

Leadership Development

A sound investment strategy for biotech companies

BY MARIE LEGAULT



The most critical business assets in the new economy are people and ideas. To a large extent, performance depends on intangible assets. Leadership is key to achieving and sustaining business success. A Statistics Canada study¹ on the characteristics of rapid growth in Canadian biotechnology companies confirms that leadership and managerial competencies are difficult to find and could therefore become a major barrier to industry growth. Initiatives that deal with managerial skill gaps in areas such as market and product development, capital planning and manufacturing are underway. Leadership competencies, however, have not been addressed.

Leadership: A Distinct Competitive Advantage

Leadership secures value for all stakeholders. Studies show that leadership development has an impact on performance and is a major contributor to sustainable business growth. The latest Conference Board of Canada research² on the state of leadership in top Canadian companies surveyed and interviewed highly respected CEOs and executives from a wide range of industries. They were unanimous in asserting that leadership is of highest importance to achieve and sustain organizational performance. To quote John Wetmore, former president and CEO of IBM Canada Ltd. (Markham, ON), "Leadership is a differ-

ence-maker in terms of winning in this fiercely competitive marketplace."

Leadership builds investors' confidence. A recent *Globe and Mail* business article stated "Investors trying to identify which of today's emerging companies could become tomorrow's giants should look first and foremost at who is leading the company."³ Strong leadership and management teams are priority criteria for investors, followed by technological innovation and market growth. Most venture capitalists indicate that they would rather invest in an A team with a B idea than a B team with an A idea.

Leadership attracts and retains talent. McKinsey & Co.'s War for Talent survey (2000) revealed that people rank working for well-managed companies with great leaders and culture before exciting work and rewards. These criteria are equally important for employees of biotechnology companies. A report from the Biotechnology Human Resource Council⁴ assessed the retention and job satisfaction of industry workers. Of the employees who reported that they are looking for or thinking of accepting a job with another employer, 80 per cent said that confidence in the leadership of their company's management team was very important. The report also indicated that 64 per cent of these job seekers are dissat-



sified with this measure. This confirms the old saying, "People don't quit their job, they quit their boss."

These facts support the importance of building leadership capability in creating high-performance organizations. Yet few companies are effective at building their leadership strength. The above-mentioned Conference Board of Canada research also confirmed a leadership gap in Canadian organizations. Executives from different sectors indicated that their companies' existing strategies for building leadership capability were falling seriously short of the mark, despite the fact that building leadership capability was the top challenge facing their organizations. It is a challenge in any company, large or small, but it should take precedence for startup and scientific-based organizations if the Canadian biotech sector is to compete and maintain its position in global biotechnology. As stated earlier, the biotechnology sector has addressed the development of management skills. The question remains: why is this sector not investing as much effort into leadership development?

Leadership and Management

In the business world, the terms "leadership" and "management" are often used interchangeably, but they are considerably different. Management focuses on things, efficiency and control. Its practice is a science and can be referred to as a left-brain type of activity. Leadership, on the other hand, is a right-brain type of activity and its practice is an art. It focuses on people, effectiveness and empowerment, and is associated with soft skills. Good managers do not necessarily make good leaders, and good leaders do not necessarily make good managers. Managers manage things and processes while leaders lead people. Renowned author and founder of the University of Southern California's Leadership Institute (Los Angeles, CA), Warren Bennis, PhD sums this up best in his frequently quoted observation, "Managers do things right — leaders do the right things."

A blend of management and leadership skills is required in today's knowledge-based organizations. Developing whole-brain thinkers and leaders is necessary to achieve business success in a highly competitive market. Managers are necessary to the growth and success of any organization but leaders are essential. Leadership is not

an option . . . it is a requirement.

Leadership Can Be Learned

It is believed that leaders are born and not made. This would suggest that leadership is a birthright meant only for a select few. Actually, we all have the potential to be leaders. Taking on a leadership role will come more naturally for some while it may require more effort for others. For example, take any sport. We all have the ability to throw, pass or catch a ball; run, skate or play tennis or golf, some of us with more ease than others. Professional players have often reported that while they might have had innate abilities, it took years of practice, coaching from professionals, determination to improve, perseverance through difficult times and passion for the sport to get where they are today. Like sports, leadership can be acquired, learned and improved. Learning about leadership and understanding its dynamics as well as one's own leadership style and preferences are the first steps to becoming a better leader. Practising leadership theories and skills, modelling leadership behaviours, and living out values in daily activities differentiate good leaders from great leaders. The philosopher Lao Tzu said it best over 2,000 years ago: "The way to do is to be."

Leadership is a role, not a position. Despite all their power and authority, CEOs and executives cannot command and control creativity and innovation. They cannot order new results to emerge. They can, however, create a climate of trust and respect, which encourages collaboration and a sense of collective responsibility. Such an environment allows individuals to reach their full potential. The leader's role is to guide employees' efforts toward a result beyond their current reach. Human qualities, not position or title, make a true leader.

Competencies and Skills to Lead

Executives in the biotech industry need a combination of specialized technical skills and knowledge that are different from other sectors. Leadership skills, however, are more similar across all industries. Being a great scientist or having an understanding of the industry does not guarantee being a good manager and leader. Individuals who take on leadership positions should first recognize and understand the responsibilities associated with their new position. To meet these responsibilities, executives should be aware of their leadership abilities, including their

strengths and areas for improvement. During an interview, Dr. William Hunter, president and CEO of Angiotech Pharmaceuticals Inc. (Vancouver, BC), was quoted to say, "the most valuable thing a biotech executive can learn is to be aware of what he doesn't know."⁵ In assessing your leadership development ask yourself:

- What information do I need concerning leadership concepts, myself, the context and challenges facing my position, my organization, and the industry to improve my leadership ability? This relates to knowledge, knowing, or "savoir."
- What competencies and skills do I need to adopt and improve to be an effective leader? This relates to "how-to skills," doing, or "savoir faire."
- What behaviours and values do I need to model to succeed as a leader in my organization? This relates to the core of the individual, being, or "savoir être."

Below are the leadership competencies, skills and behaviours required to meet the demanding responsibilities of an executive position. This list is founded on extensive research in the leadership arena, knowledge and understanding of the biotechnology industry, and direct experience in leadership development and executive coaching. As mentioned earlier, the starting point in leadership development is awareness; therefore reflection on the following points is encouraged.

Inspiring a common vision incorporates providing meaning, context and motivation throughout the organization. Being able to communicate and relate to a broad range of people, internally and externally, is essential in meeting this responsibility. Communicating a clear vision is not sufficient. A leader should be able to share his or her enthusiasm about an exciting dream of the future. During his speech at the Lincoln Memorial in Washington, D.C., Martin Luther King Jr. described, with genuine conviction, a compelling and focused image of what the future could be like. Would he have had the same impact if his message had been, "I have a business plan?" He had a dream. Translating the company's purpose into meaning for all involved is not an easy task. The challenge in a science-oriented and academia-influenced organization is to link employees' innate interests and motivations with the results-oriented mentality of the business sec-

tor. The ability to evoke trust from others by keeping commitments, adhering to high ethical standards and principles, and building shared values will ensure committed stakeholders in bringing vision into a current reality.

Creating results is a responsibility, which investors consider to be the ultimate criterion for leadership effectiveness. Delivering results in a competitive world and adapting to and thriving in times of internal and external change require perseverance and focused drive from a leader. Setting achievable goals, making concrete plans on how the team will get there, and establishing measurable milestones are key to success. It requires trust to harness employees' energy and channel their efforts toward specific targets. A leader needs to be realistic but challenging with his or her expectations. People will commit to achieving goals when they believe in the leader and the cause.

Designing the organization is building and developing the structure for high performance. Conceiving and selecting innovative strategies, inside and outside the boundaries of the organization, derive from the ability to systematically connect processes, events and systems. Leaders who can conceptualize, experiment, take risks, and ask "what if" questions to test assumptions and challenge the status quo demonstrate creativity, and will be effective in designing the structure of their organizations.

Developing people and the organizational culture means fostering an environment in which employees grow and achieve. Creating an environment that is based on shared values, ethical standards and principles will ensure a foundation for high performance, and reinforce individual commitment to the organization. Executives need to learn new ways to make things happen through others and let go of the hands-on approach in order to coach, motivate and guide teams. This may result in a sense of loss of control as leaders find they are doing less of the "how" and more of the "why" and "what." They have to place their trust in others, give them additional responsibilities, and invite participation in decision-making. While rewards and recognition programs may be in place, it is also the role of the leader to personally acknowledge, praise

and celebrate individuals and teams for their work and contributions.

Preparing for the future involves anticipating future demands and seizing future opportunities. This requires leaders to create new business ideas by thinking "out of the box," and recognizing innovative concepts that have growth and profit potential. They also need to be negotiators and builders of partnerships as companies' employees, venture capitalists and universities play a role in the overall success of biotech organizations.

While the above leadership competencies, skills and behaviours are essential to becoming an effective leader, understanding and mastering one's own emotions is also critical. Emotional Intelligence, referred to as EQ, is a leadership competency tied to ancient wisdom. Over 2,000 years ago, Socrates declared the attainment of self-knowledge to be humanity's greatest challenge. Aristotle added that this challenge was about managing our emotional life with intelligence. Emotional intelligence in a personal or organizational context is the ability to master emotions and cope with stress in a way that instils confidence, motivates, inspires and enhances group effectiveness. It also implies that one should be confident with one's analytical skills and insights about people and situations.

Leadership Development — An Investment Strategy

The challenge facing many biotech companies is raising capital. This reality is more predominant in this sector due to the amount of time and money required to create a commercially viable product. Raising capital is time-consuming and may distract the management team from the core of its business. An effective leader in this industry shares the company's vision, and presents its strengths, successes and strategies for future milestone achievements to internal and external stakeholders. The listed leadership competencies, skills and behaviours are paramount to attracting investors and raising capital.

Good leadership results in the creation of good science. Few organizations are sufficiently proactive to invest in the development of their leaders. Time constraints and financial resources are the main obstacles. One-on-one leadership coaching can provide a highly effective and efficient solution. This just-in-time development approach

helps current and future executives gain a fresh perspective on their situation, role effectiveness, career growth and their ability to respond to accelerating change. Leadership coaching offers busy leaders the opportunity to further their leadership capabilities and apply them successfully. Financial investment in leadership development is a minor fraction of a company's expenditures, even during their early stages of development. Yet the payback is notably significant — it creates value for all stakeholders. Leadership is a major contributor to sustainable business growth, instils investors' confidence in the organization, and attracts and retains key talent. Leadership development is an investment that pays off!

References

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