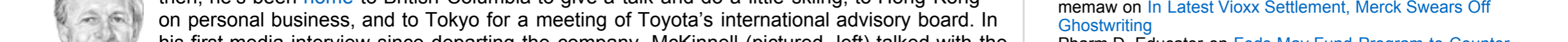


March 22, 2007, 9:29 am

## Ex-Pfizer Boss McKinnell Speaks

Posted by Jacob Goldstein



Former Pfizer CEO Hank McKinnell left the drug giant's payroll only a few weeks ago. Since then, he's been home to British Columbia to give a talk and do a little skiing, to Hong Kong on personal business, and to Tokyo for a meeting of Toyota's international advisory board. In his first media interview since departing the company, McKinnell (pictured, left) talked with the Health Blog by phone Wednesday from his home in Greenwich, Ct. Here are highlights from our chat.

**Q: What do you think you'll do now?**  
A: I'm not going to make any decisions for six months. I don't want a job. I may want a role where I can add value, and may do something in private equity or a public company in some way. I've been contacted by a number of U.K. companies looking for an executive chairman, which is something unlike anything I've ever done before.

**Q: Your pay and exit package from Pfizer sparked a lot of controversy. How do you see the issue of executive compensation now that your days as the company's CEO are in the rearview mirror?**  
A: That's a big, complicated topic that I really am not going to comment on until things settle down a little bit. I have been speaking on corporate governance issues to smaller companies. The focus is on the behavioral changes which are occurring in boardrooms, with directors becoming more active in doing their job.

**Q: You recently joined the advisory board of Solstice, a super-luxury timeshare company. Why?**  
A: What I find really intriguing is that the Baby Boom generation, which I'm on the early edge of, in the 1940s and '50s revolutionized housing, revolutionized schools. Now this generation is going to revolutionize the definition of retirement. Of all the destination clubs that are available now, this is the best of them—luxury accommodations with a good sense of style.

**Q: Have you stayed in any of the houses?**  
A: I haven't. I plan to. I've been a little busy in the last few months.

**Q: You've talked in the past about your commitment to philanthropic work. What are you doing on that front now?**  
A: I chair two efforts that I think are very important. One is the Connecticut Science Center, designed to attract kids to math and science education. We've raised \$150 million of \$160 million we need for a new building. I'm also chairman of the Academic Alliance Foundation, an organization which is dedicated to strengthening health-care capacity in Africa. We built a teaching, research and care clinic in Kampala, Uganda. So far we've trained 1,100 doctors and nurses in infectious disease control. Depending on what research you believe, each of those people has trained from 30 to 80 others.

**Q: Have you been to Kampala recently?**  
A: I was there just three weeks ago and am going back in June. I lived in Iran and Afghanistan for four years in the 70s, and I have seen lots of the developing world. Uganda is a unique place—it's one of the few countries in the world that actually brought the HIV infection rate down. Sub-Saharan Africa is a resource-poor setting, clearly, lacking infrastructure and adequate investment. But with a little attention and good leadership—which Uganda is fortunate to have—there's tremendous opportunity for development in that part of the world.

**Q: What do you make of the changes at Pfizer in recent months and the work of your successor, Jeff Kindler?**  
A: I don't speak for Pfizer anymore.

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What a piece of crap. Thanks for destroying Pfizer, Hank - and helping take down the whole industry with it.  
**Comment by AnonymouT** - March 22, 2007 at 10:01 am

You lay off 2200 reps a week before Christmas and then retire with \$200MM package three days later. How do you sleep?  
**Comment by Anon** - March 22, 2007 at 10:20 am

"I don't speak for Pfizer anymore!" Well they paid you upwards of 180 million and you don't speak for them? I find it hard to believe that he cannot offer some positive words about a company that provided him with great opportunities. I think he still has some work to do for Pfizer in order to even come close to saying He's earned what was payed out to him....A lot of people have been and still are being let go from Pfizer...will you offer them some Solstice in a luxury Condo?  
**Comment by Bob** - March 22, 2007 at 10:22 am

"I may want a role where I can add value..."  
Right. Like he did at Pfizer, where the stock price tanked under his leadership...  
**Comment by PFE stockholder** - March 22, 2007 at 10:26 am

If it weren't for the mergers that McKinnell spearheaded, Pfizer wouldn't exist anymore. He saved the company from its pipeline woes by giving it the cash flow and size needed to get to the next wave of discoveries and acquisitions.  
**Comment by Pfizer Investor** - March 22, 2007 at 10:27 am

Hank knew exactly what he was doing during his tenure as CEO. As long as the patent held for Lipitor, Viagra, etc. he did nothing but sit back and left the dies to roll. He knew exactly when to bail out. Meanwhile, he left the company floundering by fooling employees that all is well. The employees saw their incomes and benefits grow. Now, the employees are forced to re-apply for their positions. This gives the current CEO the ability to downsize and cut costs. What Hank did was a total shame to the American Spirit, Adam Smith's philosophy of Capitalism, the employees of Pfizer and to the stock holders.  
**Comment by Tony** - March 22, 2007 at 10:29 am

Bill Steele was the Architect for the mergers etc. Mr. McKinnell was demolition crew  
**Comment by Responne to Pfizer Investor** - March 22, 2007 at 10:35 am

I agree with Pfizer Investor. If it weren't for McKinnell, Pfizer would probably be a part of Bristol Meyers today. Despite his lack of kissing wall street analyst butt, he saved Pfizer so it could fight another day. Any intelligent investor knows that the pharmaceutical industry is risky with long development cycles. Any Pfizer investor who ever read its releases knew that PFE was facing "the cliff" of patent expirations from 2005-08. Anyone who was CEO durin that time was basically screwed. At least McKinnell position the company to both exist and be in a position to make new acquisitions.  
**Comment by Realist** - March 22, 2007 at 10:37 am

Steele had no interest in the mergers and was reluctant to be "hostile." Look at his compensation package and current benefits packages to see a real raping of the PFE treasury.  
**Comment by Steele - No Deal** - March 22, 2007 at 10:39 am

Correction - Steere  
**Comment by Steele - No Deal** - March 22, 2007 at 10:42 am

Sure. Thank God. Hank do not speak for Pfizer any more. His decisions involving questionable deals, disruption of businesses and very circumspect corporate practices and still managed to walk away with more than he could ever bargain for..  
Thank God. We not need neither him nor his hand picked subordinantes...  
**Comment by ksusa1** - March 22, 2007 at 10:47 am

First off, Hank was an impersonal dictator who didn't even have the courtesy to speak to people in the elevator who worked on the same executive floor. He got canned because he wasn't willing to make dramatic changes to the organization or to fire his cronies. The Board got tired of his arrogance. He won't speak about PFE because he is most likely legally obligated to refrain from doing so. I know for a fact the company and Board negotiated his exit package, I'm sure one of the clauses is to keep quiet on the state of the company.  
**Comment by former PFE employee** - March 22, 2007 at 11:06 am

Wow. The other comments here often seem a bit simplistic to me. If torcetrapib had not failed in the clinic, the recent pain of Pfizer would surely have been lessened or delayed. Nonetheless, isn't the fundamental problem a continuing lack of R&D productivity at Pfizer? To paraphrase Bill Clinton, "it's the pipeline, stupid." The real question to ask is not why Hank received such a lucrative termination package but why he was so utterly unable to revive Pfizer's research engine? Could it be that Pfizer's R&D leadership should be examined? Or perhaps more to the point, could it be that the larger a technology-based company becomes, the more surely it squelches real creativity and innovation in a morass of political maneuverings, hidden personal agendas, and sheer inertia?  
**Comment by Pfizer Investor and Drug Company Proponent** - March 22, 2007 at 11:35 am

I think you are all missing the point. \$180M exit package, 40% stock decline, not good in elevator. Welcome to the Fortune 100. What Hank Nordhoff did wrong was he turned PFE into a sales / marketing comany vs drug discovery. There are now more drug reps than top prescribing doctors in US and they sell their products on TV. The public now views Big Pharma lower than tabacco . Folks, we are watching the end of an industry. This is his legacy...  
**Comment by Comment by former PFE executive's son** - March 22, 2007 at 11:43 am

If Hank was so smart, why has Pfizer closed all the R&D sights that invented the blockbuster? PFE bought Pharmacia and closed Searle Skokie (invented Celebrex), and now they are closing Ann Arbor (invented Lipitor). What blockbuster has Groton invented lately? Maybe Pfizer needs to have looked harder at the productivity of the R&D sights rather than just be loyal to their base.  
**Comment by Another former PFE employee** - March 22, 2007 at 11:46 am

Housing and schools may have been "revolutionized" during the baby boom, but what has that boom left in its wake? How would you rate the quality of American public education today? What young, middle-class couple can afford a home anywhere near Pfizer headquarters? How is superluxury housing for retirees going to "revolutionize" the world? This article is a PR vehicle for an executive put out to pasture.  
**Comment by 235 E 42nd Streeter** - March 22, 2007 at 12:00 pm

I meant Hank McKinnell not Nordhoff. Sorry.  
**Comment by Comment by former PFE executive son** - March 22, 2007 at 12:08 pm

As an investor, Pfizer is the one stock that is a disaster. Isn't the ex CEO still receiving payments from Pfizer and other benefits? Is there a gag order on his views about Pfizer? Luxury time share is what he is all about. A disgrace to corporate governance.  
**Comment by Bob** - March 22, 2007 at 12:39 pm

Gee Hank, You negotiated a better retirement package than I did.....  
**Comment by Recent PFE retiree** - March 22, 2007 at 12:55 pm

You do your readers a great diservice by providing McKinnell with a platform to dcuss his likely future life.The only relevant consideration is his legacy-the destruction of Pfizer.He never had the credentials to lead Pfizer as everyone near him knew.As CEO it was his responsibility to assure the productivity of Pfizer R&D. Instead he presided over a role of the dice with a single experimental drug that trashed share holder values  
**Comment by Retired Senior Pfizer Executive** - March 22, 2007 at 12:58 pm

Hank is an arrogant man who could not even carry on a conversation with another human being. If he wants to add value to an organization he should add about 200 million back to PFE and its shareholders. My retirement plan is worth only a fraction of what it was worth 6 years ago. Good Bye and Good Riddance!  
**Comment by Current employee and shareholder** - March 22, 2007 at 1:14 pm

Bill Steere spent good money to send Hank to charm school before he assumed his leadership role. Obviously it was wasted money!  
**Comment by Ticked Off Shareholder** - March 22, 2007 at 1:16 pm

Hank was clearly the worst CEO in Pfizer history. This should not have been a surprise given the shabby work he did for the company prior to becoming CEO.  
**Comment by Pfizer Retiree** - March 22, 2007 at 1:29 pm

McKinnell is the only reason PFE is still around. He's the reason PFE got Lipitor, despite Steere's objections. He was faced with dealing with the drop off in pipeline created during Steere's tenure. Everyone knew it was coming up, Steere did nothing about it, and McKinnell managed to make the acquisitions necessary to let PFE survive. It's shocking that Steere is still on the board, getting paid as a director AND getting paid separately as an advisor, and keeping an office with a secretary and driver and plane usage. That's the shock.  
**Comment by Pfizer Retiree II** - March 22, 2007 at 1:43 pm

pfizer once was a leader, risk taker, now the product mgr are paper pusher afraid to make desisions...the new pres ia trying to make act like entrapneurs—ha ha they are afraid to make a mistake—your legacy  
**Comment by pm** - March 22, 2007 at 1:50 pm

In fact, PFE is still a risk taker, as evidenced by torcetrapib.  
**Comment by pm response** - March 22, 2007 at 2:23 pm

Since Hank is feeling so philanthropic, what about giving back the obscene \$200 million exit package?  
**Comment by Observer** - March 22, 2007 at 3:34 pm

oh no, people, people, please  
Hank and his verstaile and able subordinated believe in respecting people and treat all their colleagues with respect and courtesy, please do not mind that Hank and Karen walked away with millions, ran Pfizer to underground as far as possible, but , hell no, they treat everyone with courtesy and respect ...people, people, what are you all thinking and complaining....  
**Comment by ks** - March 22, 2007 at 3:44 pm

the riskinf taking i am talking about is the pm ability to make business desisions—no the corp disisions made by the corp med dev dept—  
**Comment by pm** - March 22, 2007 at 5:40 pm

There was once Searle, Warner Lambert, and Pharmacia that had thousands of employees and had existed for approximately 150 years each. Now they are gone so Pfizer can exist for the next several years because Pfizer could only exist on products developed by other companies. Can Hank sleep at night knowing how many lives he has adversely affected?  
**Comment by John Lund** - March 22, 2007 at 9:28 pm

Hank, the facts lay where they are. The bottom line is. YOU RUINED PFIZER. THERE IS NO QUESTION. YOU LEFT THOUSANDS OF EMPLOYEES AND THEIR FAMILIES JOBLESS. THAT IS THE TRUTH. Now, I wonder if you are able to look at yourself in the mirror every morning and say. "I have no shame. I have self-respect. I am a man with HONOR".  
**Comment by Tony** - March 23, 2007 at 9:05 am

Only Hank will be able to partake in his luxury timeshare company. Surely not the employees of the company he left.  
**Comment by Anon** - March 23, 2007 at 9:50 am

Such hubris. No wonder though, he was basically a talentless bureaucrat who was reportedly rewarded three years of employment which involved no risk and probably even less than 8 hours of work per day. I'm not a Democrat, but I have long recognized that corporate governance needs a big overhaul. Every proxy I have voted in the past decade was voted against excessive compensation for non-innovator bureaucrats like Steere and MacKinnel. To hell with the whole aarrogant lot of them.  
**Comment by Stammin Sam** - March 23, 2007 at 11:31 am

and now the failure of the inhaled insul—product—we are drowning here help—  
**Comment by pm** - March 23, 2007 at 12:13 pm

Shame on McKinnel. It doesn't take a genius to figure out that if Hank spent ANY time paying attention to the Pfizer business instead of jet setting around the world in the corporate jet to SKI, try to get a job in GW's cabinet, or become a celebrity like Bono, he may have actually realized that HIS own company was tanking. He didn't orchestrate the take over of WL (Lipitor). He had to one up Steere with taking over Pharmacia...and look at what a CF that turned out to be!  
**Comment by Insightful** - March 23, 2007 at 12:52 pm

Hank got what he wanted and didn't care how! Pfizer is no longer a wonderful family company...thanks to Hank. Sleep well Hank, but remember you will answer to God someday!  
**Comment by Recent retiree** - March 23, 2007 at 1:23 pm

Mediocrity writ large!  
The Harriet Miers of CEO's!  
**Comment by Ex-Searle** - March 23, 2007 at 6:47 pm

Hank McKinnell left the Company in the state that it is in today...-Just another Enron. It is obscene the amount of money the Board paid McKinnell, and at the same time cutting 20% of employees. From someone on the inside, this is a giant Titanic, and in retrospect, Pfizer did me a favor in letting me go. By the way, I was nowhere NEAR the bottom 20%. In fact, I was in the top 10% of my Division. Where are the sales going to come from now that top performers have been let go??? (Unlike McKinnel)  
**Comment by Recently "De-Selected" Pfizer Employee** - March 23, 2007 at 9:30 pm

How fitting that he now spends his time as an associate realtor in Telluride and Aspen. All of that Stanford training should serve him well, though he may have to work on his persuasive skills or lack thereof. Or perhaps he is planning to do-a-Lay, as it were, before PFE shareholder class action suits have time to catch up with him and "Stan's-my-man" Ikenberry!  
**Comment by Pfizer Observer** - March 24, 2007 at 1:46 am

I think that Hank's most damaging legacy is the mediocre management team he left in place on his departure. The company is awash with highly qualified managers, who have all been educated in the right places but have never achieved a damn thing, other than to get themselves promoted. That's why the pipeline's empty and it's likely to stay that way.  
**Comment by Sacked in Sandwich** - March 24, 2007 at 3:34 am

What's lost in this discussion is: for the last twenty years Big Pharma has taken healthcare on a journey to the "Dark side." Innovation has had everything to do with generating vast amounts of cash and little or nothing to do with curing chronic disease. McKinnel has also bilked anyone who's paid taxes and or health insurance premiums.  
**Comment by RWM** - March 24, 2007 at 10:19 am

Hank McKinnell can rot. He ran around Pfizer with his incompetent minions spouting Pfizer values and Vision and Imperatives, ugh! They fought and tried to sell the one value that they truly believed - Deception! Over 20 years in the company gaining equity and then pushed out in another in time to lose all stock value among worthless expiring options. Hank used to say that we had a drug for that, I am not sure that we had one for what afflicts him.  
**Comment by Sold Off to Unleash Shareholder Value** - March 24, 2007 at 3:16 pm

This is another example of the Board of Directors not doing their job. No stock performance, no lucrative buyout.  
**Comment by John J. Ferrante** - March 24, 2007 at 4:21 pm

McKinnell is the tip of the iceberg- this is a cash to investors. The company is using the value it has to buy up its own stock, and do it cheaply- This note should be used to increase cap value by cash creating activity. Assuaging institutional investors by the "dividend" payout is fine, but a company that does not innovate on its own is set for failure. Purchasing your product line becomes a guessing game in acquisition. Companies all have secret black holes, and just getting a product you think might work does not do it. S&P says neutral hold. I'd say get out permanently.  
**Comment by Senior Institutional Rep-Major Heart Center** - March 25, 2007 at 8:51 am

In response to Senior Institutional Rep, it seems that you have merely restated the problem, in that Pfizer has never had any tradition for innovation of the sort you describe, going back through the record of its scientific success, or lack thereof. And under the same tired home-grown leadership it never will.  
**Comment by Pfizer-Observer** - March 25, 2007 at 1:34 pm

Response to pm "the riskinf taking i am talking about is the pm ability to make business desisions—no the corp desisions made by the corp med dev dept—" Sorry PM, if that's the way you spell then you should not be allowed to take any decisions....(or be a PM for that matter...)  
**Comment by Onlooker** - March 26, 2007 at 6:07 am

Judgement Day is where you'll get yours, Hank.  
**Comment by Anonymous** - March 27, 2007 at 11:31 am

Severance packages and social graces aside I'm not sure all can pin the current and future state of Pfizer on Hank's shoulders. If a research derived pipeline is not sufficient to sustain growth in a rapidly growing company like Pfizer then a viable next step is to do exactly what Hank did. The real problem lies in the ability of the research leadership to effectively reorganize the company after such chaos in order to maintain internal R&D productivity. Unfortunately, from the looks of the stock, this has not happened yet.  
**Comment by Shareholder** - March 27, 2007 at 12:57 pm

There is one lesson to be learned, never let a PhD in Statistics who insists on being called "Doctor" in public forums run a healthcare company.  
**Comment by Go figure** - March 27, 2007 at 1:03 pm

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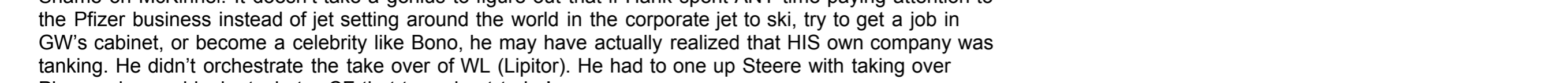
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