The Merck Druggernaut: The Inside Story of a Pharmaceutical Giant

Fran Hawthorne
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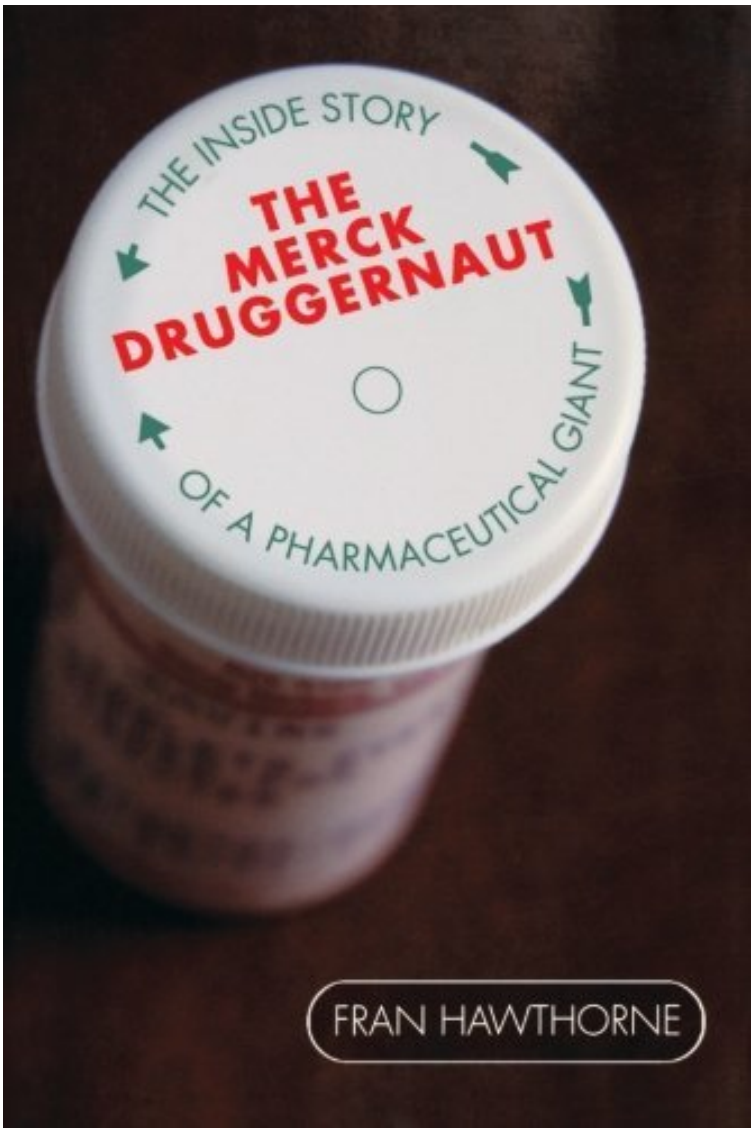

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Fran Hawthorne : The Merck Druggernaut: The Inside Story of a Pharmaceutical Giant before purchasing it in order to gage whether or not it would be worth my time, and all praised The Merck Druggernaut: The Inside Story of a Pharmaceutical Giant:

0 of 0 people found the following review helpful. good history but datedBy David Allenout of date0 of 0 people found the following review helpful. Five StarsBy Eric N NadlerGood history of Merck. Recommended for those with an interest or investment in Merck stock0 of 0 people found the following review helpful. The Merck Druggernaut: The

Inside Story of a Pharmaceutical Giant - do not recommendBy JJThe Merck Druggernaut: The Inside Story of a Pharmaceutical Giant - do not recommendThe book is misguiding and highly inflated facts that cannot be substantiated.

An in-depth look at big pharma's flagship company The Merck Druggernaut takes readers inside Merck, the world's second most profitable drug company and maker of the world's bestselling drug, Prilosec. Consistently named one of Fortune magazine's Most Admired Companies, Merck struggles to maintain its reputation for being the most ethical of the big drug makers, refusing to slash research and development budgets in the face of declining profits, falling stock market prices, and questionable accounting. Author Fran Hawthorne, one of the leading journalists covering healthcare, has written an excellent examination of a business paragon with much-needed insight on the cutthroat world of pharmaceuticals. It's a story that will interest the business world as well as consumer and healthcare advocates by detailing the vital issues in medicine and healthcare today. More than just a compelling story of success in a difficult industry, more than simply the biography of one of big business's most recognizable names, The Merck Druggernaut takes a thoughtful look at some of the major issues of our time and the way those issues intertwine with the world of business. Fran Hawthorne (New York, NY) is the Assistant Managing Editor at Crain's New York Business. She has been covering business for more than twenty years for such publications as Fortune, BusinessWeek, and Institutional Investor, with a prevailing interest in healthcare and pharmaceuticals. At Crain's, she spearheads the publication of two to three special healthcare issues per year.

From The New England Journal of MedicineFew industries have guarded information about their products and finances as closely as U.S. drug manufacturers have. These manufacturers have built almost impregnable walls around their pharmaceutical formulas and financial data, which include information about expenditures on research and development and marketing. Nevertheless, because their products and the prices they charge are so important to consumers and to corporate and government purchasers, they have been diligently investigated by the media, federal and state agencies, and health policy analysts. Rarely does a week go by without the Wall Street Journal, the New York Times, or the Washington Post running a story -- really an expose -- about a drug company that will not release the findings of its studies of violence and suicide among teenagers who are taking its selective serotonin-reuptake inhibitor, about another that is tracking Canadian prescriptions to ward off the reimportation of drugs into the United States, and about still another that paid off a manufacturer of generic drugs so that it would not bring its competing product to market. In effect, the companies cannot hide, even if they can make it difficult to seek and get the facts. These circumstances at once attract and frustrate authors. Fran Hawthorne, a business and health care reporter, subtitles her study of Merck "the inside story" but cannot deliver on the promise. Based, as it is, on interviews with Merck officials (but not based on the company's records, to which the author did not have access), on press coverage, and on the reports of organizations such as Families USA and the Tufts Center for the Study of Drug Development, the book does not break new ground. In fact, Hawthorne cannot make up her mind about Merck itself. On the one hand, during the late 1980s and into the 1990s, it ranked number one on Fortune's list of the most admired companies; it manufactured a drug that combats river blindness and distributed it without charge to developing countries. It has fewer drug recalls than other companies and relies more on its own research for new products than on the licensing of other companies' drugs. On the other hand, in 2002, it ranked 12th on Fortune's list; its purchase of the pharmacy-benefits management company Medco not only was a financial mistake but also raised charges of accounting mismanagement. Merck, too, has attempted to prevent generic-drug companies from competing in its market, and it may allocate less money to research and development (RD) than competitors do, though there is an absence of hard data on such spending. Merck's sales representatives are reputedly more professional than those of other companies, and Merck never reached "the top levels of generosity" in dispensing gifts, according to Hawthorne; still, it was perfectly willing to arrange "special Mother's Day binges in florist shops," where doctors picked out floral arrangements and chatted with a drug representative. And the company was not above using a celebrity ice-skater to promote its arthritis drug, Vioxx, which, with expenditures of $161 million, was the most heavily advertised drug in 2000. Midway through the book, Hawthorne abandons her focus on Merck to offer a general overview of the public activities of the pharmaceutical industry. She describes first its awesome political power in Washington, D.C., and how it successfully manages to ward off regulation. She next reviews the question of how "an industry known for its political prowess in the United States [could] be so politically tone-deaf on AIDS" in the Third World. (It is not "simple greed," claims Hawthorne, but rather a dogged effort to protect intellectual property rights.) Hawthorne concludes her book by falling back on her marketplace knowledge to ponder whether Merck should acquire or merge with other companies. It is an interesting question, to be sure, but mostly for the company itself and Wall Street analysts. The rest of us have no clues about how to penetrate, change, or regulate the pharmaceutical industry. In The Big Fix, Katharine Greider, who first examined drug companies at the suggestion of a public affairs director of the AFL-CIO, takes it as her task to explain how drug companies "rip off" American consumers. Because she, too, depends on facts that have been "exposed by consumer groups, newspaper reporters, and concerned physicians," her

discussion is altogether familiar and not especially different from Hawthorne's. We learn that drug prices are too high, that disputes about the relative proportion of funds that companies spend for RD versus marketing are never-ending ("You say profits, they say RD"), that it is nearly impossible to calculate what a drug actually costs to make, that companies will find "ingenious ways" to try to keep their drugs under patent protection (so Clarinex replaces Claritin), and that drug companies will commit fraud so that doctors will prescribe their drugs (TAP Pharmaceutical Products and Lupron serve as the case in point). Greider closes by endorsing reform but says nothing about how it might be accomplished. Although there is no certain route that public policy should follow to correct the abuses these authors identify, some avenues are worth exploring. The regulatory authority of state and federal agencies is not a dead letter. The Office of Inspector General (OIG) of the Department of Health and Human Services has just issued the Compliance Program Guidance for drug companies, which puts them on notice that kickbacks and fraud will be vigorously prosecuted. The OIG notes that the drug-company association Pharma has issued its own guidelines that prohibit some of the worst abuses in gift giving, such as paying the travel, hotel, and food costs of spouses, and says it will rely on these guidelines to shape its own interventions. At the same time, federal prosecutors, particularly in Boston and Philadelphia, are beginning investigations of drug-company pricing and give-away practices, and their efforts not only may uncover malfeasance but also may deter others from wrongdoing. So, too, grassroots pressures on Congress may promote legislation supporting the reimportation of drugs and, possibly, may secure drug benefits for Medicare patients. Litigators are also exploring whether courtroom strategies that worked to penalize tobacco companies might be effective against drug companies. Although there is little reason to be optimistic about these developments, the last chapter on public policy and the pharmaceutical industry may not have been written yet. David J. Rothman, Ph.D. "Unlike some other critics, however, she understands and communicates the incredible complexity of discovering new drugs and introducing them to the market." (New York Times, March 23, 2003)From the Inside Flap"We try never to forget that medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear. The better we have remembered that, the larger they have been." ndash;George W. Merck In the highly competitive world of pharmaceuticals, George W. Merckrsquo;s motto may seem like an unrealistic vision, but it is this exact image that has separated Merck from the rest of Big Pharmandash;for better or for worse. Whether speaking in terms of product or philanthropy, numbers or niceties, Merck, for decades, set the benchmark for its industry. But what happens when profitable drug patents expire, research on new drugs runs into problems, and an industryrsquo;s image comes under attack? The Merck Druggernaut offers the intriguing inside story of this incredibly secretive pharmaceutical giantndash;from where it has been and where it is, to where it might be going. Through interviews with individuals who work and have worked at Merck, as well as those outside the company, healthcare and business journalist Fran Hawthorne weaves an engaging tale of two Mercks. On the one hand, yoursquo;ll watch as a company, beloved by investors and headed by such legendary leaders as George W. Merck and P. Roy Vagelos, discovers a treatment for river blindness in Africa and hands out the drug for free. Yoursquo;ll also learn how Merck developed groundbreaking medications for diseases that previously had no effective productsndash;Mevacor and Zocorreg; for cholesterol as well as Crixivanreg; for AIDS. On the other hand, yoursquo;ll witness a company whose struggle to produce great new drugs coincides with a sharp decline in its stock price as well as profits. Yoursquo;ll also get an up-close and personal look at how doctors, insurance companies, generic drug makers, and politicians are confronting Merck, as well as the rest of the pharmaceutical industry. More than just a compelling story of success in a difficult industry, more than simply the biography of one of big businessrsquo;s most recognizable names, The Merck Druggernaut takes a thoughtful look at some of todayrsquo;s major healthcare issues and the way those issues intertwine with the world of business. The Merck Druggernaut paints a compelling picture of a company that has everyone asking: Can Merck ever be Merck again?