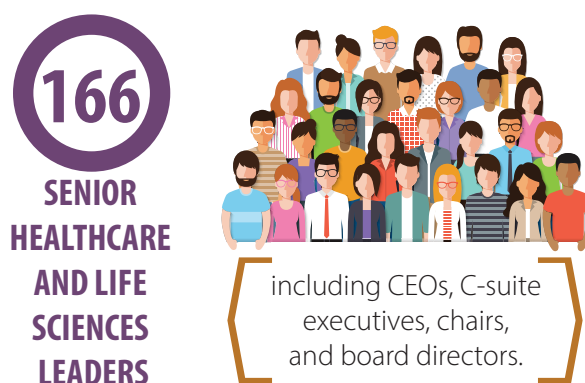


Disruption today in healthcare and life sciences

Heidrick & Struggles' survey of senior executives in healthcare and life sciences reveals top drivers of disruption and potential solutions.

Senior healthcare and life sciences executives are facing mounting disruptive pressure—fueled by technology, external innovation, and the cost of healthcare—and expect it to further increase in the coming 18 months. Of **166** senior executives surveyed, just over half (**53%**) say their companies are well prepared to weather the disruptions they anticipate, a hearteningly higher share than last year's **45%**. Furthermore, **53%** say they expect to be a *source* of disruption in their industry, with the caliber of their people, the ability to work across organizational boundaries, and the ability to manage complexity as the key drivers of their success.

These are among the findings of a new Heidrick & Struggles survey of:



The survey examined the most significant sources of disruption in the sector and how prepared companies are to respond. The findings further underscore that the right people and the right culture will be pivotal for companies to successfully prepare for the many disruptions coming to the forefront in healthcare and life sciences.

Key findings

Of those surveyed, **78%** think their company faces more disruptive pressure today than it did 18 months ago, and **82%** anticipate the pace of disruption in healthcare and life sciences to increase over the next 18 months. Yet just over half (**53%**) feel their company is well prepared to face market disruption.

Technology will be the most disruptive factor for life sciences companies, according to survey respondents. Close behind were **external innovation** and **cost of healthcare**.

Please rate the level of disruption of the following factors to your business.

- 01 Technology—artificial intelligence, big data, digital, wearables, consumer genomics
- 02 External innovation—acquiring assets and technologies
- 03 Cost of healthcare—value-based reimbursement model
- 04 Industry consolidation/M&A
- 05 New entrants in healthcare—e.g., Amazon, Google, Apple, Walmart
- 06 Patient centricity—empowered customers

The majority of respondents who said that their companies were well prepared for disruption noted their **ability to work across organization boundaries** as the top reason, followed by their **ability to navigate the political and regulatory environment** and their **ability to manage complexity**.

You indicated that your company is well prepared to face marketplace disruptions. Which of the following factors are responsible for your belief?*

- 01 Our ability to work across organizational boundaries
- 02 Our ability to navigate the political/regulatory environment
- 03 Our ability to manage complexity
- 04 Our ability to anticipate disruption
- 05 Our innovative use of technology
- 06 The caliber of our people
- 07 Our superior understanding of customer needs
- 08 Our focus on continuous improvement
- 09 Our ability to change our strategic direction quickly

** Respondents were prompted to select their top three factors.*

Among the **53%** who say their company is a source of disruption, the top reason was **the caliber of their people**, followed by their **ability to work across organizational boundaries** and their **ability to manage complexity**.

You indicated that your company is a source or cause of disruption in the marketplace. Which of the following factors are responsible for your belief?*



** Respondents were prompted to select their top three factors.*

There is some good news for the sector. These strengths are well suited to help manage some of the broad factors that senior healthcare and life sciences executives cite as significant sources of anticipated disruption and change to their company over the next 18 months: **growing**

sophistication of lower-cost competitors, attracting and retaining millennials, and the essential need to work in nontraditional ways and break silos.

Which of the following factors represent the most significant sources of disruption and change for your company over the next 18 months?*



** Respondents were prompted to select their top three factors. This list shows the seven chosen most often from a list of fifteen.*

Indeed, nearly two-thirds (**65%**) agree that they are already breaking down silos and working together as one organization.

Executives indicate, though, that they need to do better. For example, only **45%** say they spend enough time preparing for the future rather than “firefighting.” And though **79%** say their company encourages innovation and disruptive thinking, nearly all (**92%**) agree they need to invest further in innovation. On people, just half (**50%**) of senior life sciences executives believe their company attracts the best people,

and only **64%** agree they have the right leaders for what they need to do. Executives also say they're exploring both strategic and people-related tactics to combat disruption, most often citing **reevaluation of strategic goals**, followed closely by **creation of new functions** and **M&A**.

Which of these changes have you considered making (or have made) in your organization to meet the rapid pace of change?



On the whole, sector executives are confident in their culture and their top teams' ability to change as they seek the right moves. Notably, **72%** say their culture matches their strategic imperatives, and **83%** agree that it contributes significantly to their success in the market. Finally, **75%** say the top team is aligned and makes bold decisions when needed. This confidence and alignment augurs well for the success of the companies that maintain it. ■

About the survey

Heidrick & Struggles conducted an online survey of 166 senior-level executives in the healthcare and life sciences sector to understand how organizations are preparing for and responding to market disruption. Respondents included CEOs and other C-suite executives, board members, presidents, partners/owners/principals, and other senior executives from companies in healthcare systems and services, pharmaceuticals and medical products, and private equity. This survey builds on previous Heidrick & Struggles research, including our work on accelerating performance, an in-depth examination of many of the world's largest companies that highlights the attributes of top performers.

About Heidrick & Struggles' Healthcare & Life Sciences Practice

Heidrick & Struggles' Healthcare & Life Sciences Practice helps leading organizations in these sectors align their talent strategies and business objectives to foster innovation and enable growth in a fast-moving, rapidly changing world.

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ONE LEADERSHIP TEAM AT A TIME®

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