
How Biotech Firms Can Improve Cross-Functional Collaboration



By Oliver Schiltz (INSEAD EMC '20, IDP '21, CGM '22), Korn Ferry, and Roger Lehman , INSEAD

Optimising the R&D-to-commercialisation handover process is crucial for the survival of young biotech companies.

While many sectors were dealt a punishing blow during the pandemic, Covid-19 ushered in a boom in the biotech industry. Biotech start-ups **raised US\$34 billion globally** in 2021, double the figure in 2020, and the worldwide market size is expected to grow **nearly 14 percent** per year from 2022 to 2030.

But though the industry is flourishing, many smaller firms could remain one-trick ponies that only produce a single product, while others may never bring an asset to market. Indeed, **around 90 percent** of drug candidates fail to make it to the commercialisation stage.

For early-stage biotech firms with aspirations of growing into larger enterprises, bringing a promising asset to market is crucial. Why, then, is the overall success rate so low? Scientific factors, safety issues, regulatory restrictions and insufficient funding are widely acknowledged as the primary

reasons. However, our research suggests there is a critical human element at play.

The human side

We set out to investigate the human factors that impact the period when a biotech asset moves from the research and development stage into the commercial phase. Is there a strong emotional attachment from R&D staff that can be more appreciated by the commercial department? Are the roles of the two teams clearly defined, and can each team be more understanding of the other to facilitate better cross-functional collaboration?

To explore this, we conducted surveys and interviews with executives in the biotech industry spanning R&D, commercial and HR disciplines who have experience working in early-stage biotech firms. Besides straightforward questions, the semi-structured interviews included free-association exercises where participants selected metaphors, images and songs to represent their responses to particular questions.

Two ends of the spectrum

Our results show that the asset transfer is far from a smooth process. Over 80 percent of participants believed that the collaboration between the R&D and commercial departments was not “seamless” at this stage. Delving deeper, we discovered that teams had certain perceptions of each other – which we deem as fault lines – that could compromise the product handover.

For instance, one of the responses from the commercial department when asked about how they perceived the R&D team was: “R&D people know very little about commercial and how a product can be launched. Most of the R&D folks in early-stage biotech companies have never launched a product in their career.” Meanwhile, one of the R&D executives said: “Commercial want to create a financially viable business and are not really interested in great science.”

We also asked some respondents to choose a picture that best represented their view of the relationship between the different teams. Generally, the images selected by the R&D team were static with little dynamism and seemed to suggest incompatibility or misalignment – such as pictures of water and oil and individuals speaking different languages and failing to communicate with one another. The commercial team’s picks included

images of people working together and tended to place a greater emphasis on team dynamics and collaboration.

While it wasn't entirely surprising that there was somewhat of an "us" and "them" mentality between the R&D and commercial teams, the number of people that held this view – over two-thirds of participants – is notable. This can lead to the development of a silo mentality and fault lines, in which each team sees the other as the enemy or an invader, rather than as a partner working towards a common goal.

We discovered that for the R&D team, creating a promising asset can be similar to raising a baby. As they spend an immense amount of time and energy with the product, they can become emotionally invested and feel personally injured if "the baby" isn't appreciated or taken care of by commercial department colleagues.

A few executives we interviewed said there were moments when the R&D team seemed reluctant to pass "the baby" to the commercial team. This can be viewed through the lens of anti-task behaviour, as they allowed the performance of their primary task (successfully bringing a product to market) to be delayed or overshadowed by feelings of ambivalence.

This could be because passing the asset to the commercial department makes R&D executives feel less important. They may fear that they will be relegated simply to technicians who play an inconsequential role in the firm. As a result, they construct social defences – often subconsciously – to protect the group from feelings of anxiety.

The untapped potential of HR

Another finding was that over 55 percent of participants believed the human resources department did not play an active bridge-building role during an asset transfer. HR was often perceived as too passive, perhaps due to other responsibilities taking up their attention or them believing that they did not have the authority to actively mediate the process. In an ideal scenario, they would be empowered to work on more than purely administrative tasks and become a strategic partner. We would therefore strongly encourage management to invest in specific training focused on the bridge-building role that HR can and must play in such situations.

As a point for further study, many participants envisaged the medical affairs team as having the potential to be a strong bridge builder during a product transfer. Future research could determine what is required to make them more involved and effective.

Bridging the gap

Improving the asset transfer in early-stage biotech firms requires a multi-pronged approach, and we recommend the following steps:

1. Create a welcoming onboarding environment

Many early-stage biotech companies lack a solid onboarding programme, which is most obvious when a product is moved from R&D to the commercial stage and more people are hired to prepare for the launch. New joiners would benefit from an onboarding programme that speedily builds interdepartmental relationships and accelerates their understanding of a firm's ecosystem.

Additional actions could include commercial members spending time in the lab, while R&D executives attend sales and marketing events. Having regular mandatory get-togethers that bring new joiners and long-serving colleagues together could also be explored, and HR could take a more proactive role in these initiatives.

2. Empower more cross-functional teamwork

Participants emphasised that cross-functional collaboration needed to be enhanced, especially during a product handover. We suggest the creation of cross-functionally empowered teams by providing the relevant sectors with a dialogue platform. Both departments could also assume joint leadership responsibility of the project during an asset exchange.

3. Use workshops to create a more reflective and open environment

To remedy any tensions between the R&D and commercial teams, companies should create a reflective environment where employees can express their fears and concerns with the help of images, similar to what was done in this study.

Doing so could facilitate regular and more open communication. The findings may be conveyed to management, but certain aspects of the process must

remain confidential to ensure a healthy debating culture between the teams.

Our findings provide a better understanding of the psychodynamic factors that affect cross-functional players and often emerge when moving a product from R&D to commercialisation. We hope that these recommendations can help early-stage biotech firms create a better work environment and ensure good communication and collaboration between internal teams – both during an asset transfer and beyond.

Find article at

<https://knowledge.insead.edu/operations/how-biotech-firms-can-improve-cross-functional-collaboration>

About the author(s)

Oliver Schiltz is a Managing Partner for the global organisational consulting firm Korn Ferry. He is a graduate of INSEAD's **Executive Master in Change** programme and **International Directors Programme**, and was awarded a **Certificate in Global Management** from INSEAD.

Roger Lehman is an Emeritus Senior Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD and a programme director of the **Executive Master in Change**, an executive degree programme at INSEAD.