


A THOUGHTFUL *Note*



A considered approach to leadership has helped **Ted Schroeder** guide his team through ups and downs and set Cadence Pharmaceuticals on a defined path, one in which a vibrant culture and strong core values are the keys to its long-term success.

Photography by nathanpetty.com

Carnegie Hall's loss was the pharmaceutical industry's gain. Growing up, Ted Schroeder had a passion for music, an interest that was fueled by his father and grandmother who taught piano. His goal was to become a performing musician after winning a competition that secured a scholarship to Combs College of Music in Philadelphia.

While ultimately he abandoned his pursuit of a career as a concert pianist, music continues to play a large part in his life. It's no coincidence that the company he cofounded with Cam Garner in 2004 is called Cadence Pharmaceuticals. In musical parlance, cadence means a particular series of intervals or chords that ends a phrase, section, or piece of music, while the term cadenza refers to an unaccompanied solo passage in a concerto.

"The ancient Greeks taught music as one of the sciences, and I believe there is a strong connection between music and problem solving," Mr. Schroeder says. "Playing music requires enormous discipline, a discipline that can be applied to many other endeavors. Music allows my creative side to think more broadly about problems; I believe there's a connection between the two sides of the brain that allows one to move between the concrete and the more creative aspects of life. I'm not a linear thinker so music helps me think through problems and arrive at new solutions."

Creative problem solving is one of the hallmarks of Mr. Schroeder's leadership style. And he believes that it's often the small lessons learned along the way that can have the most dramatic impact on how one interacts, performs, and leads.

As president and CEO of Cadence Pharmaceuticals, Mr. Schroeder takes a considered and measured approach that enables him to manage difficult situations as well as the good ones. He maintains an even keel by being non-reactive as well as self-reflective. His willingness to share information with his colleagues — be it good news or bad news — gives them confidence in the operations of the company.

"No company can avoid having some bad news at some time or another," he says. "I think being reactive stands in the way of finding solutions. Honest, up-front feedback creates an environment of trust as well as one of confidence.

"When it comes to delivering bad news, I've never found it effective to couch the infor-

mation in a different light," he adds. "In my experience, people always imagine the news to be worse than it really is, so it's best just to let them know what's going on."

When Cadence had some disappointing news from a clinical trial in early January, this is exactly the approach Mr. Schroeder took. He met with all of the employees to explain the data from the trial and what impact the results would have on the company and to answer any questions employees had.

"If you walked into the company today, you wouldn't think that just two months ago our stock price declined 61% in one day based on the trial data," he says. "Our employees are upbeat, energized, and moving forward." (For more information about Cadences programs and pipeline, see breakout on page 62.)

Whether it's a leadership style based on years of experience or a trait that is inherent in his easy-going nature, Mr. Schroeder encourages those around him to stay positive and steer their energies to applying solutions.

As the company, which focuses on the hospital market, moves toward commercialization of products, its staff is ready to meet the challenges and opportunities that lie ahead.

HITTING THE RIGHT NOTES

Drawn to the pharmaceutical industry through an interest in science and an eagerness to work in a field that would, as he puts it, get him up in the morning, Mr. Schroeder joined Bristol-Myers Co. as a sales rep. He remained with the company, which later joined with Squibb, for 14 years.

"Quite honestly, I didn't envision ever leaving Bristol-Myers Squibb; the environment was such that I was always learning and growing," he says. "But things change and other opportunities came along that were too good to turn down."

While ultimately finding his niche in the small biopharma arena, Mr. Schroeder maintains that large pharma offers a wonderful training ground.

"Big pharma companies devote a lot of time and resources to all aspects of training their people — human relations, coaching, business development, ethics, quantitative analysis, etc.," he says.

On the other hand, he says there is a great deal of bureaucracy, conservative decision making, and accountability issues because so many decisions in large companies are made by committees.

"All these factors shaped my mind as I continued to grow and develop as a leader, and each experience drove me to think about more efficient ways of doing business," he says.

It was also at Bristol-Myers, in his early days as a rep, that Mr. Schroeder developed an appreciation for meeting the broad needs of the physician, including those who practiced in the hospital setting.

"There's a symbiotic relationship between the industry and clinicians that ultimately can lead to a very positive and rewarding experience for patients."

"We handled a full range of products, from an over-the-counter cough/cold remedy to an injectable antibiotic used principally to treat critically ill patients in the ICU," he explains. "Working in this environment helped me to understand what prescribers valued, what they wanted, and how they thought about medications. It's not enough for a company to have great science; it also has to offer solutions that enable physicians to do their jobs better, which is to take care of their patients. There's a symbiotic relationship between industry and clinicians that can ultimately lead to a very positive and rewarding experience for the patient."

MAKING AN IMPACT

Accountability and direct influence have become real drivers for Mr. Schroeder, and they impact the way he likes to work and lead.

It was after leaving Bristol-Myers Squibb and joining a small company, Dura Pharmaceuticals, that he had first-hand experience as to how significant one person's decisions could be.

"I remember clearly sitting in my office while working on some plans, and it occurred to me that I could calculate the impact of the

Ted Schroeder

decisions I was making on earnings per share,” he says. “This really excited me.”

A willingness to embrace responsibility along with learning how to build culture in a company, motivate employees, execute against a strategy, and achieve goals convinced Mr. Schroeder that he had what it took to go solo.

“I doubt that if I’d stayed at Bristol Myers-Squibb or another large company that I would have founded a pharmaceutical company,” he says. “Helping build Dura through the highs and the lows in a concentrated period of time made me realize that there were lots of ways for a pharma company to be successful. There are big needs in the marketplace, and it’s not so mysterious that addressing unmet or under-served areas generally provides a good return.”

When it came time to make his move, he received invaluable support from Mr. Garner, who had been chairman and CEO of Dura during Mr. Schroeder’s tenure at the company. Mr. Garner had been and continues to serve as a mentor and a friend. He helped cofound Cadence and remains chairman of the Cadence board of directors.

“I have enormous respect for Cam and knowing that I had his support and could count on his enthusiasm to found the company made the proposition less unnerving,” Mr. Schroeder says.

The entrepreneurial path has been exciting for the Cadence founders, though not without its difficulties.

Mr. Schroeder says he and his executive team faced the same challenges that all start ups encounter — raising money, conducting due diligence, engaging the right advisors, and deciding on the right approach to take when



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the benefits to the company aren’t always obvious. But for Mr. Schroeder, one of the most significant challenges involves recruiting and retaining the right talent.

“Start ups require people to take an enormous risk to join them,” Mr. Schroeder says. “And it’s not always possible to get it right. Saying goodbye to people who joined early on but who may not be the right fit as the company grows is never pleasant.”

Now into its fourth year of operations, Mr. Schroeder is excited about the impact that Cadence and companies of its type can have on the market and patients.

“Companies like Cadence serve an important role in developing products that are important to patients but don’t necessarily have the blockbuster potential that the big pharma and biotech companies are pursuing,” he says. “Companies of our size can invest in and develop a product that may only be a \$100 million to \$200 million opportunity. It’s very difficult for a large company to divert resources into these types of smaller products.



This is why this business model continues to work and attract investments and entrepreneurs, because our companies provide medications that patients need; they just happen to be for smaller patient populations than the next big cholesterol drug.”

CULTURE COMES FIRST

Cadence has grown significantly since its inception less than four years ago when it was an idea and had five employees. Mr. Schroeder, not one to rush headlong to the next step, was careful to establish the company’s culture first before moving to the next level.

“We developed a culture focused on success; one that was energetic, dynamic, and positive; and one that was true to our four core values: performance-driven, transparency, respect, and integrity,” he says. “As we grow, our focus will be on replicating this culture, hiring people who embrace our values, and ensuring that each employee becomes part of the cultural development of the organization.”

The challenge, he says, will come when Cadence has more people working outside of its San Diego office than in it; and he has already given careful thought to how to navigate those hurdles.

“I view my leadership role as being the culture czar and making sure that if we begin to drift that we quickly make adjustments and continue to place our core values at the top of the pyramid,” he says.

He seeks to nurture the culture through mentoring others and providing opportunities to his employees to excel.

“I have frequent one-on-one meetings with my direct reports,” he says. “I also try to give people a chance to lead, to interact with the

STRIKING A CHORD

TED SCHROEDER — RESUME

- 2004 – PRESENT.** President, CEO, and Cofounder, Cadence Pharmaceuticals, San Diego, Calif.
- 2002 – 2004.** Senior VP, North American Sales and Marketing, Elan Pharmaceuticals, San Diego
- 2001 – 2002.** VP and General Manager, Hospital Products Business Unit, Elan Pharmaceuticals
- 1999 – 2001.** Senior Director, Acute Care Marketing, Dura Pharmaceuticals, San Diego
- 1997 – 1999.** Associate Director, Injectable Antibiotics, Bristol-Myers Squibb Co., Plainsboro, N.J.
- 1995 – 1997.** Senior Manager, Institutional Marketing, Bristol-Myers Squibb Co., Plainsboro, N.J.
- 1988 – 1995.** District Business Manager, New England, Bristol-Myers Squibb Co., Plainsboro, N.J.
- 1985 – 1988.** Pharmaceutical Sales Representative, Bristol-Myers Squibb Co., Philadelphia

EDUCATION

- 1985.** B.S. Management, Rutgers University, Camden, N.J

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PROMOTION WITH POWER

board, and to interact with the outside world. I promote their contributions and abilities and give advice where it's appropriate."

Mr. Schroeder says one of the disturbing trends in the industry that runs counter to a strong culture is putting short-term interests



The company was formed on a strategy, rather than a technology as is typical with most start ups.

"The strategy was to address the hospital market with pharmaceutical products with a view of the hospital as a channel of distribution versus the more traditional approach of a therapeutic vertical," Mr. Schroeder explains.

While most companies in the hospital arena tend to focus on specific therapeutic categories — anti-infectives, cardiovascular, anesthesia — Cadence has taken a broader approach.

"As long as a product is used primarily within the walls of a hospital, this is a market opportunity," Mr. Schroeder says. "We get greater efficiency from our salesforce since our reps can move between departments more easily if they have multiple offerings. This is a very efficient business model."

In addition, Mr. Schroeder maintains it makes the company more attractive to the prescriber since Cadence can offer a broader set of products.

ahead of doing the right thing and laying blame when things go wrong.

"These are areas of concern that have begun to affect the entire healthcare arena," he says. "A case in point, is that the FDA is constantly under fire. If the agency approves a drug and a rare side effect surfaces it is criticized for being sloppy, and if it doesn't approve drugs in a timely manner based on ever-increasing safety concerns, then there is criticism for keeping important medications from patients who need them.

"The United States is the clear world leader in biotechnology and pharmaceuticals yet we seem to be on a path that would dismantle our advantage," he continues. "It would be a shame if, for short-term interests, we crippled an industry that not only provides so many important medications but new learnings and new science to the betterment of mankind." ♦

PharmaVOICE welcomes comments about this article. E-mail us at feedback@pharmavoice.com.

A STRATEGIC APPROACH

CADENCE PHARMACEUTICALS WAS FOUNDED IN 2004 TO FOCUS ON THE UNDERSERVED HOSPITAL MARKET. THE GOAL WAS TO PROVIDE A BROAD SPECTRUM OF PHARMACEUTICALS TO MEET ITS PARTICULAR NEEDS.

Company officials believe there is enormous potential in the hospital market, given how few resources are directed toward it. IMS Health reports that about \$28 billion was spent on promotional activities by the pharmaceutical industry in 2005. Of this amount, IMS estimates that only \$1 billion (3.5%) was directed toward hospital-based physicians and directors of pharmacies. In contrast, U.S. hospitals and clinics accounted for about \$54 billion, or 21%, of U.S. pharmaceutical sales in 2005, according to IMS. Thus Cadence views this marketplace as a compelling opportunity for a biopharmaceutical company commercializing its products directly through its own dedicated salesforce.

The company has in-licensed rights to two Phase III product candidates, both of which have been studied in Phase III clinical trials.

The first product is Acetavance, a formulation of acetaminophen for intravenous use, which Cadence has exclusive license rights to in the United States and Canada. The product is currently marketed in Europe for the treatment of acute pain and fever by Bristol-Myers Squibb.

If approved in the United States, Acetavance will allow physicians to take a multimodal approach to pain management that may result in reduced exposure to opioids and NSAIDs and result in better pain control.

Cadence also in-licensed the exclusive North American and European rights to Omigard, a topical antimicrobial, for the prevention and

treatment of device-related, surgical wound-related, and burn-related infections.

"Omigard addresses a substantial unmet medical need in the United States in controlling the primary cause of hospital-acquired infections, central venous catheters, which is also a growing problem and reimbursement challenge for hospitals," Mr. Schroeder says.

If all goes to plan, and the FDA approves the products, the company expects to hire a salesforce of between 150 and 200 reps, which would take the company to around 250 to 300 people from its current employee base of just less than 50 people.

Cadence has enjoyed a period of sustained growth, but on Jan. 11, the company announced that one of its Phase III clinical studies for Acetavance did not meet its primary endpoint of demonstrating a statistically significant reduction in patients' pain intensity levels over 48 hours compared with placebo, following abdominal gynecologic surgery. The study did, however, achieve several secondary endpoints, including pain relief, global patient satisfaction, and time to rescue medication. A second trial of Acetavance in fever met the primary endpoint, demonstrating a statistically significant reduction of fever over six hours compared with placebo. Both trials also demonstrated a good safety profile.