

Leadership: from big pharma to biotech

Although the skills required to lead in both big pharma and specialty/biotechnology companies are similar, the application of those skills is what determines success.

By Med Ad News staff with Tig Conger, partner, and Kevin Butler, managing partner, Heritage Partners International

Organizational complexity and risk stand out as the primary differences between large pharmaceutical companies and biotechnology and specialty companies. Because of these differences, leadership within these two types of organizations requires varying skill sets. To discover exactly what it takes to run a successful biotechnology or specialty pharmaceutical company, Tig Conger and Kevin Butler of the retained executive search firm Heritage Partners International recently spoke

with eight leaders of life-sciences companies who have held senior leadership positions at both big pharmaceutical companies and specialty pharmaceutical and biotechnology companies.

“The skills required to lead both big pharma and biotech are generally similar,” Mr. Butler says. “It’s how the executive applies these skills that determine their success in specialty pharma and biotech versus big pharma.”

The leaders Mr. Conger and Mr. Butler spoke with are currently leading three different types of biotechnology or specialty pharmaceutical com-

panies: early-stage, venture-capital-backed companies, publicly traded companies with one primary commercial product, or publicly traded companies with a portfolio of commercial products. Their discussions with each of these leaders focused on gaining a better understanding of the skills and experiences required to successfully lead a biotechnology/specialty pharmaceutical company and compare this with the skills and experiences that are common to successful senior executives with big pharmaceutical companies.

“While the executives we spoke with were highly successful in leading big pharma organizations, it is their passion for organizational excellence that makes them successful leading biotech and specialty pharma orga-

nizations,” Mr. Conger says. “These are hands-on leaders who truly enjoy building and growing their companies.”

Focus and alignment

A large pharmaceutical company is complex and requires leaders to effectively communicate broad goals and objectives through multiple layers of management to a broad base of employees. These managers allocate resources across a broad portfolio of product and project opportunities. The size and breadth of their portfolios helps large companies operate with a moderate level of risk.

In contrast, biotechnology and specialty pharmaceutical companies operate with great organizational clarity. Typically, these organizations are absolutely aligned on the

development and commercialization of one or two key products. This limited portfolio, however, leaves these companies to operate with a very high level of financial risk.

“Running a big pharma organization is like conducting an orchestra,” says Mike Bonney, president and CEO, Cubist Pharmaceuticals Inc. (cubist.com). “Running a small biotech organization is like building and conducting an orchestra at the same time.”

Mr. Bonney started his career in the pharmaceutical industry as a sales representative with Stuart /ICI. He went

on to become a product manager with responsibility for anti-infective and neurology products. During this time, Mr. Bonney had the opportunity to work closely with colleagues at **Abbott Laboratories** (abbott.com), a commercial partner in the launch of a key product. This provid-

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Personal attributes of successful biotech leaders

1. Able to persevere and align an organization to achieve goals
2. Communication and leadership style that is effective in a fully accessible organization
3. Thrives in high-risk, high-reward environments
4. Embraces accountability for success or failure

Source: Heritage Partners International (HeritageLeaders.com)



Mike Bonney, president and CEO, Cubist Pharmaceuticals Inc.



Gabriel Leung, president, OSI Oncology



John Johnson, CEO, ImClone Systems Inc.

ed an additional perspective on how large pharmaceutical operations are managed.

Immediately after ICI's successful spin-off of its pharmaceutical business Zeneca, Mr. Bonney was asked to serve as national business director with responsibility for Zeneca's newly aligned six regional business units. Mr. Bonney was then contacted about becoming VP of sales for Biogen, which he joined in 1995, nine months before the launch of the multiple-sclerosis drug Avonex.

"Moving from Zeneca to Biogen, the most immediate thing I noticed was how completely aligned the company was to its goals," Mr. Bonney says. "The company was completely aligned with commercializing Avonex, its first major product. The alignment at Biogen was absolute,

and I knew that this would enable me to make a significant impact ... At an early-stage biotech or specialty pharma organization, the absolute organizational alignment means you don't have the complexity resulting from competing products and projects, which overshadow one another."

In early 2002, Mr. Bonney was recruited to join Cubist Pharmaceuticals as president and chief operating officer. He was promoted to CEO in June 2003. At the time he joined, Mr. Bonney was brought in to lead



Colin Foster, president and CEO,
Ophtherion Inc.



Thomas Bigger, president and CEO,
Paratek Pharmaceuticals Inc.

About Heritage Partners International

Tig Conger is partner and Kevin Butler is managing partner of Heritage Partners International, a senior-level executive search firm that focuses on delivering superior work to a select group of clients globally in the life-sciences industry. Please contact them at 203-789-0000 or visit the Website at HeritageLeaders.com.

the successful launch of the I.V. antibiotic daptomycin, branded as **Cubicin**.

"When a biotech or specialty pharma company launches its first key product there is a significant cultural change that the company goes through," Mr. Bonney says. "Up until that product launch, R&D is at the center of almost everything. You can't underestimate the potential impact on an R&D organization when the company builds a sales force and the overall culture changes to reflect a more commercially oriented organization."

Mistakes are magnified

In biotechnology and special-



Steven Nichtberger, M.D., president and CEO, Tengion Inc.



Hans Peter Hasler, chief operating officer, Biogen Idec Inc.



Clive Meanwell, M.D., Ph.D., president and CEO, The Medicines Co.

SKILLS AND EXPERIENCES REQUIRED FOR SUCCESS

Biotech and Specialty Pharma	Big Pharma
Successfully lead the organization in achieving a single critical project.	Successfully lead a large, complex organization or project and allocate resources across numerous competing products and projects.
Managing product development and commercialization time lines and risks with limited capital resources. Ability to evaluate a pipeline and make key decisions on programs that are still early stage.	
Selectively introduce the best practices from big pharma to biotech.	Ability to bring together the efforts of both R&D and the commercial organizations to develop the best products.
Leading in a flat organization structure where communication is informal and unfiltered. Ability to quickly focus on an issue, make decisions, and mobilize the entire organization to address the issue.	
Managing an organization that is growing rapidly with a changing culture as it evolves from R&D focused to one that includes a strong sales and marketing element.	Individual must be disciplined in developing and following processes and procedures that allow a large organization to operate smoothly without stifling properly channeled creativity.
The ability to operate successfully without a large organizational infrastructure, staff and less than complete information.	
Successfully operate with big pharma as a partner.	Leading change in large, complex organizations with several layers of management and moving decisions through a large, complex organization.
A sense of humility while remaining persistent in pursuit of success.	

ty pharmaceuticals, managing product development and commercialization time lines and risks with limited capital resources is key. The ability to evaluate a pipeline and make key decisions on programs that are still early stage is critical.

“Big pharma’s success is often due to their assets and organizational infrastructure, and less on their people,” says Thomas Bigger, president and CEO, **Paratek Pharmaceuticals Inc.** (paratekpharm.com). “If a person makes a mistake in big pharma, the infrastructure is there to minimize its impact. Needless to say, in biotech, your mistakes are magnified because we don’t always have the infrastructure – and that’s on purpose. I’ve seen people who were successful in big pharma fail in biotech because they lacked the skills to succeed without the infrastructure. It would be incredibly helpful for the large pharmaceutical companies to give their executives the option to spend one or two years running a small company and learning to not only survive, but thrive without all the processes.”

Mr. Bigger has been president, CEO, and a director of Paratek Pharmaceuticals since September 1999. Previously, he was senior VP of Ma-

gainin Pharmaceuticals, and before that Mr. Bigger spent 15 years at Rhône-Poulenc Rorer, where he held a series of positions.

“Rhône-Poulenc Rorer was probably one of the best training grounds for biotech and for me personally,” Mr. Bigger says. “We were fairly small compared to the large pharma companies in the United States. We did not have a large research base and we did not have billions of dollars to spend, so every dollar counted. You learn how to make your budget last by doing things differently– and that was one of the greatest training experiences I could get.”

Integration is vital

An organizational structure that integrates the commercial, clinical, and scientific functional areas provides strong operational synergy for the business, according to Gabriel Leung, president, **OSI Oncology**. He believes that this is key to OSI Pharmaceuticals Inc.’s success.

“A challenge for big pharma is to resist the one-size-fits-all approach to managing their therapeutic businesses,” Mr. Leung says. “You can’t manage a cardiovascular business catering to primary-care physicians the same way you manage an oncology business

catering to cancer specialists, which requires selling one patient at a time.”

A pharmacist by training, Mr. Leung began his pharmaceutical career with Eastman Kodak’s Sterling Drug division where he supported global business-development efforts. In 1991, he was recruited by **Bristol-Myers Squibb Co.** (bms.com) to join its market-research team to support the launch of the cholesterol drug **Pravachol**. In 1999, he was recruited to Pharmacia with responsibility for the global oncology group. After Pharmacia was bought by **Pfizer Inc.** (pfizer.com) in 2003, Mr. Leung was recruited by OSI (osip.com) to head up its entire oncology business unit.

According to Mr. Leung, the oncology therapeutic groups within several of the big pharmaceutical companies operate with varying degrees of integration; however, none currently have all functional areas fully integrated within one organization. “You have a more simple organizational structure and communication path in a biotech company, and this allows you to operate more quickly and effectively,” Mr. Leung says.

Working with R&D at **Johnson & Johnson** helped prepare John Johnson for his

role as CEO of **ImClone** Systems Inc. (imclone.com). “[At J&J], I was glued to the R&D organization’s hip and learned the importance of what they do and the information they need to be most effective,” Mr. Johnson says. “I try to do the same at ImClone.”

Before becoming CEO of ImClone in August 2007, Mr. Johnson served as company group chairman of J&J’s worldwide biopharmaceuticals unit, and before this position he was the president and CEO of ParkStone Medical Information Systems Inc., a start-up funded by venture capital with J&J as an investor.

After leaving ParkStone to return to J&J, Mr. Johnson chose to work in strategic marketing. “It was the best move I could have chosen,” he says. “I was exposed to R&D in a way I would never have experienced otherwise. I worked very closely with development and yet still learned a lot about global strategy, R&D, and even commercial. That role was undoubtedly the best preparation for my transition to lead ImClone because it gave me a process by which I could evaluate a pipeline and make key decisions on programs that were still early stage.”

Mr. Johnson believes that

in R&D, bigger is not necessarily better. “From J&J, and now at ImClone, it’s clear to me you need small units to make good decisions,” Mr. Johnson says. “There’s nothing wrong with making mistakes as long as you hold people accountable, but it was more difficult to do in large organizations because responsibility did not become clear until you were sometimes too high up in the organization and removed from the effective point of impact of the decision.”

Let creativity flow

In big pharmaceutical companies, the individual must be disciplined in developing and following processes and procedures that allow a large organization to operate smoothly without stifling properly channeled creativity.

“Big organizations have an organizational structure and processes that force a level of discipline – particularly for employees early in their career,” says Colin Foster, president and CEO, **Optherion** Inc. (optherion.com). “This organizational discipline should allow individual creativity in areas that are most valuable to the company and not necessarily in areas that can confuse communication or re-

porting.”

According to Mr. Foster, smaller, early-stage organizations that are still developing a structure and processes often do not have the level of discipline that can focus creative energy.

“If you really boil it down, small biotech is about trying to reach your next milestone with a fixed amount of capital,” Mr. Foster says. “You have to be good at making risk-based decisions that allow you to reach your milestone quickly while preserving capital.”

Mr. Foster began his career in pharmaceuticals as a sales representative with Sandoz in Canada. In 1988 he was promoted to a marketing position within the consumer products division of Sandoz Canada. Before founding Optherion in 2006, Mr. Foster served as president and CEO of **Bayer Pharmaceuticals USA** (pharma.bayer.com), following his role as regional director diagnostics division for Bayer UK/Ireland and various commercial positions with Bayer HealthCare.

“A big pharma environment helps you learn how to relate to people from different functional areas and interests,” Mr. Foster says. “You learn the art of flexibility and how to look at issues from different per-

spectives. A smaller biotech or specialty pharma organization is different ... because of the relative size of the organization, it is important that you can interact positively with almost everyone in the organization. You develop relationships that are much deeper.”

Bring in best practices

For biotechnology and specialty pharmaceuticals, leadership must selectively introduce the best practices from big pharma and bring them to the emerging companies.

“As a small biotech, every day we try to take what we learned at Merck, J&J, Glaxo-SmithKline, Pfizer, as well as from the biotech and device company experiences within the team, and apply those skills to building a successful company,” says Steven Nichtberger, M.D., president and CEO, **Tengion** Inc. (tengion.com). “We have certainly developed our own processes specific to Tengion, but in the end we have based many of these processes on the world-class experiences we gained in pharma.”

Before co-founding Tengion in 2004, Dr. Nichtberger was a member of the senior-management team at **Merck & Co.** (merck.com), where he held a variety of positions includ-

ing: leadership of the global marketing organization with responsibility for developing marketing strategy for all Merck brands globally; operational leadership with P&L responsibility for a \$3.5 billion U.S. product portfolio; and leadership of the New Product Planning function. He also played an integral role in several corporate licensing, divestiture, and product-acquisition deals.

Dr. Nichtberger believes that success in the biotechnology industry is heavily dependent on corporate ownership – from executive management to the team member just beginning a career in the field. Encouraging employees to own their specific roles and equipping them to succeed can drive the company’s growth and success.

“In a large pharmaceutical company, I found that you value those days when you can make a difference,” Dr. Nichtberger says. “In biotech, I’ve found that you never have a day when you can’t make a difference.”

Differences in structure

In specialty pharmaceuticals, management must lead in a flat organization structure where communication is informal and unfiltered.

The ability to quickly focus on an issue, make decisions, and mobilize the entire organization to address the issue is key, according to Hans Peter Hasler, chief operating officer, **Biogen Idec** Inc. (biogenidec.com).

Mr. Hasler is a Swiss citizen who worked briefly for Swiss Bank Corp. before beginning his career in the pharmaceutical industry as a sales representative with Sanofi Pharma in Basel in 1980. In his first eight years in the pharmaceutical industry, he progressed through a series of sales and marketing positions of increasing responsibility. In 1988, he was recruited to become head of the Pharma Division for Abbott, where he launched several international products, including clarithromycin. In 1993, Mr. Hasler joined Lederle, a predecessor to **Wyeth** (wyeth.com), where he advanced to become managing director of Germany in 1997. In this role, he was charged with transitioning the business from a supplier of generic products to a marketer of innovative medicines. Mr. Hasler successfully re-launched the central nervous system drug **Effexor** and prepared the market for the launch of the arthritis drug **Enbrel**.

Mr. Hasler joined Biogen

Inc. in 2001 as executive VP of commercial operations. At the time, the company had about 1,100 employees and annual revenue of about \$1 billion – primarily from the multiple-sclerosis drug **Avonex**. During the past seven years, during which Biogen and Idec Pharmaceuticals merged to form Biogen Idec, he has progressed through several positions with responsibilities for the Neurology Business as well as International Operations. Most recently, he was promoted to chief operating officer.

“Shortly after I arrived, we began to focus the company on the challenges we would face once Rebif was approved in the United States,” Mr. Hasler says. “This is when the differences between big pharma and a company like Biogen Idec first became clear to me. Once we focus on something, we take action and very quickly get the entire organization behind the project. In big pharma, the key decisions are made at the top of the organization and are rarely pushed down to the broad base of the organizational pyramid with the necessary clarity and urgency.”

Mr. Hasler contributed to developing an action plan to prepare for **Rebif** entering the U.S. multiple-sclerosis market. This effort focused the organization on the challenges at hand and worked to energize the organization.

“At Biogen Idec, we will get opinions from individuals representing many different functions in order to get the best thinking on an issue, and then we focus that input and quickly move forward with our decision,” Mr. Hasler says.

Learn humility and persistence

Successful executives need to possess a sense of humility while remaining persistent in the pursuit of success. “Humility is an important trait for any leader – but particularly so in the world of business uncertainty, organizational risk, and change associated with small biotech companies,” says Clive Meanwell, M.D., Ph.D., president and CEO, **The Medicines Co.** (themedicinescompany.com). “Humility has not historically been high on the list of traits needed to run big pharmaceutical companies,

because these businesses have traditionally delivered predictable growth based on portfolio diversity, market reach, and pricing power. But that has changed in recent years. Our new generation of big pharma leaders bring a new leadership style that includes humility.”

Dr. Meanwell founded The Medicines Company in 1996 and has been chief executive or executive chairman since then. From 1995 to 1996, he was a partner and managing director at MPM Capital LP. From 1986 to 1995, Dr. Meanwell held various positions at Hoffmann-La Roche Inc. (roche.com), including senior VP from 1992 to 1995.

“Persistence is also crucial to success in biotech – almost to the point of obsession,” Dr. Meanwell says. “The data show that products fail with similar frequency in biotech and big pharma – but the business consequences are more dramatic in biotech and can lead to desperate times for young firms. While development and market risk are encountered in big pharma as well, I don’t believe executives experience the same level of desperation.”