ABBOTT TO DOWNSIZE WORKFORCE BY 6%

Global pharmaceutical healthcare company, Abbott Laboratories, announced plans to slash its workforce by 6%, representing 1,900 workers, in response to a series of failures in its drug development pipeline operations over the recent months. Abbot aims to restructure the company, particularly its pharmaceutical commercial and manufacturing units, which will result to the elimination of about 1,900 staff. Around 1,000 of the cuts will be in the Chicago, Illinois plant, where most of the 90,000 staff of Abbot worldwide is concentrated. Half of the layoffs will take effect immediately, while the remainder are slated over the coming years. The company estimated that it will save around $300 million as part of the layoffs and other cost-cutting measures.

Abbott explained that the need for the cuts was triggered by today's challenging regulatory environment. The Food and Drug Administration recently questioned Abbott's new experimental psoriasis drug treatment citing concerns about the drug's safety. Abbot did not elaborate on the details as to the potential risks involved. Miles White, Abbott Chairman and Chief Executive, added that the company is losing money from the strict regulations being imposed in the US market today. "It's frankly more difficult to get products approved. There are an awful lot of pressures on this industry. At the end of the day, you manage all of these things."

Abbott has been discouraged from developing and introducing new treatments to the market as a result. However, White assured that Abbott is constantly finding ways to maintain its drug development operations amid drug development problems and stricter regulation in the market. He said: "The company has to continue to make sure its pipeline is robust. Despite a very challenging environment, 2010 was another productive year."