



## LEADING IN CHALLENGING TIMES

It has been said that one should never miss an opportunity to make the most of a crisis. The steady stream of headlines announcing staff cuts, delays in drug approvals and a narrowing of R&D focus for pharmaceutical and biotech companies indicate there will be no shortage of opportunities in 2009.

Managers in the life science industry, with its inherent “all or nothing” R&D requirements and rapidly changing regulatory environment, may sometimes feel they are in a state of constant crisis. The simple fact is that challenges are always coming—but times like these should serve to remind us that visionary planning never goes out of fashion.

There are the usual quick fixes to ride out the current storm: cut costs however possible, conserve and collect cash instead of relying on credit, and focus on those projects that promise near-term dividends. In a crisis, all companies will likely implement similar quick fixes, leaving the business no better than the competition.

Indeed, to focus on jerry-rigged solutions at the expense of long-range planning is to miss out on a real opportunity—a time to aggressively confront your company’s reality, create an engaging environment, and practice “high aim” leadership.

These insights come from direct experience from providing outsourced business services to nearly 100 pharmaceutical, biotech and medical device clients. From our vantage point as the primary, but transparent, interface between our clients and their customers, we have been fortunate to witness first-hand how successful companies manage in crisis conditions.

The most important action our successful clients take is to regularly obtain honest, unvarnished situational assessments—preferably with the help from a third party, including service providers like DDN—that allows them to identify alternative ways of approaching business needs and prepare for any contingencies. This critical analysis is essential in identifying those areas that are most at risk in a crisis environment.

A second common theme is that their executive teams have eliminated intimidating layers of management and have instead developed a leadership mindset throughout their organizations. A key component of these cultures is that problem solving remains the responsibility of the manager. Few problems are allowed to be elevated to the executive leadership team. Otherwise, responsibility and accountability are absolved—and leadership potential is stunted—when the executives step in to take on managers’ problems. The executives within our successful clients rarely dictate specific activity. Rather, they focus on creating an environment that encourages trust, accountability and personal responsibility—which delivers stronger results.

In their book, *Corporate Culture and Performance*, John Kotter and James Heskett found that “Firms with cultures emphasizing leadership at all levels, outperformed those that did not by a huge margin. Over an eleven-year period, revenue increased 682 percent for leadership-enabled enterprises, compared to 166 percent for those who weren’t. Net income increased 756% versus 1%.” Our experience at DDN agrees with their findings.

Lastly, successful companies practice “high-aim” leadership, ensuring the executive team is primarily focused on what’s on the horizon and not on the usual day-to-day business operations. These leaders define a small number of key objectives, make detailed and alternative contingency plans, and utilize a performance dashboard with specific boundaries that create immediate awareness of potential problems.

And, yes, attitude matters. The best leaders have managed through downturns in the past and know that the current crisis will pass. The combination of their successful experience and high aim management enables them to view the current economic environment as an opportunity to improve their business. It is not something to be feared.

It is possible in these challenging times to have more fun, less stress and accelerate your business performance. In fact, there is no better time to make the most of this opportunity.

#### ABOUT THE AUTHOR



Ross Bjella is President of DDN ([www.ddnnet.com](http://www.ddnnet.com)), the largest privately held provider of outsourced business services to the life science industry. With 20 years of industry experience at companies that include LifeCore Biomedical, E.R. Squibb, Allergan, and Schwarz Pharma, Ross has successfully managed in diverse market conditions.