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Pfizer Eliminating 1,100 Jobs In Groton

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In recent years, Connecticut remained relatively unscathed as pharmaceutical giant Pfizer advertisement Inc. merged, consolidated and cut jobs to keep one step ahead of competitors.

Now, it's Connecticut's turn.

Pfizer said Tuesday it will lay off 25 percent of its workforce in Groton and New London — about 1,110 workers — over the next 18 months, transferring some operations to Cambridge, Mass., in an effort to cut research and development costs.

The move, announced as New York-based Pfizer revealed soaring fourth-quarter profits, will leave about 3,400 employees in Groton and New London — down from the current 4,500.

"These are difficult but necessary decisions made to strengthen our innovation engine and help us continue to bring important, differentiated medicines to patients today and patients tomorrow," said Mackay Jameson, a Pfizer spokesman.

Jameson said Groton will remain Pfizer's largest research and development site, but its focus will shift from drug discovery to a support center for research, including clinical trials and drug safety.

Although Pfizer will remain a significant employer in southeastern Connecticut, the layoffs come at a crucial time in the state's economic recovery. Connecticut is struggling to regain employment lost in the last recession, adding only 5,300 jobs last year.

"We're talking about good-paying jobs here," said Donald L. Klepper-Smith, an economist at DataCore Partners Inc. in New Haven. "These are the kind of jobs we need to see preserved. They provide the underpinning for the local economy."

When these kinds of jobs disappear, it affects other businesses, including "the local auto dealer, the local restaurants, charities," Klepper-Smith said. "The state is in the midst of an economic recovery, but this puts a real crimp in the pace."

Local officials in southeastern Connecticut said they were relieved that Pfizer wasn't leaving altogether, but they still were discouraged by the magnitude of the job loss.

"It seems like every six or nine months that there is another adjustment at Pfizer," said Mark Oefinger, Groton's town manager. "We've been on that track for quite a long time now. Now, we're getting to the point: 'Will it ever end?'"

Oefinger said that most of the workers losing their jobs live in the immediate area. The job losses will eventually ripple out into the housing market, as laid-off workers put their homes on the market, seeking to sell and move on to other jobs.

Pfizer said the laid-off workers would qualify for severance, and there would be opportunities to apply for jobs at other locations operated by the company.

The changes come as Pfizer struggles to build a pipeline of products ahead of generic competition for the blockbuster cholesterol drug, Lipitor. That key drug loses U.S. patent protection in December. The company has also faced at least half a dozen failures in late-stage testing of potential drugs in the past two years.

The company also made an expensive deal in October 2009, paying \$68 billion to buy rival Wyeth. It had to cut its dividend in half to pay for the buyout, angering investors.

Pfizer already had a cost-cutting plan that included laying off 19,000 employees, closing eight plants and shutting six research centers. Tuesday, Pfizer said it would cut research spending by as much as \$3 billion and close a laboratory in Sandwich, England, where Viagra was developed.

The shifting of research units focused on neuroscience and cardiovascular research from Groton to Pfizer's facility in Cambridge will beef up that facility, bringing it in line with research teams in San Francisco, New York and La Jolla, Calif.

Matthew Nemerson, president of the Connecticut Technology Council, said moving the jobs to Cambridge is evidence that companies are locating operations, like research, in areas such as Boston where there is a concentration of those activities.

"The trick here is to say, OK, the next time they have to locate 1,000 people through acquisition or growth, they choose Groton," Nemerson said.

The layoffs quickly became fodder for critics who say Connecticut isn't doing enough to encourage major employers to build their operations in Connecticut, especially in the life sciences sector.

While other states have offered support, Connecticut has not made the same commitment to the life sciences sector, which has been a bright spot in the economy, said Fred V. Carstensen, director of the Connecticut Center of Economic Analysis at the University of Connecticut.

Employment in life sciences grew 1.4 percent in the first year of the recession, he has said.

"There's a program established in Massachusetts to support life sciences research that provides financial incentives and research support," Carstensen said. "When I saw that some of their activities will be moved to Cambridge, red lights went off ... I wondered if that was what was motivating them."

He added: "Connecticut seems to be asleep at the wheel."

Tuesday's announcement prompted a sharp response from John McKinney, R-Fairfield, the state senate

minority leader, who said, "The very fact that one of our state's largest and strongest employers is laying off over 1,000 employees and moving jobs next door is proof that Connecticut is an unfriendly place to do business."

While painful, other, smaller biotech companies in the state may benefit from the downsizing because it's likely that former Pfizer workers will stay in Connecticut and join smaller life-science companies or start their own.

The biotech industry isn't helped if Pfizer isn't financially sound enough to partner with smaller companies with innovative drugs in the pipeline, said David Scheer, the founder of 10 biotech companies in Connecticut and elsewhere, including Esperion Therapeutics, which was purchased by Pfizer in 2004 for \$1.3 billion.

"There are some very talented people at the Groton site who may choose to join a smaller, existing company, or they may choose an entrepreneurial direction," Scheer said. "So I think that Pfizer's shift or downsizing of people does not mean any death knell for the state's biotech industry."

Courant Staff Writer Jon Lender contributed to this story.



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