

The deal-maker

In her 10 years as CFO of pharmaceutical giant Perrigo, Judy Brown has overseen 27 M&A deals, and helped grow the company by a factor of 25. *Kirsetin Morello* talks to her about the key stages in her career and the ways in which the role of the CFO has evolved over the years.

The biggest hurdle of Judy Brown's career wasn't stepping into the role of CFO for Perrigo Company, one of the world's largest pharmaceutical manufacturers, at the age of 38 in July 2006. Nor was it defeating a hostile takeover attempt in 2015.

No, Brown faced the biggest challenge of her career as a young auditor at EY, when she was transferred to an assignment in Germany, where she knew no one, didn't speak the language, and had just six weeks to prepare before starting to work with German clients.

"That was the page-turner in my career. It was the deep end of a cold, dark pool, because it was swim or drown," she recalls. "It was a great moment for me personally, because I learned that I can do this. There will be days when I feel foolish, but everyone has days when they feel foolish. I learned that it's not the end of the world."

That tenacious spirit has paid dividends for Brown, who has presided over 27 M&A transactions during her 10-year tenure as CFO of Perrigo, helping to grow the company from a US\$1b, mostly domestic, business into the approximately US\$25b global enterprise it is today.

VALUABLE LESSONS

After spending nine and a half years living and working in Germany and Italy for EY and Whirlpool, Brown returned to the US. Shortly thereafter, a call from a recruiter piqued her interest in Perrigo, which is based in Michigan. "When I met the folks here, I fell in love with the people and the promise of quality, affordable health care," she says.

The incumbent CFO, Douglas R. Schrank, was considering retirement in a few years and put together a three-year development plan for Brown. "He said: 'You need to learn each of these bullet points each quarter, and hopefully the board will feel comfortable that you can succeed me in three years,'" Brown recalls. "Eighteen months later, he retired and I took the job."

While her role as CFO of Perrigo includes the classic finance tasks, Brown has also taken on responsibility for government affairs, corporate communications, community affairs, media relations and corporate development, particularly M&A.

Her previous jobs at EY and home appliance manufacturer Whirlpool helped to prepare her for this diverse portfolio in several ways. "Working at EY, I learned to be very fast and flexible, servicing multiple clients at one time," she explains. "I learned about things like financial reporting, processes, internal audits, internal controls, general controls, IT systems and tax – things that are absolutely foundational and critical to any CFO job."

But, because her role encompasses much more than fundamental finance, she believes her move to Global Product Development at Whirlpool was instrumental in helping her become a shrewder CFO.

"I made a conscious choice to leave finance for a period of time, with the belief that having operational experience would be important to viewing the world through the lens of the customer and the consumer sales and marketing teams," she recalls. Understanding how companies do business and make money broadened her outlook. "Now, when I'm sitting in a meeting talking about long-term investments, I have a different perspective."

Brown also benefited from the fact that, in this particular role, she had only a few direct reports, but had to influence hundreds of people and decisions. It taught her the importance of influence and how indispensable good communication skills are. "In a finance job, you don't get to own P&L, so influencing skills and the ability to bring a team together for a common purpose are critical," she says.

A CHANGING ROLE

Brown has seen her job evolve significantly over the past 10 years. "The CFO role is dramatically different to how it was on 1 July 2006, because the company »

JUDY BROWN: CV IN BRIEF

- Earns a BS in Accountancy from the University of Illinois at Urbana-Champaign in 1990 and joins EY in Chicago as an auditor.
- Passes CPA exam in 1991.
- Moves to Stuttgart in Germany with EY in 1993, and then to Frankfurt in 1996.
- Receives an MBA from the University of Chicago in 1998.
- Moves to Whirlpool Europe in Comerio, Italy in 1998 as Director, Financial Planning and Analysis.
- Becomes Global Product Development Director for Whirlpool Corporation in 2001.
- Becomes Vice President and Corporate Controller for Perrigo Company in Allegan, Michigan in 2004.
- Promoted to Executive Vice President and CFO of Perrigo in 2006.
- In 2008, becomes a member of the Board of Directors for Belden Inc. Also serves on the Audit and Finance Committees.
- Successfully persuades Perrigo shareholders to reject a hostile takeover bid by Mylan in 2015.



» is dramatically different to how it was on that day,” she says. While she still focuses on the core tenets of being a CFO, the scale and breadth of what she does has magnified. Perrigo’s business has diversified, its portfolio has broadened and it currently operates in 35 countries – up from just 4 in 2006. Throughout these changes, Brown has been highly involved in myriad aspects of the company beyond finance.

“My universe must also be very externally focused,” she explains. “Because I have an amazing team, they can manage the day-to-day aspects.”

With one of the world’s largest pharmaceutical operating supply chain platforms, Perrigo procures, develops, manufactures and distributes huge numbers of pharmaceuticals. Part of Brown’s role is determining how best to leverage that asset. She says: “My favorite part of the job is thinking about where we’re going, what’s changing on the horizon, how shareholders are viewing Perrigo, our industry and our sector, how consumers are viewing our product portfolio, and where we might invest to further our competencies.”

In a particularly strategic move in 2013, Brown championed the relocation of Perrigo’s headquarters and tax home to Dublin in Ireland when it bought Élan Corporation for US\$8.6b. The move saves Perrigo about US\$150m a year in operating costs and taxes. Brown points out that the move was good for Perrigo’s portfolio and allowed it to be more competitive with its peer group. “Our footprint in West Michigan is as robust as ever, but this gave us a platform to do more M&A and have a much broader European base,” she explains.

In addition to Élan, Brown says that, in particular, the acquisitions of Israel’s Agis Industries in 2005 and Belgium-based health products provider Omega Pharma in 2015 were transformational for the company. “We were entering into generics when we bought Agis, which gave us a footprint in Israel,” she explains, “while the Omega deal moved a significant amount of our revenues to Europe, further diversifying us as a global company.”

But she adds that the right fit is vital, and the deals you don’t do are equally significant: “Saying no is sometimes as important as saying yes.”

FIGHTING BACK

One deal Perrigo said “no” to loud and clear was a hostile takeover attempt by Mylan, a global generics and specialty pharmaceutical company. The initial bid was made on 8 April 2015, and over the next six months Mylan twice changed it before launching its unsolicited tender offer for Perrigo shares on 14 September, with a final deadline of 13 November.



“The CFO should be actively involved in the boardroom and with investors.”

Brown spent most of the seven months from the date of Mylan’s initial offer through to the November deadline traveling around the globe for multiple board meetings and discussing the Mylan deal with institutional investors in the US, Europe and Israel. It was important to her to connect with the investors, answer their questions and discuss the deal in person. “Shareholders want to look you in the eye,” she says.

As they discussed the particulars of the deal, Brown never wavered in her resolve. “Early on, it was clear that I needed to be as dispassionate as possible about it,” she explains. “My role was to speak to shareholders about the numbers. It’s not about whether you like the people or the company. My job was to evaluate the deal on its merits.” She told shareholders the analysis was very straightforward and the bid was too low. During the entire process, her message remained the same: the board rejects the offer.

“Throughout the seven months, there were many disparate voices. All shareholders’ voices are important,” she says. “We had to listen and make a call: were we going to do something just to do

something?” She adds that it was imperative to keep the best interests of the shareholders at the forefront of the decision-making process. “I think what made us successful was that people did or didn’t tender based on what they thought our long-term prospects for the business were and what management’s abilities were.”

Brown describes the process as a marathon, but one filled with lots of wind sprints. Her advice for CFOs facing similar takeover attempts is that keeping a clear head is critical. “Stick to the overarching principles that brought you to this chair,” she says. “Band together with your management team and board, and ask yourself every day what the shareholder wants to see. Period. The only thing you can stand by is this: is this what the shareholders want? Is this the right thing for the shareholder?”

STRATEGIC FUTURE

Brown believes that CFOs need to be ready for much more involvement in strategy and in shareholder value creation in the future. “I say to the CFO who is mostly doing treasury, tax and financial

planning and analysis, but isn’t involved much in strategy – be warned: shareholders demand a level of sophistication in talking about where the company should be going,” she says. “The CFO should be actively involved in the boardroom and with investors. A deep understanding of the drivers of shareholder value creation and the motivations of widely disparate styles of investors is critical information to keep in front of the board and management at all times. This focus, which can be led from the CFO chair, raises the game for everyone.”

As for her own future, she’s not eyeing a different position as long as she’s still growing and learning. “I’m not obsessed with titles, I’m obsessed with learning something new every day,” she says. “I’ve been here for 10 years and every single quarter is a new adventure. As long as I’m being challenged and challenging myself, I’m happy.”

She is also thrilled that her role as CFO includes contributing to corporate strategy. “I love that part of the job,” she says. “To take the business to the next level? I can’t think of anything more fun to do. That’s the best part.” ■