Carrie Cox

Executive Vice President and President Global Pharmaceutical Business

Building the New



"Three things can be said about change in today's environment: it's hard, it's necessary, and most people are bound to resist it. The question for leaders, then, is what makes change happen? . . . the answer is teaching."

Noel Tichy (1999)

Don't Wait for a Turnaround

l've adopted these principles through experience in turnarounds and mergers

They apply to healthy businesses too

Take every opportunity to challenge your own status quo and energize your people towards greater performance

Set New Priorities

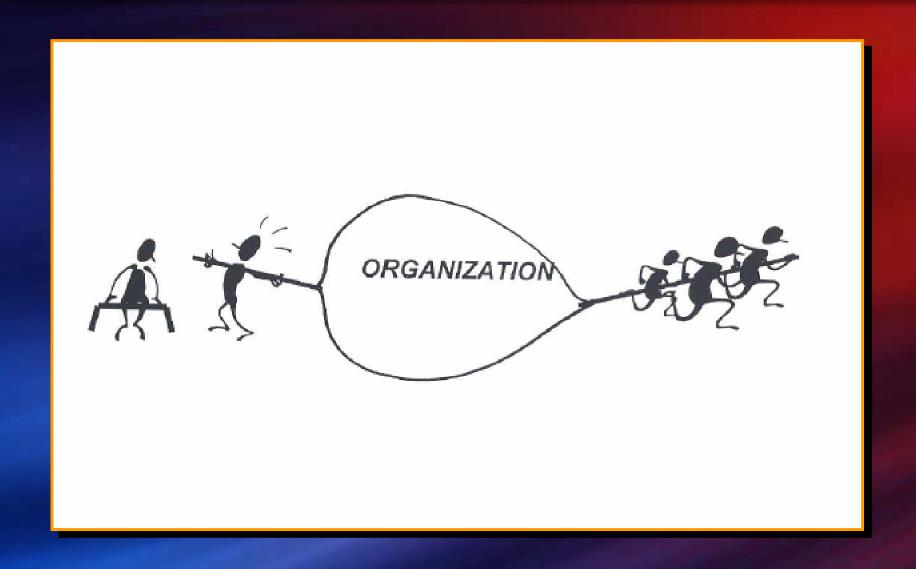
- Focus on "Must-Win" markets
- Put muscle behind key products/services
- Build teamwork and collaboration
- Align your interests with your customers'
- Re-allocate resources against key priorities



Focus On People

People who can lead a successful or stable organization may not be the same people who can envision, lead, or thrive in a turnaround or change effort

The "Natural Selection" Process



The "Natural Selection" Process

- People who can't accept or adapt to the magnitude of the change
- People without the "new" skill sets
- People who hang on to the past
- Talented people who need to start over due to lack of "philosophical fit"
- Some good, "hate-to-lose" people get away...

Focus On People

Talented, entrepreneurial people will be attracted to the opportunity AND will be energized by being a part of it!

These are the people you need to be successful

Performance Management



To drive Schering-Plough's transformation to a high performance culture, support new rewards system, and fuel our success

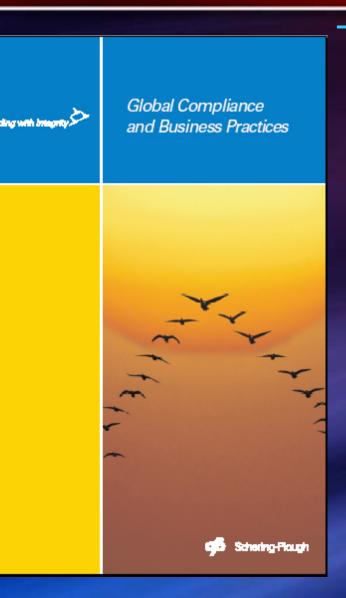
Our Compliance Program

We are building a best-in-class Compliance organization . . .

...for a new Schering-Plough

- Centralized, visible organization with resources, focus and mandate
- Cultural change program to educate employees about the value of Compliance to improve business

Schering-Plough has Implemented a Common-Sense, User-Friendly Code of Conduct



- How to ask questions about the Standards of Business Practices (e.g., elevation to Compliance, Legal, HR personnel)
- When to raise concerns (e.g., before risks become problems)
- To whom to raise concerns (e.g., contact information for Compliance Officers, HR personnel)
- Integrity Action Line (e.g., 24-hour communication Hotline)
- Disciplinary actions (e.g., clear and consistently applied consequences)

Executional Excellence Will Ensure Continued Process Improvement

n internal group of trained rofessionals dedicated to

Building Compliance into business processes

nstilling Compliance and efficiency

Strengthening mindsets and skill sets

Providing problem solving and project nanagement

Driving continuous improvement



Regulators

- Determine the level of support you have among key regulators and government agencies
- Strengthen these relationships by keeping them informed of the challenges and the strategies
- Actions should communicate a long term commitment to the "new way of conducting business"...be it quality, safety issues, sales practices, etc.
- Where appropriate, seek their input on determining the best course of action

Wall Street

- Investors are seeking clarity on the company's return to profitability
- Credibility is earned by regularly meeting or exceeding expectations
- Setting reasonable expectations is critical
 - Outline the turnaround / change strategy and timing
 - Identify the challenges and steps planned to overcome them

Customers

- In our business, doctors and pharmacists are critical to our success, among others
- No matter who your customers are, success hinges on your ability to maintain their trust
- Arm frontline employees with the tools and information they need to keep customers in the fold
- Support these efforts with communications from senior management to illustrate holistic change

Leading Your People Through Times of Change

Communicate,
Communicate,
Communicate



Leading Your People Through Times of Change

Catch people doing the right thing





Schering-Ploud

Thank You!