AGILE CAN WORK WONDERS IN PHARMA

By Vaidyanathan Srikant, Grant Freeland, Maria Lopez, and David Greber

THE PHARMA INDUSTRY IS known for slow drug-development timelines, strict processes and quality requirements, and rigid silos. Without a direct relationship with patients, the industry also struggles to understand their desires and expectations beyond what clinical data reveals. Agile ways of working are proving that they can help pharma companies get past those constraints and unlock the full potential of their organizations through speed to market, experimentation, digitization, customer focus, and the power of cross-functional teams.

The Spread of Agile: Two Paths, One Solution

One reason that agile has spread quickly from the software industry to financial services, consumer packaged goods, the public sector, and now pharma is its flexibility in delivering value in multiple contexts. While agile was created to replace the waterfall method of software development, it turns out that all industries have their own slow, sequential steps that can stifle innovation.

Companies outside of IT are finding all sorts of powerful uses for agile. Two examples from pharma demonstrate how the approach can help achieve two different ambitions. Allergan, the maker of Botox, has relied heavily on agile in its overall digital transformation efforts and its creation of a digital ventures unit aimed at consumers interested in beauty and skin care. Another global pharma company is relying on agile to develop a new operating model and gain an organizational advantage against slow-footed competitors.

THE AGILE SPARK AT ALLERGAN

Botox, made by Allergan, has been a blockbuster wrinkle treatment for more than a decade. Even so, Allergan executives thought that they could do a better job of penetrating the "medical aesthetics" market by tightening their ties to consumers beyond the traditional TV ad and office brochure. To that end, Allergan has launched three ventures, all aimed at consumers and built around agile practices, such as daily standup meetings, sprints, and cross-functional teams:

- Allergan Data Labs is using machine learning to engage with consumers more personally and effectively.

- Spotlyte is a digital hub that offers consumers high-quality, brand-agnostic content about beauty, skin care, and medical aesthetics.

- Regi is another online site that allows consumers to book a variety of health and appearance appointments, such as massages, manicures and pedicures, and anti-wrinkle injections.

These ventures consist of both legacy Allergan employees and new hires, and they are all organized around agile. Spotlyte, for example, has shortened the review time for collateral material from weeks to days—and in some cases hours—by moving from a traditional waterfall to a more agile method of approval. In other words, reviewers can work on a piece simultaneously rather than wait for their turn. This lean and fast model is popular with employees. As one executive told us, "I never want to go back to the old way of working."

The Road to an Agile Operating Model at a Global Pharma Company

Despite strong financial performance, the leadership of the global pharma company was looking to shake things up in recognition that what had worked in the past was unlikely to be sufficient in the future. The company's employee satisfaction and engagement scores, although still relatively strong, were declining, a reflection in part of slow decision making in a decentralized, consensus-driven, perfection-oriented company. As a potential drug proceeded through the pipeline, cooperation and communication across silos were limited. In one of its key markets, the company was facing stiff competition, increasing the pressure to pick up the pace.

The company also wanted to capture opportunities arising from digitization, globalization, and even the potential to work with health care providers and patients on approaches for the development and commercialization of therapies.

The company's journey to new ways of working began with senior leaders, who became inspired by agile and began adopting it. They quickly recognized that agile was too important to be reserved for the executive suite, so they set out to introduce it, first at global and regional headquarters and then throughout the organization. The leaders set a broad, aspirational purpose and articulated a set of principles to guide behavior, structure, and processes. The behavioral principles, for example, encouraged entrepreneurship, trust, and supportive leadership.

Over several months, agile teams effectively redesigned the organization and its operating model from the bottom up through more than 50 "design" sprints. Rather than issue orders, the company's leaders encouraged the teams to follow the principles and trusted the agile process to work. In a self-demonstration of agile philosophy, these teams learned and experienced an agile process in designing their own agile operating model. By relying on agile to create an agile organization, the company was engaged in what became known as agile[2].

For example, global brand responsibilities for a drug or therapy used to be divided among three teams (marketing, payer, and medical) with 40 to 50 members for each brand. Under the new setup, a single cross-functional squad of 8 to 12 members assumed responsibility for brand strategy. Such changes would not have taken hold if the company had not also changed its culture to increase trust, autonomy, and mutual respect.

Today, these squads often work in sprints, make interim decisions based on less than perfect information (relying on the 80/20 formulation), and create minimum viable products (MVPs). They also coordinate with much larger "communities" of interested parties to gather input and disseminate decisions. Together with associated changes in business planning and budgeting, the squad setup and new processes have collapsed the time it takes to create and implement a brand strategy from more than two years to 90 days.

Faster cycle times have paid dividends at the country level. Product launches have come in 20% under budget and with 20% productivity improvements. Even employees who initially had trouble giving up control to self-managed teams began to trust the process. "People still turned up and did the right thing," one executive said.

Even in the most highly regulated parts of the business, agile methodologies have brought together business executives, researchers, and government affairs professionals into teams. While these teams are obviously not releasing MVPs into the market, their members are developing a much stronger view of how to speed and improve end-to-end processes, strengthen cooperation, and weaken unneeded hierarchy.

Despite these early successes, leaders acknowledge that the journey has not been easy, requiring ongoing dialogue within leadership teams and across the broader organization. They have also had to be vigilant to ensure that the new ways of working themselves do not become silos.

The Promise of Agile

Agile in pharma works, both in digital transformation and operational evolution. It's a testament to the power of the approach that it can succeed in such a heavily regulated and specialized industry and that medical clinicians, regulatory experts, and marketers, among many others, can break out of old ways of working to unleash innovation and gain a competitive edge.

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