

Stamping a **BRAND** on **GENERICS**



Drawing on a diverse and business-focused background, **JEFF GEORGE** is working to make Sandoz an innovator in the generics business, not only with its products but also with the way it builds teams and partners with other organizations and governments.

Leadings a generics company today is a very different undertaking compared with a few years ago. Once considered interlopers in the pharmaceutical industry, generics companies are now big business and are playing a leading role in healthcare decision making.

And Sandoz, a Novartis company, is one of the largest of the new breed of generics companies, second only to Teva. But while the company has been building steadily since the acquisition and integration of Hexal in 2005, there was a need to take a bigger-picture perspective to ensure future growth.

Enter Jeff George, an executive with a strong understanding of business and changing market dynamics. His career spans the

gamut, from consultant to retail executive to leadership roles within Novartis Vaccines and Novartis Pharma. Mr. George has demonstrated an ability to generate new ideas and build teams, partners, and profits.

In a very short time, he has set the direction for Sandoz and made some key changes to position the company for growth and prepare it to play a bigger role in the global healthcare continuum.

From the start, Mr. George outlined four priorities for the company: employ great people, galvanize growth, drive operational productivity, and build a winning culture. (To read more about Mr. George implementation of these priorities, please see the bonus online text.)

He has achieved a good deal of success already and has set ambitious goals for the company.

"Today, Sandoz is the No. 2 global generics company," he says. "We aspire over the midterm to become the best generics company in the world."

On-the-Job Training

In the red-hot, competitive space of generic pharmaceuticals, the ability to think quickly and adapt to changing environments is crucial. Mr. George's eclectic background has provided him with invaluable skills for running a company in a volatile environment.



“ I believe there is a **SYMBIOSIS WITHIN THE OVERALL HEALTHCARE ENVIRONMENT BETWEEN GENERIC COMPANIES AND ORIGINATOR COMPANIES** whereby a reduction in cost allows governments and societies to reinvest some of those savings back into innovation. ”

While spending one's career in one industry has distinct advantages in terms of depth of knowledge, Mr. George says being involved with a variety of businesses — healthcare consultant, HMO, telecommunications, consumer goods, and retail — has given him the ability to see the big picture and find alternative solutions.

“These experiences helped to open my mind to different trends and ideas,” he says.

In particular, Mr. George credits his time with McKinsey, a management consulting company, for helping him learn more about problem solving and managing high-performing teams.

“When you're leading or managing an organization, there's a mass of data that need to be distilled to isolate what the key issues and drivers are; then one has to figure out how to structure an approach to tackle those issues,” he says. “It's equally important to understand what the implications are for the business and determine how to take advantage of that information to drive success.”

Managing a staff of talented individuals at McKinsey taught Mr. George the value of providing people with enough space to do their jobs, which was very helpful when it came time to direct diverse and talented teams at Novartis and Sandoz.

“Bringing together bright people with a mix of skills and talents is critical to any business success,” he says. “So, too, are establishing a strong sense of teamwork, employing good communications skills, and building alignment around concepts.”

Mr. George's team-building skills were put to the test during his tenure at Gap Inc., the global clothing retailer.

“To help the organization expand, take its

brand overseas, and build strategic alliances, it was essential to set a vision and put together strong cross-functional teams — in this case, bringing together people across merchandising, marketing, production, sourcing, finance, real estate, as well as all of the other elements of the business,” he says. “When I moved to Novartis Vaccines, although this was a new field for me, I was able to draw on my previous experiences to strengthen the team and help turn around the business.”

Two internships in private equity gave Mr. George exposure to managing risk and assessing the value of assets, as well as developing a deeper insight into market

dynamics, competitive landscapes, and industry and company attractiveness.

Mr. George also has been able to draw on his studies in international relations and emerging markets to understand the thinking of stakeholders, not only on the business side but from governmental perspectives. These insights are particularly valuable in the generics arena, where a high number of negotiations are done with governments.

“One example is the work Novartis Pharma did in other countries, such as the Philippines, where we developed specific branding and pricing for the government sector, which helped increase access to medicine,” he says.

Overcoming Challenges

When Mr. George moved from the retail industry to Novartis Vaccines, he took over a mixed team in terms of performance. Within a year he made a number of changes, with eight of his 12 direct reports new to their roles at the end of this time.

“I was responsible for about 25 markets —

from the United Kingdom and Ireland to Russia to the former Soviet states, though our presence in many countries was sub-scale,” he says. “Early on we replaced the division heads for Russia, France, and Spain, and we hired new functional heads for human resources, finance, strategic planning and business development, and legal.”

While the group had good assets, it had short-term constraints, and Mr. George needed to set the vision for the department's direction.

“There are so many people here at Novartis and Sandoz who know so much more than I do with respect to specific functional or technical expertise,” he says. “It was essential that I learned from them and synthesized what the key challenges are, what the big opportunities are that we can take advantage of, and how to organize the company to go after those.”

His accomplishments were quickly recognized, and he was asked to move into Novartis Pharma as head of Middle East, Africa, Southeast Asia, and Commonwealth of Independent States (CIS) to jump-start growth. In this role, Mr. George was responsible for a division with about \$1 billion in sales and 3,000 people across 65 countries.

“My job was to set the vision for growth and restructure parts of the division to get it flatter and leaner,” he says.

The results spoke for themselves, and after just eight months in the job, he was asked to take on an even bigger role as CEO of Sandoz.

The Challenge of the Generics Market

What excites Mr. George about the generics business is the ability to ensure increased, global access to high-quality, affordable medicines.

“We operate in 130 countries and our medicines are affordable to about 90% of the world's population,” he says. “To me, that's far more meaningful compared with developing better handbags, for example, because there's a real feeling of social responsibility. I believe our mission has to go beyond satisfying only our shareholders — of course they are impor-

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tant since they provide us with the capital to do what we do — we have to be dedicated to our communities, various stakeholders, and particularly our employees. If we create a great place to work and a culture that excites, energizes, and inspires our people, they are going to bring that energy to patients, physicians, payers, and all of the stakeholders we work with.”

Mr. George understands full well the challenges the generics industry and Sandoz face in the coming years.

Firstly, generics companies deal with even greater competition than original pharmaceutical manufacturers because there is no patent protection.

“As a result we see high price erosion, amounting to hundreds of millions of dollars of lost profits every year,” he says. “We have to

make that up through new volume growth, new product launches, and managing our costs in a very responsible manner.”

Secondly, a significant challenge is the same one the rest of the industry is facing — a difficult regulatory environment. Understaffing at the Office of Generic Drugs within the FDA has led to a huge backlog of abbreviated new drug applications (ANDAs), creating a slowdown in approvals. Review and approval times have gone from an average of 16 to 18 months a couple of years ago to 22 to 24 months today.

This creates a twofold problem. One problem is price erosion — often to the order of a 99% price reduction from the originator price

— generics companies depend on having new product launches. A second problem relates to the bottleneck that prevents new generic medicines from being produced, which means cost-effective medicines aren't getting to patients. As the recession impacts industries and governments around the globe, the pressure is on to cut more and more costs in all areas, including healthcare. Generics, Mr. George notes, have the potential to be part of the cost-saving equation, but this depends on the regulatory process.

“It has been shockingly silent within the legislative branch, as there hasn't been much additional funding, if any, for the Office of Generic Drugs,” Mr. George says.

Thirdly, another challenging element in generics is more technical in nature. Traditionally, generics have been small-molecule, oral dosage tablets.

“Developing and manufacturing these types of products at low cost is far less complicated than some of the products we're now investing in, including injectables, where we have \$800 million in global business, and biosimilars, where we're the pioneer in what are called follow-on biologics in the United States,” Mr. George says.

While the biosimilars, injectables, and asthma inhalables — another area that Sandoz is moving into — are more difficult, costly, and time-consuming to develop, the longer-term trade-off for the company is key.

“These products often cost thousands and thousands of dollars a year for patients, and finding a more affordable way to provide these medicines is a big part of the answer from an access perspective,” he says.

Cost also has huge ramifications for governments. As the Obama administration looks at cost savings, healthcare will be a priority.

“The United States spends 16% of its GDP on healthcare, while Singapore spends about 4%,” Mr. George says. “The new U.S. administration recognizes that healthcare costs have exploded and is looking at how to cut back on those costs. I think a big part of the solution is generics and providing patients with access to affordable medicines. Of course, this means that there are no bottlenecks in the system and that there is an infrastructure in place to support that cost reduction.”

Mr. George counters the critics of the

A VARIED OUTLOOK

JEFF GEORGE – RESUME

CAREER

DEC. 2008 – PRESENT. CEO, Sandoz, a Novartis company, Holzkirchen, Germany

APRIL 2008 – DEC. 2008. Head, Middle East, Africa, Southeast Asia and CIS, Novartis Pharma, Basel, Switzerland

JAN. 2007 – APRIL 2008. Head, Western & Eastern Europe Commercial Operations, Novartis Vaccines, Basel, Switzerland

SEPT. 2004 – DEC. 2006. Senior Director, Strategic Planning and Business Development, Banana Republic, a division of Gap Inc., San Francisco

OCT. 2001 – JULY 2004. Engagement Manager, McKinsey & Company (promoted from associate), San Francisco

1998 – 1999. Private Equity, Brait Capital Partners (summer 1999), Johannesburg, South Africa; Overseas Private Investment Corp. (summer 1998), Washington, D.C.

1996 – 1997. Business Analyst, Deloitte Consulting, Minneapolis

EDUCATION

1999 – 2001. MBA, Harvard Business School

1998 – 1999. M.A., Johns Hopkins University School of Advanced International Studies (SAIS)

1994 – 1996. B.A., International Relations, Carleton College (transferred from Duke University)

AWARDS

ACADEMIC: Second-year Honors, Harvard Business School; John W. Watzek Scholar for outstanding international leadership potential, Johns Hopkins SAIS; Phi Beta Kappa, magna cum laude, Carleton College

LEADERSHIP: American Academy of Achievement in International Affairs, 1999; Head Delegate, Carleton Model U.N. delegation, named “Best Delegation” out of 120 universities and colleges at Harvard University's 1995 National and 1996 World Model U.N. conferences

CIVIC/COMMUNITY: Board member, Junior Achievement of San Francisco, 2004-2006; Active Youth Mentoring 1991 – 2006; Board member, Minnesota International Center, 1996-2000

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generics industry by stating that generics provide a catalyst for innovation.

“Because pharmaceutical companies know their products will lose patent protection, this creates a sense of urgency to innovate and create new medicines in new areas,” he says.

Moreover, the money saved from reducing the cost of medicines can, and should, be used to take research to the next stages, Mr. George continues.

“Most people focus on the cutthroat competition of generic companies versus pharma companies, but I believe there is a symbiosis within the overall healthcare environment between generic companies and originator companies whereby a reduction in cost allows governments and societies to reinvest some of those savings back into innovation,” he says.

Mr. George’s strong communication and business skills certainly come to the fore in

helping Sandoz meet and overcome many of the challenges the company faces. For example, he and his leadership team have conducted fruitful negotiations with Chinese government officials and health authorities to improve the market environment for the high-quality generics produced by Sandoz. Currently China’s market is dominated by low-quality, low-cost generics, and the country is eager to advance healthcare. Sandoz has the potential to play a significant role in this regard.

Generics is clearly a global business, and one advantage Mr. George has over many other executives in leading such an organization is his multicountry upbringing.

“As a child I spent three years in Belgium; I lived in Paris for a time in high school, which allowed me to improve my French; in college I lived China, which gave me the

opportunity to study that country’s political economy and industrial history and develop a much better understanding of East Asia; and then I had a chance to work in South Africa and spent a good bit of time in sub-Saharan Africa,” he says. “I think those experiences, coupled with having had operational roles in Europe and emerging markets with Novartis, have allowed me to understand a broad scope of cultural nuances.” ♦

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A LIFETIME OF MENTORSHIP

COMMUNITY SERVICE AND GIVING BACK ARE IMPORTANT TO JEFF GEORGE, CEO OF SANDOZ. FROM VERY EARLY IN HIS LIFE, MR. GEORGE HAS BEEN ACTIVELY INVOLVED IN MENTORING YOUTH.

Mr. George draws on a quote from Marian Wright Edelman, an American activist for the rights of children and founder of the Children’s Defense Fund, to sum up why mentoring has been so important to him: “Service is the rent we pay to be living. It is the very purpose of life and not something you do in your spare time.”

Mr. George says his family provided him with unique and diverse opportunities: he lived in other countries, he got a great education, and he grew up in a safe and nurturing environment, all of which left him with a sense of responsibility to give back to those less fortunate.

“I was about 18 when I did some work for the Chicago Housing Authority in Cabrini Green, which was effectively the projects in the south side of Chicago,” he says. “We were sent to obtain apartments because the authority was underfunded and couldn’t do that itself; I was overcome by how run-down these apartments were, the squalor, the smell of filth and urine, kids running around unaccompanied at 2 and 3 years old.

“There was a little kid named Danny who used to play with me,” Mr. George continues. “He would come around and watch us paint; I spent a lot of time with him when I was there that summer. Half of his body was burnt because his mother had left a cigarette on the couch, and he had to wear a bodysuit. When I left Cabrini Green, I gave Danny a hug and told him I’d be in touch; we wrote letters for a while and I’d send him African-American literature and poetry books I found inspiring.”

In his first year in college, Mr. George learned that the same young boy, Dantrell Davis, was killed in a crossfire between rival gangs.

This experience left him thinking about how he could make a difference.

“We can have so much impact on the lives of these young people by just providing love and being a role model,” he says. “Those experiences really solidified my commitment to kids, especially to underprivileged kids.”

Mr. George has also actively worked with Big Brothers Big Sisters.

“When I was a business analyst, I spent time

mentoring a little brother who had been sexually abused by his father at a young age,” he says. “I spent a lot of time with him when he was 11 or 12. I also served on the board of Junior Achievement in San Francisco.”

Today, the long hours spent at work and having his own young family — his wife and their 2-year-old daughter — have limited how much time he has for outreach activities.

“I continue to be very committed to youth mentoring, and I would expect that when I have a bit more time I’ll go back to these causes in a bigger way,” he says. “This is more than a thread in me; it’s a big part of who I am.”

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BY KIM RIBBINK

A Leader on a **MISSION**



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hen **JEFF GEORGE** took the helm at Sandoz, he knew he had to build an energetic, lean organization, one that could take up the challenges that lay ahead. To that end, he established four priorities: people, growth, productivity, and culture.

“The first goal was to ensure we had the right people and the right talent, so I assessed the leaders throughout the organization, as well as our organizational structures,” he says.

Mr. George has brought some key talent with him from Novartis Pharma, where he was before his appointment at Sandoz.

“Two of my top-performing leaders from emerging markets in pharma came over; one to run the Central and Eastern European business and one to run the Middle East and Africa region,” he says.

Another key recruit has been Christine Mundkur to head Sandoz’s North American business and serve as U.S. CEO.

Ms. Mundkur previously was CEO of Barr Laboratories, a \$2 billion global generics business.

“Another change we made early on was to bring the organization a lot closer to customers and flatten our structures,” Mr. George says.

He explains that in the past there had been one single region spanning Asia-Pacific, Latin America, Turkey, and Canada, all based out of Holzkirchen, Germany.

“This model made little sense from a customer standpoint; so we decided to reorganize and have region heads based in Asia-Pacific, Latin America, and the Middle East and Africa,” he says.

The second area of emphasis for Mr. George was to focus on growth. This meant working to restore the U.S. business after a challenging 2008; ramping up growth in emerging markets; supporting Sandoz businesses in developed countries such as Japan, Italy, and France, which have not yet fully had their generic industries take off; and

SANDOZ’S THERAPEUTIC AREAS OF CONCENTRATION

The Sandoz portfolio covers both blockbusters and niche products for all major therapeutic areas, in particular:

- ▶ ANTI-INFECTIVES
- ▶ CARDIOVASCULAR SYSTEM
- ▶ CENTRAL NERVOUS SYSTEM
- ▶ GASTROINTESTINAL SYSTEM
- ▶ HORMONE THERAPY
- ▶ MUSCLE AND SKELETAL SYSTEM
- ▶ ONCOLOGY
- ▶ RESPIRATORY SYSTEM
- ▶ SYSTEMIC ANTI-INFECTIVES

investing in difficult-to-manufacture areas with potentially larger returns, such as biosimilars, injectables, and inhalables.

The third area is around productivity and keeping the organization lean.

“We are always assessing the mix of what markets and functions merit further investments and where we need to cut back and restructure,” Mr. George says. “We need to keep our costs in line. If we’re uncompetitive from a pricing perspective, we can no longer compete with very aggressive generic companies that do a better job of keeping their cost structures lean. As a result, we may not be able to bid for certain contracts in low-priced areas, which takes our volumes down, resulting in our costs per unit going up; at the end of the day this means we’re going to be less able to provide affordable medicines. By managing our cost base, we can keep our prices low for customers — patients, physicians, governments, etc. — and this creates a win-win for everyone. We can reinvest and create more jobs and expand our presence.”

The fourth priority is around culture. Because this has the potential to become overwhelming, Mr. George has sought to keep the vision simple, focusing on external orientation, sense of urgency, and accountability.

“Before I assumed my role at Sandoz, my observations were that the company had great people and leaders, some amazing development and manufacturing capabilities, some good managers and leaders, but from a culture standpoint it was internally oriented,” he says. “For a time, the focus was on integrating Hexal into the business, so the goals were to strengthen the foundation and the company had to be focused internally. When I joined, the time was right to focus externally on our customers and our competitors and learn from them.”

To that end, Mr. George has helped to galvanize a sense of urgency within the organization.

“This doesn’t mean running around trying to do 27 things in a day; rather, it means having a calm and focused understanding of what the critical factors are to accomplishing our goals and to moving us closer to fulfilling our mission,” he says.

Boiling it down, Mr. George says, this means paying clear attention to what needs to get done and getting managers throughout the world to understand how goals can be accomplished sooner rather than later and with a sense of optimism.

Mr. George has helped build a culture that is performance-driven and focused on results and accountability.

“We had to make some tough choices on people,

SANDOZ'S TOP 10 GENERIC PRODUCTS WORLDWIDE

1 Fentanyl
Brand Names: Actiq, Duragesic, Fentora, Sublimaze
Indication: Severe pain

2 Omeprazole
Brand Names: Losec, Prilosec
Indication: GERD

3 Amoxicillin-clavulanic acid
Brand Name: Augmentin
Indication: Infections

4 Metoprolol
Brand Names: Lopresor, Toprol-XL
Indication: Angina and Hypertension

5 Simvastatin
Brand Names: Zocor, Simlup, Simcard, Simvacor
Indication: Cholesterol reduction

6 Amlodipine-Benazepril
Brand Name: Lotrel
Indication: Hypertension

7 Amoxicillin
Brand Names: Amoxil, Trimox
Indication: Infections

8 Azithromycin
Brand Name: Zithromax
Indication: Infections

9 Acetylcysteine
Brand Names: Acedadote, Mucomyst
Indication: Bronchopulmonary disease

10 Enoxaparin sodium
Brand Names: Lovenox, Clexane
Indication: DVT

and some people in senior positions have left the organization,” he says. “Achieving our vision also requires having a greater focus on what we do day to day. So we’ve instituted weekly sales calls with our commercial teams and monthly performance meetings with the seven regions and the eight functional areas that report to me. We discuss in-depth what’s working, what’s not working, and what we need to do differently.”

Above all, he says, a leader has to walk the talk and recognize achievements with praise.

“Managing performance is not all about saying ‘you need to do a better job;’ it’s more often about saying, ‘great job,’” he says.

Instituting a sense of teamwork has been key, he says.

“We are breaking down silos across the organization; we are working more cross-functionally; and we have the right project leaders who bring people together,” he says. “If people understand the vision and are aligned behind the vision, this fosters and engenders teamwork.”

From basic molecules to finished medicines

Sandoz has an especially high level of knowledge in anti-infectives, which is based on decades of experience, particularly in producing intermediates. The wide range of products covers the various stages of the production process, from basic molecules to finished medicines.

Leading the way in biosimilars

Sandoz has long been a biotechnological competence center within Novartis, and the company is now playing a pioneer role in the emerging biosimilars market. Following the precedent-setting launch of human growth hormone Omnitrope in 2007, Sandoz launched the first complex biosimilar (anemia medicine epoetin alfa, or Binocrit) in the European Union.

Every stage covered

The company’s activities cover every stage of the pharmaceutical production process, from compound synthesis through to enhancement of preparations, production, and distribution. The company seeks to combine everything it does to the highest standards with a strong customer focus. Sandoz focuses on uniting low prices with top quality to fuel success. ♦