# BOOSTING YOUR OPPORTUNITIES DURING AN EMPLOYMENT TRANSITION

A chapter from "A Business Class Wealth Vision"

VIZIONARY
WEALTH MANAGEMENT

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# Boosting Your Opportunities
# During an Employment Transition

Each of us knows multiple people who have been impacted by changes in the business structure of the pharmaceutical industry. Whether we are aware of it or not, most companies are constantly changing, evolving, improving, and transitioning in their forms of management, product, and indication pursuits—even the floor plan of the offices (has the open floor plan felt "awesome" for anyone?). If they're not, in this modern age, chances are they're dying. In the pharmaceutical industry, the climate is even worse, and the change is much more rapid. Between drug failures, the sale of assets, mergers and acquisitions, changing dynamics of leadership teams, and the leadership of companies in general, nothing stands still in the pharmaceutical and life sciences spaces. If you have not been directly impacted by this yet, you certainly will be at some point in your career.

I call this the inhale/exhale nature of the bio-sciences space. Companies will anticipate the launch of a drug and will "inhale" potentially hundreds of staff, looking to build out the medical oversight team as drug trials accelerate. They hire and build out sales force and commercial staff in anticipation of late-stage data on a particular drug. Companies spend fortunes to build these roles and infrastructure and then, when there's a drug failure, everything has to be unwound, or "exhaled" (often quite quickly)

to mitigate financial damage and retain the value of the remaining assets.

Executives will often change the direction they want the company to go, including the kinds of products, diseases, or indications they want to be pursuing. This means sometimes there will be a product that has been developed but no longer meets the strategic objectives of the company moving forward, so the company sells the associated assets.

Several years ago, I was involved with a company that developed a product quite by accident. It turned out the drug was discovered to be very effective in a therapeutic area the company had absolutely no experience in. The company tried repeatedly to sell the asset off but couldn't get any reasonable bids. They ended up building out an entire department of their business and hiring in the expertise just to be able to run the drug. They figured at some point they were going to be able to sell the product off. They ultimately decided to keep the drug, which became a blockbuster and generated billions of dollars for them over many years and is now one of their greatest success stories.

I've also watched clients take over leadership of a drug company and see their strategic goals for the company fail in the face of a much larger competitor, or perhaps in late-stage trials. In one particular case, I had a client who was a CEO of a company. He had taken over the startup and, within six to seven months, they had an offer on the table to sell the company for four to five times what the investors had put up so far in capital. He thought it was a win for everyone. The investors decided they wanted at least ten times the investment, so they turned down the offer. The company proceeded to struggle and ultimately failed in achieving its goals. The product and assets of the company were subsequently sold off for a

fraction of the investors' capital investment. In hindsight, they all wish they had sold to the original prospective buyers. This example illustrates the volatility in this industry. Pulling together the right product with the right buyer, a willing board, and investors is a lot like catching lightning in a bottle (you will hear me use that phrase a few times in these pages).

These wildly divergent outcomes occur often within the industry. Every time something like this happens, people begin looking for new jobs. Transitions take place. They affect real people's lives. One day, it will almost certainly affect you.

In this environment, it's very natural for you to end up working for multiple companies in a variety of roles over the course of your career. It's vital for you to plan for how to approach those transition points. I had someone say to me a long time ago, "You either give the surprise or get the surprise." For my clients, I want them to be financially prepared regardless of who is springing the surprise on whom.

As a matter of strategic planning, I encourage clients to maintain a healthy level of cash on hand, or at least to maintain access to capital and cash. We do things like put after-tax money into the 401(k) because that after-tax money can come out tax-free if we need it during a transition. If we don't need it during a transition, it can also be rolled over to a Roth IRA, which can be a terrific long-term strategic planning tool for many.

You always want to be negotiating for your next role with your exit in mind. If you're looking for a three-, five-, or ten-year run with a company, you want to be able to negotiate your package and the nuances of that

package to meet your expectations of your time there. You want to think about how long you want to be with this company. Do you want this to be a short run at the end of your career, be financially independent when this is done, and have this be your last role? Are you planning to just be a journeyman here, be around for three to five years, try to pad your resume, and get yourself qualified for another significant promotion? Or is this the place you want to retire from, ultimately, and you intend to stay here until you're really done working?

Obviously, we can't know all of those things on the front end while you're negotiating, but you want to work through these conversations with your advisor. You want to have confidence your advisor knows what he or she is talking about in these areas and is helping you plan and think strategically.

It's not unlike how a professional sports agent negotiates on behalf of his or her client. Tom Brady's contract at this stage of his career is going to look far different than a first- or second-year quarterback who's trying to prove himself and get ready for that big contract. Each of those situations is going to look different than the journeyman wide receiver who was coming off a severe injury and has been cut from his last team because of poor performance. Every one of those contracts is going to be different, with different values involved in terms of how any cash-signing bonus, long-term incentives, and other benefits are negotiated. You want to work with a financial planning partner who has experience negotiating these nuances with you and on your behalf (whether this takes place behind the scenes or actually on a call or in the room).

Most critically in the context of negotiating, you want to understand the total compensation, all of the different pieces of compensation, and how

each of those may add value to you over the course of time. For instance, you may be at a spot in your career where you have kids in high school or college, and tuition is an ever-present cost structure for you. Should the company give you 100,000 options that don't have much value to you right now? Because, even if they may be worth something several years from now, the reality is you need cashflow in the present to get your kids through college.

On the other hand, you may be early or mid-point in your career, and you are really looking for all of the long-term equity you can capitalize on. Or maybe you are an emerging empty-nester, and you really want to take a step into a small-cap or mid-cap company and out of "big pharma," with the opportunity to capitalize on long-term incentives in a way you haven't been able to up to this point in your career. Each one of these scenarios requires its own conversation, along with positioning you properly with the headhunter, the recruiter, and the hiring manager. Each of these decisions plays a role in terms of how you structure the offer and what you ask for.

***Make sure you work with an advisor with the requisite expertise to guide you through these conversations and negotiations.***

# About the Author
# Wayne Wagner Jr., ChFC

Wayne Wagner Jr. is president of Vizionary Wealth Management; an Investment Advisor Representative through WealthPlan Investment Management, LLC, an SEC Registered Investment Advisor; and holds insurance licenses in multiple states. He holds the Chartered Financial Consultant (ChFC) designation and is committed to practicing with the highest degree of ethics and honesty.

Wayne is a member of the Society of Financial Service Professionals and the National Association of Insurance and Financial Advisors. He has guest lectured at a number of regional universities and participates in many industry meetings and conference panel discussions.

Wayne is a sought-after resource for his high net worth clients to problem-solve and strategically plan complicated opportunities pertaining to their businesses, careers, and estates. Wayne is located on the east coast but is notice-filed and has client relationships in several states around the country.

When not busy helping his clients pursue their financial goals, Wayne mentors young people to become good stewards of their time, talents, and opportunities. He starts businesses to help fund non-profit organizations he is supporting. He volunteers as a financial advisory committee member at Sovereign Grace Church and counsels a number of other non-profit organizations regarding their own strategic planning initiatives. Wayne and his wife, Mae, live in Pilesgrove, New Jersey, with their children, Ciera Joy, and Bryce. Their family motto is, “We’re Wagners—we do big things.”


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We hope you have enjoyed this sample of *A Business Class Wealth Vision*. If the information resonated with you, and you'd like to employ a comprehensive, personalized approach for your retirement strategy, give Wayne Wagner Jr. and VizionaryWealth Management a call, and we'll see what we can do together.

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