The importance of matching talented leadership with the growth stage of your life-sciences company

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In the life sciences’ rapidly changing business climate, it is imperative that companies find innovative, effective and enlightened leadership.

When moving a new technology from the academic research laboratory into industry, life-sciences companies often also require an entirely new set of leadership-development skills. Leaders learn these skills not in the laboratory but through actual experience managing the growth and development of a company or business. Like other industries, companies operating in the life-sciences space go through a life cycle. However, in the life sciences, the corporate life cycle can be very rapid and the dynamics of change tumultuous, creating a unique level of stress throughout a company. Many life-sciences companies are driven in part by highly intelligent inventors, who must build teams capable of harmoniously combining intellectual genius with sound commercial expertise. The challenges are exacerbated by the fact that most early-stage life-sciences companies lack the fiscal resources to fully commercialize a technology, and product cycles can, at times, take years to bring a technology to market (Fig. 1).

In the incubator stage of a life-sciences company, survival often depends on the ability to secure funds that will enable an invention to be carried forward into the commercial world. However, it can take months and years of tenacious work to ‘sell’ even the most ground-breaking inventions to angel investors or early venture capital firms. Importantly, a trend in recent years has been the funding, both by large pharmaceutical companies and universities, of incubator facilities for the purpose of getting ideas into practice. In biotech, as in any other business, a good idea will have greatly improved chances of being adopted by an early investor if it is coupled with a solid business plan. Indeed, investors are innately averse to risk, but they can be won over easily if the invention is marketable and matched with a strong business acumen. It is the invention that changes our lives, but it is the commercial expertise that brings the invention to the world.

Commercial expertise can be developed in manufacturing, administration, finance, business development, sales, marketing and scalable information-management systems. Skill in these areas can be taught in business school, but management teams with real-world experience will often get a company to the goal line faster and more efficiently. Even so, it is often the intangibles that make or break a company. Exceptional leaders have the fundamental expertise needed to build a business, and they act with a keen sense of self-awareness. They have high emotional intelligence, great interpersonal skills and the ability to bring it all together with a compelling vision that unites teams in striving for a common goal. This unique chemistry of good ‘people skills’ coupled with strong business acumen is essential for building a business of scale and developing a desirable work environment. Market surveys may rank the ‘top companies to work for,’ but ultimately, it is the leader, not the company, that makes a terrific work environment.

Once the initial money is raised to commercialize an invention, the early stages of growth involve operations experience that the inventor may lack. Building a prototype in the lab requires knowledge and experience, but this expertise is very different from that required to manufacture a product that can be scaled up for distribution. Even the simplest systems and products have multiple moving parts. Sourcing, assembly and quality control and assurance (QC/QA) as well as the exterior product aesthetics and ergonomics of a finished product must all be considered. If the end product is a novel drug or biopharmaceutical, the process involves programs for early screening, lead optimization and toxicology, for example. Development of these programs requires a leader who understands the process and can work with local governments on permissions to set up the labs, which often carry some level of biohazard.

Many functions for young startup companies can be outsourced—finance and manufacturing are two common examples. There are many contract manufacturing organizations (CMOs) that will assist with the early design of a system or product, and they will often provide some insight into product improvements. When selecting a CMO, it is important to look at the organization’s experience to ensure that it aligns with your intended market. For example, in the case of a medical device, the CMO should have experience with 510(k) filings, and it should have QC/QA controls in place that can withstand an audit by the US Food and Drug Administration. If your invention requires a computer, there may be a need for compliance with Title 21 Part 11 of the US Code of Federal Regulations. The detail involved often exceeds the domain knowledge of the inventor and could, frankly, be an energy drain. The inventor should be left to invent; biotech, after all, is a visionary business.

**The importance of competency models**

Given these complexities, biotech and life-sciences executives confront leadership challenges unique to their industry. As the industry continues to evolve in the face of rapid corporate life cycles, leadership models must also adapt: “To be effective, the development of workplace and managerial skills must reflect the current and projected needs of the organization.
It is a critical responsibility...to identify the core competencies of the enterprise and to ensure that the competencies required by managers, specialists and the workforce in general are adequate and appropriate1. Regular research indicates that many large organizations use competency models as a basis for objective talent assessment and succession planning. A study of the practices of more than 100 Fortune 500 companies showed that approximately two-thirds had developed explicit leadership competencies2. Objectives of the new leadership competency profile were (i) to accurately assess leadership capability, (ii) to more effectively develop talent within the organization and (iii) to select leaders and place them in key positions.

In all industries, especially high technology, it is important to think of a leadership competency model as a step toward stewardship of future growth. In looking for the perfect management team in the life-sciences industry, several core competencies must be considered, including business skills, leadership skills, intrapersonal skills and interpersonal skills.

Business skills and the processing of information. Business skills can be taught, but real business competency is the ability to assimilate and transform one’s education and experience into effective action. A leader’s past performance will often predict his or her future performance. An effective business leader in a life-sciences organization must be able to first identify crucial goals and success factors and then shape a strategy that will serve the overall corporate vision and mission. The successful business leader will have the insight to translate the inventor’s vision into broad strategies with clear objectives and practical action plans for growth and development. He or she will align and allocate resources servant to strategy and anticipate and develop contingency plans to manage risks, with the end goal of delivering the desired results.

A key point to consider is the ability to meet end goals as well as adapt, and even thrive, in times of change, both within and outside the company. The focus, drive and tenacity of the leadership are often what pulls a company through the tenuous early-development stage to become an ongoing concern. Because early-stage companies are usually low on cash, leaders must also be able to conceive, develop and nurture new business ideas while thinking out of the box. Typically, the development of strategic partnerships with venture capital firms, larger companies, universities and government agencies will also have a role in the early success of a firm. In every stage of corporate development, the business leader must be a good negotiator, creating win-win situations for stakeholders and strategic partners.

Leadership skills and the management of others. The acclimation of academic scientists to the ways of industry is often one of the greatest hurdles for startups. Taking an idea from the laboratory to the point of commercial viability requires infrastructure and people. An effective business leader must manage for disciplined creativity, which may require the setting up of processes to which many creative individuals are not accustomed.

The integration of projects and people requires an ability to connect processes, events and systems so that the company can move forward effectively and efficiently. The effective leader is charged with setting clear metrics and performance goals and is accountable for the success of the company. The culture of a company is driven by the metrics in place and the commitment of its people to reaching a common goal. A productive corporate culture is a delicate balance of team and individual effort such that creativity is encouraged, not stymied. Management and communication of corporate values can ensure buy-in from all those touched by the company, and it starts with the inspiration of an effective leader.

Intrapersonal skills and self-regulatory competencies. The enlightened leader of any organization has a strong sense of self-confidence and takes responsibility for his or her actions. In the life sciences, the leader’s self-confidence begins with a strong knowledge base and a high degree of expertise. Because the life-sciences industry is very dynamic, the enlightened leader keeps abreast of current trends in technology, business and regulatory affairs by reading, attending meetings, going on field visits with customers and constantly taking in feedback from those inside and outside of the organization. Staying current also means being willing to seek the advice of a mentor, at any stage of one’s career.

A strong knowledge base provides the confidence to persevere in the face of adversity or disappointment, and it can help individuals perform effectively under stress and pressure. Many of the challenges a company faces are not new; keeping up with current information and reading case studies of companies that have been in similar circumstances builds confidence and self-esteem, which are contagious.

Interpersonal skills and rapport with others. In our years of observation and direct experience, we have seen companies fail or succeed for many reasons. Sometimes the technology is excellent, but the market is simply not big enough to support commercialization. This was the case with some of the early orphan drugs, which cost more to develop, manufacture and distribute than the market could afford. Some
companies have a terrific product or idea but fail because of inadequate funding or a dysfunctional management team. On the other hand, a mediocre idea may find great success, which is often a testament to the management team, culture and employee satisfaction. The good news is that a dysfunctional management team can be fixed.

Scientists and inventors are not always natural extroverts. Indeed, many of the brightest visionaries can feel socially awkward and uncomfortable working in the world of business. There are exceptions, of course, and brutally honest self-assessment is important, as is assessment from an impartial third party.

When selecting a functional team, it is important to understand one’s own strengths and weaknesses, and to seek out leaders who will complement one’s personality and vision. Companies of all sizes often make the mistake of hiring new leaders on the basis of their skill sets without a full appreciation for personal chemistry or an understanding of how the candidate interacts with others. Team chemistry will often make or break a company.

The enlightened leader will have a high degree of emotional intelligence, which means that he or she shows sensitivity to and respect for others, seeks to understand the connections between feelings and behaviors, and is attentive to emotional cues. Further, the enlightened leader keeps promises, honors his or her commitments, and communicates openly and honestly with a broad range of people and personnel. Finally, the enlightened leader handles conflicts, difficult people and tense situations effectively, gaining the respect of those throughout the organization.

In leadership, emotional intelligence lays the foundation for trust and rapport, which are absolutely required if one is to inspire a common vision among colleagues and coworkers. Many managers have the technical skills to handle a job, but they must also be able to foster an environment in which employees can grow and achieve, thereby developing a strong sense of self-worth and devotion to the company.

Conclusions

Staying competitive in a quickly shifting industry, managing product life cycles, determining market positioning and pricing, organizing for the most effective results, developing appropriate financial strategies and creating sustainable leadership are daunting tasks. These tasks are made easier for life-sciences companies that are matched with talented leadership during the growth stage. It is imperative that companies have clarity about the skills and competencies required for exceptional leadership.

COMPETING FINANCIAL INTERESTS

The authors declare no competing financial interests.
