



Pharma's New Hiring Challenges: Positioning Companies for Success

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Introduction

The pharmaceutical industry is one defined by change - new disease, new drugs, new technology, new markets, new demographics. But until recently, those changes tended to occur slowly - measured in decades rather than years or even months. An arduous FDA approval process and entrenched modes of operation and development meant it could take a decade or longer for a drug to come to market, while R&D focused on “blockbuster drugs” with widespread clinical applications. What’s more, the industry was buoyed by large stables of medicines still under patent, forestalling competition by less costly generic brands while providing the revenue flow necessary for additional R&D activities and marketing.

But in recent years, the pharmaceutical industry has experienced a sea change prompted largely by competition from emerging markets, particularly by the “patent cliff,” with many of the most profitable drugs losing their coveted patent status. The result has been a major shift away from big pharma and its blockbuster drugs to a much smaller, much more nimble model, with many independent and specialty pharmaceutical companies turning their focus to biologics and specialty products - so-called “orphan drugs” designed to treat uncommon and even rare diseases in niche populations.

The potential growth in orphan drugs is huge. According to [EvaluatePharma®'s Orphan Drug Report 2017](#), by 2022:

- Orphan drug sales will reach \$209 billion globally - about twice the overall growth of prescription drug sales.
- Orphan drugs will comprise about 21.4% of worldwide non-generic prescription sales - or more than 1 in 5 prescriptions for non-generic drugs.

That’s a substantial market share, and one that’s poised for even more growth thanks to relaxed FDA regulations that make it much faster, simpler, and more affordable to bring these drugs to market.

But as exciting as these changes may be, they do present some challenges for pharma companies - both large and small - that hope to become major players in a rapidly shifting industry. And most of those challenges rely on a company’s ability to attract leadership that’s able to adapt to the new face of pharma, without falling prey to cultural “mismatch” or entrenched ideas of what pharma leaders “should be.”

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Challenge 1:

Overcoming Old Habits, Old Styles

The massive size of big pharma is one of its strengths - and one of its weaknesses. Large pharmaceutical companies are notorious for their inefficiencies in decision-making processes at every level, thwarting R&D while stunting business and marketing efforts. In a 2010 interview with [Financial Times](#), John Lechleiter, then-CEO of Eli Lilly, expressed concern over big pharma's largely inefficient model: "At a time when the world desperately needs more new medicines ... we're taking too long, spending too much and producing far too little. Re-powering pharmaceutical innovation is an urgent need."

To a degree, the slow-and-steady pace of big pharma has nurtured an industry mindset that's adapted to the luxury of long expanses of time - in development, in clinical trials, in approvals and in marketing. And that slow pace has in turn fostered a leadership style that's slower and more protracted than the style demanded by today's entrepreneurial pharma and biotech landscapes.

The focus on orphan drugs and biotechnology companies has breathed new life into an industry mired in the past, and it's leaner, meaner, stripped-down approach means today's pharma and biotech leaders must be both nimble and astute, with the ability to quickly identify new trends and markets and assess and act on emerging opportunities in order to remain competitive and profitable.

At the same time, men and women in leadership roles must be comfortable leading R&D teams under an accelerated timeline and with fewer available resources compared to their "big pharma" counterparts.

For companies looking to hire, the timing couldn't be more ideal. A current trend toward downsizing in big pharma companies means there's a broad field of seasoned pharma and biotech personnel from which to choose. In addition, many of those seeking positions with new and emerging startups are millennials, a segment of the population born and raised with 24-hour news broadcasts and internet access, engendering a sense of global belonging as well as a keen ability to adapt to change and even drive change in the future. Both sectors offer plenty of potential for the "new pharma" - but the key lies in identifying candidates who are truly agile and insightful, and who thrive in a culture of innovation and collaboration.



2 Challenge 2: Assessing Talent for Cultural Fit

Whether a company is hiring new employees or absorbing an existing staff through a merger or acquisition, making sure the new employees are a good “cultural fit” is essential, both for the employees and for the company. The term “corporate culture” is more than a human resources buzzword. The [Harvard Business Review](#) defines corporate culture as the “glue that holds an organization together. Cultural fit is the likelihood that someone will reflect and/or be able to adapt to the core beliefs, attitudes and behaviors” of the organization.

While it’s tempting to think the candidates with the longest or broadest experience in the pharmaceutical industry are most likely to be the best cultural fit for a position with a startup pharma or biotech company, that’s often not the case. In fact, while culture within a specific industry vertical like pharma may seem fairly consistent on the surface, work environments, collaborative efforts, corporate goals and other important factors can and very often do vary dramatically from one company to the next. Given the rapid evolutionary changes in today’s pharma, those differences can be magnified, making culture an even more important consideration when looking for candidates that are truly a good “fit.”

Organizational consultant [Marilyn Nyman](#) says culture shapes the “destiny” for today’s business leaders, playing a pivotal role in the executive’s success or failure within an organization, and even within the industry as a whole. “Flawless execution—the precise area where future leaders will be expected to excel—is impossible if you bungle the culture challenge,” Nyman notes. That challenge exists both for startups and for established pharma companies looking to integrate R&D and other teams following acquisition of a smaller pharma or biotech company. After all, what “works” for one company doesn’t always translate into a successful experience at a different company with a very different workplace culture.



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Cultural clashes certainly have an impact on productivity, but they can also be a prime factor for rapid employee turnover. According to a report from PwC, nearly a third of new employees leave their position within the first year of hiring, very often as a result of a cultural mismatch. High employee turnover rates can take a serious toll on any corporate environment. But in pharma, where a company's success often hinges on its ability to remain agile and responsive to even the subtlest changes in the economic, demographic and healthcare landscapes, the fallout can be especially devastating. How devastating? The same report notes the cost of replacing a single employee can be as much as 50-150% of that position's annual salary, including costs associated with recruiting and training a replacement, benefits paid to the employee who's leaving, time losses to the hiring and training team members, and of course, productivity. The losses are compounded by the fact that most employees have relatively low productivity levels during their first year of employment, which makes the ROI of a new hire exceptionally low when that new hire leaves within the first 12 months.

If you assess culture fit throughout the recruiting process, you will hire professionals who will flourish in their new roles, drive long-term growth and success for your organization, and ultimately save you time and money.

Assessing a potential employee's own cultural strengths, weaknesses and professional biases is critical for increasing the likelihood that the candidate will transition to their new role with the least disruptions possible, while also ensuring the candidate will be happier and more productive in his or her new role. These factors can also promote longer tenure while decreasing the risk of an employee's early departure. And in any rapidly evolving business landscape, that means the hiring process has to remain agile and adaptable to stay apace and keep businesses productive, innovative and successful. Staying abreast of all these changes can be a Herculean task even for the largest internal human resources teams, which is why outsourcing executive search and hiring practices makes sense for companies of all sizes. The HBR report sums it up nicely: "If you assess culture fit throughout the recruiting process, you will hire professionals who will flourish in their new roles, drive long-term growth and success for your organization, and ultimately save you time and money."

3 Challenge 3: Overcoming “Big Brand” Bias

When early-stage biotech and biopharmaceutical companies look to recruit senior technical leadership to focus on drug development and clinical operations, they often face pressure from board members and investors to hire senior executives who have a big pharma “brand” attached to their CVs. In the traditional corporate model, hiring C-level executives with a pedigreed tenure in the same industry made sense; luring a top player from one company to a leadership position in another typically resulted in advances in the company’s authority and reputation among industry peers and competitors, as well as providing some “bragging rights” and an opportunity to gain some attention from the press, and even from Wall Street investors.

But today’s global marketplace and disruptive economic influences have changed all that, and the qualifications that used to be seen as “automatically desirable” among executive personnel don’t always confer the type of expertise and agility necessary for today’s specialty pharma companies and biotech startups. Indeed, it’s a very small subset of executives who can successfully transition from a large, multi-billion global pharmaceutical company to a fast-growing entrepreneurial biotech with a smaller budget and a much different product line and audience.

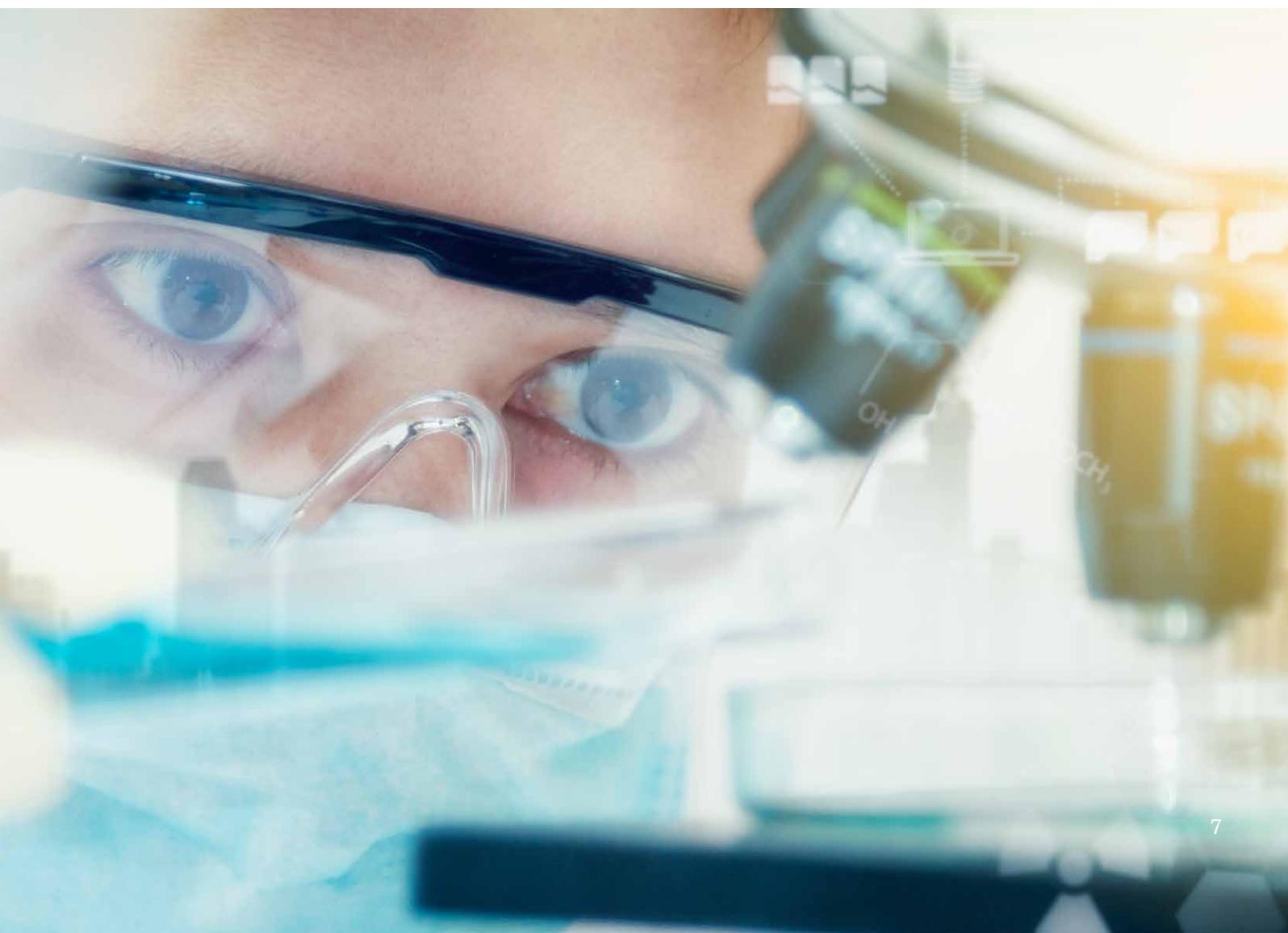
In this market, the key to building a successful executive team is to be open-minded during recruitment and willing to draw from outside the cadre of the “usual suspects” when seeking new candidates for leadership positions. Pharmaceutical companies that are able to identify and leverage best practices from other industries will gain significant advantages over their competitors, and that means adopting an out-of-the-box-style of thinking when it comes to recruiting. According to a report in PharmaExec.com, bringing in talent from outside the pharma industry creates “unique competitive capabilities or advantages that the company could not obtain internally, through unique expertise in efficiencies, processes, relationships, or technologies.”

Even large, established pharma companies are recognizing the need to shift away from traditional paradigms in improving agility and innovation. The [2011 alliance](#) between pharma giant GlaxoSmithKline and Formula One race car company McLaren is an excellent example of how pharma companies are re-evaluating their business, R&D and marketing models, recognizing - and benefitting from - strategic alliances that cross industry boundaries to share expertise and resources for better results and a stronger bottom line. After identifying several weaknesses in its key sectors, GSK began scouting for the ideal partner to help them address those weaknesses, ultimately securing a partner from a completely different industry that had the skill set and the expertise necessary to enable GSK to address its deficiencies and grow its market share.

When confronted with brand bias, it’s imperative for nascent and emerging pharma and biotech companies to impress upon board members and investors the tremendous value that can come from shedding the traditional paradigm of hiring from within the industry, while focusing instead on the company’s specific needs and how they intersect with the skills, values and ideas of the individual candidate.

Summary

To remain competitive, today's pharma and biotech companies need to develop and implement hiring practices that seek not only to support today's innovations and markets, but also to build on emerging trends and shape the industry of tomorrow. Understanding the challenges that influence those practices is the first step in ensuring your workforce is positioned for success.



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