

4 Trends Will Shape Life Sciences Executive And Board Recruitment

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By DeeDee Deman



The life sciences industry has been immersed in a rapidly changing environment since the beginning of the pandemic. In 2020, companies quickly pivoted to address the vast needs for COVID-19 testing, vaccines, and therapies, as well as the acceleration of remote healthcare delivery.

In an already constrained recruitment pipeline, this frenzied growth drove life sciences companies to compete ever more fiercely for top talent. Until Q4 2021, the biotech and biopharma investment pipe was wide open. Companies were going public or yielding huge financing rounds, breaking all records in Series A rounds, let alone B and C.

And just as the life sciences industry was peaking, the bottom fell out, and the entire sector quickly rotated out of favor. Investment funding plummeted to a cyclical low, forcing companies to be more judicious with their dwindling budgets. In addition, the industry is navigating within an unstable global environment, including a war in eastern Europe, fluctuating stock valuations, and rising inflation.

There have also been big shifts in regulatory policy governing board composition. Just recently, the industry experienced a step backward in diversity mandates when a California judge struck down the state law requiring public companies to include LGBTQ+ and people of color on their boards. Largely unanticipated, these events will have significant short and midterm impacts on the life sciences industry going forward.

I think four key trends will shape executive and board recruitment in the next few years in the aftermath of these recent upheavals in the industry.

DIVERSITY AND INCLUSION AT A CROSSROADS

Perhaps the most pivotal shift is the industry's focus on recruiting women, ethnically diverse, and other underrepresented groups for board seats and senior leadership positions. For example, the number of women on boards increased nearly 11% over the last five years and women now hold 27% of all board seats (up 3% in just the last year). Though some of the improvement stems from legislative mandates and stock exchange policies, particularly for independent board directors, a more enduring motivation that goes well beyond enforcement is the recognition that diversity has proven to have a direct, positive impact on company earnings and ROI. The broader trend we are seeing is that diversity is becoming a leadership imperative invoking inclusion throughout the sector's employee populations.

The decision by the California court in early April to strike down AB 979 may impact the trajectory of increasingly more diverse boards. AB 979, which was signed into law on Sept. 30, 2020, required California-headquartered public companies to have at least one director on their boards by the end of 2021 who is from an underrepresented community or who self identifies as gay, lesbian, bisexual, or transgender. By the end of 2022, the legislation called for the number of underrepresented communities to increase to two directors for boards with more than four positions but fewer than nine directors and to three for boards with nine directors. Despite the abrupt legislative turnaround, I believe most companies will continue to seek diversity in their boards and C-suites that mirrors the customers and stakeholders they serve.

GROOMING THE NEXT-GEN LEADERSHIP POOL

There will be some leadership pipeline shortages, given that the life sciences sector has historically not focused on advancing the careers of diverse populations. This creates a recruitment limiting factor for people of color and LGBTQ+, as they have not been consciously groomed for or otherwise encouraged to develop the skills to excel in the C-suite or boardroom. Lack of access, training, mentorship, networks, and championship have become the hurdles to developing a career track. And this was a similar scenario that many nondiverse women had to endure. It is often a cement, not glass, ceiling. By definition, glass breaks. And for the LGBTQ+ community, the challenges are even more pronounced because very few self-describe as LGBTQ+.

It is time sensitive and mission critical that the life sciences industry commits to taking on the leading role as sector producers and champions of ethnically diverse and LGBTQ+ leaders — not just by supporting STEM education programs, which are great but will take decades to change the face of leadership. It's time to invest in employees to advance them now.

FREE AGENCY MENTALITY

Another trend I see is that executive leaders are increasingly becoming their own business managers. They want to manage their careers very differently, somewhat closer to “free agents” than ever before. For example, life sciences executive tenures have been as short as two or two and a half years, gaining a key career milestone to move onward and upward elsewhere. My observation is that companies suffer greatly from this short-term mentality, as it often takes a good two years for a new executive to understand and then effect a positive impact. Even worse, they take that institutional knowledge with them.

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When coupled with strong financial returns and remote working, free agency continued unabated for quite a while. Through most of 2020 and 2021, executives were leaving organizations for greener pastures, with multiple opportunities to land a bigger, better position. Many were leaving established companies for startups and taking positions that were significantly beyond their experience level. Today, the tides have turned again, with cyclical funding lows, programs being slashed, operating capital evaporating, and layoffs underway. So, these free agents are on the move again, seeking a more stable environment. This unrestrained flow of human resources is costly for organizations both financially and operationally.

SCALING FOR SUCCESS

As the smaller and more vulnerable life sciences companies are seeing their valuations fall, and without funding sources readily available, many are left to make some hard decisions. I think one of the most important is making sure that whoever you have in your “boat” is absolutely necessary to get you to where you need to go. For many companies, that means reprioritizing investment, which could mean some layoffs. The goal has to be to lengthen your cash runway so that you are still around when the market rebounds and capital is flowing again.

Everyone knows the real estate adage location, location, location. For executive recruitment, it is fit, fit, fit. And that is truer today than ever as companies are refocusing, scaling back, and weathering the current downturn. During this belt-tightening, companies must identify the key people they must retain as part of their skeletal structure to move the company’s initiatives forward. That is best done by straightforward honesty and authentic caring. As their leader, tell them they are valued, and their contributions are important to the survival and success of the business, as well as to you, on a very personal level.

None of this is easy, but it is nonetheless vital and, in many cases, nonnegotiable, or you lose and will lose every time. And it starts at the top. The board’s role is ensuring, actually insisting, that the CEO be the magnet and retainer of the required talent to execute the mission, while adhering to the company vision. And if the CEO cannot excel in this role, it is incumbent upon the board to find a CEO who will.

But it’s not just about retention of key talent, it’s about the commitment to key talent and from key talent. This directly reflects on why finding leaders with a strong cultural fit is so critical. Recruiting this kind of leadership will take your company forward because they share the vision, values, beliefs, and steadfast dedication to the execution of the mission.

As with all cyclical reversals, I firmly believe the sector’s renowned resilience will rebound, and in three to five years, thanks to our tenacity, we will see a growing, thriving life sciences industry once more, hopefully with greater representation of the diverse populations our sector serves.

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