

Navigating Biotech/Pharma Mergers and Acquisitions

Ready to dive right into a career in biotechnology/pharmaceuticals? If so, one has to learn to navigate the choppy waters that occur during mergers and acquisitions. Researchers in this area give tips as to how to come out unscathed and even promoted after this process.

By **Jacqueline Ruttimann Oberst**

Years ago when Sugen, a company focused on protein kinase inhibitors, was bought by Pfizer, over 300 people lost their jobs, but not their sense of humor.

These intrepid scientists held wave parties to announce the latest round of scientists that were given severance pay and let go. But these were not pity parties in the least—most went on to equally lucrative, or even better, positions in other companies.

Mergers and acquisitions might sound daunting, but those who work in the biotechnology/pharmaceutical arena know it as a fact of life. Researchers who are interested in entering this fast-paced world need to learn how to “ride the wave” and always keep their eye out for other opportunities. In short, they need to take advice from the cover of Douglas Adams’ “Hitchhiker’s Guide to the Galaxy” series: “Don’t Panic.”

“You have to make light of these situations,” says **Jerry McMahon**, former Sugen president but now president and chief executive officer of Kolltan Pharmaceuticals. “You have to take it as a positive thing in your career. When Sugen closed its site, almost everyone went on to something useful.”

STAY CALM AND CARRY ON

“Once the merger and acquisition occurs, it typically takes two years to finalize,” explains **Steve Projan**, senior vice president of research and development and head of the Infectious Diseases and Vaccines unit at MedImmune, who experienced this process twice when he was with Wyeth, once when this pharmaceutical company acquired American Cyanamid and again when it merged with Pfizer. “There is more than enough time to look for another job. If you leave the job, there will be another job.”

Many industry experts say that the biggest mistake that one can make during this transition time is to get caught up in the drama and get derailed from their task at hand—the work that one does is exactly what is going to help them either stay or land another job.

“Focus on the work. Don’t get agitated and stop working—continue to demonstrate value to the company. The nervous ones are always the first ones gone,” says **Bing Yao**, senior vice president, IMED/Respiratory/Inflammation, Autoimmunity at MedImmune. Dr. Yao should know—he’s endured five mergers and acquisitions over the course of his career, with Genentech, Tanox, Aventis, Amgen, and Immunex.

From the buying company’s perspective, there is a lot to be considered as well.

“Each deal presents itself with different challenges,” notes **Paul Grossman**, head of corporate development and strategy at Life Technologies, who himself has been involved in 20 mergers and acquisitions.

Although the general acquisition itself doesn’t take too long, generally two to four months, the main challenges at hand include obtaining a clear idea of what the parent company wants to achieve (e.g., acquiring a new technology or product) and the integration process itself in which the two cultures of the buying and purchased companies themselves have to come to some sort of symbiosis.

In the case of when a company acquires another that specializes in a new technology, Grossman says that the parent company wants to maintain the culture of the target company to the fullest extent possible to avoid jeopardizing its innovativeness. Alternatively, a parent company may want to take back a bit of the cost of the target company and try to make it [continued](#)>

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more efficient by aligning it more to its own protocols.

Grossman urges those in a company that has just been bought to stay optimistic.

“Change is always hard but one has to keep focused on the positive. There are a lot of positives about being acquired by another company,” he says. “For example, there are more resources and more stability—even an opportunity to have a bigger impact.”

Often in mergers and acquisitions, more money and people enter the target company, notes Grossman. For instance, the company that is now Ion Torrent went from an 80-person operation to one of 200–300 people. Yet the converse also can happen, such as when personnel redundancies occur between the parent and target company and people are let go.

TAKE STOCK IN YOURSELF

So how does one increase their value to a company and not become deadwood?

For Yao, it can be summed in one word.

“Publication, publication, publication. That’s your ticket,” he says. “People won’t consider your CV if you don’t have papers.” Yao advises that those in nontraditional science jobs such as regulatory and manufactory should still be authors.

On top of written communication, one also needs to know how to give good oral presentations. For those who need some polishing in either area, most companies provide training courses on how to write papers and present to the public.

According to McMahon, good communication “goes a long way in terms of career development. If you do the best science but can’t communicate, there’s no value recognition.” Both Yao and McMahon are prolific writers: The former has 20 patents and over 50 peer-reviewed scientific publications while the latter has 67 patents and 85 publications.

Lastly, no scientist is a self-sustaining organism. Everyone should learn how to network, not just for setting up collaborations for their projects but also for information on available job opportunities.

Notes **Palani Palaniappan**, vice president of biologics development at Millennium Pharmaceuticals who has dealt with two mergers and acquisitions, that between Takeda and Millennium and that of Takeda and Nycomed: “Work on your basic people skills as this is one of the most important criteria to be a team player—a trait that is most prized in biotechnology/pharmaceutical industries.”

“Building a network is absolutely essential,” says Yao. “Not a lot of people can get a really good job by simply submitting a



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—Paul Grossman

resume to the human relations department of a company.” He suggests creating one’s network, via phone, e-mail, or social network sites such as LinkedIn, to include colleagues, friends, mentors, and former professors.

DIVE RIGHT IN

Face it, academia can be comfortable. Scientists attend school for over 20 years so it is something that they all know. Although there is security in knowing what is expected, the unexpected is where most discoveries occur.

When McMahon left his academic position in Boston to help a startup company in California (Sugen), his friends and colleagues thought he was crazy.

“It was not a logical evolution of my past,” explains McMahon, who as a result of this career course went through three mergers and acquisition in four years. “From a career point of view I did it to test my limits, and I did just that. It was a phenomenal experience, one that I was happy I did.”

His company, Sugem, first was acquired by Pharmacia & Upjohn, which enabled him to learn what it was like to go from a small to a big company. The small company was able to keep its autonomy yet had more resources, which enabled the development of its first product, sunitinib. The parent company, Pharmacia & Upjohn, then merged with Monsanto and Searle (the pharmaceutical unit of Monsanto) to become Pharmacia Corp. During this time he expanded his knowledge about the breadth of therapeutic areas and how to work in a global company. Pharmacia later merged with Pfizer (and split-off its agricultural subsidiary, Monsanto Company), which led to the shutdown of Sugem and the loss of its more than 300 employees. At this point, McMahon learned about how to shut down a site. To allow people to get out of the organization more quickly, he made it a competition to close the site the fastest. He and his group did it in half the allotted time.

“We were motivated because we all had other jobs,” he explains. “In a strange way, even laying off and downsizing and cutting down sites, you can use it as a positive thing in your career if you’ve done it well and take the high road.”

McMahon counsels younger scientists to work through their fear of failure and going off their predicted career path. “I am concerned that people are not willing to take that level of career risk. That’s when you make the big leaps in testing your ability to deal with challenges and to create things you didn’t realize you could. A lot of mergers and acquisitions test people in that way. People can rise to the occasion, can have positive career development even if they lose their job, and bring that **continued**>

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— Palani Palaniappan

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experience—in a positive way—to their next opportunity. That’s the way people need to look at this.”

Projan recalls that when Wyeth downsized his Infectious Disease group by about 75 percent, those who stayed on wore black T-shirts with skull and crossbones and called themselves “the skeleton crew.”

“Downsizing, expansion—these are inevitable in our business. People have to have an open mind and expect change,” he says. He recalls one Wyeth CEO telling him “the riskiest thing you can do is not to take risks.”

Indeed, that is what he did. He tested the waters by first working for an in-house biotechnology company at his academic institution at the time, the Public Health Research Institute at Columbia University. From there he wrote a paper on biological therapeutics bearing the risqué title “Small Molecules for Small Minds—the Case for Biological Therapeutics.” The paper got him noticed. He went on to work at Wyeth and undergo the previously mentioned two mergers and acquisitions.

“Mergers and acquisitions force you to take a different look at your career path,” he says. “It’s often a great opportunity though. If you’ve got the skill sets you’re going to go far.”

Yao traveled all the way from China to attend the University of Iowa. He entered the biotechnology/pharmaceutical industry as a postdoc and has not looked back. “I have been through a lot of mergers and acquisitions, and every time good things have come out of it. It really is an opportunity for you to once again figure out what it is you want to do and to even expand your area and expertise,” he says.

Bottom line, to endure the mergers and acquisition process, one must take risks and accept the consequences, which for the

most part end up being positive and allow one to climb another rung up the career ladder.

BE FLEXIBLE

At times mergers and acquisitions lead to relocations—often to another state or country. In all these researchers’ career paths they have had to travel.

“The nature of the job is more important than where the job is,” says Projan. “All of us have had to move during our careers. I’ve never let geography be a decision maker.”

Because of his flexibility, he was able to acquire a higher position in Wyeth that someone else declined because they did not want to relocate. In retrospect, he says it was a career-making move.

McMahon also has not let geography be a deciding factor in his career. “It does test my family,” he admits. Currently his family lives in San Francisco, and his position is in New Haven, Connecticut.

Although Yao has enjoyed living in different parts of the United States, he admits that having a spouse with a flexible career is helpful for those working in industry. His wife is an accountant/financial analyst, which allows her to easily find other jobs. The moves were also easier when his kids were younger.

Mergers and acquisitions allow one to also stretch their areas of expertise.

“There are opportunities to learn and grow in new areas within the merged company. They may even rise in their levels in their new organizations,” says Palaniappan, who offers that researchers could always attain multidisciplinary technical expertise via cross training and job shadowing other members on their project team.

Advises Yao: “Think about what you can learn to transition. Be flexible where you are but also consider alternative paths, such as regulatory and manufacturing, which also use science but different skill sets.”

“If you’ve got the skill sets, you’re going to go far. Those who don’t have divergent skills are going to be gone,” notes Projan.

GO WITH THE FLOW

The most important thing that should dictate one’s career in biopharma is science itself.

“In this industry, you have to be motivated. You’ve got to be committed. It’s more than an eight-hour job. One has to really enjoy the energy, high-risk, and excitement of science and development,” opines Yao.

But you have to not be afraid of “getting wet” and swept up in the changes that often come with mergers and acquisitions.

“It is like surfing,” says Projan. “You have to go with it—you have to ride the wave.”

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