

# connect<sup>O2</sup>

Dialogues on Life Science Management and Markets

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Merging Forward



Arie van't Riet's still life photographs of plants and animals bring out the radiant beauty of nature.

## Beyond the Obvious

What bliss when a work of art mirrors your own work! In his *bioramas*, Arie van't Riet combines a look at the surface with a view of inner life. The medical physicist turned artist creates still lifes of plants and animals, rendering the structure of tissues discernable via X-rays. In this, our international life science journal, you will find a similar dual examination of the visible and the hidden, most notably in articles on how CAR T-cell therapy is transforming the industry, how professionalism shapes medical affairs, and how hospital settings matter.

For van't Riet, complexity is heightened as different tissues require different radiation intensities. Thicker tissue needs stronger rays to be made visible, while for flowers or insect wings low-energy rays are used over a longer time. The article on approaches to compliance suggests a similarly delicate approach.

But analysis is only part of the picture. Within any organization, negotiating a path to action is equally important. You may find useful guidance in the articles on competitive scenario planning and co-creation, as well as in our look at barriers to innovation. In a similar vein, van't Riet's images come to life because he enhances them through arrangements and the addition of color.

Finally, "Merging Forward" is a look at hunting for an organization's treasure amid a merger or acquisition. It is also an invitation: With this issue of **connect** in hand, set off on your own quest for treasure – whether you find it in insights or fine art! ☐



**DR. THOMAS SCHNELLE**  
is a Partner at Metaplan  
with decades of expertise in life  
sciences.

# How CAR T-Cell Innovation Is Paving the Way for an Industry-Wide Transformation

**CAR T-cell treatments are redefining what it means to be a pharmaceutical company and upending relationships throughout the industry. Savvy stakeholders are already preparing themselves for a very different future.**

CAR T-cell cancer therapies are still in their early stages, but these groundbreaking protocols are already having an outsized impact on stakeholders throughout the pharmaceutical and health care industries. As companies and medical providers take on new roles and institute new procedures to accommodate the requirements of these personalized treatments, they are laying the groundwork for what could become a massive shift over the next quarter century and beyond. Indeed, this change is already in motion in other arenas, as specialists make advancements with gene therapies and research hospitals establish facilities to program cells in-house.

As more and more health care providers speculate that this promising approach to treating blood cancers will be adapted for solid tumors and eventually other diseases, it becomes essential that companies begin to consider how their roles may shift in the future and how they can prepare now for these foundational challenges.

## What Makes CAR T-Cell Therapy So Different?

This groundbreaking treatment turns the very nature of pharmaceutical intervention

on its head, requiring that pharmaceutical companies become suppliers of services and take on all the responsibilities involved with preserving, processing and tracking human cells. Currently used only to treat advanced patients with one of a few rare blood cancers, the treatment requires that cells be taken

from a patient, transported under controlled conditions, then modified in a U.S.-based production center (although plans are underway to build such centers in Europe as well). Cells are then returned to the patient and reinjected into their bodies—a treatment that costs upward of \$300,000.

The medical providers and institutions involved in administering these treatments can do so only by acquiring new competencies that until now have been more commonly relevant for supply chain and logistics specialists. In addition, the collaboration and role revisions required in this new paradigm are causing a shift of power and profound changes in the relationship between hospitals and pharmaceutical companies.

Because of the complexity and precision required, pharmaceutical companies are selecting a very limited number of hematology centers to implement the treatment. Many centers are competing to be selected, and those that are chosen receive training and undergo repeated audits. Once qualified, these centers become—to some extent—“providers” of human material (the white blood cells) to the pharmaceutical company. The process reverses the traditional power dynamic between these players, with the hospital-based centers seeking to be selected by companies that are usually seeking to win them and their employees as customers.



As these processes and treatments are successfully implemented, and as these sorts of treatments grow more common, we anticipate these expert centers and pharmaceutical companies will become ever more dependent on each other. In part, this is due to the extraordinary time pressures inherent in this treatment. The collection of a patient's white blood cells sets off a race against the clock, especially because the treatment is currently only approved for patients who have already received previous cancer treatments and have relapsed. For patients in the U.S., where the manufacturing sites are all located, the average turnaround time is about 17 days. In Europe, the average delay can be 45 days, and one center in Paris observed extremes from 29 to 122 days, with some patients dying before the genetically modified cells could be reinjected.

### New Relationships and Roles Create New Challenges

These changes raise questions and challenges throughout the international health care ecosystem. In just one example, the hematology centers that have not been approved to implement the treatment must now collaborate with the competing institutions that have been selected. If they do not overcome their friction to create and effectively implement a process to screen and refer patients who are potentially eligible for CAR T-cell therapy, lives may be lost.

In addition, within each qualified center, various players must establish new kinds of collaboration that adhere to strict standards of precision. When modified CAR T-cells come back from the manufacturing site to the expert hematology center where the patient is being treated, the cells have, for all intents and purposes, been transformed into an extraordinarily fragile medication worth hundreds of thousands of dollars. The cells must be received and stored by a hospital pharmacist, who due to equipment limitations must usually make use of a specialized cryopreservation unit in another location. The cells must be thawed and ultimately administered back to the patient. The complexity of the process and the many actors involved means that centers must create tight procedures and must establish who is responsible for the cells at different points in the process.

At the pharmaceutical companies providing these treatments, these shifts have a

profound impact on daily operations as personnel work to satisfy new patient and hospital needs linked to the treatment. The companies must develop new logistical solutions and tracking systems. They must find ways to support patients who have been successfully treated and need to stay close to the qualified center for a month of monitoring. They must develop innovative funding methods for a treatment that is often not covered by insurers and is beyond the means of most patients. They must create new medical education options to support their efforts to expand their presence in the marketplace.

### Looking Forward

At this point, CAR T-cell treatments remain incredibly rare, but if similar therapies become more common, these fledgling skill sets could become core competencies required of every pharmaceutical player and medical institution in the oncology space and beyond.

Even if T-cell therapies fail to live up to their much-touted potential, these paradigm shifts are already visible elsewhere. As the market for gene therapy programs expands—and as more pharmaceutical companies and research hospitals begin offering such treatments—the industry will be further transformed. Both pharmaceutical companies and health care institutions would do well to prepare. ☐



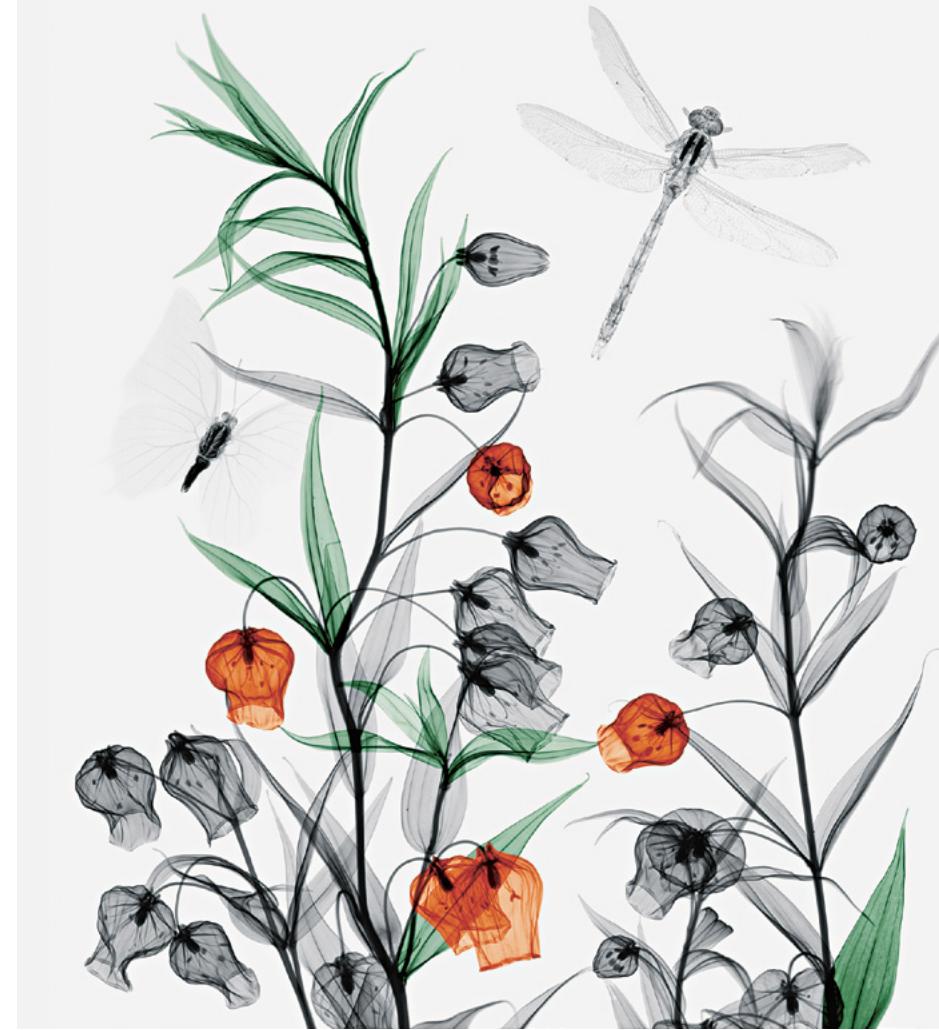
**MICHEL BORCIER**

is a Partner at Metaplan and Head of the Metaplan office in France.



**CLAIRE TERRINGTON**

is a Senior Consultant at Metaplan and specializes in leading collaborative processes and projects on life science topics, particularly in oncology.



# Shadow Players



As senior leaders define and pursue long-term goals and strategy, as middle managers address the gray-area challenges of day-to-day operations, and as various departments and roles respond to the demands of other stakeholders and of the outside world—their objectives often come into conflict. These clashes demand a resolution, and players at all levels of an organization adapt by developing informal practices that enhance the official ones.

These informal practices function as a fount of flexibility. Without them, an organization is unable to respond, pivot and innovate as today's market requires. Indeed, the division of labor within an organization—along with the diversity of interests this division creates—is the very foundation of the organization's strength.

This is true in every industry, at every level. But companies face a problem: Internal compliance efforts are structured to quash this informality. Compliance managers set rules designed to monitor behavior. They require reporting and auditing, and they deliver sanctions. These procedures, however, are almost always designed as conditional programs, with strict if-then logic that significantly narrows employees' room to maneuver. The programs are built this way for good reason: Their purpose is to prevent unlawful behavior.

**Every organization is home to a shadow operation—one that functions beyond the boundaries of formal structures. Compliance managers must come to terms with this functionality.**

At the same time, they are highly dysfunctional for organizations.

What if we were to recognize that informality is an asset for organizations? What if the staffers charged with defining compliance rules were to come to terms with the necessity of informality, even letting go of the assumption that they must monitor and observe all stakeholders at all times? What if instead of micromanaging every procedure, they committed to setting goals and giving their employees the freedom to decide how to reach those aims?

We would go so far as to argue that compliance officials must stop playing only by the book and should intentionally cultivate the space for incompliance to internal formal rules, while simultaneously devoting resources to ensure organizational players are not actually breaking the letter or spirit of the law. Without such a shift, they risk hobbling their organizations' ability to adapt and innovate.

Adopting this approach would require such an extraordinary turnaround that the idea could

reasonably be called farfetched. But let's take a look at what one aspect of such a shift could look like, and perhaps by the end of the exercise, the idea will seem quite a bit less absurd.

## Unwieldy Rules and Unintended Consequences

In most any pharmaceutical organization today, the internal regulatory structure establishing a firewall between medical and commercial departments is thought of as immutable—the only way to prevent medical development resources from being used to boost sales.

But in actuality, this Chinese wall often hurts more than it helps. It breeds dysfunction for the organization, necessitating highly bureaucratic procedures that waste energy and ultimately lead to new compliance "problems."

## Establishing Goals, Rather Than Setting Conditions

These regulatory efforts, built as conditional programs meant to control every possible eventuality through strict if-then requirements,





end up metastasizing into unwieldy and complex procedures that do far more than prevent governmental laws from being broken. It begs the question: How can governmental laws be upheld without creating barriers to communication and functionality?

Dropping the firewall between commercial and medical departments entirely wouldn't, in and of itself, break any law. But it would require companies to assess where such a change would make them vulnerable to external sanctions and to determine whether any such risks could be mitigated. Certainly, they would still need to address the elephant in the room: the conflicts of interest inherent in the division of labor of any pharmaceutical company that seeks both to help patients and maximize profit.

Currently, companies are seeking to combat these conflicts by imposing a network of regulations that essentially keep employees at every level under a stranglehold. In one pharmaceutical company, we recently observed the launch and quick demise of a program designed to better serve the needs of physicians and patients by forging open lines of communication across departments and functionalities. The program was immediately hobbled by the fear of tearing down the Chinese wall between medical and commercial departments.

One major concern was that the assignment of medical studies could be used as an

enticement or reward for prescribing the company's medications. But really, the conflicts of interest at play are more complex than that: Staffers responsible for the commercial side of the business must consider whether patients who would normally be prescribed the company's drug should instead be directed into a research study. Both medical and commercial personnel know that physicians would rather use a treatment with which they have experience. Medical staffers need to make sure that treatment specialists are involved in drug development and participating in studies. Those responsible for clinical operations wish to match trial designs with hospitals to increase the quality of enrollment and documentation.

All of these interests are central to the pharmaceutical company, but they are also in conflict—and so all the stakeholders must compete with each other.

### Welcoming Conflict, Creating Balance

To be successful, large organizations must find ways to balance such internal conflicts without creating systems that stifle flexibility and communication. In the example above, a solution could be to create forums, both formal and informal, in which all stakeholders could acknowledge and express their interests,

and advocate for them in competition with each other. In part, this would involve the creation of formal interest panels, which would be required to approve study assignments on a case-by-case basis.

In the run-up to these formal panels, participants would need to be given an opportunity to discuss their interests with each other. Compliance officers could offer opportunities for these unmonitored discussions, thereby creating safe havens that would both open up communications and earn them the trust of the staffers involved. Trust is a powerful source that could further boost cross-functional cooperation and compliance managers' effectiveness.

This system would make organizational conflicts visible and address them, freeing stakeholders to pursue their interests and essential goals while reducing friction and unwieldy work-arounds throughout the organization. It would be a significant departure from the current system, in which companies expect employees to deny or ignore conflicts that are unavoidable.

Without this kind of reform, pharmaceutical companies will continue to find themselves hampered by unnecessary bureaucracy and unable to build an innovation culture. The benefits are such that it is worth truly considering whether rules and practices we have believed immutable may actually be obsolete. ☒



For a deeper dive on the topic:  
Barnutz, S. and Kette, S. (2019)  
Managing Compliance.  
Quickborn: Organizational  
Dialogue Press.  
[organizationaldialoguepress.com](http://organizationaldialoguepress.com)



**DR. SEBASTIAN BARNUTZ**  
is a Partner at Metaplan and advises clients who are working to balance regulatory demands with a commitment to cultivating agility.



**LUCA MELIS**  
is a Managing Partner at Poliste, official Metaplan representative for Italy, and an expert in cross-functional internal workshops as well as external advisory boards.

# Why Medical Affairs Acts Strange Sometimes

**Medical affairs personnel often seem to operate a bit off the company track. But this strangeness can become a superpower when understood and embraced.**

The medical affairs department fulfills a special purpose in a pharmaceutical company. As boundary spanners connecting drug developers to doctors and the scientific community, medical affairs personnel ensure both the necessary flow of information about and adequate participation in crucial studies of new and existing drugs. While pursuing this work, the M.D.s working in medical affairs must balance two allegiances: one to the medical profession and one to the pharmaceutical company that employs them.

## Dual Loyalties

The medical profession is highly regulated, and professional organizations maintain firm control over how doctors obtain knowledge and shape their values. Once training is complete, that power is undiminished: Because of the specialized nature of the field, doctors must continue to rely on their peer group for feedback and approval. Even if they leave medical practice to work in pharmaceutical companies, these factors keep doctors firmly embedded in the medical profession.

Medical affairs personnel are often pulled in different directions by these dual loyalties. As a result, managers are often disappointed in their efforts to bring medical affairs staffers into alignment with organizational goals. Frequently, these managers find it difficult to make effective use of common organizational leverages such as hierarchical power and goal setting. Thus this dual loyalty is often only perceived as a persistent obstacle.

## Acknowledging Value

It is understandable when these leaders become frustrated by the medical staff's lack of responsiveness to leverages that keep the rest of the company running smoothly. It is easy to forget that it would actually cause the organization a great deal more trouble if the medical department was suddenly to become more malleable.

It is only through the medical staff's resistance to institutional leverages that they establish themselves as independent and put themselves in a position to raise the organization's street credibility with the physicians upon whom so many vital projects and economic success depend. Pharmaceutical companies hire medical staff precisely so that they will build a bridge between the organization and the medical community, and they can do so effectively only if they show themselves to be professional colleagues with both expertise and integrity who are not suspected of only funneling sales interests.

Leaders would do well to embrace their medical staff's double loyalty. Management must balance the goal conflict between possible short-term gains and the long-term preservation of trust in the medical community. If anything, doctors' double loyalty provides a starting point for achieving that balance. Management should think twice before pushing too hard for medical affairs' alignment and potentially alienating a set of employees who are both essential to business goals and highly sought after by other employers.

## Leading Medical Personnel

Because of these competing priorities embedded in medical affairs staffers' professional identities, the job of managing M.D.s within a pharmaceutical organization can be a thankless one—especially when the leader in question is not a specialist or doctor at all. These experts are disinclined to respect the wishes of a supervisor based on hierarchy alone.

So what other leverages beyond hierarchical power can a non-medical or non-specialist supervisor offer? Seniority is helpful, as is expertise. But expertise can only be gained in a limited number of areas, while the leaders assigned to supervise medical staff often must guide a complex array of projects.

For a leader faced with this challenge, it is worth considering how much control over the medical staff is truly necessary, since these employees are already experts. It is reasonable to trust them, and they do not need to be micromanaged.

In one real-world example, a medical executive in a global pharmaceutical company says openly that he is unable to lead through expertise. Instead, he expects the 11 medical directors he supervises to lead their teams using their expertise in rare diseases and oncology. This executive has sidestepped much conflict by only rarely using his position within the hierarchy as a source of power. Instead he gives his medical directors leeway, seeing himself as an enabler of their work and thus gaining trust to follow him when needed.

While medical professionals' dual loyalty is expected to result in conflict somewhere, this executive has decided to place as much of the clash as possible on himself and become the person who balances the conflict within his organization.

## Engaging in Discourse

In pharmaceutical companies, the medical affairs department often comes to be seen as the "squeaky wheel." Medical professionals complain that strategic decisions are unintelligent or ridiculous because they have trouble accepting the validity of motivations outside of those in line with their professional identities and with the public-facing side of company communications. Because they often regard non-scientific motivations as inferior, medical professionals tend to have a blind spot when it comes to micropolitics and

Check out the longer,  
more in-depth version  
of this article here:



working toward compromise with other stakeholders.

This is in line with their primary role. Within a pharmaceutical organization's division of labor, medical staff are responsible for pushing the organization toward quality, innovation and keeping an eye on the interests of doctors.

But to successfully do so, medical affairs staff must become more aware of their own resources within internal power games. What if medical affairs were to throw itself earlier and more deeply into cross-functional

strategy development? What if these staffers were to refuse to limit themselves to explaining datasets and guidelines—instead engaging fully in negotiating for compromise?

To do that, they would first need to better understand the goals and perspectives of other departments and expand their micro-political tool kit to influence them. If they can do that, medical professionals' dual loyalty will prove to be a tremendous lever for success. ☒



**INES VOGEL**

is a Senior Consultant at Metaplan specializing in stakeholder management within health care: from strategy development to facilitating medical discourse.



**FINN-RASMUS BULL**

is a Senior Consultant at Metaplan and an organizational sociologist. He advises clients in a broad spectrum of industries, often dealing with expert-driven organizations.



# Why the Health of the Patient Depends on the Health of the Organization

**Doctors are facing more complex demands. How can medical institutions support them—and boost their profits in the process?**

For more than 2,000 years, the Hippocratic oath has been the basis for the ethical conduct of every physician. But the pledge is not static; in 2017, the World Medical Association proposed changes to the modern version of the oath. Chief among the revisions were the requirements that doctors must take care of their own health and well-being, respect their colleagues and students, and share their medical knowledge “for the benefit of the patient and the advancement of health care.”

If one looks at how hospital physicians’ workloads have changed over time, this new wording of the Declaration of Geneva is by no means surprising. But the changes are motivated by more than the constantly growing share of administrative activities with which physicians must contend. These edits also target areas of deficiency that are common in the institutions where physicians serve.

## Fostering a Culture of Health

The division of labor in any complex organization requires employees to coordinate with their colleagues, make decisions together and work as a team. But medical students are rarely afforded the opportunity to systematically learn forms of cooperation or train their leadership skills. Instead, medical education focuses on how to make therapeutic decisions based on medical rationality. It does not prepare doctors to make complex managerial decisions in the context of micropolitical

power games within a strongly hierarchical organization such as a clinic.

These educational shortcomings ultimately create dysfunction for health care organizations, and they raise stress and dissatisfaction for medical professionals. But what is the impact on patients?

The new oath suggests that the role of the physician is so central to medicine that comprehensive and skilled patient care can only happen when doctors safeguard their own health and cooperation. If this is true, must not health care organizations take the next logical step? Only by building a healthy, supportive environment for both physicians and patients can health care organizations provide truly excellent care. It is an ethical imperative—and, in our view, also a shrewd business strategy.

Hospitals and other health institutions must ask themselves: What framework of working conditions must we create in order to provide patients with optimal care? What structures and work processes are needed to create those conditions? What kind of culture must be created to foster healthy cooperation between doctors, nursing staff and administration?

## Diversifying Relationships with Patients

Let’s look at a real-world example from an institution that is taking innovative measures on this front: The Fricktal Health Center (Gesundheitszentrum Fricktal) near Basel, Switzerland.

A recent visit to the gynecological clinic within the Fricktal demonstrated that providing the best possible health care for patients requires medical organizations to examine how they can make improvements internally while also developing a strategic focus on market positioning. Health care organizations must dedicate time and money to understanding the market, developing strategy, improving organizational structures and boosting staff members’ leadership skills.

Dr. Maik Hauschild, who runs the clinic, started building the department from scratch in 2011. His primary interest was to build an interdisciplinary breast care center providing cutting-edge therapy for cancer patients, but he instituted a requirement that the clinic hire only attending physicians specialized in at least one alternative therapy. This was done with an eye toward strategic positioning: The center offers many treatment options and approaches intended to increase the community’s appreciation, with the goal of making it the provider of choice in an area where patients can select from a number of options. Despite it not being a profitable undertaking, the clinic began offering labor and delivery services, with the intent of making the clinic an integral part of families’ lives through all stages of the life cycle, including periods of sickness and of health.

In addition, the Fricktal hired an external consultant to help obtain certification for the

breast care center from both the German and Swiss cancer societies—an investment that has quickly paid off from a marketing point of view.

### Implementing Structures to Prioritize Patient Care

The growth of an organization inevitably creates an increased workload and, in growing health centers, doctors can often be caught in an endless cycle of insufficient supply and increasing demand. As the number of daily patient visits grows, so does doctors' workload; eventually growing centers can hire additional doctors, but there is always a lag between the need for additional support and the arrival of new staff.

In a moment when many hospitals are seeking to downsize administrative functions,

leaving medical residents overburdened with secondary duties, the Fricktal is instead seeking to establish structures that free doctors from this administrative work and leave them more time to focus on patients. Breast care nurses and a ward secretary have been hired on each floor to alleviate doctors' administrative workloads. This, in turn, enables further growth as it allows flexibility to spend time with new patients.

### Setting Clear Communication Rules

In addition, administrators have made an investment in time spent on structured communication. In the 48 hours before each tumor board meeting, participants come together in three preparatory meetings designed to ensure open communication and

thoughtful deliberations. It is an extraordinary commitment for a team operating in a setting with so much inherent schedule uncertainty: Surgeries run long; patients require urgent visits, and yet they still manage to prioritize these meetings. As a result of this extensive preparation, the tumor board meetings themselves are less impacted by interpersonal micropolitics, and they run quickly and efficiently. Discussions of patient treatment are reasoned and focus primarily on the needs of the individuals under the doctors' care. As a result, there is a sense of accomplishment and shared takeaways that smooth the flow of collaboration, reduce interdepartmental friction and ultimately improve quality of care.

Center administrators also work to foster a culture of self-reporting and openness when it comes to errors. All doctors and nurses are encouraged to anonymously report themselves if a mistake has been made or might have happened. While it would be relatively easy in such a small hospital to track who was responsible for these errors, administrators and managers instead understand that it is not in their interest to do so. They use the data to examine and improve the processes that may have led to the mistakes.

### Viewing Optimization as an Investment

All too often, optimization is a euphemism for penny-pinching. But at the Fricktal, hospital leaders seek to optimize processes and structures with a primary focus on patient experiences and outcomes. These organizational innovations keep the focus on patients while also supporting doctors and, as a result, health outcomes and personal satisfaction rise.

It is the kind of profit that today's doctors—hoping to live by even the most ambitious tenets of the updated Hippocratic oath—can get behind. ☐



**DR. WIEBKE GRONEMEYER**  
is a Senior Consultant at Metaplan. She is passionate about shaping strategies in complex environments through discourse.



**ANNA VON BISMARCK**  
is a Senior Consultant at Metaplan. She is a keen advisor on organizational leadership and stakeholder management in health care.

# The Do's and Don'ts of Competitive Scenario Planning Workshops

**There's no way to see into the future, but skilled competitive planning can prepare for many eventualities. To get it right, leaders must focus on the factors they can control: their own positioning and alignment.**

## Don't: Focus Only on Defense

**Think creatively about the competitive landscape, but make sure not to lose sight of your core brand strategy.**

Competitive readiness workshops are meant to create internal alignment and market-ready strategy. If you're in the pharmaceutical industry and your work touches on product strategy, you've almost certainly participated in one of these forums. But how truly ready did you feel walking out the door?

Alanna Kaplan Muñoz, a Metaplan consultant who specializes in strategic planning and positioning alignment processes, has led many of these workshops and has a unique view on how they can be shaped to create better outcomes. She spoke with Tanya Bhavnani, senior marketing director of Dermira, whose own experience in this arena has spanned many years, to discuss what pitfalls market leaders should avoid when they bring stakeholders together to define a competitive plan:

**AKM:** I've led—and observed—many of these kinds of sessions over the years, and I know you have as well. I believe they can be hugely beneficial, but I have some skepticism about how they're often done.

**TB:** There are certainly potential pitfalls. If you lean too far into focusing on the competition and becoming reactive, you can lose sight of your brand focus—and that can be catastrophic. But, even as a market leader, if you ignore the competition and aren't aware of how they can affect your business, you can find yourself in a position where you're caught on your heels.

It's really important to find the right balance. At Dermira, we have a strong level of awareness about what the competitors are doing, and we're very clear on their positions and their potential threat to us. But we also have a strong proactive strategy that we stick to, rather than being reactive to movements in the marketplace. We make sure to think pretty far ahead and not stray from the core brand strategy.

**AKM:** Reaction is, I think, why many companies initiate these sessions in the first place. People come to us when there's a competitor coming to market, for example. I think companies are often focusing on defense in these scenarios, and I'm always trying to push them to think about where there could be some offense too.

**TB:** Yes, I agree. I'm a believer in putting a strong strategy in place and staying focused on it. You need to be adaptive, but it's dangerous to be hugely reactive to the marketplace because you lose the equity that you built with your original strategy. Your strategy has to be good; it has to be data-driven; it has to be strong, and it has to be working—but I think letting the market rattle you or letting competitors rattle you and then being reactive is a mistake.

**AKM:** I think that's why it's so important for these kinds of sessions to be integrated into the larger strategy. Often, I think these competitive scenario planning sessions are thought of as a sort of add-on to the existing plan, and that always makes me nervous. If an organization doesn't have incremental funding, will the team really go back and revise the larger plan to incorporate insights from the session?

**TB:** Competitive planning needs to be highly integrated into overall strategy. The way we're doing it is to do competitive strategy and mapping as part of our overall market landscaping, and then we consider the competitive landscape as we build our core strategy—so it's not separate at all.

**AKM:** I think it's also essential to integrate the strategy internally, across all parts of the organization.





**TB:** Absolutely, cross-functional coordination is incredibly important. In pharmaceutical brands, you have so many people doing so many things, and there are so many different stakeholders. It's absolutely critical to have a level of consistency on what everyone's trying to accomplish, how they're trying to accomplish it, and the tone that they're trying to accomplish it with. And of course with a truly cross-functional plan, there's a lot of inter-dependency and synergy between what people are doing in various departments, and there's a lot of data that can be thoughtfully collected and shared across those groups. From PR to medical affairs, having all the players looped in early and often is critical.

**AKM:** Right. That's why we always structure these intensive sessions so that the right people from across the organization can be included in the conversation. Another thing I'm very conscious of when planning these is to avoid too much emphasis on role-playing. It's much harder than we sometimes acknowledge to get into the mindset of the other company. I don't know that you can really just put on the "team" T-shirt the organizers hand out and all of a sudden feel like you're Merck or Pfizer.

**TB:** There's value in thinking about what a competitor may do two or three years in the future and understanding where their

positioning might be. Sometimes, you might need to step into their shoes to do that, but I think there's a little bit of danger in doing so. You can step into those shoes all you want, but you're never going to have the information they do, and they might make very different decisions based on things that you don't know.

**AKM:** I believe there's also danger in the expectation of fun that can come with role-playing. Of course, we're all for a fun meeting, but I think sometimes content gets sacrificed in favor of spending time talking about the players wearing T-shirts or bandanas. I'd rather see the participants spending that time on strategic discussions.

**TB:** Yes, early in my career I participated in a session like that that was set up to very reactively address a competitor we should have been blowing out of the water but weren't. It was a big war game meeting, and there was a lot of hoorah sentiment, as if everyone was engaged in a rallying cry. But in truth, it was a very reactive meeting, and we spent a lot of time thinking about what they were doing. Really we should have been thinking about how we could position ourselves differently from them, and how we could bolster our marketing.

**AKM:** Yes, it really does come back to the question of how these sessions can be used to move organizations beyond a defensive posture.

It is essential to engage the right stakeholders in a robust and productive dialogue. And it's key to remember that these sessions are in support of the larger brand strategy. With a strong underlying strategy, you can stay focused on what counts. ☒

## Do: Create Alignment Through Dialogue

**When it comes to building an effective strategy, just sitting down and talking isn't enough. These key steps inspire focused insight and pave the way for aligned impact.**

Pharmaceutical companies and the health care providers they serve are facing an ever-more-complex landscape of shifting circumstances and declining bandwidth.

Companies must contend with tightening reimbursement budgets, changing study outcomes and new competitors. Health care providers must navigate reimbursement restrictions, sift through an overabundance of therapy options, and manage the increasing demands of day-to-day patient management. Not to mention that there can be hundreds of field-based teams competing for the time and attention of a single provider. →



**TANYA BHAVNANI**  
is Senior Marketing Director at Dermira, Menlo Park, California.



**ALANNA KAPLAN MUÑOZ**  
is Principal at Metaplan Princeton and specializes in strategic and tactical planning processes.

To break through the noise, marketers must provide clarity and direction. This crowded ecosystem rewards brands that can help alleviate complexity for health care providers, allowing them to spend more time focusing on their patients. Only those who can show they have truly understood the therapy landscape and the challenges of working with patients will make the cut. In order to achieve this level of alignment and focused insight, it is necessary to bring together diverse stakeholders for a carefully structured and creatively inspiring dialogue.

It is not enough to put the primary players in a room together and start talking. Instead, workshop leaders must follow key steps that build alignment and boost efficiency for maximum impact:



### Before the Workshop:

**Preparation is key.** Review studies, collect physicians' perceptions of relevant therapies, interview stakeholders throughout the company to glean their insights and examine the company's internal business intelligence, and use these data points to formulate a tailored workshop plan.

**Invite the right people.** Only by gathering stakeholders from every function within the organization can you develop a full view

of intelligence, opportunities and challenges facing the brand, as well as gain buy-in across the board. It is vital to include individuals whose buy-in eventually will be required.

**Ask the right questions.** Explore what strategy competitors are likely to adopt in the future and what actions they are likely to take. Examine what rationales and perceptions are driving providers' therapy decisions. Investigate what strengths and opportunities have yet to be leveraged by the company.

**Know your limitations and recognize assumptions.** While it's essential to consider other companies' possible future actions, it's vital to acknowledge that competitors have access to information you do not—and you may not have all the relevant data at hand (yet). Make decisions keeping this lack of certainty in mind.

### During the Workshop:

**Foster conflict—and alignment.** The moderator must plan the sequence of exercises with an eye toward scripting the group's conflict and ultimate alignment. The moderator must anticipate conflicts, work to help participants voice their opposing views, and then ultimately help bring them into harmony. Initial exercises should usually focus on non-controversial subjects to help foster group trust and cohesion, while concluding exercises should reinforce the sense that all participants are now on the same page.

**Vary format and interactions to achieve results.** It's essential to design exercises in a way that opens people up, ensures a well-structured discussion, and challenges participants to explore new ideas and create bold market strategies. Small groups usually have more intense discussions, but sharing in plenary sessions is essential to the creation of alignment.

**Take the time necessary.** All participants must have time to share their thinking and explore new ideas. Sometimes it is a true feat to inspire participants to communicate frankly and to ultimately unveil all the insights and perspectives in the room—yet it is worth the effort.

**Stay focused on brand strategy.** Depending on the scope of the workshop, make sure to shape the conversation so it incorporates—and complements—established brand strategy. The idea is to build toward conclusions and approaches that can be seamlessly integrated into larger programs that are already in place.

**Create a shared document to capture the discussion.** Use a structured system of note-taking to visualize the full complexity of workshop discussions as you move through the day. This diagram board should be co-created live, with participants suggesting changes and additions throughout the process. Not only does this create instant visual minutes of discussions, it also supports a structured thinking process that is both creative and disciplined.

**Build consensus for unified action.** By working together to build this shared understanding and addressing conflicting viewpoints openly within the sessions, groups can arrive at strategy decisions with buy-in from all parties and the ability to consistently execute a unified plan across the organization.

**Don't leave without conclusions.** At the end of a workshop, it's key to make decisions and distill conclusions down to a few key points. This enables everyone to leave with clear next steps and the ability to disseminate key findings. Recently, at the end of a 10-hour workshop, participants reviewed 39 diagram boards and identified four core takeaways and a clear way forward. That's the level of precision and focus that large organizations need to effectively execute product strategy.

**Commit to collaborative implementation.** These efforts will only pay off if participants commit to disseminating agreed-upon strategies and approaches across departments and at multiple levels of the organization. ☐



**ANNA VON BISMARCK**

is a Senior Consultant at Metaplan and an expert facilitator of generative dialogues relating to the development and commercialization of innovative drugs.



# Disruption From Without and Within

**Regulatory barriers have insulated health care companies from a rapidly shifting business landscape. Have they been kept too safe?**

In most industries, it has become a standard part of business to anticipate disruptive threats and make related investments intended to pay off in the marketplace of the future. But for life science companies, specific conditions have to be considered while dealing with disruption. The regulatory barriers surrounding the health care marketplace create both a safe haven from disruptive competition and a barrier to innovative change.

Drugs and treatments are developed and approved at a snail's pace; most changes are moderate and, due to patents and regulations, stakeholders can see shifts coming from a mile away.

The regulatory environment has done more than slow down change within the industry; it has also shaped life science companies' innovation management and investments. Without the threat of fast-acting disruptors, specialists deeply embedded in the status quo become resistant to new ideas and are unlikely to adopt agile processes.

This is not to say that companies are not already investing in innovation efforts. Many companies become part of venture capital funds. In practice, though, internal cultural blocks and competing motivations usually prevent the absorption of startup innovations into a company's core portfolio. Similarly, innovation labs attract new ideas from inventors, but the engineers and R&D staff assigned to evaluate these proposals are usually predisposed to judge ideas based on their existing experience.

So what can industry leaders who wish to protect and grow their businesses do? They must actively carve out space for future-forward thinking and the development of new

markets at the periphery. The only way for them to truly support innovation is to foster profound organizational shifts, either by making structural changes and creating new functions and units or by empowering leaders within the company to act outside of the box. Just as pharmaceutical companies have accepted unknown ROIs when investing in the next core product, they must now begin investing in unknown unknowns.

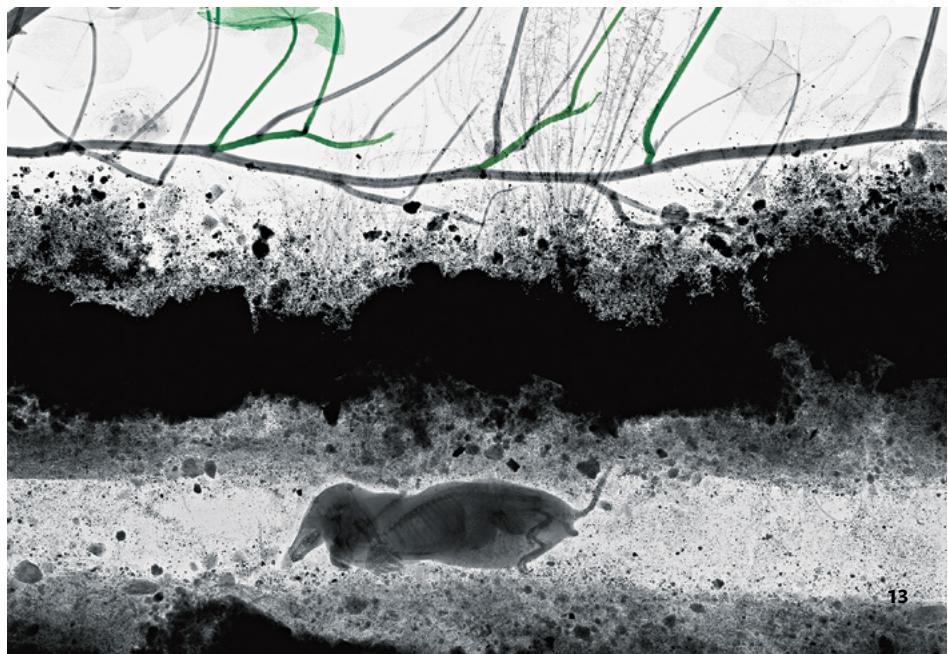
But if these investments are based only on business cases, they will never be made. Pitching for a budget to test fresh ideas should be made easy. Fast experimentation and prototyping should replace long-term engineering processes geared toward optimizing the final 10% of a product. In one successful case, a med-tech company granted a small budget for a minimum viable product (MVP) version of a data dashboard for nurses—realized in six months. It is now becoming part of an integrated information system.

Standing alone, such innovation has little organization-wide impact. But when organizations move to create processes that promote new ideas through concrete rules and communication channels, other departments are compelled to act in support of innovation. In the case of the data dashboard, R&D was required to integrate the solution into the current medical device and data management offering.

This success was the result of targeted organizational efforts to promote innovative thinking and processes. To achieve such results, organizations must launch investigations at their periphery and reward outside-the-box thinking through incentives. ☒



**DR. ŽELJKO BRANOVIĆ**  
is a Senior Consultant at Metaplan and collaborates with clients on innovation and digitalization projects.



# How Collaborative Advisory Boards Can Accelerate Clinical Development

**By reimagining advisory boards as opportunities for co-creation, we open the door to deeper insight and truly agile innovation.**

With hundreds of millions of dollars already at stake and with patent expiration deadlines looming, there is constant pressure for quick and careful progress. Pharmaceutical company leaders designing clinical development plans are right to think that every decision is critical, and they are wise to seek input from the physicians who ultimately will help determine a therapy's success in the marketplace.

Unfortunately, we have observed that all too often the advisory boards intended to bring physicians' expertise into the planning process don't generate deep insights.

The experts at advisory board meetings usually deliver a set of carefully worded answers to a list of questions determined in a painstaking internal process. With little discussion, there is no opportunity to probe deeper or challenge participants' ideas; everyone chooses their words very carefully, and candor is rare.

These gatherings are designed this way for a reason. With so much at stake, the participants have a desire to control outcomes as much as possible. This is understandable, but there's a problem: True creative thinking and ideation cannot occur in tense or restrictive conditions.

Pharmaceutical development strategists must push themselves to engage in a more open-ended process. The thoughts that these physician experts bring to the table should be the starting point for a dialogue. The specialists engaged in the drug's development are themselves experts with a valuable perspective. We would argue that only by bringing their viewpoints together in an interactive (but still structured) exchange can they arrive at true shared understanding and robust insights.

## A New Approach

In our experience, the goals of an advisory board meeting can be much better met using an approach similar to an internal workshop, in which all participants have expertise and are expected to contribute to the discussions. In these workshops, which take the place of traditional advisory board meetings, outside

experts actively participate alongside the internal specialists, challenging each other's thinking.

The course of the discussion is not structured around a predetermined list of questions. Instead, initial questions lead to others. The workshop participants determine what the relevant questions are and further develop them together.

Sessions include a number of opportunities for one-on-one, brief conversations between external and internal participants, creating enough informality to encourage unguarded questions and candid responses. After each mini-session, the group comes back together, and the debrief is used as a springboard for an in-depth discussion delving further into the topics raised.

Rather than overwhelming participants with full data sets, organizers select key facts and figures and display them on boards visible to all. In place of static PowerPoint slides, moderators take notes on key discussion points. To do so, they use oversized boards, collaborating with participants to create an up-to-the-moment visual record of the insights and questions that arise. Ultimately, they refine conclusions as a group.

By working together to build this record, and by fully involving key stakeholders, this more open-ended approach carries with it all the benefits of co-creation, the much-vaunted business strategy that blurs company boundaries to integrate customers into the design process and centers that process around customer needs.

In a pharmaceutical development setting, co-creative processes such as these interactive forums give rise to ideas about how clinical developments can be accelerated. Because the feasibility of these ideas is hashed out by both internal and external experts, they have an unusually high chance of being realized. □



**DR. THOMAS SCHNELLE**

is a Partner at Metaplan.  
He translates external insights into internal actions.



**ISABELL HAGER**

is a Senior Consultant at Metaplan. She fosters interactions between clients and their peers.

# Merging Forward

## How to Mine Organizational Culture for Treasure and Preserve the Bounty.



Mergers and acquisitions can be powerful tools for boosting the economic success of companies. But the outcomes of these deals are determined long after managing board members have signed the papers and celebrated their success. It falls to leadership teams and middle management to design and execute the day-to-day details of integration—and to grapple with the associated challenges.

In a merger, a core integration team determines the overarching organizational design and initial steps, but this plan leaves plenty of room for customization of organizational structures, such as the intradepartmental chain of command. The stakeholders responsible for the minutiae of integration—from leadership teams to team leads to intraorganizational peers—must also set the direction for organizational culture.

These stakeholders must contend with profound challenges. In theory, each organization's business continues to run as normal until day one of the integration, but in reality the execution of daily business is quickly disrupted by paralyzed resources and preoccupied staffers. Amid such insecurity and instability, integration stakeholders must shape their teams' future prospects, while

some also strive to expand their resources and sphere of influence.

### The Incubator Model

Facing these conditions, stakeholders either leave the organization entirely or find themselves playing micropolitical power games. In order to pave the way for a successful post-integration business, they must find ways to engage their peers and encourage them to remain.

In effect, this resilient cohort of stakeholders functions as an incubator. In the process of acting in their own self-interest, these key players create tailored conditions that preserve the power of the merging teams and at the same time have the potential to boost synergy between the two entities.

This incubator functionality has the benefit of guiding key stakeholders on the hunt for treasure in the organizational cultures of both merging companies. It also helps uncover the pros and cons of preserving—or abandoning—existing systems and processes, both on the team level and at a larger scale.

### Mining Organizational Cultures for Treasure

A merger presents a profoundly valuable opportunity to hunt out the most valuable elements of two organizational cultures and to benefit from the best of each. The starting point of this treasure hunt must be to identify the practices of teams and departments which made their work smooth and successful. These habits are embedded both in formal structures and informal culture.

Typically, organizations emphasize the value of formal processes, but we would argue that the informal routines that provide a handy way around formal rules are often where an organization's most valuable treasure can be found. Due to their very nature, the underlife and hidden culture of an organiza-

tion can only be explored through close observations and conversations with intraorganizational peers. Stakeholders are best served by using unofficial meetings and chats over coffee to figure out the essentials that need to be preserved.

### An Incubator Provides Conditions for Development

Stakeholders within such an incubator-style setting may wish to consider four models of levels of integration and their pros and cons (see image on p. 16).

This framework reminds us not to think of an acquisition as a one-way street. It is a common mistake for one organization to attempt to fully integrate the other. The homogenization that comes with such an effort can eliminate the very qualities that made entities and teams successful in the first place. On the other hand, if organizations are given too much autonomy, redundant structures can slow processes and drain resources. Steering a team or department by setting strategic goals doesn't offer managers much control of how things are done, but it does enable the team or department to carry on working the way it did.

Balancing this trade-off prudently is the most challenging leadership task on all levels of an organization undergoing integration. →



**ISABELL HAGER**

is a Senior Consultant at Metaplan and a keen adviser on topics from integration to autonomy.



**DR. SEBASTIAN BARNUTZ**

is a Partner at Metaplan. He designs organizations and organizational hacks with clients.

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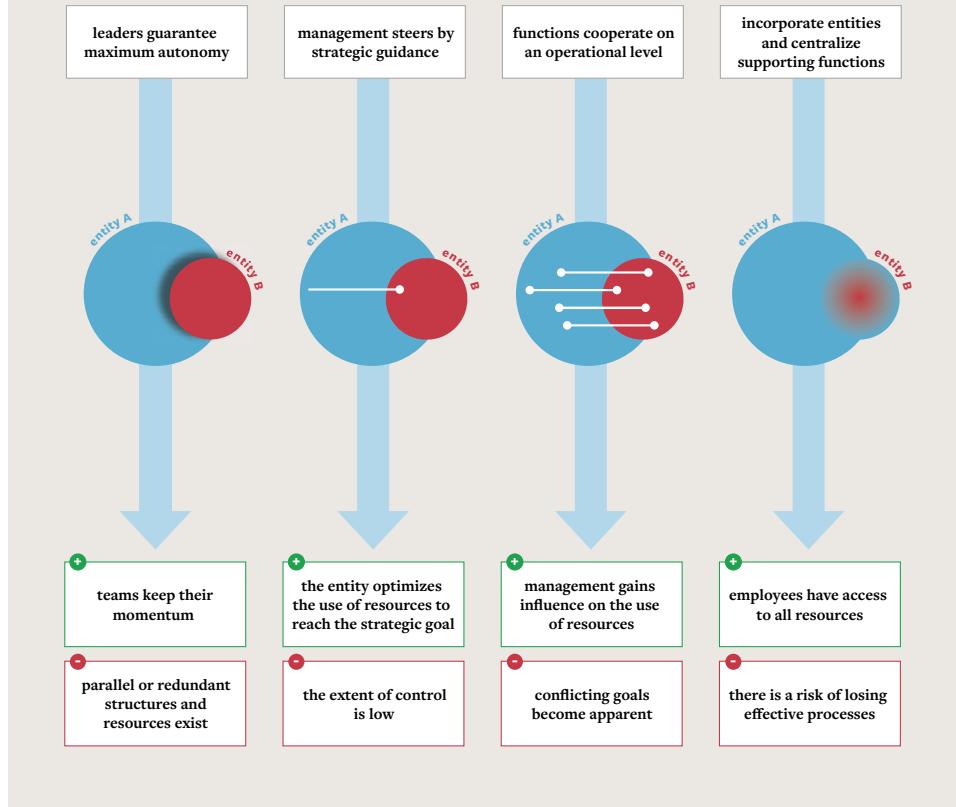
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### CONTACT & BOOKINGS



**Charlotte Rosendahl**  
✉ charlotterosendahl@metaplan.com

All offerings are also available as in-house competence-development sessions.  
For questions and guidance, please do not hesitate to call directly:  
📞 +49 (4106) 617-182



→ FROM PAGE 15: *In the process of integrating units? This Metaplan continuum examining different degrees of autonomy and integration sparks ideas for the how-to.*

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**Metaplan Hamburg**  
T +49 (4106) 617-0, E quickborn@metaplan.com

**Metaplan Princeton**  
T +1 (609) 688 9171, E princeton@metaplan.com

**Metaplan Versailles**  
T +33 (1) 39 20 80 20, E versailles@metaplan.com

**Metaplan Zurich**  
T +41 (44) 2 69 95 09, E zurich@metaplan.com

**Metaplan Cagliari (Poliste)**  
T +39 (070) 7730 793, E info@poliste.it

**Metaplan Shanghai**  
T +86 (21) 61 55 12 12, E shanghai@metaplan.com

**Metaplan Singapore**  
T +65 (81) 61 70 11, E singapore@metaplan.com

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✉ feedback@metaplan.com