

ARTICLE

Biotech focus: Finding CFOs for booming companies

For fast-growing biotech firms, CFOs with public company experience are increasingly important—and difficult to find. CEOs and boards who rethink where to find that expertise are more often finding the people they need, and finding them faster.



In the past 18 months, the biotech sector has attracted record levels of investment bolstered by strong financial performance, advances in basic science and technology, and a spotlight on the development of COVID-19 vaccines and treatments.¹ This surge in investor activity demands strong executive leadership—including CFOs who can guide companies through fast growth and the potential for sale or IPO.

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At the same time, biotech firms are finding that CFOs with this type of experience can be difficult to find. Though many executives are drawn to companies with a strong sense of socially meaningful purpose, as many biotech companies have, high demand has intensified the competition for these leaders. In addition, well-established CFOs may be reluctant to join smaller companies even when they are personally aligned with a company's purpose.

We have seen biotech CEOs and boards meet this challenge by expanding their reach in four ways: considering first-time CFO candidates, looking to adjacent industries for candidates, more effectively tapping their executive and investor ecosystems, and embracing the increasingly robust group of on-demand executives.

Realizing the title doesn't matter

While many firms are wary of hiring a first-time CFO, the benefits can outweigh the risks. For example, a medical device company began a search to replace its existing CFO, who, leaders thought, lacked the deep biopharma expertise that the role required. They began by considering only local, public company CFOs with commercial-stage experience and an investor relations background—and found few options. After widening their search criteria to include candidates who knew the industry but had not previously held a CFO title, the company hired a finance executive who had previously led treasury and investor relations at a large and public life sciences company. Though that person had never previously served in a company-wide CFO role, they had experience as a divisional CFO for large business units.

The hire was a leap of faith; the new CFO understood this and was eager to demonstrate their value. Like any other incoming executive, they needed time to learn how to navigate the unfamiliar environment, but soon proved capable of taking on full CFO responsibilities and more, including leading earnings calls and fielding questions from analysts. In this case and many others, a strong step-up candidate with potential for growth is likely a better fit than a second-tier CFO with more experience.



Key question for CEOs and boards: Do you have the time for someone to grow into the role?

¹ Laura Cancherini, Joseph Lydon, Jorge Santos da Silva, and Alexandra Zemp, "What's ahead for biotech: Another wave or low tide?" McKinsey & Co, April 30, 2021, [mckinsey.com](https://www.mckinsey.com).

Looking across industries

Potential CFOs who are looking beyond their own industry tend to approach the role with genuine curiosity and a multi-disciplinary mindset that allows them to make connections others may not see.

Though many biotech leaders begin with a strong preference for hiring a CFO with biotech expertise, such expertise is not a prerequisite for success. A publicly traded medical technology company, for example, intentionally sought out a diverse set of candidates that included executives from other life sciences sectors. The company's leaders eventually chose to hire a CFO who had served in a variety of senior roles at a biotech company. In addition to his other qualifications, the new CFO brought a fresh perspective, an agile mindset, and renewed energy to dive into a new field.

Opening the search to related industries not only brings companies more options but also offers an opportunity to increase the diversity of the candidate pool across gender, ethnicity, and experience. Most biotech management teams are fairly homogenous and saturated with biotech expertise; a CFO from an adjacent sector can inject fresh perspective. Furthermore, in our experience, potential CFOs who are looking beyond their own industry tend to approach the role with genuine curiosity and a multi-disciplinary mindset that allows them to make connections others may not see.



Key question for CEOs and boards: Is finance expertise more important than industry knowledge?

Making it personal

A personal relationship can make all the difference when it comes to recruiting for any executive, and particularly, in this case, in attracting a potential CFO to a company that isn't an obvious next step. For example, a small-cap biotech firm was able to attract a well-respected CFO with significant public company experience—and multiple offers on the table—by drawing on the fact that the firm's CEO had once sat on the board of a company where that person had been CFO. The familiarity and trust inherent in the existing relationship was a key factor in the CFO's decision and gave them a running start in the role.

Since most strong CFOs and potential CFOs have a host of options that look similar on paper, such previous connections with company leaders, investors, or board members can serve as a major advantage. Biotech leaders should engage their executive teams and board members early in the process of finding a CFO, not only to source candidates but to speak to potential hires, as appropriate, and personalize the company and its goals.



Key question for CEOs and boards: Do we have relationships that will make us uniquely attractive to a potential CFO?

Embracing on-demand talent

Executives often find that the person they bring in for the immediate stand-up or clean-up role requires a very distinct skill set from the eventual full-time hire.

In a talent market that's as competitive as the one for finance leadership, executives must tap into all talent pools available. For example, a biotech start-up with an upcoming IPO was actively searching for its first-ever CFO. With no time to waste, they turned to the on-demand market to bring in a seasoned independent executive to build the new corporate infrastructure in an interim role. The executive, a former CFO and former Big Four consultant, set up the public company filing processes and designed a finance organization for the business model transition. A few months later, he seamlessly transitioned operations to the new, permanent CFO, winding down his hours as the new hire ramped up.

By deploying seasoned finance leaders on demand, biotech leaders enable themselves to get work done immediately, without compromising on the most critical competencies and characteristics of the permanent leader. In fact, executives often find that the person they bring in for the immediate stand-up or clean-up role requires a very distinct skill set from the eventual full-time hire—a difference that can help widen the aperture of their full-time search and ultimately help them land a successful candidate.²



Key questions for CEOs and boards: What needs to get done in the next three months? Are your finance leadership needs today likely to be different from your needs six months from now?

Biotech firms in search of a CFO will need to broaden their search beyond traditional criteria and expectations. Often-overlooked candidate pools—such as first-time CFOs, people from other industries, people drawn to a company by personal connections, and on-demand leaders—can be a rich source of untapped potential. By expanding their range, biotech leaders are more likely to attract the CFOs they need to thrive in the years ahead.

² For more on finding on-demand CFOs, see <https://businesstalentgroup.com/services/interim-cfo>.

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Financial Officers Practice

Heidrick & Struggles' Financial Officers Practice helps clients navigate an increasingly complex and competitive talent landscape to build great finance teams and position them for success within the organization and the marketplace.

Our practice experts around the globe have been at the forefront of the trends that shape this critical function for nearly two decades. We have an astute understanding of the complex demands and multiple roles that today's senior financial officers must possess and what boards and CEOs need from their finance leaders.

Our CFO executive search team focuses on C-level leadership, and our expertise spans all core areas of finance leadership: corporate and divisional CFO, full finance team build-outs, controllership and accounting, audit, treasury, tax, corporate development, M&A, risk management, investor relations, financial planning and analysis, and shared services.

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