

SAVIENT PHARMACEUTICALS COMBATS ITS GOUT-LIKE MARKET PERFORMANCE BY CUTTING 35 PERCENT



Savient Pharmaceuticals Inc., the unlucky maker of chronic gout drug Krystexxa has had a bad bout of sales since it took off in 2010. Once anticipated to have a blockbuster drug, its stock has since plummeted 96 percent. What to do? Hire a new CEO and president and layoff 35 percent of its workforce. That amounts to about 60 employees. Such a strategy is projected to save the company \$6.5 million in 2012 and \$56 million each subsequent year. Considering that the company lost \$102 million in 2011, such an avenue of counterattack might be in order. Meanwhile, Louis Ferrari, who has been on board since February 2011, will be promoted as president and CEO of the company, displacing the incumbent CEO David Norton who will be retained as a member of the board of directors. The job cuts kick in September 10. Savient assures us that their service levels to patients and doctors will be unaffected. "Over the past several months, my colleagues and I have been working closely with the board to develop a plan to better position the company for future growth," said Ferrari. "We have gained a strong understanding of the marketplace." The lay offs are part of a restructuring plan. Perhaps Ferrari's successful history with Johnson and Johnson, before arriving at Savient, will make him equal to his task.

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