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The Disruptive Innovator

By Sander A. Flaum, Managing Director, Flaum Partners



When we think about innovators who have changed their fields, we tend to focus on the leaders of older, established companies who pushed through big changes such as Steve Jobs and Bill Gates. Too often, we overlook the pharmaceutical sector, forgetting the accomplishments of some truly imaginative leaders. One of those leaders is Fred Hassan, the chairman and chief executive of Schering-Plough, which is merging with Merck.

Fred's story begins far from the seat of our industry, but his background prepared him for a lifetime of independent thinking. Fred was born in Pakistan in 1945. He grew up in a highly educated family. Fred's mother was a women's rights advocate; his father was a diplomat and the nation's first ambassador to India. Their progressive values stood out in a culturally conservative Muslim country. They encouraged critical thinking, good listening, and relentless questioning. Those three habits helped lay the foundation for making reliable "gut calls," decisions involved in innovative thinking.

Fred left home for the University of London and earned a degree in chemical engineering in 1967. He then returned to Pakistan, where he worked as the regional head of the fertilizer division of Dawood Corp. Fred loved business and the idea of motivating people. He applied to business schools in the United States, and by 1972, he had his Harvard MBA.

Fred became the pharmaceutical industry's turnaround guy. After Harvard, he began working at Sandoz. By 1978, he had been promoted to head of sales and marketing at the company's Dorsey Laboratories in Lincoln, Neb. In 1980, Fred returned to Pakistan to run the company's division there for four years. He returned to the United States to lead the domestic pharmaceuticals division. By 1987, he was chief executive.

Before long, Fred was the industry's hot ticket. In 1989, recruiters lured him to Wyeth-Ayerst to lead the company's pharmaceutical and medical products business department. By 1995, he had been tapped by the parent company (at that time, American Home Products) to be the executive VP in charge of pharmaceuticals and medical devices. Before that, he had been instrumental in the acquisition of Genetics Institute and had helped build the company's women's health division into a blockbuster. In 1997, he was offered the CEO spot at Pharmacia & Upjohn. Fred led the acquisition of Monsanto and turned the sleepy company into an industry giant.

After Pfizer acquired Pharmacia in April 2003, Fred moved to Schering-Plough. Hit with the loss of the Claritin patent exclusivity and other product issues, Fred worked with his team on innovation and transformation. With Merck as its partner, Schering-Plough launched the cholesterol drug Vytorin and invested in respiratory, cardiovascular, oncology, and immunology research.

Over lunch recently, I asked Fred if there is a personality trait he considers most important to innovation. He gave me five. "Curiosity and passion, along with courage, tenacity, and team energy," he said. "All must be present. These traits come from the inside, and there is no age or career-cycle component when these traits are more evident or when the drive to excel is greatest."

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Fred added that these traits are rare. "In my experience, the 10% to 20% of the population who are the outstanding innovators probably have the 'curiosity' gene more often than others," he said. "It is self-generated, and these people tend to be constantly thinking, checking, testing, and enjoying the process."

Today, Fred stands by his belief in innovation.

"If you don't reinvent yourself every five years, you aren't going to do very well," he said, smiling. That philosophy seems to have governed his career, too.

With the Merck acquisition of Schering-Plough finalized, we're waiting to see what's next for Fred. One thing's for sure: it won't be retirement.

Editor's note: The Leader's Edge is a series of guest articles written by Sander Flaum, managing partner of Flaum Partners and chairman of Fordham Graduate School of Business Leadership Forum. He can be reached at sflaum@flaumpartners.com.

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