

Business



Posted: Tue, Feb. 14, 2012, 8:57 AM

More changes in store for Glaxo than the move to the Navy Yard

By David Sell
Inquirer Staff Writer

Among the many changes in the works for drug giant GlaxoSmithKline P.L.C., most of its Center City workers will move by next year to a new building at the Navy Yard, and they won't have office cubicles to retreat to when they get there.

Sales representatives no longer get bonuses based solely on commission. Scientists have been shifted so they can share knowledge.

Starting 2012 on a profitable note after several years of struggle, Glaxo leaders are pushing forward with changes they hope will drive efficiency, collaboration and, eventually, greater and more consistent profits.

Glaxo has laboratories in Collegeville and King of Prussia, manufacturing or related facilities in Conshohocken and Marietta, and facilities in Parsippany and Clifton, N.J. All are part of the discussion.

For some people, the changes have meant job losses, and there might be more cuts. The company has about 5,000 employees in the region. Of the approximately 1,300 in Center City, it was unclear whether all would still have jobs when the moving vans arrive. For others, change will mean giving up a specific desk.

Those moving to the Navy Yard will work at tables with phone and computer connections when they are present and will store their belongings in file cabinet-like lockers when away on vacation or at off-site meetings. If they need privacy, conference rooms will be nearby. There will be fewer printers, to discourage paper use and encourage electronic file-keeping.

Parts of two floors at the Center City office have been reconfigured to match the planned Navy Yard setup, so employees can see the future. North American pharmaceuticals president Deirdre Connelly, who marked her third anniversary on the job last week, and some



DAVID M WARREN / Staff Photographer

1 of 3

[View images](#)

[Post a comment](#)

RELATED STORIES

Navy Yard may be the key to Philly's future
GSK trying for culture shift....and more profit

LATEST BUSINESS NEWS

INQ

A new day at Glaxo

INQ

PhillyDeals: U.S. should let interest rates rise: Philly Fed boss - 9:36am

INQ

More companies expect higher job growth

Corbett eyes Internet-sales tax

colleagues are working in those portions now.

"I don't think people are as scared of me," Connelly said and laughed, suggesting the reason was having more commonplace conversations on the tidbits of life.

Newly knighted chief executive officer Sir Andrew Witty has led the London-based company into more woebegone corners of the world with more vaccines for well-known and obscure diseases. He is aiming for more consistent profits from a greater variety of pharmaceutical and consumer products, not just in the United States and Europe, but via the emerging middle classes in China, India, Turkey, and Russia. London's Telegraph newspaper reported that a research unit in Shanghai would look at traditional Chinese medicine to see what can be adapted for possible Glaxo products.

A growing slice - now 38 percent - of revenue comes from outside the United States and Europe, but Witty wants efficiency spread across the global operation. Team members, even from different disciplines, operate in closer proximity.

"We no longer have departments of chemistry, we no longer have departments of biology," Witty said last week in discussing research and development changes and 2011 earnings. "We have everybody integrated into the same organization. That creates a greater potential for serendipity.

"What is the chance of a coincidental or serendipitous discovery if you've never met your coworker? What is the chance of that spontaneous insight if you've never looked at a piece of biology when you're a chemist? There's no chance. And the whole point of this change is to recreate that atmosphere."

Sales reps, whose ranks were cut in the last few years, now get bonuses based on a combination of scores on exams testing knowledge of their products, feedback from doctors, supervisor evaluations, and group profit. After seeing reimbursement changes from insurers and seeking advice from doctors, Connelly and Glaxo organized sales reps into groups, such as the best-selling respiratory category.

"The doctors said, 'I don't want 10 people talking to me about the same thing,'" Connelly said. "And in the old days, we had 10 people talking about Advair. But they also said, 'I don't want one person talking to me about all the therapeutic groups, a jack of all trades and master of none.'"

The changes also reduce the risk of malfeasance, assuming corporate leaders don't push reps to find ways to sell improperly. Late in 2011, the company said it had agreed to pay the U.S. government \$3 billion to settle allegations that it had illegally promoted drugs, including the diabetes treatment Avandia, between 1997 and 2004.

University of Michigan business professor Erik Gordon, who follows the pharmaceutical industry, likened the new sales philosophy to reformed criminals' saying, "We'll make the world a better place by not robbing banks."

But Gordon, who has questioned why Johnson & Johnson CEO Bill Weldon still has his job after his company's dozens of recalls, praised Witty's approach.

"It's a lot of crystal-ball gazing and a mixed bag," Gordon said, "but I will say that it's more vision and creativity than you hear from most pharmaceutical CEOs. Most of them say, 'We'll fire more people, buy back more shares, and pay more dividends,' but not much else. Witty at least has a plan and it's a plan for a pharma company rather than just a plan for any company. It's more creative than most and I give him credit."

Contact staff writer David Sell at 215-854-4506, dsell@phillynews.com, or @phillypharma on Twitter. Read his blog at www.philly.com/phillypharma.

PHILLY.COM's TOP FIVE PICKS

Sports Illustrated Swimsuit cover:

Kate Upton, 19 

INQ

PSU's tab for Sandusky case: \$3.2M

DN

Solitary living for Logan holdouts

DN

Stopped by police, he'll take aim with lawsuit

INQ

Ex-mobster: 'I never respected the Mafia' 

Find this article at:

http://www.philly.com/philly/business/20120214_More_changes_in_store_for_Glaxo_than_the_move_to_the_Navy_Yard.html