

# Strategic Alliance Executives Foster Profitable Partnerships to Fuel the Product Pipeline

A CTPartners Perspective

Given the extraordinary demands associated with drug discovery and development, it's not surprising that few, if any, organizations can excel at every aspect of this process. Within today's high-stakes and highly challenging life sciences sector, the costs and risks associated with "trying to do it all" are simply prohibitive.

As a result, alliance-based business models have become increasingly prevalent throughout the global marketplace. Concurrently, the role of strategic alliance executive is becoming ever more important, as alliance management teams grow in size and scope, and more and more organizations explore the benefits of bringing a Chief Alliance Officer into the ranks of senior leadership.

This management trend makes good sense in a global sector in which biopharmaceutical companies, large and small, are partnering with each other and with academic research institutions. These alliances create synergistic relationships that capitalize upon the core competencies that each organization brings to the arrangement. **Economic, regulatory, and competitive pressures all combine to reinforce the strategic benefit** of this approach, which has gained widespread acceptance during the past decade.

At a growing number of life science corporations, alliances currently account for a major portion of the company's revenues, sometimes even more than half. Equally important, they fuel much of the product pipeline, with smaller biotechs and nonprofits serving as incubators for innovation, while larger firms contribute the resources and know-how necessary to bring promising products through development, clinical trials, and commercialization.

**In brief, alliances deliver results while helping involved parties to maximize opportunities, navigate an exceptionally challenging global system, and mitigate risks.** For many organizations, the question is no longer "Do alliances make sense for us?" but rather, "How do we most effectively

manage our strategic alliances so as to achieve profitable growth and create sustainable enterprise value?"

**Recruiting and retaining the right executive talent is key.** Best-in-class life sciences alliance executives can yield impressive results in this essential role, thanks to their valuable combination of "hard" and "soft" skills including industry knowledge, business-management expertise, and emotional intelligence. Chief Alliance Officers, who bring global strategic vision and top-quality communication skills to this senior position, will be equipped to interact closely with leaders throughout the C-Suite, as well as members of the Board.

## The Current Landscape

As life sciences organizations struggle to cope with ever-increasing costs, regulatory challenges, and marketplace competition, they have come to understand that their alliances are potentially so valuable, and yet also so complex, that these demand in-depth attention. But there is no single answer about how best to accomplish this. Strategic alliance management is a relatively new role within the life sciences sector which means that, in many organizations, it is often still in transition, as companies continue to define their alliance-management needs and the appropriate skill set.

Many organizations progress along a continuum when it comes to this management position. They might start by adding one or two alliance leaders, ultimately moving to create an Alliance Management Executive Leader or Chief Alliance Officer position as the benefits from strategic alliance management become obvious.

As a result, approaches vary widely, with leading companies typically appointing Strategic Alliance Executives to handle one or more relationship, depending on its size and scope. Meanwhile other companies may still be relying upon project managers or another member of the organizational team to

## Strategic Alliance Executives Foster Profitable Partnerships to Fuel the Product Pipeline (continued)

manage these relationships, along with other business responsibilities. This latter approach can be less than effective, though, especially if these professionals are time-strapped or poorly equipped for the multiplicity of demands that true alliance executives handle. The result may be a somewhat haphazard approach.

**At the other end of the spectrum, however, when corporations fully appreciate the importance and potential of their key alliances, a Chief Alliance Officer or Alliance Management Executive Leader may report directly to the CEO or another C-Suite executive. These professionals sometimes interact with the board of directors as well, and this is likely to become increasingly common.**

Although the specifics vary from one organization to another, there is no doubt that this management trend is gaining

momentum. At a recent conference of the Association of Strategic Alliance Professionals, Alex Bennett and Steve Cornacchia, both Principals in the CTPartners Global Life Sciences Practice, were privileged to serve as speakers before an audience that included biopharma alliance professionals, alliance-management consultants, and other life sciences executives.

Among the most pressing issues discussed during the conference was the immerging role of the Chief Alliance Officer, as well as the talent profile most likely to satisfy this growing leadership need. Other hot topics included the various risks that organizations face when alliances are not well managed; the essential skill set for effective alliance executives; and the potential benefits that organizations can accrue from taking a proactive, strategic approach to alliance management.

Jan Twombly, a foremost expert on alliance management and the President of The Rhythm of Business, a Newton, MA consulting firm, describes this as "an emerging and significant profession." She notes that "today, every major biopharma corporation is actively involved in alliance management" (see sidebar, "Alliance Management, By the Numbers"). It's even the case, she adds, "that some business schools have begun to include this in the curriculum."

### The Talent Profile

For growing numbers of biopharma companies, building a high-quality alliance management team ranks among the top talent management priorities. **Propelling this trend is the reality of the downside risk that can result from poor or negligible alliance management.** This can run the gamut from missed commercial opportunities to failed development programs. In the worst of scenarios, badly managed alliances may result in legal disputes or significant investor losses as well.

While noting that, "Alliance governance is probably the mainstay of what alliance management is all about," Brooke Paige, Senior Director, Alliance Management at Ipsen,

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### Alliance Management, By the Numbers

Many life sciences alliances last for five or 10 years or even longer, depending upon the success of the venture. So it's fairly common that organizations gain a greater recognition of the value that alliance executives deliver as these relationships progress.

Consider this key finding from The Rhythm of Business, which surveyed nearly 50 global organizations in its recent report on alliance management within the biopharmaceutical industry:

– *In alliance management groups that are more than five years old, 53% of CEOs and their direct reports* perceived alliance management as being essential in achieving corporate strategy;

– *In alliance management groups that are less than three years old, 37% report strategic value from alliance management.*

Indicative of the overall trend within the life sciences industry, 90% of the companies that participated in this survey have a functional group whose primary responsibility is managing alliances, however, many of these groups are relatively young: 62% have been in existence for no more than five years, and only 4% have been in operation for 10 years or longer. About half of the survey respondents manage one to three alliances, however, the norm varies.

## Strategic Alliance Executives Foster Profitable Partnerships to Fuel the Product Pipeline (continued)

emphasizes that "the critical role of an alliance executive is much more than governance alone." She explains, "Successful alliance professionals, especially Chief Alliance Officers and other senior executives, are able to internalize and deliver on the strategic intent of an alliance partnership – from the viewpoint of their own organization, as well as that of their partner – regardless of the complexities that are inevitably involved. It's delivering on these needs which really drives value for both partners."

Kimberly Brue, who serves as Senior Director, Alliance Management, Tysabri, at Biogen-Idec, has served in this professional role for about seven years within various companies (including Sanofi and Sanofi-Pasteur). A molecular biologist by training, she notes that, to be successful as an alliance executive, one must possess a comprehensive management toolkit.

"After all," she says, "even though alliances are built upon contractual relationships between organizations, at the end of the day, these relationships consist of people who are collaborating to make something important happen. There's got to be transparency, trust, and good communication." When she talks about the management toolkit that she relies upon, she includes "an understanding of psychology, sociology, body language, and cultural differences, in addition to the ability to manage deliverables, contractual governance, and strategic alliance," and much more.

According to a report from the consulting firm, The Rhythm of Business, common responsibilities assumed by alliance professionals include launching and implementing alliances; managing governance procedures; interpreting and monitoring contracts; negotiating with partners on how to achieve objectives; and working to understand the partner's positions and explaining these to internal personnel.

At some organizations, these professionals get involved even before alliances are fully negotiated. In these cases, they may work proactively with internal stakeholders in order to clarify goals and achieve alignment within the organization.

Alliance Management executives are involved at a senior leadership level and on a global scale with corporate strategy to build and sustain enterprise value. Regardless of the specific way that any organization defines this executive position, there is always one basic priority: Helping the alliance to succeed, in the fullest way possible, in achieving its key objectives.

### Mistakes to Avoid

For life sciences organizations, successful alliance management depends not only upon putting the right person in the job, but also upon defining this job in ways that best support the institution's strategic objectives. Below, some pitfalls to avoid:

– *Confusing business development with alliance management:* At first glance, the two functions seem to have a great deal in common and, of course, there is some overlap. But business development professionals are, by necessity, focused on the deal itself, whereas alliance managers need to devote their energies and attention to the relationship that develops after the ink dries on a contract. With two different skill sets (and mind-sets), the BD department is not usually the best source of alliance management talent.

– *Taking internal alignment for granted:* Strategic alliance professionals recognize that a successful collaboration depends upon trust, transparency, and effective communication between all parties involved. But that's much harder to achieve if various parties within the home institution view the alliance differently, in terms of its objectives, challenges, and so forth. If employers fail to appreciate this important aspect of the job, they risk handicapping their alliance management team or putting an inappropriate person in the position.

– *Developing the wrong reporting structure:* One trend that should accelerate is designing a reporting structure that gives Chief Alliance Officers access to the CEO or one of his or her direct reports. Board interaction with key alliance executives should also be encouraged, to ensure that alliance management is delivering upon its strategic potential.



# Strategic Alliance Executives Foster Profitable Partnerships to Fuel the Product Pipeline (continued)

As life sciences leaders increasingly realize, the potential “return on talent” here is great, most especially when professionals have the expertise and experience to adopt a proactive, strategic approach to alliance management. Kimberly Brue, for example, considers it one of her responsibilities to "not only manage alliances directly, and to manage the relationships of alliance partners with each other, but to leverage common strengths and identify new opportunities for innovation or development within each company. After all, the strategic alliance manager is in a unique position to try to make connections like these happen."

### The Talent Strategy

Recruiting and retaining the right professional for this position can be a challenge for a number of reasons. For one, it’s not easy to find seasoned talent in this fledgling field, since growing demand outstrips supply. Meanwhile, it sometimes can be difficult to figure out who would be the right person for a position, when organizations fail to fully appreciate the multifaceted complexities of this position (see sidebar, "Mistakes to Avoid").

Depending upon an organization's assessment of the specific complexities in its alliance portfolio, it might seek to promote or recruit its alliance executives from related disciplines. Professionals may come from finance, human resources, sales and marketing, project management, or business development. If a number of key alliances are based in one particular country or region, someone in a country management position might be asked to transfer into this role.

At CTPartners, we have found that in alliance management, the most important indicators of future success are often intangible ones. Strong professional backgrounds and an in-depth understanding of marketplace dynamics are essential, of course. But so are “soft skills” such as emotional intelligence. This necessitates an especially intensive and creative approach to talent recruitment.

So, for example, the most successful life sciences alliance executives combine top-quality business management skills with an innate ability to build productive relationships between teams and individuals. They are collaborative to their core. Meanwhile, the strongest alliance executives are subtly attuned to, and respectful of, the cultural differences between organizations. They are great networkers, which is especially important when it comes to helping to keep various internal interests aligned.

And there's more. The best alliance executives are flexible by temperament and strategic in their orientation. Features like these give them the ability to grow, along with the alliances that they manage, over time.

When it comes to the life sciences sector, many things are unpredictable. But the rising importance of alliance management is not one of them.

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