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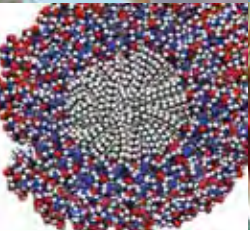
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The Care and Feeding of Partnerships



Miles D. White
Chairman and CEO
Abbott

Save Your Alliance! Tend to Your Partnership's "Softer Side"

By Chad Nickel, Director of Strategy and Business Development
Integrated Project Management Company, Inc.

*Caring for
an alliance
relationship
is not singing
Kumbaya around
a campfire.*

Ensure your
partnership lasts
well beyond the
champagne toast.



You've both signed the contract and excitement abounds. What a marriage! You have the astounding new technology, and your partner, the marketing muscle. But did you know that 50 percent of marriages end in divorce? Even in the life sciences world? Not because the science falls short, but overwhelmingly (85 percent) because of poor alliance management.

Unless the relationship is carefully tended day to day, any number of missteps can undermine an otherwise promising partnership. False assumptions. Miscommunication. Culture clashes. Subtle gaffes are far more insidious than obvious mismanagement and can tank an alliance before you know what's happening.

Take cultural differences: As a small biotech start-up, you're getting more and more frustrated with your lumbering Big Pharma partner, which can take weeks or even months to make even "easy" decisions. Why are they dragging their feet? Is this a low priority for them, with so many other products feeding their bottom line? Don't they understand that this is make-or-break for you? Worse — are they hiding something? Might they be planning to pull the plug altogether?

On the other side, your multinational partner is feeling increasingly uncomfortable with you. You're "inexperienced," "undisciplined," and "impulsive" — always seeming to fly by the seat of your pants. Don't you understand what's at stake?

Creating a Framework

Caring for an alliance relationship is not singing Kumbaya around a campfire. It's a highly structured, hard-nosed business activity. Senior executives (or dedicated staff) manage the alliance relationship at the boardroom level, initiating the partnership and addressing the overarching issues throughout the collaboration. However, a successful relationship also requires

vigilance at the ground level. This is where project managers, assigned to coordinate the working teams from both companies, play a vital role in cultivating the alliance relationship.

Through facilitated discussions, the project manager helps both parties understand how their companies are different, and that different isn't necessarily "bad." Hey — a six-week turnaround is *fast*, according to your global partner, which has to manage reviews and sign-offs across many levels of the organization, including an overseas unit, before approving a decision. They learn that you, on the other hand, are able to make carefully considered decisions on the spot, since all relevant staff, including the CEO, attend regular working meetings. Understanding up front one another's decision-making processes, favored modes of communication, how conflicts are handled, and other hallmarks of a company's culture (even dress code) can prevent a destructive misreading of your partner's behavior.

Such discussions should take place in the due diligence phase, *before* either company signs the deal. Project managers, working alongside their alliance management colleagues, can build agreements into the contract to short-circuit anticipated sticking points. Examples of key decisions include: Who has final authority? Are there times when the big company's CEO should step into the decision-making process, perhaps deviating from corporate policy, to ensure the project stays on schedule? If so, when? Codify all agreements in the contract.

Getting to Know You

Understanding one another's differences, paradoxically, helps the alliance team gel as a single unit. Building team unity — an alliance "micro-culture" — is essential to a successful collaboration.

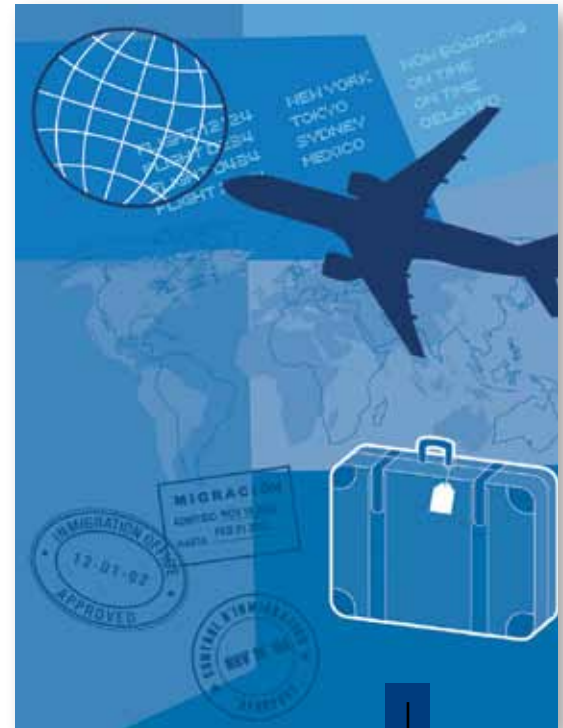
Never underestimate the power of the face-to-face meeting. It costs money. It takes time. It's inconvenient. But it's necessary. You need to establish trust and confidence in each

other's skills and have an appreciation for each other's corporate cultures. Make site visits. Get a feel for one another's daily setting, whether in the lab, on the manufacturing floor, or in the corporate office. Project managers often lead structured exercises that prompt team members to describe their company's operations, along with their own personal day-to-day roles, which helps people get a realistic picture of their partners' "world." The more team members can relate to one another at multiple levels, the more seamlessly the team will work together.

Regardless of how well an alliance team operates, conflicts inevitably arise. The key to conflict resolution is creating an environment in which people feel safe to bring up their concerns, instead of stewing over them in silence. Skilled project managers, by getting to know each alliance team member, can read body language or even pick up an "off" note on a conference call — "Sarah, I'm getting the sense that you're not totally comfortable with this." It's important to structure meeting agendas to enable people to express their thoughts. During meetings, allow time for discussion, or put issues in the "parking lot" to be discussed later by a subset of the team.

Lending a Hand

Goodwill is priceless. Exceed your partner's expectations. Go above and beyond. That's obvious when it comes to helping your own company succeed. But the Golden Rule applies



Invest in face-to-face meetings as often as you're able. They'll help cement the relationship and safeguard your alliance.

Conflicts inevitably arise. Create a safe environment to raise concerns.

also to your alliance partner, which may, in fact, be your competitor once the collaboration is over. If you have expertise they lack, even on a project outside of your joint endeavor, help them. Put them in touch with useful resources. Such generosity builds the relationship, and this author believes that generally “what goes around, comes around.” You never know how the favor may be returned to you many fold in the future.

Finally, as a Midwest start-up once counseled its peers, the essential elements of a successful alliance are no different than those of a successful marriage:

- Spend time and energy on the relationship
- Focus on what you like about your partner instead of what gets on your nerves
- Show appreciation and kindness
- Ask for what you want, and
- Listen.

*Since 1988, Integrated Project Management Company, Inc., has provided professional project-management services to organizations ranging from start-up ventures to Fortune-100 companies. Working side by side with client teams from planning through project completion, IPM helps firms tighten their timelines, reduce risk, and preserve resources. IPM has offices in Chicago, St. Louis, Boston, and San Francisco. For more information, visit www.ipmcinc.com. **BQ***