The essence of the biotechnology CEO:
5 differentiating traits
Given the biotechnology industry’s exceptional growth, there is unprecedented competition for qualified and experienced CEO candidates. Biotech investors and boards seldom have the luxury of selecting from a pool of CEOs who have “been there, done that.” In fact, when reviewing the collective portfolios of ten top life sciences venture capital (VC) firms, the data show that 57% of portfolio companies have first-time CEOs at the helm. These findings are consistent with our tally of the life sciences CEOs we have recruited to their posts. Since 2014, 67% of the life sciences CEOs that we have placed in the U.S. have been first-time CEOs.

As a result, investors and the boards of biotech companies looking to recruit a strong executive for the CEO role must go beyond track record and accomplishments. Our expertise in CEO recruitment provides for the assessment for something more intangible: leadership potential.

**HOW DO WE QUANTIFY LEADERSHIP?**

A candidate’s background and experience are relatively straightforward to assess. However, quantifying leadership potential is far more complex and difficult. (See Exhibit 1.) While search committees traditionally rely on interviewing and referencing to determine a candidate’s potential – and these traditional methods remain a mainstay of the search process – we recommend incorporating psychometric assessment as well. This type of evaluation dives more deeply and specifically into the candidate’s leadership style, attributes and tendencies, enhancing the search committee’s ability to assess his or her potential.

To explore further, we recently asked 23 life sciences CEOs at emerging-growth biotech companies – across a range of sizes, development stages and financing – to participate in a psychometric study that would help us understand the differences between biotech CEOs and CEOs from other industries. We share our findings in this report, including the unique biotech CEO leadership profile that emerged.
Our findings

Our analysis revealed five leadership traits that distinguish the biotech CEO from executives and CEOs in other industries: (1) the strong desire to have an impact, (2) a creative mindset, (3) the propensity to forge a new path, (4) the inclination to learn from others and (5) a relatively high level of independence. (See Exhibit 2).

Across these five characteristics, the biotech CEO’s profile differs meaningfully from that of a normative group of CEOs across other industries. Intriguingly, Russell Reynolds has never found as many differentiating attributes among any other group of executives studied with this method to date.

We consider these five traits the “essence” of the biotech CEO.

While it seems intuitive that characteristics 2, 3 and 5 would be common to entrepreneurial leaders, and indeed have emerged as differentiating characteristics of other transformational leaders we have studied, the biotech CEO group is truly unique in its inclination to learn from others and its innate drive to have an impact.

METHODS AND TOOLS:
We used three well-validated psychometric instruments (the Sixteen Personality Factor Questionnaire (16PF), the Occupational Personality Questionnaire (OPQ-32) and the Hogan Development Survey) to create detailed profiles for each of the CEOs in our study. We compared these profiles to the aggregate results for other U.S. CEOs in our proprietary database, focusing on behavioral characteristics that are relevant to leadership roles. We then debriefed the participants on their individual and group results. Our participants’ anonymous comments and reactions are captured throughout this report.
DESIRE TO HAVE AN IMPACT

The most outstanding attribute of the biotech CEO, by far, is the innate desire to have an impact. One study participant said, “The desire to have an impact seems like a no-brainer for biotech. You need to have the motivation and philanthropic moral imperative to help people and believe that what you are doing has a sense of purpose beyond the work itself.” When commenting on the high failure rate in drug development, regulatory hurdles and other common obstacles in a start-up environment, one CEO went so far as to say, “If it weren’t for the connection to a bigger cause, why would anyone ever do this?” And when looking at the immense competition for the highest caliber of talent, including CEO leadership, the same CEO spoke passionately, asserting that “what makes it possible to reach [top talent] is that we have a bigger cause and purpose.”

As a result of this sense of personal engagement and commitment, biotech CEOs survey the landscape continuously, frequently evaluate their processes and respond quickly to feedback. As another CEO stated, “The only thing that ultimately matters is if you can have an impact on a patient’s life.” Biotech boards and investors searching for a new CEO will therefore benefit from seeking out leaders with the passion and commitment to make a positive difference.

At the core of every biotech CEO is the desire to have an impact

Passionate, self-aware

Consistently engaged • Feel personally responsible for results • Evaluative • Deliberate • Able to juggle priorities • Absorb constructive feedback • Passionate

CREATIVE MINDSET

What does it mean to have a creative mindset? For the biotech CEO, it means being “open to challenging ourselves to think differently,” as one study participant told us. Biotech CEOs are willing to challenge traditional approaches and seek less conventional ways of doing things. They tend to look at out-of-the-box ideas and identify trends, threats and opportunities others may not see. Alternatively, as one CEO in our study suggested, “Maybe we just get energized by the problem that seems unsolvable.”

While creative thinking tends to be an internal process, biotech companies will do better with a CEO who will develop and foster an environment of creativity and open-mindedness throughout the organization, promoting the full engagement of the team. Upon reflection, one CEO in our study remarked, “I have learned a lot about the spirit and spunk that people can derive from thinking creatively. It’s more of an atmosphere and a culture… I think the higher calling is to get people to rally around a feeling, and it’s pretty special.”
PROPENSITY TO FORGE A NEW PATH

Unencumbered by internal bureaucracy or existing procedures, biotech is the perfect arena for those with a predisposition to forging new paths. Fueled by their natural bent towards creative thinking, biotech CEOs don’t allow barriers to stop them from pursuing new opportunities – or taking risks.

Although drug development has a high risk of failure, biotech CEOs take on the challenge with their eyes wide open and have “a strong emotional backbone,” according to one CEO. As another CEO put it, “Just tell me it’s not possible and I’ll get to work.”

Some participants frame failure as advancing the field: “Even if we fail, there will be new learning that’s going to further the field of healthcare. And if we do succeed – wow, how transformative and how wonderful to be a part of making that happen.”

Our findings further indicate that biotech CEOs thrive in ambiguity and are able to “cut through red tape” to see an idea through to fruition. They have the courage to forge a new path, even if they were somewhat constrained in a previous organization. In fact – perhaps counterintuitively – we found that biotech CEOs with Big Pharma experience are more likely than other biotech CEOs to test the limits of their organization’s structure and boundaries, and more likely to reach across lines and connect with people outside their standard avenues of communication. As a result, a candidate’s propensity to forge a new path, whatever his or her background, is a critical metric for assessing the ability to make the transition from functional leadership to enterprise leadership as a CEO.

INCLINATION TO LEARN FROM OTHERS

Biotech CEOs tend to be energetic and animated, proactively building their relationships with colleagues and peers. They make their interactions personal, substantive and meaningful, absorbing and applying information from others’ experiences to their own situations. As one CEO shared, “I feel very comfortable in a room full of experts, so I can listen to them argue and then distil what they are saying.” This notion of learning from others is extremely important in the life sciences because “there’s so much focus on doing the right thing for patients overall and trying to find a way to get new medicines out to the marketplace,” another CEO noted. A great deal of knowledge can be shared “without giving away the world’s secrets.”
More tenured biotech CEOs also tend to mentor those less experienced. As one of our participants with over a decade of experience as a CEO said, “Now that I’m not a new CEO, the types of relationships I like to build are with people who want to be CEOs. I enjoy and want to cultivate those [relationships] so that they can benefit from my experience.” Because they build strong relationships, we often observe in biotech CEOs a degree of comfort around knowing what they don’t know – and finding out where to go for the missing information. One CEO in our study emphasized this point by stating, “I don’t have to apologize for not knowing everything about the molecule the head of research just drew up on my white board. The conductor of the orchestra doesn’t play all the instruments – and shouldn’t feel like they need to.” Not surprisingly, the ability to trust in the executive team is also paramount.

INDEPENDENCE

We were struck by our observation in this study that biotech CEOs are constantly balancing two seemingly at-odds qualities: the desire to learn from others and independence. As one CEO noted, “I do a lot of independent thinking and analyzing, but it’s generally after I’ve done a lot of listening.” Nonetheless, several biotech CEOs described their decision-making process as a lonely one, “collecting the relevant information from various external sources, synthesizing and verifying it and then making an independent decision based on the facts.” “Even when you want to be a laidback leader and empower your team, frankly, sometimes you need to plow in and make some decisions,” one CEO added.

Although we expect CEOs in general to rely heavily on their executive teams, biotech CEOs are typically quite self-reliant. This particular attribute is personified in the tendency to be an independent problem-solver, with a preference for setting one’s own agenda. As a result, we counsel biotech boards to consider a candidate’s ability to function in a highly independent way – while at times pausing to take a more democratic, team-oriented approach. Our experience informs us that this type of leader will build a team of other independent leaders he or she can trust – leaders who, as one participant said, “Don’t depend on me all the time for handling everything.”
What this means for you

In our experience recruiting biotech CEOs, we always advise search committees to “dig deeper.” Track record alone is not the only indicator of high potential. Sometimes the less-obvious candidate can be the best choice. We advise our clients to look beyond what is obvious and consider leadership potential as a key criteria.

- **Be skeptical:** Understand that resumes can be misleading.
- **Be balanced:** Weigh leadership potential versus track record equally.
- **Be discerning:** Focus less on what was accomplished and more on how it was done.
- **Be inspired:** Seek out leadership that engenders followership.
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