

SAY IT AND MEAN IT

The best companies in life sciences recognize that their business is all about the patient. For those seeking true transformation, it's more than a slogan.

**By DeeDee DeMan
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For more than 30 years, recruiting for the life sciences has been my life and my passion. The industry has rewarded me with opportunities, stimulation, and lessons too numerous to list. Like everyone else, I've been watching as the sector struggles with daunting challenges and wrenching change. It's painful, but there are moments when corporations act with true inspiration. This gives us all hope that life sciences can once again stand at the summit.

Other industries have been stranded in the wilderness and found their way out. I've worked with the science and healthcare segments of coal, steel, heavy equipment, and the automotive sector. With a significant number of coping mechanisms, as well as self awareness and sheer will, these sectors have been transformed by leaders who found the path to reinvention. The pharma sector is one of the last unreconstructed swaths of the American economy, but transformation clearly has begun. It's also clear that pharma's path is not traditional. Veering from what's known and safe forces managers to make painful choices. But failing to choose, we'll continue to deceive ourselves, believing that we are riding the crest of the wave, when we are really eating the sand.

There's no need to dwell too long on how or why pharma lost its way. We all get it. We know we got distracted by delivering on the wrong targets: quarterly profits and M&A deals, versus the sustainable success that comes from focusing on patients first, foremost, and always. I still see the remnants of some companies wedded to the past; this is reflected in the Amex Pharmaceutical Index, which sank almost 20 percent in the 10 years following August 2001. In the same period, out of the wreckage of the tech crash, the Nasdaq rose more than 50 percent.

In order to halt or reverse the sad slide, we will have to depend on leadership that's precisely calibrated for the New Age. Put aside any associations that term may conjure, for we truly have arrived at a defining moment. The transition to the New Age will require zero tolerance for mistakes of the past. And it will be tragic, at this juncture, if

we turn to the same external consultants who dug the hole that has entrapped us. Old roadmaps lead to old and sorry destinations. New Age leaders refuse to be ministered to via PowerPoint slides. Instead, they favor authentic, gloves-off communication. They know that no drug was ever discovered, developed, or brought to market from a conference room filled with people relying on tacit agreement, afraid to speak up, disagree, or agree to disagree. A New Age leader will not accept employees who embrace their own status as prisoners. Instead, this leader will insist that courage be displayed, which must also reside at the top in order to emulate. Today, the pharma sector harbors hundreds of people who have essentially checked out but continue to occupy office chairs, either waiting for their packages to vest, or for an escape route to present itself in the outside world in the form of the Next Big Thing.

The New Age leaders who have started to steer us from this mess possess absolute, resolute requirements. With bare hands, they construct an environment that tolerates no excuses and, likewise, imposes no reprisals for stepping up or speaking up. They maintain complete focus on the patient or consumer and work backwards from that point to build vision, mission, and execution. They know every day, every minute counts. If anyone exits a meeting asking, "Why did we have this meeting?" the leader has failed. Above all, the New Age leader puts a premium on passion, devotion, and commitment. That's how they play. Everyone else gets off the field.

A case in point is NPS Pharmaceuticals. NPS was an underperforming pharma company with a bloated payroll. Under the leadership of CEO Francois Nader, the company was stripped down to become a virtual plus-size company, hurling itself into conquering rare diseases. Dr. Nader's passion attracted fellow crusaders. He handpicked his senior staff from the pharmaceutical industry's top ranks. When he came on the scene in 2008, NPS had 400 employees and a market cap of \$180 million. Today, with just 80 people on the payroll, the company is valued at about \$650 million, with two important drugs in late Phase III.

The leaders in emerging growth pharma companies who get the best results are the ones who deliver care because they really care. Tony Coles, CEO of Onyx Pharmaceuticals, has no trouble staying focused on patients with multiple myeloma, the target of his lead drug candidate, carfilzomib. That's because Mr. Coles has been in their skin. Ten years ago, his son was diagnosed and

treated for non-Hodgkins lymphoma. He's been hunkered down developing cancer medicines ever since.

Celgene is another company intent on curing or changing the course of horrible diseases. Sol Barer, the company's founder and first CEO, instilled a patient-centric value system, and the current leadership has stayed the course while digging deeper into solid tumors and immunology. Under Mr. Barer, Celgene placed some brave bets – not least, the bid to repurpose thalidomide as Thalomid. Today, CEO Bob Hugin and CFO Jackie Fouse are at the helm. The two of them are intent on making the company a critical player on the global stage.

Much can also be learned from Vertex Pharmaceuticals, under Matt Emmens' leadership. Mr. Emmens brings tenacity, humility, and humor to his job and to everyone on his watch. That includes employees and patients as well as their respective families. Last May, Vertex won FDA approval for Incivek, the company's hepatitis C drug. An oral medication, Incivek improves quality of life, even as it saves some patients' lives. The drug may just make it to \$1 billion in sales in its first year on the market. This is because the people in charge at Vertex transmitted their passion to the company's field operatives. On the ground, they laid a comprehensive grid, pounding physicians and patient groups with data and straight talk about patient safety. Patients heard the word. More than a year before FDA ruled on Incivek, people were competing to get into the trials. These days, in addition to mastering their own specialties, physicians must know what their patients know. The Internet has become their jury. Sick people arrive at the doctor's office either informed, or crazily informed. They come with 20 questions and the doctor needs 40 answers. Mr. Emmens' team makes certain they are armed.

In truth, as we navigate this scorched-earth landscape, we're now seeing pockets of pharma that have learned coping mechanisms amidst disruptive change. The lessons haven't been broadly embraced, and the change is not yet sustainable. Sadly, I still attend investor presentations by pharma companies where the word "patient" is never spoken. Still, there is heartening news. A new class of leaders has emerged. And they have pierced the gloom by recognizing that the bull's eye on the target is the patient. Every other concentric ring is just a distraction.

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