Beyond Botox: David Pyott

David Pyott is chairman and CEO of the global healthcare company Allergan. Headquartered in Irvine, California, Allergan provides speciality pharmaceutical products worldwide, developing and commercialising products in ophthalmology (a market in which it is the fastest growing company in the world), neurosciences, medical dermatology, medical aesthetics and other speciality markets.

David Pyott joined Allergan in January 1998, as president and CEO. In 1998, he refocused the company’s strategy on speciality pharmaceuticals as well as restructuring Allergan’s worldwide operations. Savings from these streamlining programmes were reinvested into a major expansion of R&D and sales forces worldwide. In April 2001, Pyott was appointed chairman of the board of Allergan.

Before joining Allergan, Pyott was the head of the Novartis Nutrition Division and a member of the executive committee of the Switzerland-based company Novartis. He has a Diploma in German and European Law from the Europa Institute at the University of Amsterdam, a Master of Arts degree from the University of Edinburgh, and an MBA from London Business School.

Pyott also holds board director positions at a number of other companies, including Avery Dennison Corporation, Edwards Lifesciences Corporation and Pacific Life. He serves on the board and the executive committee of the California
Healthcare Institute; and the directors’ board of the University of California (Irvine) Graduate School of Management.

On 23 March 2006, Allergan announced the completion of its acquisition of Inamed Corporation – a leading provider of breast aesthetics.

Let’s talk first about the Inamed acquisition. Is this part of a move to refocus the company?

We are not so much refocusing the company with the Inamed acquisition as rather building upon the established leadership position we’ve attained with Botox Cosmetic and a portfolio of exceptional skin care products like Prevage MD. By doing this we are creating a world-leading medical aesthetics franchise, continuing our long-term strategy of focusing on high-growth specialty markets and organising our operational structure to realise the needs of our specialty customers.

At the same time, Allergan is maintaining its unwavering commitment to our core specialty pharmaceutical platforms – recently exemplified by our partnership with GlaxoSmithKline (GSK) in neurosciences. We are continuing to seek new opportunities to strengthen our positions in all of our existing specialty businesses, as well as new ones such as urology and gastroenterology.

You mentioned high growth markets, but presumably managing fast growth brings its own particular challenges?

When a company is growing rapidly it’s more important than ever to stay focused, disciplined and dedicated to meeting the high standards of excellence that make growth possible in the first place. This is certainly a challenge when things are moving at a very fast pace, but if a company is growing in a way that makes sound strategic sense – that builds on inherent, existing strengths, as Allergan is – rapid change is much more manageable. People can see much more clearly what it will take to integrate new businesses, get to know and understand new customers and new marketing opportunities – all the things we are doing now to manage our company’s growth and sustain it.

During my tenure as CEO, Allergan has transformed itself into a company that is flexible enough to allow for continuous evolution, which, in turn, has translated into progressive positive change with significant value for all of our constituents.

How do you ensure that the fast pace of growth continues?

The long-term vibrancy of our business will be driven by the discovery, development and approval of innovative new medicines, new devices and new procedures, with a focus on the needs of the physicians and patients we serve. Therefore, a major focus of senior management is to continue to advance and build out Allergan’s R&D pipeline in high-growth markets that present a significant unmet need.

Allergan has a rich and promising early-stage pipeline of new drugs and innovative new technologies including novel treatments for retinal diseases as well as a novel drug delivery system to deliver these therapeutics to the retina; and drugs for glaucoma and dry eye disease, neuromodulators – for example, next-generation Botox with more selective action for pain management and spasticity treatment; alpha agonists for pain and sodium channel blockers for neurologic disorders.

In addition, we are constantly searching for ways to increase our efficiency and effectiveness. For example, in 2005 we made several significant structural changes to our business including a restructuring of our European commercial and R&D operations to concentrate all our clinical development for Europe in the UK and increase benefits of scale in Irvine. In Irvine, we opened a new $60 million research facility providing much-needed additional space to accommodate the tremendous growth of Allergan’s R&D programmes. The expansion will enhance Allergan’s ability to more rapidly move new medicines into the clinic that satisfy unmet medical needs and improve patients’ lives.

How does the company nurture innovation?

Allergan is a company driven by results with defined goals, accountabilities and rewards for results. But at the same time, we maintain a personal environment and entrepreneurial culture, with a minimum of decision-making layers or bureaucratic hierarchy. We focus on achieving our goals while creating efficiencies across the board. And, we believe in hiring the “best and the brightest” scientists and business minds and providing them with the resources to achieve their potential.

Is innovation the job of the CEO and chairman?

Without a doubt. But at Allergan, it’s the job of everyone in the company, no matter what their
position or job. Innovation is reflected in how you think about challenges, new opportunities, and new solutions. In my opinion, that’s everyone's responsibility in an innovative company. From a corporate leadership perspective, in addition to having an innovative mindset it’s important to nurture innovation by doing everything possible to bring the best and brightest together, provide them with the resources to achieve their potential, and remove barriers to success by providing full accountability.

These days, of course, R&D is increasingly global in scope. What new challenges does this represent? A major challenge of a global R&D enterprise is to be efficient and to coordinate efforts – share insights and discoveries and learnings – while avoiding duplication. Allergan has recently transitioned from a four centre to a two centre R&D network (with centres in the US and UK) to streamline and advance our very rich and promising R&D pipeline and accommodate significant expansion while creating new synergies and economies of scale. Clinical development is conducted worldwide both by internal clinical staff as well as Clinical Research Organisations (CROs).

Isn’t a product like Botox a once-in-a-lifetime opportunity? What are the chances of coming up with another blockbuster like that? Botox is without question one of the most versatile medicines in the world, with more than 100 potential uses referenced in medical literature. Not only is the product currently approved for 20 indications in over 75 countries, but we are in Phase II and III for additional new uses – for example, headache and migraine, overactive bladder and spasticity – which validate its continuous role in meeting patients’ unmet medical needs. And we are working on a next generation Botox with more selective action – targeted to specific cell receptors, for instance – for pain management and spasticity treatment.

That said, our pipeline consists of a variety of new drugs and innovative new technologies that have the potential to meet significant unmet needs going forward. For example, a major strategic focus for Allergan currently is on back-of-the-eye diseases such as macular edema, diabetic retinopathy and age-related macular degeneration (AMD) – diseases that unfortunately cause sight loss in thousands of patients each year and whose prevalence is increasing as the population ages. Major progress will be made in treating these diseases over the next decade, and Allergan will be in the forefront of these advances, which is very exciting.

How do you divide your time – how much time is spent with customers, scientists, managers, opinion formers and so on? As a specialty pharmaceutical company one of our unique strategies is to form deep relationships with customers, opinion leaders and academic institutions around the world, and develop in-depth expertise in the specialist fields we serve. So I do still spend about a quarter of my time traveling extensively to meet with physicians and scientists around the world in order to understand their needs and the needs of their patients, and to ensure we continue to be in line with the trends and demands of the markets in which we operate. The rest of my time is spent working on long-term strategy and business development projects, management of the company’s operations, and finally interacting with my senior management team on how to keep improving our organisation and business processes.

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