

Smooth Sailing for Pharma-Biotech Alliances: Skilled Project Management Can Navigate Stormy Seas

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Project managers must rig difficult balancing acts to keep Alliances on course

To win in today's biopharmaceutical industry, companies need to collaborate. Savvy industry players, from established pharmaceutical giants to inspired biotechnology start-ups, know that successful, profitable alliances are not only a competitive weapon, but a tool for survival.

Reflecting the growing importance of alliances, the Wall Street Journal recently treated its front-page readers to the harrowing tale of a high-stakes partnership that very nearly went south for industry leader Eli Lilly and small biotech Amylin Pharmaceuticals.¹ Lilly and other major pharma players reported that these days, managing alliances is as important as building a solid in-house research team. The investments backing this assertion debunk suggestions of mere lip service: Companies pour a formidable \$6.5 billion into alliances each year.²

No matter how well-funded, such critical pharma-biotech alliances can represent largely uncharted territory for their players. Collaborators may encounter unexpected challenges that frustrate navigation and cause setbacks, delays, and even outright failures. In fact, more than half of these collaborations fail to meet expectations—representing substantial financial losses plus significant lost potential (to the tune of \$2.7 billion each year).³

How can companies increase the odds for successful alliances—or salvage those already heading for collapse? One effective way is through proactive project management. This article describes how a dedicated project management effort can keep alliances on track and executing for success. It details how a good project manager (PM) can guide an alliance around pitfalls and through challenges. The key is in finding a PM or team—internally and/or externally—who can facilitate cooperation between two very different entities. This article offers some insights on what to look for in a PM and whether to select an internal or external PM.

STRANGE BEDFELLOWS

Alliances offer opportunities for partners large and small. Investors expect a continually renewable pipeline, even from the most dominant industry stalwarts. To satisfy stakeholders, big pharma companies often find it cost-effective to in-license promising new drugs or engage in co-development alliances. The burgeoning biotech industry stands at the ready, brimming with scientific innovation but often lacking capital and market access. Each player needs the other if their new products are to reach the market. Case in point: In 2003, nearly a *third* of new pharmaceutical products were developed through alliances.⁴

Although both big pharma and biotech understand the value of col-

laborating, it's easier said than done. Established pharma giants and emerging biotech companies don't necessarily mesh well, even in pursuit of common goals. Some inherent challenges are more obvious than others, but those that commonly threaten collaboration are outlined below.

Culture clash. A small and nimble biotech may lose patience with what it perceives as the plodding, bureaucratic methods of a larger partner. However, a complex pharmaceutical giant requires a process-oriented approach to control its business and meet the needs of multiple stakeholders. The pharma company, on the other hand, may view its quick-moving biotech partner as overly impulsive.

Different stakes. Succeeding in a particular alliance can put a biotech company on the map, while failing may mean closing its doors. For the pharma partner, the stakes in any one project aren't as high because it has eggs in a variety of baskets. Such a mismatch in risk and reward may cause friction—resulting in behaviors that could jeopardize a potentially productive collaboration.

Trust issues. A pharma company may find it difficult to earn a smaller biotech's trust, particularly if the smaller company has previously been stranded mid-project by a partner. In turn, a business-savvy pharmaceutical company may lack confidence in its neophyte partner, unless the biotech demonstrates level-headedness and flexibility. Additionally, the daily informal exchanges that build familiarity, trust and benefit-of-the-doubt among co-workers are absent when alliance colleagues are separated by miles or even continents.

Unclear roles. Assumptions about responsibilities may turn out to be widely off base. Decisions and actions based on assumptions, no matter how well intended, are risky. Either partner may offend the other, or worse, cross wires with them and endanger the project's timeline and budget. Even if collaborators determine deliverables together, deadlines, activities and role assignments must be crystal-clear if the project is to stay on schedule.

THE BIG INTANGIBLE

By nature, pharma-biotech alliances face specific hurdles. But the single biggest derailer of any business alliance is a breakdown in communication.

Why is communication such a challenge? Paradoxically, communication seems so basic that it is often taken for granted. Hence, too many alliance projects commence without a formal communications plan. Team members assume they'll be kept informed as the project progresses, but may have different expectations as to what that means. One partner may rely primarily on e-mail, while the other employs more meetings and conference calls. Without a defined system for communicating, alliance partners may forge ahead with their own individual styles—and risk jeopardizing the project, not to mention unknowingly annoying or offending one another.

Alliance partners can also overlook the significance of informal communication. A happenstance hallway meeting, for example, can lead to a major decision or nip a potential problem in the bud. A conversation at the cafeteria lunch table may cover critical project information. But when partners aren't in the same country, let alone the same building, such opportunities don't exist, and team members may or may not remember to relay information. Even unintentional omissions can lead to team members feeling left out of the loop, which breeds suspicion and erodes trust.

A FEW GOOD TENETS

Clearly, pharma-biotech alliance partners navigate serious potential pitfalls to bring profitable products to market. That's where good project management comes in. The project manager's role is to manage the day-to-day process and details of the collaboration—leveraging exemplary interpersonal skills and staying focused on the project's execution.

Project managers do not make decisions. Rather, they facilitate effective decision-making, and ensure that mutually agreed-upon plans are carried through. If problems arise along the way, project managers help

their teams determine the best course of action.

A few fundamental tenets guide the successful PM's approach to alliance management.

The project is the "client."

Whether internal or external, an effective PM must work from a neutral, objective perspective throughout the course of the alliance. The PM or the project management team must always answer to the project at hand, no matter who is footing the bill. A good PM deals in facts and resists going down emotional or politically biased paths—while monitoring undercurrents among alliance partners. Thus, even for a PM appointed from internal corporate resources, the project is ultimately the "client"—and its success dictates the PM's every move.

Anticipation will get you everywhere.

Anticipating challenges is at the core of a sound project plan. Most alliances are initiated optimistically, with an eye toward the upside potential. Collaborating partners aren't necessarily focusing on the nitty-gritty tactical problems that could trip-up their strategic objectives. A good PM will anticipate such issues, help the partners recognize them and build in techniques for addressing them proactively—rather than reactively.

It's best to have the best-laid plans.

Adrenaline-fueled alliance partners, anxious to execute, often skip or skimp on detailed planning. It's important to remember that a contract is not the same as a plan. Pharma-biotech alliances governed by detailed contracts have collapsed over squabbles about who's responsible for what and by when—issues more related to project process than contract legalese. A good PM contributes the discipline needed to design a robust, defensible plan that includes scenario analysis, expectation assessment and alignment, a realistic timeline and deadlines for major milestones. How and why certain timeframes were established should be included in the project schedule. That information helps keep expectations in line and provides a reference for monitoring

REFERENCES

≈1 "Trial and Error: How Eli Lilly's Monster Deal Faced Extinction—but Survived." *Wall Street Journal*, April 27, 2005: A1

≈2 "Learning the Biopartnering Game: How to achieve more from your biotech alliance." IBM Institute for Business Value, IBM Business Consulting Services, November 4, 2004.

≈3 IBID.

≈4 "Pharma-Biotech Alliances." *Contract Pharma*, September 2003.

progress and re-prioritizing in the event of obstacles.

PM STRATEGIES

How does a good PM set the stage and keep things moving forward?

Get everyone pulling in the same direction. Pharma-biotech alliance partners usually come from very different cultures. From the beginning, the PM is responsible for fostering a "micro culture" for the project team. The micro culture must work for everyone involved and be uniquely tailored to serve the project objective. The PM also determines how the project micro culture will interface with the cultures of both project parents.

PMs apply techniques that uncover and address key differences between the two organizations. For example, partners from each side might describe their own company's corporate approval processes. In so doing, any differences emerge naturally in an objective, fact-based manner. Using the shared information, the PM can guide team members to create their own governance structure that works for the partnership while satisfying the parent companies' requirements.

Be deliberate in all things.

The PM needs to motivate team members to heighten their awareness. It is critical that players communicate and behave with their new alliance teammates as if they were starting a new job at an unfamiliar company. The alliance "space" is, indeed, a new environment and conscious navigation can help to build trust and prevent misperceptions.

One way to increase team sensitivity is to bring into the open how each partner operates "at home." At the alliance kick-off meeting, the PM can facilitate a discussion to address such questions as: Is your corporate culture formal or informal? In what ways? Who communicates with your upper management, and how? Conscious acknowledgment of partner differences—a theme throughout effective alliance management—can help team members appreciate one another's perspectives as they interact day-to-day.

Orchestrate formal communication. In cooperation with alliance partners, the PM develops a formal, written plan for communication within the alliance micro culture. The plan defines who needs to know what and when and establishes report formats and schedules. It can also include specifics explaining how informal information exchanges (like the hallway conversation from the last page) get funneled into the formalized communication process.

One important tactic is to establish a single point of contact (often the PM) through whom information flows. Without such an alliance "clearinghouse," multiple people from both sides may try to work through particular issues without coordinated effort. The PM can help ensure that critical information is integrated into the dialogue and communicated to all team members, preventing both project inefficiencies and personal frustration.

Accelerate team cohesion.

A PM can use specific methods to facilitate understanding among alliance partners. Without natural venues for informal interaction, alliance partners may need other techniques to cement good working relationships. By adapting work-style assessment exercises such as the Keirseley Temperament Sorter or Myers-Briggs Personality Test to a group, the PM can offer useful insights into how individual traits and tendencies might affect team dynamics. For example, a visual learner may prefer charts and graphs, while a verbally oriented per-

son prefers text to images. Different people attack problems in different ways, or feel more or less comfortable in the spotlight. When shared in a constructive, non-judgmental manner, such information can enable cross-company team members to appreciate the team's diversity of perspective

The initial project team meeting should be face-to-face and on neutral turf, if possible. During the course of the collaboration, partners should have opportunities to experience one another's cultures, operations and environments. Not all encounters need be entirely project-specific. For example, the pharma team might tour the biotech's laboratories before an onsite update meeting, with the pharma team extending a similar invitation later on.

Execute, execute, execute. The devil is in the details. Fundamentally, a project's success stems from flawless execution. A good PM works with both parties to analyze and document every step necessary to keep the project on track. Then he or she makes sure that all team members do their part at each juncture. If there are hiccups, the PM ensures that the partners figure out why, and then find solutions together.

IT'S NEVER TOO LATE

Involving a PM at the outset or contract stage of an alliance is ideal. However, those knee-deep in a tumultuous alliance can always call in a PM to resolve an impasse. A PM may be able to help them salvage what might otherwise be significant loss of investment and market potential.

In one such situation, a leading third-party manufacturer was contracted by an up-and-coming biopharmaceutical company to produce an innovative cardiovascular drug with a rapidly growing demand. The problem: a 120-day gap from manufacture to quality assurance release. The delay put the partners dangerously close to short-shipping the market, which would mean losing share and hundreds of millions in profits. The problem had persisted for close to two years, even as internal staff tried repeatedly to resolve it. With each

party suspecting the other was at fault, the alliance relationship had eroded so thoroughly that suspicion and distrust became default reactions.

Recognizing a need for objective, outside expertise, the manufacturer brought in a third-party project manager. The PM mapped out all the steps and responsibilities of both parties and gathered objective data to pinpoint the bottlenecks. With the problem areas fully characterized, the PM worked closely with representatives from both parties. Together they were able to devise mutually agreeable strategies to streamline processes and remove inefficiencies on both sides. The release time shrank a full 75 percent, from 120 to 30 days—a change immediately felt at the bottom line.

A SPECIAL BREED

What makes a good project manager? Without a doubt, a PM needs *exemplary organizational skills* and a *keen eye for detail*. But for alliance management, a PM's *interpersonal skills* are paramount. Can he facilitate, manage conflict, build consensus and encourage teamwork among very different people and companies? Can she influence and motivate employees who don't report to her? The ability to do these things well is vastly more important than any industry or technical expertise.

Many companies assign a scientist to project-management duties by default because that person has an in-depth knowledge of the technical subject matter. But a subject-matter expert may gravitate to what he or she is used to doing—trying to actually solve certain problems—rather than facilitating a team solution that keeps the problem from progressing. Remember, the PM role is to facilitate teams, activities, decisions and tasks. Although technical experience can enhance a PM's effectiveness in pharma-biotech alliances, if the scientist-PM lacks project management skills, the project, and possibly the alliance, may be put at risk.

A good PM also must be *willing to take unpopular positions* for the good of the project. An effective PM is constructively confrontational when necessary. He or she must recognize when to mobilize the partners to

resolve an issue, and when it is necessary to bring in senior management from parent organizations.

INTERNAL VS. EXTERNAL

Many major pharmaceutical companies are devoting sizeable resources to create corporate project management offices. The question often arises: Can in-house project managers be thorough and objective enough to handle an alliance project?

If the parties aren't experiencing trust issues, and staff resources are sufficient, an internal PM can be very effective. An internal PM can earn the trust of the alliance partner by demonstrating allegiance to the project above company loyalties. It is important to keep in mind that the PM must engage in tactical, day-to-day oversight of the project to be successful. If a company's in-house project management team's focus is solely on overall alliance strategy, the company should consider forming an in-the-trenches project management function or bringing in external project management experts.

When trust is an issue, independent project management can be a critical element of success. The advantage of using a third-party PM is neutrality—that person is engaged only to drive the alliance process forward, with no greater allegiance to one party than the other. That invites the kind of candor needed to get around hurdles and move ahead.

A VALUABLE RESOURCE

At a time when pharma-biotech alliances are developing so many of the market's most exciting products, it is critical that companies get the most out of their partnerships. Since they can maximize the potential of such collaborations, a dedicated project manager serves as an essential linchpin connecting Alliance Partners. Through effective project management, alliance partners can connect via a common objective, producing a high-performing team to deliver high-quality results on time and on budget. ~

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