniors, and more than 3 million prescriptions have been distributed at a flat cost of \$15 dollars per month. It's an example of a well-thought-out access program: easy to use, with demonstrable benefits.

**Even before it gained so many headlines, corporate governance was something Pfizer took very seriously. Integrity and honesty have always been focal points for you. But do you feel that business in general is doing a good enough job of promoting these qualities?**

For many decades Pfizer has received the highest possible rating for corporate governance – not only among pharmaceutical companies, but also among companies of any kind. This has been a major advantage to us in managing our business, and in dealing with our customers and the government. As I've said to many individual and institutional investors, good governance is more of a mindset than a mandate. The relations among shareholders, management, and independent directors have to be honest, candid, fair, and transparent.

As a country, we've made some major improvements in the rules and regulations of good corporate governance, and these are working to restore confidence in the integrity of information. But my view is that the major abuses of the past few years haven't been rooted in bad structure; they've been rooted in bad behavior. And in my opinion, the vast majority of companies have been led by

honest, hardworking leaders. So we need to focus efforts on those few companies that are abusing the public trust over imposing a raft of one-size-fits-all regulations on those companies that have obeyed the rules.

At Pfizer I think we need to be held accountable for our financial results, certainly, but we also need to be held accountable for what we're doing, insofar as our corporate citizenship and our providing access to the medicines we discover and develop. Now, without strong financial results, we couldn't do the other two, but unless we're viewed by society as being part of the solution to health-care problems, we won't be as successful financially as we can be. All three areas are intertwined and essential to our success.

**Have the new rules and regulations at all changed the way you budget your time as chairman and CEO?**

I do spend a little more time now on compliance activities than I did previously, but frankly not a lot. The confidence I have in Pfizer's financial reporting has more to do with the culture of integrity that exists within Pfizer, and the competence and integrity of the people involved in our policies and procedures. I sign the quarterly certifications because I know and trust the people and culture of our organization.

**Can you pinpoint any key issues that may challenge Pfizer and/or the pharmaceutical industry in the future?**

The key challenge I foresee for Pfizer is adapting to our larger size, while still preserving our fundamentally entrepreneurial, visionary culture. The key challenge for our industry will be to keep this a high-risk, high-reward business, with the right mix of incentives for investment. We're fighting a battle with those who want to turn this into a high-risk, low-reward business, and such businesses tend not to last very long.

**Do you ever worry about growing too large?**

Nobody can manage 130,000 people. What you do is lead the company: You have to provide the vision. It says somewhere in the Bible that, without a vision, the people perish. My experience is that the opposite is also true. Without the people the vision perishes. So part of my job is explaining to all 130,000 of my colleagues that what we're doing is really important to millions of people around the world. I also need to make sure that the company maintains its historic focus on those core values that have made Pfizer the successful company it is today.

**Can you ever take the time to step back and appreciate your success, or are you always focused on the next challenge or opportunity?**

So far, it's always the next challenge or opportunity – with a few short detours for great fishing along the way. ●



# Putting a Premium on Doing the Right Thing

An Interview with David L. Shedlarz,  
Executive Vice President and Chief Financial Officer, Pfizer Inc, New York

**EDITORS' NOTE** *Since joining Pfizer in 1976 as a senior analyst in the pharmaceutical division, David Shedlarz has held positions of increasing responsibility, culminating in his appointments as chief financial officer (1995) and executive vice president (1999). Among the numerous boards on which he serves are those of National Junior Achievement, Junior Achievement of New York (which he chairs), the National Multiple Sclerosis Society, Leonard N. Stern School of Business, New York University, and Pitney Bowes, as well as J. P. Morgan Chase's National Advisory Board. He also co-chairs the Business Roundtable's Principal Financial Officer Task Force and is a member of the International Accounting Standards Board's Standards Advisory Council. Shedlarz earned a B.S. in economics and mathematics at Michigan State/Oakland University and an M.B.A. in finance and accounting at New York University's Stern School of Business.*



David L. Shedlarz

leadership team. At times, he has to convey some of the hard messages. On behalf of the company, he must see things from different perspectives, without favoring any one viewpoint over another. Pfizer provides this kind of latitude and expects this type of input from all of its leaders.

**Is it difficult for the financial community to understand Pfizer's complexity and diversity?**

I think the Street comprehends Pfizer's message. We have done a great deal of communicating to analysts and investors, particularly since we had to make the case for two of the largest acquisitions in business history: Warner-Lambert and then Pharmacia. We have also been one of the leaders in board stewardship and excellence. We think a lot about effective communications; we work hard at this, and it has paid off. Pfizer is a complex company, and we are in a period where we are still digesting two major acquisitions. Consequently, our financial statements are somewhat complicated, but the financial community understands the underlying strength of our business and the prospects for our future. Transparency and disclosure have served us well.

**Have you been satisfied with how the corporate cultures of Pfizer, Warner-Lambert, and Pharmacia have meshed since the acquisitions?**

All companies have distinct cultures, but the fact that we knew both Warner-Lambert and Pharmacia from longstanding marketing partnerships proved to be a considerable help. Pfizer has learned from both Warner-Lambert and Pharmacia, and we are doing a good job of integrating the best aspects of all three corporate cultures. It's interesting to note that legacy Warner-Lambert and legacy Pharmacia colleagues now outnumber legacy Pfizer colleagues. That portends change, and Pfizer is changing. Much as I loved many aspects

of the legacy Pfizer culture, I believe the culture we are building, with the best dimensions of all the legacy companies, will be better prepared to meet the challenges and opportunities of the future.

**How difficult is it to balance the demand for quarter-to-quarter profits with long-term investments?**

That's what leadership is all about, especially in Pfizer's situation. Remember, this is a 154-year-old organization, whose products have decade-long lead times. We have to think both quarter to quarter, and generation to generation. We have to make those types of decisions and capital allocations balancing a fair return to the investing public today with the right level of investment for the future. So far, we've been able to walk that fine line. The good news in this regard is that many of our shareholders see Pfizer as a long-term investment and act accordingly.

**How important is partnering?**

It's critical in terms of new-product opportunities. As we grow larger, we understand how important it is to remain the industry's "partner of choice" and to keep adding even more reasons why smaller companies should choose us as a partner. Pfizer has unique advantages in being able to offer research and commercial capabilities that no other company can offer globally.

**Can you ever really turn off the business and get away from it?**

Even if you're away from your cell phone, e-mail, and fax machine, you can never completely turn it off. There's too much happening. Having said that, I think it's important to maintain some boundaries and provide space for recreation and regeneration. I've become somewhat better at this myself, and I've tried to do better in not contacting colleagues during their vacations, much to the relief of my immediate staff. I think it was Woodrow Wilson, talking about Teddy Roosevelt, who said, "No man is indispensable." At Pfizer, we are working to get to the point where we can at least say, "No one is indispensable during vacation week." ●

**How has the role of chief financial officer evolved in recent years?**

It's changed to the point where the title "chief financial officer" is almost a misnomer these days. As with any senior leadership position, the CFO now has to bring a much broader range of skills, knowledge, and experiences to the company. He still has to speak on behalf of a company's financial reporting and governance, and this in itself carries a huge set of accountabilities, but his responsibilities don't end there. CFOs now are often in charge of the company's computing and information systems, are dealing with global shared services, and have large responsibilities in terms of external relations and human resources planning. On that point, Pfizer's financial community – the number of people we have in financially oriented groups – now numbers in the thousands.

The CFO is also a key adviser to the

# More Good for More People



**An Interview with Chuck Hardwick,  
Senior Vice President, Pfizer Inc, New York**

**EDITORS' NOTE** *The recipient of B.S. and M.B.A. degrees from Florida State University, Chuck Hardwick has been with Pfizer for 37 years, in positions including director of marketing in the U.S. Pharmaceuticals Group. Speaker of the New Jersey General Assembly, where he served for 14 years, he also was vice chairman of the 1988 National Republican Platform Committee and was appointed to Ronald Reagan's Presidential Advisory Committee on Federalism.*



*Chuck Hardwick*

**As Pfizer continues to evolve, are you pleased with what the brand represents?**

I'm happy that Pfizer's brand has risen in prominence and importance and has tremendous strength. But the world is changing quickly and we have to continue doing everything we can to improve our brand. At Pfizer, that starts with the CEO and trickles down to everyone and everything we stand for – not only innovative, lifesaving, cost-effective medicines, but also good governance and corporate citizenship.

**How important is corporate citizenship?**

Corporate citizenship is everyone's responsibility here. It's actually good for the bottom line and protects our business model. It transcends philanthropy. It's doing the right things in a proactive, creative way. It's thinking about how to serve your many stakeholders, from the media to the financial community. Our objective is to be the most valued company in the world, and it's our many stakeholders who will determine our value.

**As a global company, is Pfizer's message consistent from region to region?**

Our messages might be interpreted differently in some parts of the world, but essentially they're the same: Pfizer is positioned to do more good for more people than any other company on earth, and

we're the number-one pharmaceutical company worldwide.

**Does the sometimes unfavorable perception of the industry pose a challenge for Pfizer, despite the fact that you do a lot of good for a lot of people?**

Clearly, as an industry we have to do a better job of communicating. What we focus on at Pfizer is finding, developing, and marketing new ways to save lives, but for reasons we still don't fully understand, that concept is not always appreciated or understood.

Many parts of the world love us for doing good things, but they think we charge too much. A rational explanation of our pricing practices isn't always very effective at changing attitudes because it's often an emotional issue. For example, our business model has been a high-risk, high-reward one, investing in new cures that, if successful, pay financially.

But today, in many parts of the world, we give our products away. For example, we're researching products for malaria, tuberculosis, and SARS that aren't commercially viable, but we're working to make them available anyway. We think someday these drugs will indirectly pay a dividend because they help protect and preserve our business model.

**Is brand differentiation in your industry difficult?**

We've been able to differentiate ourselves from other companies in many good ways. We do a lot of testing of perceptions, and Pfizer usually comes out in the number-one or -two positions.

**What role do government relations and politics play in your business?**

We help influence policy by providing solid information and being a part of the process from the grassroots level up. It's a difficult, time-consuming undertaking, but also hugely important. And our CEO, Hank McKinnell, is on a first-name basis with some of the ranking policy leaders in many countries and multilateral

organizations, such as the World Trade Organization, United Nations, and World Bank.

**How important is the CEO's involvement in building the Pfizer brand?**

Hank McKinnell has given us new goals, which have been extraordinarily well received. He has a vision of what he wants Pfizer to look like when his tenure is up, and he is changing the company's culture.

For example, he has encouraged us to rethink how we measure our performance. We no longer measure it only financially; we also measure good corporate citizenship and how accessible our medicines are to people around the world.

**With a job as multifaceted as yours, how are you able to focus?**

The most difficult, ongoing executive decision I make is how to allocate my time. I know my priorities and am good at delegating, but there are always pressing demands made of everyone in a leadership position.

**If some of your colleagues were asked what it's like to work with you, what do you think they'd say?**

I think they'd say that I'm good at recognizing talent and a consensus builder. We have many outstanding people here and I try to give them the opportunity to run with new ideas and succeed – or not to succeed. In either case, I want to help them. As I'm nearing the end of my career at Pfizer, I can look at people I've worked with who have grown tremendously.

**After 37 years are you still excited about your job?**

This job isn't anything like the job I had only a few years ago. In fact, my job didn't exist until six or seven years ago. But what's really exciting is that government relations, corporate communications, public policy, and philanthropy all come together.

So, I have all the elements here to develop strategy that can really affect the external environment in which we operate. ●



# The Future of Pfizer Global Pharmaceuticals

**An Interview with Karen Katen, President,  
Global Pharmaceuticals, and Executive Vice President, Pfizer Inc, New York**

**EDITORS' NOTE** After earning B.A. and M.B.A. degrees at the University of Chicago, Katen joined Pfizer, where she has proceeded to hold marketing and general management positions of increasing importance. Prior to being named to her present posts in 2001, she served as president of the U.S. pharmaceuticals organization. Named one of the 50 most powerful women in business by Fortune for six consecutive years, Katen is a board member of the General Motors Corporation, the Harris Corporation, the International Council of J.P. Morgan Chase & Co., and the European Federation of Pharmaceutical Industry Associations; a trustee of the University of Chicago; and an appointee to the 2003 U.S.-Japan Private Sector/Government Commission.



Karen Katen

cally, Pfizer's great strengths have been with primary-care physicians and within major therapeutic areas like cardiovascular disease, CNS disorders, and infectious disease. Pharmacia had many specialty products in smaller therapeutic areas, including oncology, ophthalmology, and endocrinology. So the two companies mesh together rather seamlessly, giving us an unrivaled portfolio of leading medicines that span every major therapeutic category.

**Will you highlight some of your key new products? And from a commercial point of view, at what point in the development process can you begin to predict a new drug's success?**

To answer the second question first, obviously our business can sometimes resemble a game of chess, in which you must be thinking many moves ahead to succeed. You don't know which early product candidates are going to pan out and which ones are going to fall away. But we think ultimate success is predicted by having all the pieces collaborate early in the game to ensure thoughtful, strategically sound progress. That's why we have a group of people working with R&D who are dedicated to new-product market analytics and planning, as well as living through the evolution of a medicine, from the lab to the patient. That way, we're able to ensure that customer and market needs are represented early and effectively in the product-development process.

As for key new products, we treat all our medicines as if they were new – as we're constantly seeking to extend their clinical and patient utility. Two recent examples are Zyvox, a novel legacy Pharmacia antibiotic, just approved for the treatment of diabetic foot infections, and Xalatan, just approved for first-line treatment of glaucoma. We also have the dual therapy for Lipitor and Norvasc in the pipeline, which has tremendous potential

because it will change the dimensions of how we think about and treat cardiovascular disease. It treats two major risk factors, high cholesterol and high blood pressure, which are often overlapping conditions and are both significantly under-diagnosed and under-treated. By combining these leading therapies in one medicine, we'll be delivering a great benefit to physicians and their patients, allowing them to better manage their overall cardiovascular risk.

**Are you ever able to take the time to step back and enjoy your products' success?**

Every day, we hear of the tremendous benefits brought by our medicines to those who matter most: patients in medical need. Beyond that, we receive reports from all over the world, from Florida to South Africa, of how our global outreach programs are changing the lives of millions of people, who are now getting access to quality, affordable health care. That's a fundamental goal at Pfizer: to help people get the medicines they need, when they need them. The people at Pfizer work with an amazing sense of urgency because we believe that what we do makes a difference in so many people's lives.

**What key challenges do you foresee for Pfizer Global Pharmaceuticals in the near future?**

There are many. Clearly, the industry's public image is very troublesome right now, so this is something we really have to work through. Cost containment is a global issue, especially when carried out imprudently and without putting the patient's interests first. But you know, we've had challenges before. Right now may be a tougher time than we've had for a while, but our value proposition is strong, and what we bring to health care is significant. All the fundamentals are in place for us to surmount these obstacles. Pfizer absolutely has the resources and skills to successfully operate in today's environment, deliver enormous value to global health care, and meet the needs of patients around the world. ●

**Pfizer Global Pharmaceuticals operates in a very competitive market. How do you differentiate the brand?**

Pfizer is now the industry-leading, industry-defining company. We are differentiated by virtue of our unmatched size and scale, our unparalleled portfolio of leading medicines, and our abiding commitment to deliver better health care for people everywhere. From a marketing perspective, our strong focus on products, customers, and markets has really defined Pfizer since the early '80s. The innovations we've created around our products, the partnerships we've built across the industry, our revolutionary approaches to physician education, and now our consumer education all differentiate us from the competition.

**Looking at the Pharmacia acquisition, have you been pleased with how the two companies have meshed?**

From the pharmaceutical standpoint, I think the Pharmacia acquisition has lived up to its promise. We hoped for synergy and a good fit with our existing portfolio, and we certainly have those now. Histori-



# Ideas That Alter Human Health

An Interview with Dr. Peter B. Corr, Senior Vice President,  
Science and Technology, Pfizer Inc, New York

**EDITORS' NOTE** Prior to assuming his current post in July 2002, Dr. Peter Corr served in several senior capacities at Pfizer, including executive vice president of Global Research and Development, and president of Worldwide Development. Before that he held executive positions at Warner-Lambert and Monsanto/Searle. Also a former professor at Washington University, Dr. Corr received his B.S. from Union College and his M.D. from Georgetown University. He has served on the editorial board of several journals, including American Journal of Physiology, Circulation Research, Molecular and Cellular Biochemistry, and Journal of Cardiovascular Electrophysiology; is a past associate editor of Circulation; and is presently an associate editor of Cardiology in Review.



Dr. Peter B. Corr

in this industry. However, I can't go down our list of 210 projects and predict which ones will be successful. In fact, because this is an industry with high failure rates, a number of our drugs won't make it. But with a pipeline of our size, we have huge opportunities.

Pfizer also has been successful – and will continue to be increasingly so – due to its breadth of products across virtually every therapeutic area.

Our success in research and development can be attributed as well to our alliances in discovery and technology. We now have some 700 major alliances, 200 of which are multimillion-dollar partnerships, but our smaller alliances – such as those with academic laboratories – are just as important.

Finally, in this game quality counts, and Pfizer's clear path toward quality differentiates us.

**From an R&D standpoint what has been the most valuable aspect of the Pharmacia acquisition?**

We always want to be able to critique ourselves effectively – to identify areas where we can improve our processes – and I think the acquisition of Pharmacia brought a lot to the table in terms of new ways of thinking.

An R&D organization is clearly one in which invention and discovery take place, but it's also an artistic organization in a way. Think of a new drug as a 40-foot canvas, with hundreds of artists – or in our case, scientists – each painting a different section of it. We're motivated by the knowledge that this drug might be successful and that we'll each have had a hand in its creation.

**What are some of the new products in your pipeline?**

Prior to our acquisition of Pharmacia, we projected that we'd make 15 major filings worldwide by 2006. We have now increased that number to 20. No company in history has ever done anything of this

magnitude, and yet, we are well on our way!

Among the candidates in advance development right now, Exubera is for the treatment of diabetes, and varenicline is for smoking cessation. The world currently spends \$260 billion a year on smoking – not on health-related antismoking products – which is nearly twice the entire pharmaceutical budget of the United States. We're in phase-three trials with varenicline, and we've had some wonderful results.

Lasofoxifene, which is in final phase-three trials, is for multiple indications, but the primary one is osteoporosis. Indiplon is for insomnia; Macugen, in its final trials, is for macular degeneration: the leading cause of blindness in the United States. Zithromax/Chloroquine is for malaria, Sumanriole is for Parkinson's disease, and there are quite a few more.

Now, will all of these make it? No, but most of them will. And an important point I'd like to make is that our work on Zithromax/Chloroquine hasn't been a commercial decision. We already own Zithromax, and it and Chloroquine are each only about 30 percent effective in treating malaria. But what I'm really proud about is our discovery that, together, they're 97 percent effective. About 1.5 million people in the developing world die from malaria each year, but our phase-two trials of Zithromax/Chloroquine in India did extremely well, so now we're also testing the combination in South Africa, Peru, and Indonesia.

**Is it possible to sense how well a drug will do commercially while it's still in development?**

We can get a sense with the help of Pfizer's marketing and commercial colleagues, who tell us a lot about what people are looking for.

**The R&D process is so time-consuming. Is it difficult to be patient?**

I learned long ago that finding a new drug that can change lives is so amazing, it's worth waiting for – even for a long time. It's so great to be involved in this field. Seeing the positive effects of my work around the world is just phenomenal. ●

**To what do you attribute Pfizer's phenomenal success in the R&D area?**

It's a well-known fact that, in the pharmaceutical industry, the product-development time line isn't measured in years; it's measured in decades. And because there are so many unknowns, many companies experience a lot of losses throughout the process. This causes many smaller pharmaceutical companies to feel a lot of pressure – particularly from venture capitalists – to move their drugs quickly into late-stage clinical trials. Pfizer, however, happens to take the longest time in the middle stages, because we try to get everything right before moving products into larger, more expensive trials. This isn't to say that other companies cut corners, but Pfizer certainly takes a lot of time to determine effects and proper doses. Those who don't take this time often see their drugs end up in the graveyard, with missed opportunities from a medical perspective as well.

Our next advantage is our unparalleled size. As of right now, we have 210 projects in development, and that's unprecedented



# Values: You Really Can't Fake This

**An Interview with Jeffrey B. Kindler,  
Senior Vice President and General Counsel, Pfizer Inc, New York**

**EDITORS' NOTE** *Jeff Kindler joined Pfizer in 2002 from McDonald's Corporation, where he had been general counsel and most recently served as president of Partner Brands and chairman of Boston Market. A graduate of Tufts University and Harvard Law School, he was formerly a vice president and senior counsel (litigation and legal policy) at General Electric and, before that, a partner with Williams & Connolly, a leading law firm in Washington, DC.*



Jeffrey B. Kindler

**You joined Pfizer in January 2002 from McDonald's. What excited you about this opportunity?**

What excited me about it, first of all, is that this is a great company. I have enormous respect for its values, the talent of its management, and for the dedicated colleagues throughout the organization. Pfizer cares about things I care about, such as community service, performance for our investors and other stakeholders, and integrity.

Another reason I was excited about this opportunity, from a lawyer's perspective, was that this has to be one of the most important jobs I could have. Just about everything we do, from the initial research through the development of drugs, clinical programs, and marketing, is highly regulated, both in the United States and around the world. So, we are committed to complying with a tremendous number of laws and other regulations. In addition, we're often the target of various groups that are adverse to the pharmaceutical industry for one reason or another. Therefore, the legal function here is very important, and I was very pleased to confirm, during the interviewing process, that Pfizer's leaders respect and value the role that lawyers play – not only in solving and preventing problems, but also in helping to advance the business.

In light of the Enron scandal and all the corporate-governance issues that have

arisen, there's probably a greater focus today on a company's legal functions – and the role of general counsel – but Pfizer has demonstrated a long-standing dedication in this area. We were one of the first companies, if not the first, to establish the position of corporate governance officer, more than 10 years ago. And we regularly receive the highest possible ratings from organizations that measure commitment to corporate governance.

**As general counsel, how do you ensure that the corporate values you mentioned are upheld?**

The only way a company can really uphold values like integrity, honesty, and open communications is if there's a commitment to them from the top – from the CEO and other leaders. If that's not present, there isn't much a general counsel or anyone else can do. But it's very, very clear that Hank McKinnell and the rest of the Pfizer leadership team share this commitment.

You really can't fake this. A lot of companies give lip service to these kinds of values, but I see the commitment every day in our decisions to do what's right, even if it's not necessarily advantageous from a business perspective. And the role I play in this regard, through the various groups that report to me, is to establish an infrastructure – the means and mechanisms – to help people understand what their obligations are. For example, we now have interactive training programs that help people understand the various rules and laws that apply to their particular functions.

**The public's perception of the pharmaceutical industry is sometimes less than favorable. How much does this concern you? And has the sector done a sufficiently effective job of promoting itself?**

This is the single most important issue our industry faces: The public's perception of us is not, by and large, positive. And it's unfortunate that it's often very dif-

ficult for Pfizer to separate itself from the industry as a whole. We basically get tarred in the same way as the least common denominator.

No, I don't think the industry has done a good job of presenting a compelling case for why what we do is important and valuable – why it's a great thing, because it really is. We have all the facts, but we haven't done a thorough enough job of communicating them, which is evidenced by the fact that we continue to see signs that the public isn't as supportive of our mission as we believe it should be. And incidentally, this negative perception is manifested in a whole host of areas, including the legal one, because it affects what judges and juries think of us, and the way lawsuits are perceived.

**Do the Sarbanes-Oxley Act of last year and some of the other new rules in this area require a lot of changes?**

In many companies, they probably do. At Pfizer, however, the changes have not been that dramatic because, as I indicated, we've been committed to corporate governance for a very long time. There's very little in Sarbanes-Oxley or in the various New York Stock Exchange and SEC rules that were adopted over the past year that we weren't doing already. Maybe there were some variations on how we did things, but fundamentally, we were already doing most of these things. We have a very independent board and a robust audit committee. Our corporate-governance officer is part of the legal department, and we're very proud of how that office works. It does a great job of communicating with our institutional and other investors, and with the various regulatory bodies.

As to the public's perception, I don't think our image issues are related to corporate governance. They're more a function of the fact that the public does not always appreciate the value of research-based pharmaceuticals. But when it comes to corporate governance, I'm sure that, if 10 of the leading people who monitor these matters were asked which companies epitomize best practices, Pfizer would be on most of their lists. ●



# A Climate of Care

**An Interview with Robert W. Norton and Yvonne Jackson,  
Senior Vice Presidents, Corporate Human Resources, Pfizer Inc, New York**

**EDITORS' NOTE**

*With Pfizer continuously since 1969 (except for one year spent as a corporate vice president of the Rorer Group), Rob Norton chairs the U.S. Department of State's Overseas Schools Advisory Council. A graduate of Princeton University, he is also a member of Princeton University's Alumni Council, a trustee of Fisk University, and a board member of both the United Way of Tri-State and the USO of Metropolitan New York.*

*Before joining Pfizer in her current post in November 2002, Yvonne Jackson headed human resources at Compaq and, before that, was senior vice president of Worldwide Human Resources at Burger King. Her prior experience includes 13 years in senior human-resources positions at Avon and management assignments with Sears. A graduate of Atlanta's Spelman College with a Management Development certificate from Harvard Business School, she serves as vice chairman of her alma mater's board of trustees, as a board member of the Institute for Women's Policy Research, and as an advisory board member of Catalyst, a nonprofit organization working to advance women in business.*

**What human-resources challenges did the Warner-Lambert and Pharmacia acquisitions present for Pfizer?**

*Norton:* In terms of size alone, there were huge challenges. We went through these two major transactions in rapid succession, so we had to get our sea legs pretty quickly. To our advantage, both the Warner-Lambert and Pharmacia employees embraced the same corporate cultures as Pfizer employees; the busi-



*Robert W. Norton*



*Yvonne Jackson*

nesses were somewhat the same. But that said, in merging first with Warner-Lambert, we were very clear about our bedrock values. They're almost like a catechism for us because we believe in them so strongly. They aren't dissimilar to those upheld by other companies, but we work toward them at all times. So, we used them as a foundation for bringing the Warner-Lambert people into our organization, and by the time the Pharmacia acquisition took place, we already had developed what we call our "Leader Behaviors" program – a fairly sophisticated tool for exposing new employees to our way of doing things.

Of course, it's important to note that corporate culture isn't static. You add 40,000 Pharmacia colleagues to the mix, and they're going to have a definite impact on Pfizer's culture.

*Jackson:* About 60 percent of our present colleagues are new to Pfizer, having come to us with the Warner-Lambert and Pharmacia acquisitions. So in essence, Pfizer is now a company with three histories. As such, the culture question is paramount. And to speak to Rob's point, the Leader Behaviors program acted as a jump-start kit for the integration of the other two cultures with ours. It's truly a systematic approach.

*Norton:* Time hasn't been on our side in this situation. We've had to handle the mergers with a fair amount of speed, getting people into their new jobs with a uniform set of goals as quickly as possible. Other companies have had trouble integrating corporate cultures after mergers because they took too long to do this. We, on the other hand, have been fast in giving people their new assignments, with new sets of

responsibilities that lead to the common goals of Pfizer Inc.

**Was it also a challenge to convince existing Pfizer employees that these acquisitions would benefit their own careers?**

*Norton:* From the Warner-Lambert merger, we learned not to spend an inordinate amount of time on the people coming into the organization because the people already within the organization have their concerns too. There are challenges for both groups; it's really not a comfortable situation for anybody. So, during the Pharmacia acquisition, we spent more time focusing on established Pfizer colleagues than we did during the Warner-Lambert activity.

**As a global company, it must be difficult to coordinate this level of integration on a worldwide basis. How do you coordinate with your HR leaders and other employees in foreign countries?**

*Norton:* We do that in a number of ways. Clearly, we can't orchestrate with precision from one location in the world, but we can set standards and expectations, and we had a fairly robust governance process in place. For example, the Pfizer HR community met via representation every week during the course of the integration activities, while the corporation's top management met at least twice a month. We devoted substantial amounts of time to what we call "transition planning." And we learned from the Warner-Lambert activity that it's necessary to have our best people concentrating on this effort from day one.

Our chairman and CEO, Hank McKinnell, essentially led the Warner-Lambert integration and then set up the governance for the merger with Pharmacia. He empowered Pfizer's people to move on the second project with speed, without being afraid of making mistakes.

So right now, we're not moving at lightning speed, but we're progressing steadily and deliberately. We're going to

make some mistakes, but we just need to correct them as soon as possible. Hank said: "Don't freeze up if you make a mistake. Fix it and move forward. Just keep things going."

**There seems to be a focus on technology in all companies today. Everyone talks technology. You've both been in human resources for a number of years. Has the people aspect in certain companies been lost? Has the value of human capital been diminished?**

*Norton:* I'd say that probably depends on the kind of business you're in. The business we're in, which is basically discovering and marketing health-care products, is totally dependent upon human capital, whether that means intellectual property, patents, or people's abilities. People are paramount. Thus, when we consider acquiring another company, an awful lot of its value is represented by the people in that organization. And in managing large activities such as the incorporations of Warner-Lambert and Pharmacia, it's crucial to retain the value of what you've bought, which is the minds of the people.

*Jackson:* As a relative newcomer to Pfizer, and having come from a technology company most recently, I'd say that whatever shift is taking place in most other companies is occurring a lot more slowly here. While this is certainly a technology-enabled company – and it obviously has to be, to do the kind of research that's done here – you won't find us replacing people with technology unnecessarily.

**Pfizer has always placed an emphasis on its employees' involvement in the local community and on corporate citizenship. Is this a reflection of the corporation's values?**

*Norton:* Oh yes. This is my 33rd year with Pfizer, and this has always been a kind of bedrock principle that starts with the people who lead the company. And when you think about who our customers are – and that's humanity, basically – it's only natural that we want our people and our facilities to be vibrant and moving in the right direction in their communities.

You have to think about what our mission is – about what we're trying to do with health care. One of the reasons why people want to work here is that it's a little different. It's not selling the public a soft drink, even though that's a wonderful business to be in. And it's not selling them computers, which is another wonderful business to be in. What we basically have here are people who are trying to improve lives. And so the continuum of that attitude extends beyond the products we're developing into community issues.

When you look at some of the wonderful things that we've done in the area of HIV and AIDS, it shows that we've

taken the opportunity to apply our scientific know-how to something that's badly needed. But this also gets our employees involved; it really does. Our philanthropy is well documented. In fact, Pfizer donated approximately \$598 million in cash and products in 2002. This is a real attraction to people who work here to know, for example, that, if they volunteer to work for Not-for-Profit Organization XYZ, they can also tap money from this company to help promote that organization's interests. You might call this our own United Way attitude.

**As a former Compaq executive, Yvonne, why was a position in the pharmaceutical industry so attractive to you?**

*Jackson:* The way that Pfizer cares for its people is phenomenal. Of course, our line of work is to create products that better people's lives, so it only stands to reason.

I've been pleasantly surprised by the level of community involvement at the company as well. There were many applicants for Pfizer's new Global Health Fellows Program, which sponsors nearly 20 employees who will work with non-governmental organizations to work to fight HIV/AIDS and other diseases in developing countries.

Pfizer created this program and has provided necessary resources and tools for our employees to make these journeys. The enthusiasm surrounding the project is extraordinary. Pfizer's people are so passionate about providing their expertise to underdeveloped countries in order to make a difference. That level of enthusiasm speaks to the overall climate of care that's present in this organization. These are dedicated people with a strong sense of personal values.

**The public's perception of the pharmaceutical industry is often negative. Is that frustrating for you?**

*Norton:* Sure it is. It's always difficult to watch a Sunday morning talk show and hear the bashing. Thousands of the world's brightest people work for Pfizer, trying to develop cures for diseases. And it's interesting: Despite all of the negative noise out there, none of them would trade places with anybody.

**With so many tasks at hand, how do you budget your time?**

*Jackson:* It's always difficult for me to budget my time, but my role is clearly centered on putting in place the right tools, so that our management can develop Pfizer's talent in the ways we need.

Our company has changed a great deal over the past three to five years, and in the past 33 years, it has practically reinvented itself. As such, we spend a lot of time on developing tools that will develop the talent we need today. At the same time, we apply our efforts to defin-

ing those capabilities the organization will need in the future. While we'll certainly be a pharmaceutical company in five years' time, our size and scale may be quite different. So, we need to define our future needs and, to meet them later, build the appropriate processes now.

*Norton:* My job is one of extremes. On a typical day I spend time with our leadership team – those at the top of the organizational pyramid – addressing significant policy issues. Two hours later, I meet with a colleague perhaps eight levels down in the organization about an issue that's personal to him. Both of those meetings are of equal importance, so we try to maintain direct contact no matter how large we get. It's a huge challenge to keep that up as we grow larger.

*Jackson:* Evaluating our medical plan also takes up a lot of time, particularly as we try to harmonize the Pharmacia medical plan with Pfizer's. We have to ensure that our revised medical plan fits with our basic philosophy of giving our people the best we can.

**Rob, you mentioned that you've been with Pfizer for more than 30 years. What keeps you – and others like you – with the organization?**

*Norton:* That's hard to distill. I will say, however, that this is a company that's people focused, and that atmosphere attracts a certain kind of individual. This is a demanding place to work, and the work is difficult, but there are unique rewards. Pfizer also has been a consistently successful company, and that attracts a certain kind of individual as well. What's not to like about success?

**Is it encouraged that you keep your doors open to employees?**

*Norton:* It's automatic. We have a policy at Pfizer: If you want to speak to the CEO, you can send him an e-mail, and he'll see you. Direct contact with the corporation's executives is part of the deal, and speaking with our reports is one of our responsibilities as leaders.

*Jackson:* This is also a performance-oriented company. True, we focus on our people, but those relationships drive our performance and success.

*Norton:* This isn't a place for everyone, but it's the right place for the right people.

**As busy executives facing immense tasks at the office, can you find the time to put the business aside and unwind?**

*Norton:* Some people are better at unwinding than others. Personally, I can't.

*Jackson:* I doubt if any of us at this level can. Of course, we like to think that we can.

*Norton:* It's hard to escape because just walking out the door on a Friday afternoon won't make your concerns go away. But that's all part of the deal. ●



# Manufacturing Success

**An Interview with John W. Mitchell, President,  
Pfizer Global Manufacturing, and Senior Vice President, Pfizer Inc., New York**

**EDITORS' NOTE** *After earning a bachelor's degree in engineering from Yale University, John Mitchell joined Pfizer in 1964 and was named director of production planning and inventory control for its pharmaceutical division four years later. In 1972 he was named project director of the corporation's new plant in Puerto Rico, and from 1975 to 1978 he served as VP and GM of manufacturing operations there.*



*John W. Mitchell*

*Returning to New York in 1978 as VP of production for U.S. pharmaceuticals, he became Pfizer Pharmaceuticals Group's VP of manufacturing in 1997, senior VP of Pfizer Global Manufacturing (PGM) in 1999, president of PGM in 2000, and a VP of Pfizer Inc. in 2001. In 2003 Mitchell was elected a senior VP of Pfizer Inc. He is also a member of the Pfizer Global Pharmaceuticals Leadership Team.*

**From the standpoint of corporate cultures, has the Pharmacia acquisition been a success so far?**

We've been focusing on integrating the Pfizer and Pharmacia cultures, and we're making a lot of progress. In fact, an outside observer might be very surprised at how sharp our focus on the integration has been. The integration of the manufacturing organizations is proceeding quickly. From the beginning, it has been apparent that the two companies share many similarities in leadership philosophy, behaviors, and focus, and we're capitalizing on those similarities.

So I'm very pleased with our progress thus far. We'll know that the integration has been a success when no one is referred to as a "former Pharmacia colleague" anymore; we'll all just be Pfizer colleagues. And we're well on our way to achieving that objective.

**Pfizer's mission statement is taken quite seriously within the organization. How exactly do you apply**

**the corporate mission to your work within PGM?**

Many companies write mission statements but neglect to make them integral parts of their everyday leadership and operations. In contrast, the PGM mission statement is an integral part of the way we operate around the world every day.

The purpose of PGM is to "improve the quality of people's lives by assuring the supply of Pfizer's high-quality

human- and animal-health products." Our mission is to "be the number-one supply organization in our industry and a strategic asset to Pfizer." In addition, we have six mission elements – quality, customer satisfaction, environment, health and safety, new products, improved product cost, and global integration – which are a part of every operations review and budget meeting. They also serve as the framework for the objectives and performance appraisals of all PGM leaders. So the mission drives everything we do. We don't just assure supply; we consistently deliver products of the highest quality in a way that's fully compliant with all government regulations. Our standard of performance is 100 percent customer satisfaction, regardless of demand. We work with R&D to bring products to market faster than our competition. We protect our colleagues and the communities in which we operate by pursuing the best environmental, health, and safety performance in the industry. We conduct our business in a globally integrated manner through which we learn from the diversity of our worldwide operations. And when all that's done, we deliver products at reduced costs year after year, enabling increased investment in research and other areas.

**Is technology an integral part of PGM's operations?**

Pfizer is a global enterprise, with 92 plants in 40 countries, which supply products to Pfizer businesses in 150 countries.

Technologies, such as e-mail, the Internet, and our intranet, are absolutely critical to knitting together a global enterprise of our magnitude and enabling effective communications among colleagues no matter where they are in the world. Technology is also critical to global business processes. For example, we're building new supply-chain systems, which will provide us with complete, end-to-end visibility of our inventories and manufacturing plans.

Pfizer is also a leader in process analytical technology, such as the use of infrared systems that allow us to determine the potency of tablets as they're being manufactured. This type of technology contributes to continuous quality assurance. Then, there's a new product requiring that colleagues be completely protected from exposure to the product during certain stages of the process. To solve this problem, we use robotics and process analytical technology in a new facility in Germany. The product is manufactured and quality monitored without anyone being in the room.

**What key challenges will PGM face in the coming years?**

One of our clear objectives is to continue our work on the integration of Pharmacia. Within some parts of the company, that process will take longer. For instance, we currently have 92 plants in the network, and that's too many. So we're evaluating and developing alternatives. Of course, we need to accomplish this restructuring while also performing to our high expectations in full alignment with our mission elements.

Another key challenge is to help new colleagues feel that they are part of and committed to Pfizer and PGM. We can do this through alignment with the PGM and Pfizer visions and by engaging colleagues in business issues. Every colleague needs to be involved, in his or her own way, as a leader. Only then will we be able to take full advantage of our diversity and leverage the collective knowledge and wisdom of the entire organization. ●