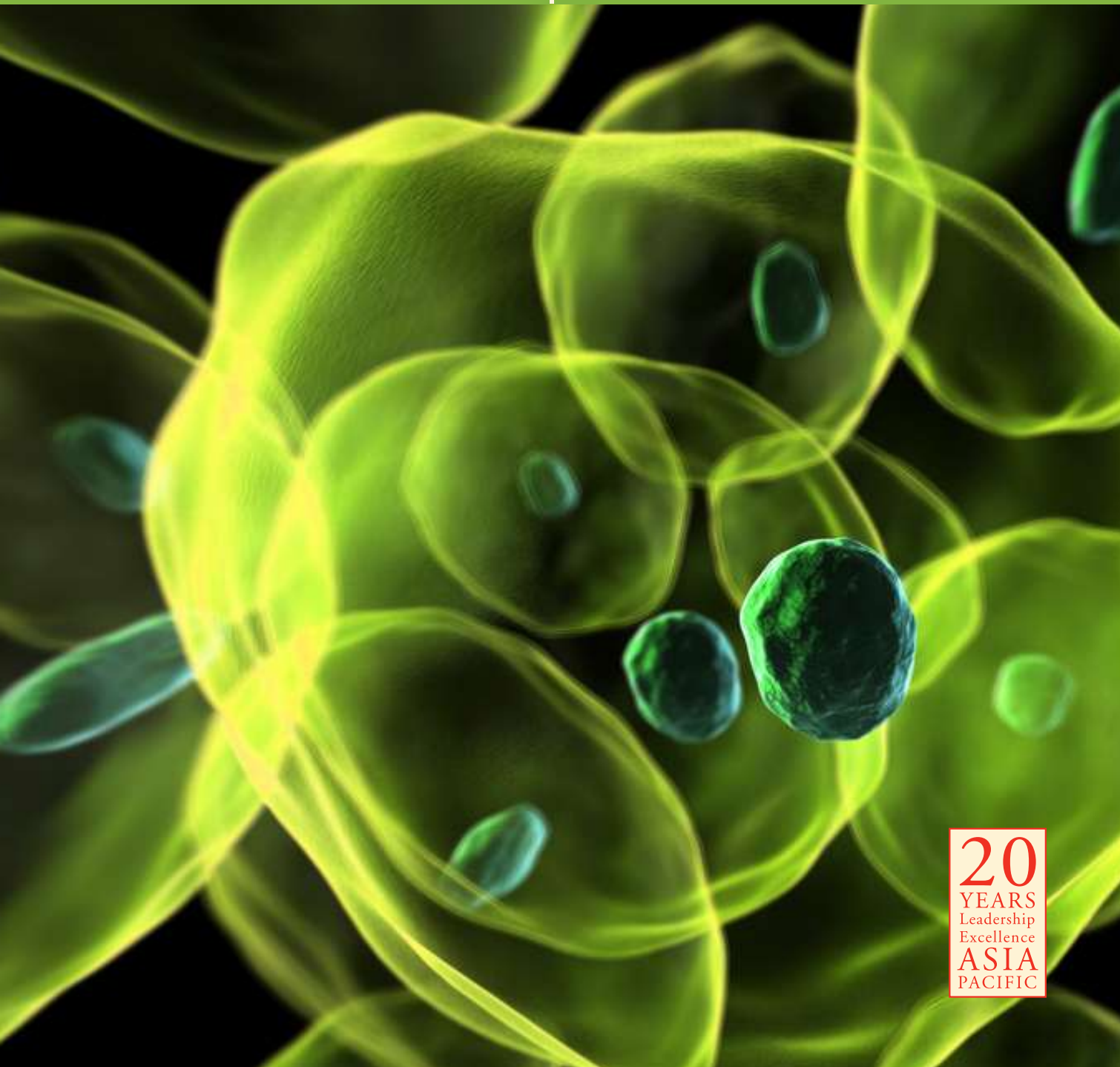


A series of market insights on LIFE SCIENCES issues which impact and drive the growth of client businesses.

LIFE SCIENCES

Insights II



20
YEARS
Leadership
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ASIA
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HERALDING AN ERA OF CHANGE

As the pharmaceutical industry evolves, Charles Moore says that the challenge now for life sciences leaders lies not just in bringing about change, but with the right leadership.

STAKING A CLAIM: BIG PHARMA ROARS INTO CHINA'S WEST

It is predicted that the next growth phase for China will come from the constellation of China's second and third tier cities as the pharmaceutical industry progresses. Jerome Bucher shares some highlights of conversations he has had with the China CEOs of leading pharmaceutical companies.

NICHE MEDICAL DEVICES IN JAPAN: IMAGE IS CRITICAL

In this article, Walt Ames examines some of the problems encountered by niche medical device makers attempting to penetrate Japan's image-conscious market and provides tips on how to sow the initial growth seeds to ensure a fruitful harvest.

THE TYRANNY OF TITLES IN KOREA'S LIFE SCIENCES INDUSTRY

With globalization, flat management structures and open communications have become the emphasis in many companies. Yet in Korea, titling protocols are deeply ingrained. Mark Sungrae Kim argues that to successfully hire in Korea, companies need to accept and understand the importance of titles.

AMERICA: STILL PRIORITY ONE FOR AUSTRALIA'S LIFE SCIENCES FIRMS

As more Australian life sciences firms gain stronger foothold in the U.S., the challenge of finding people who can understand the vagaries of the American market and at the same time feel compelled enough to work for a foreign firm arises. Stafford Bagot explores this issue.

ENTER THE OUTSIDER: THE DANGERS OF BRINGING IN NEW LEADERS

Questioning the 'sink or swim' attitude toward newcomers, Charles Moore points out that this practice would be disastrous in the life sciences industry as it increasingly relies on talent from outside the sector. He says that to succeed at the on-boarding game, firms must play a major role in integrating new executives during the early months with proper coaching and mentoring programs.

IN NEED OF BRAND-AID

It is believed that the Indian life sciences industry has failed to successfully build a brand image that resonates as industry of choice for both customers and prospective employees-alike. Ganesh Ramakrishnan delves into some of the issues associated with this occurrence and how pharmaceutical firms in India can build a more compelling brand story.

HOW TO KNOW YOUR TEAM – AND MANAGE THEM

Leaders need to recognize that in order to be effective, they must adjust their communication styles to suit individual team members. Charles Moore shares his insights on some key characteristics that can help a perceptive leader with his team and make them part of his loyal power base.

TIME FOR LEADERSHIP COURAGE

Few champagne corks are flying from the balconies of corporate headquarters these days. Stephen Langton finds that as easy money runs out, all eyes are turning to a box on the wall housing the word "leadership" and a label under it that reads: "In emergency, break glass". Courage in leadership is back in fashion.

Heralding An Era Of Change

The pharmaceutical industry is heralding an era of change and Big Pharmas are starting to accept that change is inevitable. New business models are being contemplated as are bold new sales strategies, including the sharp fall in the prices of medications sold in developed markets.

These changes are, of course, a reaction to the challenges the industry is currently facing: blockbusters going off patent, aggressive generics makers in both developed and developing markets, and the ever so arduous process of developing new drugs. Some companies are well on their way to adjusting, others struggle. The challenge for pharmaceutical leaders lies not just in bringing about change, but with the right leadership.

As the industry evolves, life sciences firms need to start looking outside the sector for people with skills that the industry needs, people who can anticipate and work in a rapidly evolving marketplace, says Ramesh Subrahmanian, President, Asia Pacific Human Health at Merck. Having a solid background in pharmaceutical sales is no longer the sole pre-requisite.

“We need people who can see around corners and who have broad business acumen and diverse background. People with the ability to balance a number of stakeholders: patients, physicians, the scientific community, payers, distribution channels and hospitals,” notes Subrahmanian. “There will be a premium on people who can innovate and move quickly. The biggest change is to look outside pharma for the skills we need. We need to be open to drawing on best practices from other sectors.”

A NEW LOOK

Leaders in life sciences firms who have risen through the industry’s traditional pillars of sales as well as research and development will continue to hold important roles. However, as the industry undergoes a sea change as it takes advantage of new opportunities, so too will the composition – and relative importance – of the members in the leading team.

As Subrahmanian suggests, the leadership team of life sciences firms will have a substantially different makeup in the decades to come. This will have a direct impact on the corporate culture of pharmaceutical firms.

To change a culture, leaders need to know what they are dealing with. There may be buzz words

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linked to the corporate cultures such as “excellence”, “shareholder value”, “integrity” and “customer led”. But in most companies, the culture is revealed not through words but through actions.

Leaders must be able to read the unwritten code that the company lives by. They must interpret culture through observation and inquiry. Transformational change is something the workforce carries out rather than the leader, whose

One of the most significant changes in the sector is the realization that there is life after patent expiration. The firms that have embraced the changing landscape are changing their teams, bringing in brand marketers who can build loyalty among doctors and patients.

role is to create the conditions for change. The leader invites a cultural change by instituting new operating processes, by choosing a new management team and through leading by example.

One of the most significant changes in the sector is the realization that there is life after patent expiration. The firms that have embraced the changing landscape are changing their teams, bringing in brand marketers who can build loyalty among doctors and patients. Such marketers are found not in pharmaceuticals, but in the world of fast moving consumer goods (FMCG).

Marketers who, through effective branding, are able to induce consumers to pay a large premium for a discretionary purchase are offering a powerful antidote to cheap, but faceless, generic life sciences products. Where health is concerned, almost every consumer will go for the more trusted brand.

“Brands indicate value and trust. In markets where employees must pay for their own medications, there is an opportunity to establish a value proposition with the medical community and patients,” says Subramanian. “Ultimately we need to focus on what outcome we are delivering to patients. Are we delivering the outcomes that patients expect? We have a role to play in educating people about keeping healthy; it goes far beyond just providing medications.”

FURTHER CONSOLIDATION

As both big pharma players and generics increase their market share, spurred on by market liberalization and commoditization, the more progressive companies are in a race to boost their mergers and acquisitions (M&A) activities.

Traditionally, the life sciences industry has never been the prime target for M&A, even to the leading financial institutions. But the malaise in the world’s financial markets today offers a superb opportunity to poach leading M&A professionals. Due to the tremendous risks inherent in any merger and acquisition, both in short-term execution and long-term integration, a strong M&A team is essential in helping to mitigate those risks.

As the life sciences industry remains highly fragmented, Subrahmanian expects to see further consolidation. Even then, he thinks that making the right acquisitions is only one piece of the puzzle.

“Far more important than acquisitions will be the types of partnerships we have in the market. All pharmaceutical companies, including Merck, have a good track record at looking at external partners, ranging from hospitals to schools to community groups. The ability to work with different types of institutions will be very important in the future.”

In an increasingly wealthy world, where chronic “rich-world” diseases abound, there are countless opportunities for life sciences to make a difference in people’s lives, while retaining viable business models. Companies that understand this and are able to rise to the challenges with the right calibre will prosper in this era of change.

Staking A Claim: Big Pharma Roars Into China's West

The unparalleled growth of pharmaceutical multinationals in China's big coastal cities is well documented. Though the likes of Shanghai, Beijing, and Guangzhou still have their share of opportunities (and challenges), the next growth phase will come from the constellation of China's second and third tier cities. Cities in central and western China with populations in the millions that would be major urban centers in other countries.

Big Pharma's aggressive expansion into these cities will rank among the biggest growth eras in the history of the industry. To get some sense of how Big Pharma is dealing with the rapid growth, Heidrick & Struggles conducted wide ranging interviews with the China CEOs of leading pharmaceutical companies. Speaking on the strict condition of anonymity, they revealed a good deal about the race underway to stake a claim on China's emerging cities.

"If you want short term, quick wins, stay in the coastal cities," says one CEO. "Focus on the big hospitals where you see thousands queuing up. But if you want to grow strategically over the next decade, you've got to look west to the second and third tier cities. The Big Pharma players tend to be in 100-150 cities, but these represent just 15-20% of China's population; there are over 600 cities with growth potential."

Launching a company in uncharted territory is expensive. China's frontier regions are staggering in scale, and every year a firm can easily touch 30 million people, roughly half the population of France or the United Kingdom. "The problem is

an absence of accurate data and information, which is characteristic of China," the CEO continues. "But if you wait five years to enter these new markets, the job then will be much bigger – and much more expensive."

Balanced market leadership is only possible with broad market penetration across the country. Achieving this penetration is not easy, mainly because market access is a slow process for innovative firms. Getting onto reimbursement lists, building relationships with key stakeholders and educating the physicians is a priority before moving aggressively into more remote areas.

In his view, success in a new market is contingent on carefully selecting the right market based on GDP per capita and whether his firm's products are on the all important reimbursement lists. "If your drugs aren't on the shelves and on the lists, then there is no point sending in your sales and marketing teams. Set up the infrastructure first, and then move in."

And, of course, there is the tyranny of talent. The talent gap is particularly acute in second and third tier cities. CEOs feel that by expanding as fast as possible they are buying time to find and develop

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talent locally, particularly managers. Says one CEO, “This is perhaps the biggest advantage of being an early bird.”

China’s limited pharma talent pool creates other problems. Owing to rampant poaching and high turnover among the Big Pharma players, with the same people moving around between companies, most firms are operating on the same assumptions.

“The Big Pharma firms chase each other,” says one CEO. “If four big players are doing something, and the fifth isn’t, then the fifth firm can probably

Finally, there is the question of the model that is used for growth. China’s vast size and broad array of ethnic groups make decentralization inevitable, creating a requirement for strong regional general managers who can act autonomously, yet at the same time drive the correct corporate culture.

jump in at the last minute and still do fine. It’s not uncommon for rivals to follow us into a new market only to try the same things and make exactly the same mistakes we have.”

Offering the right product portfolio is essential, but this does not necessarily mean offering the latest product range. In China’s new markets, it is best to lead with solid, stable performers that have good brand awareness and which can be sold at a

reasonable price – unsurprisingly, affordability is a more acute issue in second and third tier cities. “Given that second and third tier cities are also a bit less sophisticated, your sales force does not need to be as specialized, but can rather sell a range of different products,” says a CEO. “At first the returns will not be so great, however, success takes time and commitment.”

Finally, there is the question of the model that is used for growth. China’s vast size and broad array of ethnic groups make decentralization inevitable, creating a requirement for strong regional general managers who can act autonomously, yet at the same time drive the correct corporate culture. Ideally sales, marketing, and some finance roles should report to this individual. Core disciplines such as human resources, brand marketing, talent development, and the majority of finance roles should have a direct line to headquarters in Beijing or Shanghai.

“There are principles we apply everywhere such as ethics, high values and non-bribery,” says a CEO. “We are more careful in emerging cities because we are starting with new people. To ensure better business practices and success, the first line managers in these cities are extremely important. Many companies bring in people from other cities whom they trust, helping to establish the right culture. You also need to impose more controls around things like business practices and ethics. You have to control things very tightly – a blind rush for quick success is a recipe for disaster.”

Niche Medical Devices In Japan: Image Is Critical

Japan's medical devices market is huge, second only to the United States. A presentation given by a U.S. Department of Commerce official in April 2008 set the market size in the region of US\$19 billion, with imports comprising between US\$8-9 billion. Considering Japan's rapidly aging population, where 1 in 4 Japanese will be over 65 in 2015, the outlook is indeed bright for device makers. Unfortunately small, niche device makers have found Japan to be an immensely challenging endeavor.

The problems are many, according to the managing director of one western device firm that makes an implant used for a chronic condition in children. First, there are few key opinion leaders who can help him promote products in the medical community. "My head of sales and I are the only two guys in the country talking about our product," he says. "And when we do find someone who is considered a key opinion leader in our area, often it is like talking to a brick wall because they have limited knowledge or their own opinion on how to promote a product."

The general challenges faced by niche medical players are, of course, as varied as the products the niche players make. A maker of an advanced cardiovascular device will have far different challenges than a company that makes low cost disposable products. That said, virtually all foreign niche medical devices in Japan face an uphill struggle when it comes to building a solid leadership team.

THE VANISHING GM

Take the extreme case of one device firm from a western country. Last year, it attempted to enter Japan with a revolutionary cardio-related device that had enjoyed tremendous success at home.

A maker of an advanced cardiovascular device will have far different challenges than a company that makes low cost disposable products. That said, virtually all foreign niche medical devices in Japan face an uphill struggle when it comes to building a solid leadership team.

Deciding to wade into the market carefully, the firm offered a low base salary for the General Manager's role. Before long they found a somewhat desperate person to be GM, but after a few months the individual they hired vanished, dashing (for now) the firm's hopes of success in this key market.

Because Japanese managers almost always focus more on cash compensation than on equity, the temptation to low-ball salary can be a costly false economy. Foreign niche medical device makers suffer a number of other handicaps when it comes to finding serious, quality leadership to lead and grow their Japan business.

One issue is image. Japanese are notoriously brand-conscious, and aside from having no brand identity in the country, many niche medical players have found the door to Japan to be a revolving one.

Over the long haul, those that are patient and build the right leadership team will enjoy the fruits of this market, while also seeing their products benefit Japan's aging population.

They enter, find the going difficult (usually because they don't have the right leadership team), and then exit within a few years, damaging whatever brand equity they developed. One prominent niche player has entered and exited the market three times in the last twenty years, making it virtually impossible to be taken seriously by the market. Smaller companies especially need to do their due diligence and be prepared to make the proper investment in order to be successful.

"Small devices companies that enter Japan have a bad reputation," says the Japanese managing director of a western niche dental products firm. "There is a lingering image that they will disappear quickly. What's more, Japanese executives are wary that they will be bought out or go through a merger. They see the larger devices firms as being much safer bets." While not unique to Japan, such thinking is widespread.

Formerly from a larger, brand name devices firm, he says he knew nothing about his current firm before it approached him with the opportunity to lead its Japan growth. Aside from not knowing the

company or its products, he also knew nothing about the size of its potential market.

BIG CHALLENGE, BIG RISK

"To many Japanese medical executives, joining a small firm is a big challenge and a big risk. Before joining this firm, I was aware that there is a huge market for major devices such as pacemakers and the like, but I had no sense of the dental market. It was only after I joined that I realized the sheer potential of the market."

For niche firms entering Japan, he has several tips. The first is making a compelling, detailed case about the size of the firm globally and the quality and competitiveness of the products. It is also key to discuss the company's growth strategy and the size of the future market. Only if a quality executive feels he is entering a good opportunity at the ground floor, will he be tempted to make the jump.

Niche medical devices firms can succeed in Japan, but first they must clearly assess the immense challenges of entering the world's second biggest device market. Over the long haul, those that are patient and build the right leadership team will enjoy the fruits of this market, while also seeing their products benefit Japan's aging population. The trick to success is showing candidates that the firm has strong potential, and is committed to Japan for the long haul.

The Tyranny Of Titles In Korea's Life Sciences Industry

In few areas of business is globalization more noticeable than in the area of corporate titles. Offices and cubicles throughout the world proliferate with managing directors, directors, and vice presidents. Much of this has to do with the multinational companies' drive to facilitate true cross border teams. The emphasis is on flat management structures, open communications between all levels and western style egalitarianism. Yet in some countries such titling protocols are but a gloss over older, and more deeply ingrained, titling systems. Nowhere is this more true than in Korea – and MNCs ignore this fact at their peril.

A Confucian society since antiquity, Korea has traditionally placed an intense emphasis on seniority under its “HoBong System” of seniority-based promotions and pay. When one joins a company out of school, his title is “SaWon”, which means “employee”. After three to five years, a promotion to assistant manager is expected – and a raucous party with friends to celebrate the occasion. After another four years one becomes a manager, and another party follows. Within the ranks themselves, there are subtle differences in pay and prestige, again based on seniority.

For decades this system served Korea well, and then came the system's (apparent) death knell: the Asian Financial Crisis of the late 1990s. One result of the crisis was soul searching in corporate Korea. While the culture did not change overnight, Korean companies decided to change, adopting the western “salary system”, in which one's remuneration and title is based not on seniority, but on job description, competence and, most importantly, job performance.

THE TROUBLE WITH TITLES

Nonetheless, strong traces of the old ways linger on at both local and multinational companies. For non-executive positions, many companies still have around four titles while some financial and other industries have three titles. Executives are called “Imwon”, and there are usually two to five different level of executives below the President/Country Manager.

Many large companies have abolished the “Isa” (Director) title, only to replace it with two to three different titles, such as “SangMu” (Vice President), “JeonMu” (Managing Director) and “BuSaJang” (Senior Executive VP). Nonetheless, “Isa” is still found in many multinational companies, but only at senior levels as a reward for long service. Korean colleagues still address each other using titles, and unless you know somebody's title, you cannot call them. At corporate events, one is often asked what this or that individual's title is.

“Our company abolished Korean titles about five years ago,” says the Korean human resources director of a leading multinational pharma company.

Within the ranks themselves there are subtle differences in pay and prestige, again based on seniority.

“The company has no internal/external titles except for its senior executives. Most companies still use local titles externally, especially for sales people. That said, some people still call each other by the

A clear policy must be developed with human resources that clearly delineate what local titles can be provided for a given position.

old titles – old habits die hard.” In a corporate context, many companies are finding this obsession with titling stifles the free flow of communication. While junior colleagues can speak to senior colleagues, often the senior colleague has to be the one to initiate the contact. In some organizations, it is taboo to speak with anybody senior to your boss. Much depends on the size and culture of the organization, but often senior managers – particularly those from the West – find the situation highly frustrating.

Attempts to resolve title psychology have been mixed. Some companies have abolished titles outright, committing themselves to the sole use of English titles, and also to not address people by title internally. Perhaps the most well known recent case of this is SK Telecom, which adopted what it calls the “Manager” system in 2007. Under this system, everyone’s title has the word Manager. The rationale is that even though many are not “managing” other people, they are “managing” their work. While new entrants to the company are happy with this arrangement, some veterans in the company have expressed dismay at this state of affairs. In 2000, CJ Group also abolished internal titles, but now its staff are happy with the new arrangement.

Julie Jang, the Korean human resources head of medical devices firm Medtronic, says the company abolished the internal title system in January 2008. “We did it because it helps Medtronic Korea fit better with the global organization. What’s more,

we have a flat corporate structure and abolishing titles helps to improve communication.”

But even some firms who have retained Korean titles are phasing them out. “Our company used to have about ten different local titles, but these have been reduced to seven,” says Peter Kim, HR Director at Bausch & Lomb Korea. “These will be further reduced in the future. For Korean firms, they need to align titles more with regional and global titles.”

LEADERSHIP IMPLICATIONS

The old title system has many implications for corporate leaders. First, Koreans often want a better title when they change jobs – although some may accept a lesser title if the organization they are moving to is much larger or deemed as more prestigious than their current employer. Then again, some Koreans insist on a better title irrespective of the size of the organization they are joining. In many cases titling can be a deal breaker. At more senior levels, some companies reserve the title “JeonMu” for executives in their fifties, but often forty-somethings demand this title before they will join a firm.

To successfully hire in Korea, companies need to accept the importance of titles. While many companies have struggled to put the title issue to bed, it is still ingrained in the country’s corporate culture. A clear policy must be developed with human resources that clearly delineate what local titles can be provided for a given position. They should try to keep the layers of titling as simple as possible, and perhaps abolish them altogether internally. Irrespective of this, the tyranny of titles is likely to remain for years to come.

America: Still Priority One For Australia's Life Sciences Firms

America is reeling from the worst economic crisis in decades, but it is still the single most important market for Australian life sciences firms. In 2007, Australian hearing-aid maker Cochlear earned 46% of its revenues in the Americas, 39% in Europe, and just 15% in the Asia Pacific. Another Australian medical devices firm, ResMed, is listed in both the United States and Australia, and operates in 68 countries. In 2006, Forbes recognized ResMed as one of the Best Small Companies in the U.S. for the 10th year in a row.

While such firms are a testament to Australian ingenuity and technology, their heavy focus on the American market underlines the tyranny of distance that Australia's smaller life sciences firms face. No Australian life sciences firm can afford to ignore this market. The challenge is finding people who understand the vagaries of the American market and issues such as FDA approvals, clinical trials, advertising regulations, and the like. Often, such executives must also be comfortable working in Australia to help secure vital venture capital funding, while also attracting American capital – no small challenge in today's difficult economic environment.

“The Australian market is simply too small to support a growing Australian company to get to a reasonable size, as the U.S. life sciences market is nearly 30 times bigger,” says Mike Hirshorn, Director of venture capital firm Four Hats Capital, and a CEO of Cochlear in its early years. “What's more, most of the large companies Australian firms want to do business with have head offices in the U.S., not Australia.”

Hirshorn notes that few Australian entrepreneurs have experience in foreign markets. Given this, American hires can offer a strong technical background. “Each large market has its own special characteristics, and Australians often don't have experience in those markets. They have to learn from scratch.”

SHORT TIMERS

According to Paul Butler, CEO of USCOM, a small Australian medical devices firm, one of the initial problems is getting the attention of U.S. companies. “There is so much activity in North America that potential U.S. clients can subsist on homegrown ideas and biotechs. It's hard to get a level of interest. Also, the people available for hire

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in the U.S. are often more short-term consultant types who don't have much influence. Many Australian firms have been involved with consultant types and end up getting little value. Finding somebody who can provide value is a real challenge.”

Anne Marie Leslie is the Senior Vice President of Human Resources at Cochlear and previously worked in talent acquisition for Bristol Myers Squibb. She has extensive experience recruiting leaders globally. Before even attempting to tap the

U.S. market, she suggests Australian firms determine first whether they will be working through distributors and partners, or going direct.

“Few Australian firms realize the degree of segmentation within the U.S. market, and what would be a total business in Australia is just one segment in America,” says Leslie. “This is a fundamental difference between the two markets. What you do yourself and where you have strategic partnerships is extremely important.”

Ironically, the very factors that make the U.S. a difficult market right now are the same ones that make it viable for small Australian firms to put

Ironically, the very factors that make the U.S. a difficult market right now are the same ones that make it viable for small Australian firms to put together an effective and competent American team.

together an effective and competent American team. Facing a challenging job market at home, American life sciences executives today are far more willing to look abroad for work. While Australian life sciences firms have traditionally paid less than their U.S. counterparts, the strong Australian dollar of recent years has brought pay grades to near parity. Of course, the world economy and the fluctuations in currency values are making this more challenging at present – but Australian venture capital firms are increasingly willing to pay for the right people. What is more, Australian firms offer

between 2-4% equity for senior executives, comparable with America.

THE QUESTION OF PRESTIGE

Another challenge Leslie notes is American managers’ concerns about their resume, in that they often see American companies as more prestigious than foreign ones. “The American market looks at the companies you’ve worked for and the credibility it gives your career,” she says. “Cochlear has a strong track record of success, which has been extremely helpful in hiring. To hire the best people, you’ve got to show the success of the business, its future potential, and make it compelling for the individual.”

Distance aside, Australia is in many ways the ideal overseas location for Americans, particularly those with families. With modern communications, distance is not as much of a burden as it was even five years ago. What is more, Australia’s schools are first class, and the nation is comfortable and safe. “Overseas experience is becoming increasingly important for Americans, and Australia is a great place to get this experience,” says Leslie. “I’ve done extensive shipping of talent from America and vice versa. I’d say in my experience, Americans have always loved working in Australia.”

Small Australian firms can win the war for talent in America’s life sciences sector. The key to doing so is finding the right people and making a compelling case for an executive to work for a foreign firm. However challenging the search may be, it will be far outweighed by the fruits of success.

Enter The Outsider: The Dangers Of Bringing In New Leaders

Recently a large corporation hired a new CEO for its Asia Pacific operations. Originally from China, her remit was to oversee a business with offices across the region, employing thousands that generate revenues in the region of one billion US dollars. Several internal candidates had been exhaustively interviewed for the role, but corporate leadership in Europe decided to bring in an outsider.

Problems soon emerged. The direct reports of the new CEO started communicating directly with the firm's European headquarters, which had failed to realize the resentment her appointment had created internally. For her part, the new CEO also failed to see this resentment, and pushed through some major changes without the buy-in of her team.

To reverse the deteriorating situation, global management appointed a disinterested third party to facilitate a regional management meeting, garner 360 degree feedback on the new CEO, and provide ongoing coaching support for her. The process highlighted her key leadership challenges, and set up a framework that helped her make an easier transition into the company.

While this is not a story from the life sciences sector, it offers a cautionary tale for life sciences firms, as they hire more people outside the sector, particularly in functional areas such as marketing, logistics, human resources, and finance.

Hiring a high-performing marketing professional from a fast moving consumer goods (FMCG) firm as your marketing vice president or a mergers expert from Wall Street as your finance director, is only the start. The rounds of interviews a new hire goes through only hint at a company's culture.

Newcomers often have little inkling of what to expect when they arrive for work on their first day, and assimilating into a new firm and a new industry is extremely challenging.

“You buy skills that you don't have,” says Steele Alphin, Chief Administrative Officer for Bank of America. “You recruit people who give you a competitive advantage because of the skills they have. And the people who have these skills might

Newcomers often have little inkling of what to expect when they arrive for work on their first day, and assimilating into a new firm and a new industry is extremely challenging.

not be in your industry; in fact, often they are outside your industry, and that alone can be a competitive advantage, given how quickly the competitive landscape can change these days.”

Sadly, many companies – and life sciences firms are no exception – have a dismal record at welcoming newcomers aboard. Often, a new executive arrives on day one to find a second-hand computer that does not work, no email access and an office full of in-the-dark colleagues. On a deeper level, they are set adrift in a strange new corporate culture, and colleagues may resent that they were overlooked for the role.

OFF YOU GO...GOOD LUCK!

“Many companies spend so much effort hiring experienced and talented people, then drop the

ball once the new hires are on board,” says Professor Jeffrey Pfeffer of the Stanford University Graduate School of Business. “You need to help people understand how they are supposed to work in the organization and what the expectations are so that they are constructive to the culture.”

Aside from getting the small things right, senior managers must announce the newcomer’s arrival well before he steps through the door, providing everyone in the organization enough information to come and introduce themselves. Some companies designate a coordinator responsible for introductions and training on systems ranging from telephones to the computer network – things many would hesitate to ask the executive in the next office. Going a step further, it is essential to arrange a slate of meetings with the people with whom the newcomer will have the most interaction.

An informal, yet important, part of any on-boarding experience are social events where the newcomer can interact with his colleagues. This should not be left to personal initiative. Heavy workload, frequent travel and demands at home have greatly reduced the time available for long lunches and after-hours drinks.

The managing director or CEO must make it a point to schedule regular social outings for top

Coaching and mentoring programs can help those new to the industry become familiar with the unique aspects of the sector – particularly those that pertain to life sciences.

team members and their partners. Such meetings can build a sense of community, and provide a way for the newcomer to develop closer personal and

professional relationships within the company.

Two-way communication is also essential. A new executive needs, at the outset, the opportunity to discuss his experiences and challenges in a comfortable environment.

“We realize that an underlying part of leadership development is ongoing communication and dialog among senior managers,” says Kenneth Lewis, Chairman, President, and Chief Executive Officer of Bank of America. “We meet on a quarterly basis as a group to identify specific needs at various levels, to talk about success stories and failures, and to talk about the process of change where change is necessary.”

HR’S ROLE

Human resources must play a major role in integrating new executives during the early months, and also in providing the foundation for a long-term career. Coaching and mentoring programs can help those new to the industry become familiar with the unique aspects of the sector – particularly those that pertain to life sciences. As part of the induction phase, it is also useful to give the newcomer a period of six months to a year at the corporate headquarters. This will give him a chance to acquaint himself with the corporate context in which he will be operating.

As life sciences firms increasingly rely on talent from outside the sector, they cannot afford to take a ‘sink or swim’ attitude toward newcomers. The processes and practices of the pharmaceutical sector are unique, though long-term life sciences executives may well take such things for granted. To succeed at on-boarding new talent, life sciences firms must step back and consider every aspect of what it is to be a newcomer.

In Need Of Brand-aid

Over the past decade, India has rapidly advanced up the pharmaceutical value chain. Today it is increasingly a destination for global pharmaceutical companies looking to outsource early-stage drug discovery.

The spillover effect of this contagion has also spread to local players. Prompted by the introduction of new patent laws in 2005, Indian companies such as Nicholas Piramal, Cipla, Dr. Reddy's Laboratories and Ranbaxy have risen to the forefront of the life sciences world with discovery programs of their own. Some of them have even gone on to acquire overseas companies. Growing market sophistication in India has since led to the development of specialist service providers in contract research and manufacturing services, medicinal chemistry, toxicology, and other niche areas.

The country boasts of a vast pool of trained manpower, significant cost advantages, and an increasingly favorable patent regime that supports innovation. While many of these growth supplements have put India's technology sector on the world map, the pharmaceutical industry seems to suffer one malaise – the ability to attract and retain the leadership that will help them capture all the opportunities before them.

“For the longest time, working in the pharmaceutical industry has been a profession of chance rather than of choice. The job of a medical sales representative in Indian culture for example, has in the past not been viewed as favorably as that of retail management or clinical development,” explains Aparna Sharma, Human Resources Director at UCB India Private Ltd. “The perspective was that those in the industry tended to lack ambition. We need to correct these stereotypes.”

SYMPTOMS, CAUSES AND EFFECTS

“Finding the right people is my biggest challenge today,” says Sandeep Gupta, Chairman and Managing Director, Eli Lilly India. “It takes more time than ever to fill the positions available, and attrition is a cause for concern across all levels. At the junior ranks, it can be as high as 40 to 45 percent. At the senior level, executives traditionally rose through the ranks and there was little movement across industries. In the current environment, with the industry losing its brightest people to banks, technology firms and HR consultancies for example, there is a serious danger of leadership gaps at the very senior level.”

Where candidates were once willing to overlook short-term inconveniences for the sake of building stable long-term careers, the intense war for talent arising from India's booming economy has meant that candidates are now very selective. The IT industry for instance, has successfully translated their drive to scale the innovation ladder into a brand image that resonates with both customers and prospective employees, and is now a destination of choice. The Indian life sciences industry on the other hand, has failed to create similar buzz. “At the end of the day, money and perks are not the sole reasons why people stay with a company,” says Yatin Samant, former Country Managing Director for Allergan India. “In our industry, we have the opportunity to make a significant impact on millions of lives. Each employer has something unique to offer in this respect, and this forms a distinctive value proposition. Only a handful of companies in India have taken advantage of this,” he adds.

A BRAND HEALTH CHECK

The problem with the Indian pharmaceutical industry may actually lie in the disconnect that exists between product and corporate brands. With products being anchors of revenue, companies have tended to invest heavily to create distinct identities for them. Across a number of industries today, product brands have become very sophisticated – moving beyond mere logos to actively communicating physical and emotional benefits to their customers. Products in the pharmaceutical industry however, have limited, short shelf-life and ‘brand life spans’, compared to corporate brands.

With corporate brands not directly subject to such revenue pressures, less attention has been placed in creating distinct identities for them. As a result,

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few people outside a firm tend to know what values the firm upholds. And unless companies actively live these values, such as having original research to support a brand value of innovation or having extensive corporate social responsibility to support a brand value of integrity, they will have nothing more than a title and salary to attract a candidate.

Furthermore, we are not aware of any Indian pharmaceutical company that has a dedicated team that actively communicates their corporate value proposition in an integrated and coordinated manner. Many still rely on employees across the

board to play this role, often without any formal training, and neglect the fact that one slight misstep with any of its many stakeholders, such as local government agencies, patients, educational institutions and the media, could have critical implications on their brand value.

Pharmaceutical companies could do well to adopt some best practices from other industries. One example would be to engage the mass media to tell the world about how they live their brand values. Technology leaders such as Cisco and Infosys have invested heavily in cutting-edge campuses and work facilities for their staff, and have taken steps to ensure that this is widely publicized in the media. For an industry that touts itself as one that cares about humankind, pharmaceutical players must demonstrate that they also care for their employees.

All this will hopefully change soon, as industry players rise up to the challenge of addressing the industry’s image issues.

Says Ms. Sharma of UCB India, “Our industry is a sleeping giant that has just awakened. Now is the right time and environment to lead it in the right direction, to make it as attractive as sunrise industries such as BPO or IT /ITES (business process outsourcing or information technology enabled services). It will take consistent belief and effort by everyone in our industry to propel it towards becoming an industry that is known and respected for its work and merit.”

Expressing a similar sentiment is Eli Lilly’s Mr. Gupta. “For some reason, the pharmaceutical industry has not received its fair share of outstanding candidates. This is not a company specific issue. The industry as a whole needs to be more visible; we need to join hands and convey a compelling story together.”

How To Know Your Team – And Manage Them

Modern leadership places an ever-higher premium on coaching team members to get results. The only problem with this approach is that well-educated and highly skilled executives simply cannot be managed in a command-and-control fashion. Modern management places far greater emphasis on listening and influencing.

Leaders need to recognize that in order to be effective, they must adjust their communications style to suit individual team members.

According to Gerry Roche, senior chairman at Heidrick & Struggles, the very definition of management is getting work from others, not doing it yourself.

“How can you get work done through others, if you aren’t a good communicator or if you don’t have good human sensitivities?” Roche asks.

“Whether you are a chief operating officer or a chief executive officer, you are not going to be measured by what you do yourself – you are going to be judged on the team that you build, enthuse, motivate, integrate, assess and compensate. You are going to be measured on what that team does.”

Roche says that what it takes to run a team is mainly communication skills, human sensitivity and a bias for action and good judgement. Renowned industrial psychologist Dr. David Merrill developed ideas that have had a profound influence on modern management theory. He reasoned that there are two types of behavior – “assertiveness” and “responsiveness”.

A person’s “assertiveness” is roughly the degree by which others see him as being forceful or directive. A person’s “responsiveness” is how people express themselves and react to them. For example, they may react in a more reserved or more open, emotive fashion, depending on how they are managed.

Leaders need to recognize that in order to be effective, they must adjust their communications style to suit individual team members.

FOUR PERSONALITY TYPES

Dr Merrill further developed his theory to create four broadly defined personality styles in the workplace: the driver, the analytical, the amiable, and the expressive.

Each personality has its own objectives. The driver likes to get things done as expediently as possible. The analytical likes to analyze all the facts before making the most informed decision. The amiable places a high premium on getting along, and the expressive wants to be highly regarded by those around him.

The leader who recognizes where he fits among these four groups, and adjusts his leadership style to better suit the individual traits of his team members, will be taking a big step to improving both the dynamics of his team and its productivity.

Drivers are decisive, enthusiastic, and prefer to be in control. They like quick action, using the information that is immediately available. They speak forcefully and prefer discussing things verbally. Drivers require a leader’s complete attention, and leaders need to listen to the driver’s thoughts and ideas. Given drivers’ penchant for direct action, often a leader’s role is helping them find the fastest route to get to their objective. A sure sign of a driver is somebody who calls you and, without preamble, launches into a discussion of an issue.

To create a successful relationship with a driver, managers need to focus on facts, not feelings. When empowering a driver, it is useful to offer a range of

different courses of action, and then let the driver choose the most suitable one. It is also important to set up an arrangement where you periodically check on the driver's progress. If you don't do this, tracking their efforts can be challenging.

JUST THE FACTS

Analyticals, on the other hand, are far more interested in acquiring a mass of details and facts, which they comb carefully through in order to come to the right decision. Analyticals place a premium on accuracy, and expect it from others. Often, analyticals tend to prefer working on their own, and rarely discuss personal topics.

To work effectively with an analytical, remember just a few key words: accuracy, precision, and punctuality. With analyticals, it pays to be on time with things such as memos, calls, meetings, and the like. When meeting an analytical, cut straight to the chase. Be prepared, for they will know if you are not. When assessing an analytical's performance, keep feedback precise and be ready to back it up with hard facts.

PEOPLE POWER

Amiables are all about people. Highly responsive, amiables are sensitive to others' feelings, are patient, and relationship-oriented. Unlike drivers or analyticals, amiables hold an interest in colleagues' personal lives and are willing to share about their own. Of the four types, amiables are perhaps the best team players.

When working with amiables, be willing to touch base personally. They will invite you to discuss events in your life, and you should invite them to do so as well. When talking to an amiable, always be sure to allow an opportunity for him to enter the conversation. Given their nature, amiables rarely speak out in disagreement. Rather, their uncertainty can be seen through changes in their body language. When in doubt, ask their opinion: "Others have issues with this plan – but what do you think?"

IMAGE-CONSCIOUS

Expressives are both responsive and assertive. They have no qualms about speaking out, and are often viewed as upbeat and enthusiastic. First and foremost, expressives like to be noticed. They can be persuasive when they put their mind to it, and often prefer talking over other forms of communication.

Expressives thrive on open communications with others. Inclined to informality, expressives prefer informal discussions, but tend to lack an inclination for details. The key role of a leader is to harness their enthusiasm, and then help them channel it toward the achievement of objectives. Ultimately, expressives live for recognition – preferably if it is shown publicly.

IN TOUCH

Finally, it's important for leaders to remember that in this technology-rich world, it can be tempting to rely solely on email and BlackBerry smartphones. Though such devices are useful, the best way to influence somebody, to know somebody, is through face-to-face interaction.

Takeshi Niinami, CEO of Lawson, a major Japanese convenience store chain, says: "I believe a word from my mouth, or from anyone, has a strong soul. If you talk directly instead of through email and as long as you have a strong will, you can convey your will."

In his early days as CEO, Niinami says he spent almost 70 percent of his time talking and listening to people face-to-face.

The bottom line is that no executive will fit precisely into any of the four categories outlined in this paper. People cannot be clearly defined in four easy steps.

But they are likely to have characteristics that can be understood by a perceptive leader.

Once you know whom you are dealing with, you can as a leader, understand the deeper motivations of your team.

The next step is to communicate in a manner that satisfies them, connects with them, and makes them part of your loyal power base.

Time For Leadership Courage

Few champagne corks fly from the balconies of corporate headquarters these days. Those privileged to celebrate a business success do so discretely and with reverence, for times have changed. For too many years we have taught ourselves that the money would never run out, that we were more powerful and clever than the mass stupidity of our markets, that resource limitation was another person's problem.

That myth ended. Time to work again. A box on the wall houses the word 'Leadership'. On its front are the bold words: 'In Emergency Break Glass'.

Courage in leadership is about to come back into modern fashion.

"If you can keep your head when those about you are losing theirs and blaming it on you. If you can trust yourself when others doubt you..." (Rudyard Kipling, "If")

COURAGE – THE DIFFERENCE IN LEADERS WHO WILL THRIVE

Courage. It is one of the very few words that we still use with careful reverence in our modern business world. So many others are abused and fraudulently used to imply the presence of a capability that does not exist or imply comparison of an environment to one as demanding that they are warranted. We liberally overuse the lexicon of human capability too often in the business world. Only a tiny few senior managers of businesses can really be observed as leaders and the environment has to require leadership in order for that to be observed. There are, no doubt, at the top of the

echelons of businesses, strong strategic managers, but there is precious little that happens in a business that demands nor expects the true quality and capability of leadership – where people look to their superior for more than instructions – where they seek hope, belief, faith, strength.

Arguably operations at a mine, an oil platform, or other unpredictable environments of personal risk may see the purest forums for true demand of and realization of leadership. But not the city. Few

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employees seek faith, strength, hope and belief from their CEO or immediate manager. Crisis? What crisis? If a CEO makes a decision that collapses the market capitalization of their company overnight, every single one of their employees will still come into work the next day... and go home safely at the end of it. Most go home in the evening and come back again in the morning. Little more is demanded of corporate 'leadership' than the competence to "tell me what I have to do, how it will be measured and how I will be paid for it."

Until now. Until that predictability of the environment changes drastically. Until faithful employees are taken a rung down Maslow's hierarchy of human needs. Until our certainty

Listen to those who need to communicate with you. Focus on what is important to them not you.

of being able to afford the lives we have chosen decays and our beliefs about our security blur. When our national leaders speak to the nation on economic crisis alongside words such as ‘survive’, ‘protect’, and ‘hope’, we know that elegant management alone will not see us through.

It is times such as these when, finally, leadership is critical. Indeed, as if illuminated by some collective awakening, it is only in such times when we can see so clearly whether we feel we are being well led or not and by whom. New leaders are revealed from those apparently competent managers who can adapt. Many existing so called ‘leaders’ are unmasked as frauds in their inability to communicate, calm and rally the workforce. It is these times where leadership will determine a demoralized or an engaged workforce.

We have negligently forgotten this supreme competence. Most organizations have defined leadership capability lists that sound powerful but would be barely recognized as important in environments of real leadership need.

‘Commercial Insight’, ‘Developing Talent’, ‘Innovation and Creativity’, ‘Strategic Thinking’, ‘Customer Insight’, ‘Cooperation’, ‘Change leader’. These are merely implied tasks of the one competence of ‘Leadership’. Used in the right context it needs no further definition. It is indicative that in the corporate world we have to define this in values, principles and definitions. In environments that need leadership, the presence of it or its lack of, is absolutely clear to those receiving.

The difference is Courage. Moral courage. The courage to ‘keep your head as those about you are losing theirs and blaming it on you’ as

Mr Kipling so well observed. The courage to fear yet present confidence and hope. The courage to be honest with your people. The courage to lead with the truth. The courage to make decisions for your people, not for yourself. The courage to challenge the principles, behaviors and values that may have created this situation. The courage to be you. The courage to lead when it is the loneliest position in the organization.

HAVE COURAGE. REAL COURAGE

Courage is not about being fearless. Nor is it about being the toughest. It is about acting in spite of fear. Moral courage. Not the courage that hides behind aggression, authority or title. If you have been seen as an aggressive, bullying, socially withdrawn leader, then I am sure this has been fun during good times but there is no room to indulge in this theatre when real leadership is demanded. There may come a time when your organization will be healthy enough for you to entertain yourself with aggressive leadership behavior again. But it is not this time. Employees and their managers need calm, focus, clarity, personal courage and... well, real leadership.

COMMUNICATE. CREATE CLARITY

Our worst fear is nothing more than the unknown. A child is not frightened of the dark but what the dark might harbor. Be honest with your people. Tell them what you do and don’t know. Ask them for what they know. When you don’t have anything to tell them, then tell them that. Listen to those who need to communicate with you. Focus on what is important to them, not you. Diverse mediums – media, informal, gossip, etc. employee magazines, customer magazines etc. Don’t gild your words now. Don’t evade the issues or try to cushion them. Set up a blog to receive feedback

and communication. Without open channels for communication from the top down and bottom up, rumors can quickly become tainted with angst. If this happens, you are in a “clarity vacuum”. The only way out is to develop appropriate channels to communicate clearly and frequently.

MAKE IMPERFECT DECISIONS

There is no time, need nor room now for the irrational quest for perfection that creates stalled momentum. Plan to make imperfect decisions to ensure that the factor of time is appropriately considered. The perfect decision does not exist. So how many more days or weeks do we add to the decision and analysis process to try to reach it? Momentum and activity towards progress are more important than the inertia of perfecting the plan. No room for passive security needs here. Ensure momentum. Break inertia. If you have people who have the drive to be making progressive decisions, then encourage this rather than test and disqualify them in your own insecure need for the ‘right’ answer.

BE PRESENT. BE SEEN

A letter home from a foot guard following Waterloo shared that when their regiment had been decimated and only a few men stood to protect the colors on the line, they saw Wellington, ‘Old Nosey’ on his Grey just yards behind them through the smoke of battle. He had come forward to evaluate the situation before returning to the hill. In this moment those remaining soldiers reported a surge in confidence and belief and a desire to not let the old man down. They chose not to die that day. Not to indulge the French. They lasted until the reserves relieved them.

Though you may be angry, depressed and confused yourself, this is not the time to show this. This is

the time to get amongst your people for as much time as you can. Answer their questions. Be seen to be approachable. Inject the whispering word of mouth yourself at multiple levels. People are looking for evidence to be alarmed. Don’t let your distance or your countenance be one of them.

DON’T CRITICIZE

This is not the time to berate for recent past mistakes or dwell on the myriad of internal excuses that will be rising in you for ‘how we got into this mess’. Keep your mind clearly future focused for your people and offer them the opportunity to clean up for themselves if they need to. Recognize the opportunity to operate more efficiently but get your people to define how. Set new goals but not new instructions. If the boom times have enabled

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management levels to take initiative and embrace freedom of action, then use this to solve these problems and avoid going back to solving their problems for them. Forgive those who falter initially. They probably are doing the best they can.

MANAGE YOURSELF. SET THE EXAMPLE AND FIND EXAMPLES

Get used to wearing some heavy ‘L’ plates on your back again for a while. You are an impostor... you have told yourself this every day since the market changed. An Army mantra for leadership in crisis reminds us that Officers should never run, for it panics the men. Manage anxiety. Believe in yourself. Distance yourself to the higher intent of the

Find someone who you can share your concerns with who will not judge you and who will benefit in return.

organization rather than the last dollar saved. Smile. Make time for people. Be made of Teflon. Seek feedback. Set up sentinels. Make time for selfish needs. Be available. Be personal. The use of the word 'I' is less of a taboo in a crisis.

Be the Colors. The rallying point in the smoke and noise of battle that assures your troops that hope prevails. Never let the colors fall. Apportion credit and take blame. Show that sacrifices are shared. Are you going to fly business class to visit one of your offices to tell them that they have to cut costs? Do you park among staff in a Merc?

LEARN, UNLEARN, RELEARN

Make sure you are informed. Read. Read the newspapers. Read your company blog sites. Be a

source of external knowledge and cling to the data that drives evidence for optimism. Reach out to other CEOs and sources of confidante and discrete support beyond your organization. Find someone who you can share your concerns with who will not judge you and who will benefit in return.

So once more unto the breach, dear friends. There will come a day for giving up and indulging in self misery and disengaging. But it is not this day. Not while you have faces around you who need to believe in you and find that spark of faith that rallies organizations at these times and ensures that they stay high on the survivors lists when history recalls the brave. While there are people with you, you must indeed keep your head while those about you are so ready to lose theirs and blame it on you.

True leadership at last has the chance to bloom in our privileged corporate universe. Leadership based on faith, purpose, honor and with Courage at its heart.

