

Euromedica's Three Minute Executive Briefing

New Skill Sets Are Required for Partnering Profiles – Emerging New Requirements For Recruitment Profiles

By Michael Ade, January 2012

Our daily work in consulting Life Science companies of all shapes and sizes has revealed the need of many companies to request new skills for talent in partnering-related roles. This need arises in order to cope with the flip side of two particular, much debated overall trends in the industry: 1) to partner more early R&D activities, and 2) to increase diversity within the management staff of companies' that have in past mostly been governed by males of Western European origin. Feedback from HR professionals suggests that these two independent trends are increasing the number of potentially incompatible interfaces with external partners and within a given company, leading to a drop of operational efficiency. Euromedica hopes to provide with this article some food for thought for industry executives interested in fresh ideas about conflict avoidance and resolution, be it with third parties or within the own organisation.

Partnering is an activity with far reaching consequences for any organisation and for its Human Capital. Depending on company complexity, the Executive Board gets involved in high-level decision making. Additionally, BD, Finance and Legal participate in the pre-sign off phase, whereas the more technical functions, Project Management and R&D leadership are concerned with the daily operations of a typical R&D focused collaboration between independent companies. Our daily practice shows that traditional job profiles for all these functions pay too little attention to experience and formal education in conflict avoidance and conflict resolution. This oversight can cost any organisation dearly over the life time of a given partnering project and beyond. Yet, the good message is that by appropriately specifying recruitment profiles with a competent consultant, the conflict avoidance and resolution skills of a company's Human Capital can be increased and the probability of conflicts can be reduced.

Mediation is an alternative dispute resolution mechanism that traces its origins back to the United States of the 80's and 90's, where it was first employed to solve intra-marital conflicts. In a mediation procedure, a neutral intermediary, the mediator, helps the parties to reach a mutually satisfactory settlement of their dispute. Business practice has shown mediation to be more time and cost effective than formal litigation or arbitration when it comes to emotionally charged disputes within long-term business relationships, an experience to which companies such as Vertex Inc. can provide testimony through successful application of Business Mediation.

Mediation as a technique is developed further, amongst others, by the non-profit Institute for Dispute Resolution (CPR) and has been supported and recommended by leading institutions such as the International Chamber of Commerce. Its main components are:

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- **Mediation is a non-binding procedure controlled by the parties.** A party to mediation can neither be forced to participate in mediation, nor to accept an outcome that it does not like and the parties are free to abandon the mediation process at any time. Unlike an arbitrator or a judge, a mediator is not a decision maker. The mediator's role is rather to assist the parties in reaching a settlement of the dispute.
- **Mediation is a confidential procedure.** In mediation, the parties cannot be compelled to disclose information that they prefer to keep confidential. Outside the context of the mediation, such information cannot be used by or provided to anyone – including in most legislations in subsequent court litigation or arbitration. Mediation hence allows the parties to negotiate more freely and productively, without the fear of adverse publicity.
- **Mediation is an interest-based procedure.** In court litigation or arbitration, the outcome of a dispute is determined by the facts of the dispute and applicable law. In mediation, the parties can also be guided by their business interests. As such, the parties are free to choose an outcome that is oriented as much to their future of their business relationship as to the past. When the parties refer to their interests and engage in a dialogue, mediation often results in a settlement that creates more value than would have been created if the underlying dispute had not occurred.
- **Mediation addresses emotional as well as factual issues.** Mediation has the advantage that it can accommodate the individual needs of the parties involved by differentiating between the subject level and the personal level of disputes. Starting from the assumption that emotions and similar “soft factors” are the deeper reasons of many disputes, a well-trained mediator will apply advanced communication, presentation and negotiations skills to identify such hidden barriers to a solution. Therefore, mediation will be an especially suitable format of dispute resolution to conflicts that carry a high emotional content.

The Life Science industry is marked by its unusually long, research- and capital-intensive and risk-prone product development cycles. Further hallmarks of the industry are a multitude of participants, such as researchers, investors and corporate executives with diverging business interests. Often, scientific excellence and professional recognition leads people to develop into highly technically competent personalities that can lose sight of the softer dimensions of interacting with people, be it with colleagues or external partners. The Life Science industry is certainly no exception to this rule, culminating in the call of one senior Biotech Investment Analyst that many biotech companies would do better if they invested in inventing “a pill against their CEO's egos”. Difficult personalities abound in all levels of managerial responsibilities making mediation a very valuable tool to take interpersonal issues into account for the sake of a mutually beneficial conflict resolution.

What specific conflicts could lend themselves to a solution by mediation? Generally speaking, it is disputes where both parties could gain from a continuation of an improved relationship. Externally, this could come from intellectual property disputes, where freedom-to-operate clauses and associated damages and indemnification provision frequently create frictions during the life time of a license. Agreements in which external providers explicitly exclude guarantees about the “fitness” of their services or products for a particular purpose because of the “experimental nature” of their technology are another cause of potential dispute - if and when the results of the services or the products leave room for interpretation which is frequently the case. Still further examples are research collaborations, where parties contribute scientifically to a common goal and where the relative contributions can only be evaluated and measured with difficulties.

Internally, a scenario for an addressable conflict in a Life Science company could come through the increasing regulatory pressure within the medical device industry. This is leading in many instances to a gradual shift of power from Product Development and Manufacturing towards Quality Assurance and Regulatory Compliance. Diverging professional and social skill sets among the experts within these crucial corporate functions, coupled with cultural diversity within today's enterprises can quickly lead to the first symptoms of interdepartmental conflict and resistance: meetings drag on and decision processes stutter, normally engaged staff drifts into "inner immigration", specific questions receive vague answers. On an organisational level, sick leave increases, staff fluctuation also, rumours start to circle and emails become lengthier in concert with distribution lists as people try to recruit internal allies and cover their backs.

The skilled mediator will use role plays; individual interviews and the like to establish the status quo and the professional and social reasons for the conflict. He or she will make the underlying causes transparent and addressable and will hence guide and coach the parties involved to develop their own solution.

Mediation is the instrument of choice for a wide range of conflicts within the Life Science industry. It promotes the "self healing" of the organisation or the partnership. In addition, internal or external mediators are more readily available and can act quicker than courts or arbitrators. In case of external mediators, their fees are generally shared between the parties and calculated per day, instead of a percentage per dispute value as an arbitrator would normally charge. Line Managers and HR Executives alike are advised to look for and to develop talent with Mediation skills in their professional tool box.

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Do you agree with my ideas and observations in this article? How have you coped with increasing need to find new talents to manage the growing trend to external R&D collaborations? We'd be delighted to hear your thoughts. Please feel free to contact me at michael.ade@euromedica.com or visit us at www.euromedica.com

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