

# PharmaWealth Report:

## The Top Eight Action Items That Every Pharmaceutical Executive Needs to Take NOW

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Executives working in the pharmaceutical industry must recognize that they now have two businesses to run. In addition to managing their careers, they must also manage their wealth.

Career planning is now essential to future success in this industry. As part of that process, executives in the pharmaceutical field should closely study the industry to determine in which part of the industry they would like to work and what role they would like to fulfill. At the same time, however, they must also recognize that the opportunities they may pursue are often constrained by financial resources and their risk tolerance.

As the industry evolves, so too will the demand for different skills and expertise. Pharmaceutical executives should realistically assess their abilities and identify ways to upgrade their value-added over time. The following eight steps are actions that every executive in the pharmaceutical industry should commence now.

1. **Stay focused on your work.** Far too many people get caught up in the office rumor mill and end up expending an awful lot of negative energy. So much time is wasted speculating, stressing, complaining, and whining. Falling into this trap will make you a more likely candidate for a layoff. Part of the downsizing process is the determination of who the company wants to keep as part of the team and who should be let go. You will stand out in a positive manner if you resist the temptation to

be a “complainer” or a “whiner” and instead make your presence known for hard work, dedication, and your willingness to be part of the team.

2. **Figure out who you are.** Are you an athlete or a specialist? Specialists are people with great expertise in solving particular problems and typically exhibit great depth within a narrow specialty. Athletes are individuals with a broad set of skills and experience that allows them to manage complexity. Do you work best under pressure, under close supervision, or are you the type that needs a lot of space and room to be creative? Are you project-focused or do you excel when addressing multiple challenges simultaneously? In order to know where your employment future is going to take you, either at your company or somewhere else, know your strengths to determine how best to exploit them and in what environment your skills would enable you to thrive. Not everyone is cut out for biotech. Not everyone is a good fit for big pharma, either.
3. **Update your brand.** Until recently, pharmaceutical executives have been a notoriously complacent bunch, and rightfully so. As such, having to market yourself has likely not been much of a priority since so many people enjoyed employment longevity at one company, measuring tenure in decades rather than years. This paradigm is changing. No longer can an executive assume that a job

well done will automatically lead to advancement within the company or at any other company. Pharmaceutical executives need to be proactive in building their brand. This means resumes, bios, and CVs need to be updated and refreshed. Plan a strategy to raise awareness among key decision makers of your abilities and expertise. In addition to a list of your accomplishments, think of these as marketing tools to differentiate you from everyone in your field. For example, you won an award for a journal article or played a significant role in an important discovery? Boast about it in your bio. Proudly display citation mentions, especially if your name is one of the first ones listed.

4. **Complete a comprehensive self-assessment.** This can be difficult to achieve as most people are not honest with themselves in terms of candidly identifying their strengths and weaknesses. Engage the services of an executive coach who can perform an objective analysis with appropriate action items for improvement.
5. **Prime your network.** Now is the time to build up those networking connections so they can be available and willing to help when you most need them. The most effective networking relationships are those relationships in which you give as much, if not more, than you receive. Networking should not be about how the other party can help you, but rather how you can help each other. If someone knows that you are willing to help him or her, and you've demonstrated such, he or she will be much more willing to help you out in your time of need. Establish and solidify your network now and keep cultivating those relationships. You never know when you may need to tap into those resources. Further, you also never know who your counterparts may know and what doors they can open for you.
6. **Talk to executive recruiters.** Many

executive recruiters have spent a good deal of time in pharma and can be in a position to offer keen insights. They also have many contacts and leads and can serve as terrific resources. Executive search consultants have a good feel for the pulse of the industry and possess intelligence with respect to many companies' hiring trends and cultures. Executive search consultants are also valuable in the preparation and feedback that they provide on the presentation of your credentials and the crafting of your message so that it better matches what many employers desire.

7. **Understand your company benefits.** Do you know what happens to your restricted stock when you leave the company? How long do you have to exercise your outstanding stock options? Under what circumstances might the terms change? Could a layoff trigger a lump sum distribution from a non-qualified deferred compensation plan? There is a massive amount of information that everyone needs to be aware of with respect to company benefits. Become an expert on your benefits so that if the dreaded visit from human resources does occur, you're not completely unprepared to deal with the onslaught of benefits-related decisions that will follow. Here are some of the more important benefits you should know well:
  - i. Health insurance – Understand if you are eligible for retiree coverage or whether COBRA applies instead.
  - ii. Pension plan eligibility – Know your company's rules with respect to eligibility for full benefits. This is typically a combination of age and years of service, coupled with average salary over a period of time.
  - iii. Deferred Compensation Plans – Review your distribution elections. Termination of employment, whether

it's voluntary or involuntary, is generally a trigger point for non-qualified deferred compensation plans. Knowing your balances and distribution elections will give you a good idea of what your cash flow would look like. This could also result in a flood of cash that would be taxed heavily if distributed in a lump sum.

- iv. Stock options – Most companies allow between 30 to 90 days to exercise vested options from the date of separation, possibly forcing you into having to exercise your options earlier than anticipated. This can be an opportunity lost, especially for those options just “in-the-money” or close to it. Additionally, for deep-in-the-money options, this could trigger a significant tax bill.
8. **Check your cash.** Conventional wisdom says to have three to six months of living needs in cash. You should consider bumping that amount up to six to nine months of expenses in cash. With layoffs occurring at a feverish pace and deeper and deeper within many companies, the more cash you have on hand, the more secure you can feel. This would also translate to less anxiety in the event of a termination. If you own a home, a home equity line of credit can be very helpful, too. This can be tapped in a pinch and is a good source for short-term cash needs, although this should not be viewed as a front-line defense.

Now, more than ever, it is necessary to have an action plan in place to protect against a layoff. Pharmaceutical executives are being severed rapidly and no company, department, or job function is immune. Take the steps now to reduce the stress and panic associated with a layoff. This is not an easy event for which to plan, but the downside of not planning is much greater, both

from a financial aspect as well as an emotional one. No one wants to be in the vulnerable position of suddenly finding out that his or her livelihood has been pulled from him or her without a contingency plan. Today is the day to develop that plan. Procrastinators be warned!



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