

editorial



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Going to the dark side: success factors for companies leveraging senior academic talent

Leaders of R&D organizations in life sciences companies today have to worry about two pipelines – the pipeline of new products and the pipeline of senior R&D leadership talent to discover and develop those products. As drugs increasingly target intractable diseases, medical devices become more complex, and payors and regulators resist ‘me-too’ drugs, filling the product pipeline is becoming harder than ever. So is filling the talent pipeline with R&D leaders who will drive innovation. With demand for innovative, cutting-edge, senior R&D talent far outstripping supply,

R&D leaders and life sciences HR executives are increasingly looking to academe to fill the gap.

The case for seeking academic scientists and researchers is strong. They are in touch with the latest scientific developments, and they are committed to advancements in basic and translational science. Further, over the long term, R&D talent in the life sciences industry tends to become more remote from the innovation that is occurring in academe. Academics can bring a fresh burst of innovation into companies and new perspectives on scientific challenges. They can serve as magnets to attract other talented scientists. And, they can also help expand a small, but important industry resource: the talent pool for potential senior-level R&D executives.

Recognizing those advantages, life sciences companies have certainly been willing to recruit senior talent from academe. Some companies have been notably successful at it. But most have not. For those companies the failure rate – the percentage of senior academic hires who do not work out in senior R&D roles – can be as high as 75%. Unfortunately, despite the willingness of companies to recruit from academe and research institutes, they have not known precisely what attributes to look for in candidates for senior roles, sometimes mistakenly assuming that scientific brilliance would suffice. They can greatly increase their chances of success through the following measures:

- Identifying qualified and talented candidates early and having initial introductory conversations well in advance of any hiring needs.
- Recognizing the preconceptions that often make academics reluctant to move from academe to industry.
- Understanding and assessing for the leadership competencies that candidates will need to succeed in an industry setting.

Finally, once such candidates have been identified and secured, they should be thoroughly integrated into the company through a well-designed onboarding process that takes into account their backgrounds, their strengths and what might be gaps in their understanding of the commercial world.

Tales of the dark side

While generalizations about entire vocational groups can be misleading, the phrase ‘ivory tower’ does capture the ethos that life sciences industry recruiters frequently find among academics. Many such academics see their work as pure science, uncorrupted

by the crass commercialism of corporate pharma. They disdain a world where science is subject to industrial processes and bottom-line thinking, so unlike the world of the academic lab. The commercial world is referred to by some as 'the dark side,' a place where scientific integrity is sacrificed on the altar of profit. Although academics who hold these views are unlikely to seek positions in commercial pharma, the prevalence of such attitudes greatly shrinks the pool of willing talent.

By contrast, some academics see the jump to the commercial world as an opportunity to leverage their experience and to be a part of the rewarding effort of discovering medicines that benefit patients. They understand that the purpose of commercial pharma – finding therapies for diseases – will take them beyond theoretical considerations to the practical application of research and translational medicine. They might also welcome the magnitude of the challenges that pharma companies face in translating laboratory research into new therapies. And they might be frustrated by limited academic resources and budgets that prevent them from taking promising research programs as far as they would like.

The first task, then, in recruiting academics is to recognize which ones harbor a deeply ingrained prejudice against the commercial world and those who see – or might be persuaded to see – the opportunities and the social impact that working in that world offers. That is the relatively easy part. The far more difficult task is to discern which of those who are willing to make the jump have the competencies required to succeed in the commercial setting.

Understanding and assessing competencies

Assuming that due diligence has been exercised in screening candidates from the beginning, the question is not one of *scientific* competencies. Rather, for senior roles, it is a question of *leadership* competencies. On the basis of our experience working with senior management teams across industries and on more than 25,000 leader and executive assessments conducted during the past five years, Egon Zehnder International has developed a comprehensive model of leadership that encompasses the core competencies of top leaders. On the basis of our executive search experience and executive assessments for senior-level R&D professionals, we believe that five of those core competencies are central to the success of R&D leaders: (1) ability to collaborate and influence, (2) team leadership, (3) commercial orientation, (4) results orientation and (5) strategic orientation.

Assessing academics is doubly difficult because in many cases the practices and culture of the academic laboratory are not conducive to the competencies required for success in the commercial world. The R&D leader or human resources recruiter should therefore keep in mind those cultural influences and experiences as they assess academics along each of these five crucial leadership competencies:

- **Collaboration and influencing.** No matter how brilliant, senior R&D executives cannot simply operate by decree, as academics often can in the fiefdoms of their labs. Further, narrow academic specialties often preclude the need for collaboration. In the pharma industry, however, technologies and ideas are applied much more broadly, requiring collaboration across multiple disciplines.

Moreover, R&D leaders must be able to collaborate with people in other functional areas and with top management to collectively determine more effective approaches to R&D strategy and

operations. They must also possess strong influencing skills, even where they lack direct authority, and be able to navigate a complex and interdependent organization to achieve collective success. Good R&D leaders will readily engage with other colleagues and seek their input in decision-making. They will also actively contribute to their teams, and even compromise on their own preferences where necessary.

To determine whether candidates have those skills, probe to find out how they have solved scientific problems they have worked on and how they have gained support for advancing their key projects. Were they open to the contributions and talents of others, or were they loners pursuing their ideas largely in isolation? Above all, do they appear excited about what they might learn in the pharma world, or do they believe they are going to come in and teach the industry the 'right' way to do things?

- **Team leadership.** The ability to lead teams is an indispensable competency in pharma, especially in R&D. The commercial world requires team orientation and team leaders who can adroitly achieve consensus and alignment. A senior R&D executive must be capable of leading a team of direct reports who may need coaching, motivation and guidance. In addition, R&D executives often lead highly matrixed, cross-functional project teams that consist of team members who do not report directly to them. Senior R&D leaders must also be able to communicate effectively, both internally to their own organizations, but also externally at investor conferences and scientific meetings. Academics, by contrast, often operate relatively independently, working with the technical members of their own research groups and interacting selectively with their chosen peer group.

Team leadership also requires the ability to help develop the next generation of leaders. As the science and a company's business evolve, R&D team members must be given opportunities to develop new skills and capabilities. Academics who have demonstrated an affinity for mentoring others, such as lab assistants, grad students and post-docs, might have some advantage here, although their experience at helping people develop executive skills might be limited. The academic R&D leaders we seek for leadership roles in industry must be comfortable allowing input from their teams to make specific decisions and will usually gain team commitment through logical reasoning.

- **Commercial orientation.** Academics typically operate in a world that is far removed from the commercial considerations of industry – not only from the financial incentives, but also from such competitive issues as potential market size, speed-to-market, intellectual property rights and cost pressures. They must understand that the aim is to hit development milestones, scale up for manufacturing, clear regulatory hurdles and get to market in the most timely and cost-efficient way – with a product that will generate sizeable revenues and profits. The requirement that drugs be economically feasible and economically viable is perhaps the most difficult aspect of commercialization for academics to accept.

Because the work of academic researchers is usually financed by grants and other external support, it is possible to get some idea of academics' commercial orientation by looking at their approaches to funding. Were they astute and creative in the

ways they sought and used that funding? Were they able to leverage their grant money to get the most possible value? Were they good managers of their funding? Academics with strong commercial inclinations have often consulted scientifically for pharma and biotechnology companies or have participated in advisory panels involving industry programs. In our experience, successful R&D executives must be able to identify opportunities in their own areas that can contribute to additional sources of funding.

- **Results orientation.** In academe even a failed experiment is considered a useful result because it advances the science, if only by diverting it from a dead end. It is not unusual for researchers to publish articles about such failures as an interesting discovery in well-regarded journals. Although failures can help achieve advancements in industry as well, a research or clinical program cannot be advanced based on failures.

In fact, the notions of success and failure are far less forgiving in industry. Missed research and clinical milestones, safety and efficacy problems in clinical trials, regulatory sanctions, or manufacturing problems are costly and highly unwelcome failures. Academics must understand that simply conducting the research experiment or the clinical trial is often not enough to be considered an accomplishment. Rather, almost all aspects of an experiment or study must be favorable before the next stage can begin.

Because the industry necessarily drives toward results that produce a marketable therapy, it is important to identify academics who are willing to take intellectual and scientific risks and who seek creative solutions to overcome short-term failures. The academic R&D leaders we seek for senior-level R&D roles in industry must have a track record of consistently delivering successful results, and even delivering beyond stretch goals and expectations.

- **Strategic orientation.** In academe, research programs, no matter who is conducting them, are usually regarded as a collective and transparent social and professional enterprise aimed at increasing the store of public knowledge. In the commercial world, companies closely guard their research programs and position them as advantageously as possible in terms of therapeutic markets and in terms of the research programs of potential competitors. Academics must not only understand this strategic dynamic, but also be able to position their work accordingly and to articulate medium-term priorities. In addition, they must be able to look beyond their own narrow areas to understand the strategic impact of a broader research program on a company's overall pipeline portfolio.

To reliably assess these core competencies, it is important to have an objective system for evaluation. In addition, the interview team must be trained to ask the right questions and translate the answers in terms of these core competencies. Egon Zehnder, for example, has adopted a scaled competency model, based on long experience that has been highly effective in determining a candidate's overall ability to succeed in a particular role.

Overcoming the reservations of desirable candidates

Once motivated, suitable candidates have been identified and assessed for the requisite leadership competencies, care must be taken to persuade them to actually make the move. As with anyone

pondering a major career change, they are probably to harbor some reservations. In our experience, one primary reservation of senior academic talents is the concern about losing a stable, tenured university position in exchange for what might appear as a more risky position in industry. However, tenured academic positions still require the ability to secure research funding through writing grants. Given the uncertainty of grant funding and the increasingly small pool of available external funds, the opportunity to work in industry might be a liberating alternative for academics who desire the more stable funding resources.

Academics may also fear that they will lose touch with the academic world. One solution is to assure candidates that the company will do all it can to make sure that they stay connected to the academic world. Companies need to adopt policies that encourage the publication of academic articles, attendance at conferences and participation in other academic activities that enable former academics to maintain their ties to that community. Point out that their work with the company might very well lead them to some new publishable ideas or perhaps a patent. In addition, companies can help foster the innovative academic environment in industry by adopting the academic practice of giving scientific presentations, both for job application as well as for job promotion purposes.

Also, let candidates know that a careful onboarding process has been designed to set them up for success in their new surroundings. Introduce them to key decision-makers as well as members of the R&D team. Remember, too, that as highly accomplished scientists they might find it difficult to put aside their pride when confronted with practices they do not understand but that everyone else appears to take for granted. Arrange nonthreatening settings in which they can ask without embarrassment very basic questions about how things are done in the commercial world, about the culture of the company and about expectations regarding performance. Assign them a mentor, ideally another former academic who has successfully made the transition to corporate pharma.

In today's world of expiring patents, thin product pipelines, and relentless cost pressure, life sciences companies recognize that they need innovation more than ever. They often go to extraordinary lengths to acquire it – from scanning the horizon for ideas to license, to joint ventures, to mergers and acquisitions. Nevertheless, many company strategic decisions are made based on near-term profitability considerations and with little tolerance for the unpredictable timelines and failures that inevitably accompany innovation. Real R&D innovation can only be achieved in organizations that view R&D as a long-term investment – especially investments in talent.

Senior academics remain one of the great under-used sources of potential R&D executives. Pharma companies that get the recruitment of top academic talent right – by identifying suitable candidates, assessing them for the key competencies, overcoming their reluctance to move and creating a workplace environment focused on novel scientific and medical advances – are positioned to reap significant rewards in innovation as a result.

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