



USING AGILE TO BREAK DOWN SILOS IN BIOPHARMA

By María López, Mark Lubkeman, Paulo Gonçalves, and Shaheer Rizvi

EVERYONE IN BIOPHARMA COMPLAINS about organizational silos these days. Silos slow innovation and speed to market and reduce the ability to deal quickly with unexpected problems. In the most extreme cases, companies with “siloed” departments become cautious about sharing information and resources with other departments, and they prioritize their own objectives over those of the organization as a whole. Sound familiar?

There’s no question that organizing around business units and functions promotes functional excellence. This specialization is particularly valuable in an industry, such as biopharma, that relies heavily on expertise across the value chain. But biopharma companies also need to collaborate effectively to address such challenges as intensified competition, barriers to patients’ access to medicines, and rapid change. Agile can help.

Consider the case of a company’s potential blockbuster product whose prospects have suddenly faltered because of an unantici-

pated change in regulatory policy. To respond effectively, the company needs to bring together the best thinking across functions, including, for example, regulatory, government affairs, regional management, and medical expertise. A typical approach today would be to form a committee—with, perhaps, several subcommittees—to study the problem and develop a spectrum of solutions: deliberations, which get off to a quick start, soon slow as each committee member considers the impact of various options on his or her area of the company. The goal—a companywide solution—gets lost or at least obscured. Conflicting priorities and concerns require resolution. Even if the committee eventually develops an effective solution, the process is cumbersome and slow.

Many of our biopharma clients tell us that silos present intractable obstacles in their companies when cross-functional solutions need to be developed quickly. We believe that an agile cross-functional approach can play a relevant role: it can help biopharma companies address the external challenges,

and it can reduce the negative impact of their internal siloes.

Enter Agile

Agile ways of working are gaining traction in one industry after another as companies realize that organizing around cross-functional teams and replacing protracted projects with short, iterative sprints can break down silos. Our clients are also seeing how agile approaches can improve customer focus and employee engagement while enhancing the efficiency of their operating models. Many versions have been developed, but at its heart, agile is a set of beliefs. Agile is iterative, empirical, cross-functional, focused, and continually improving. Companies create cross-functional teams that are small enough to collaborate closely but large enough to include the necessary cross-functional skills to execute successfully. Teams are given clear mandates and the autonomy to decide how best to accomplish the work.

Some biopharma companies that have embraced agile have seen impressive results, such as faster product development, more rapid promotional program creation and launch, and significant improvement in employee engagement. Agile provides biopharma companies with an innovative and potentially highly effective approach to the industry's many challenges.

How to Get Started?

The concept seems straightforward, but executives face some real challenges when they consider how to apply agile to an entire operating model. Do they need to commit to a particular methodology? Do they need to hire lots of agile coaches right away? If they start with pilots, should the pilots be set up off to the side and isolated from the core business, or should the agile teams be part of the core business?

It should go without saying that one-size-fits-all approaches ought to be viewed with skepticism. We recommend an approach that allows companies to begin applying agile principles through pilots—which we

call lighthouses—so that managers can learn how to develop an agile methodology within their specific context. Once they have tested options and learned in this way, they may be ready to scale agile across the company—or in a few specific areas.

A leading biotech company provides a useful template on how to use agile to break down silos. Six months into its agile journey, the organization is still in the early stages, but agile ways of working are already showing some excellent progress. The experience so far has uncovered some concerns that others will need to deal with in order to scale up this new way of working. This company's agile approach includes three connected elements: launching agile pilots that address core business challenges, using agile to redesign the operating model, and addressing the role of leadership.

Launching Pilots That Address Core Business Challenges

One benefit of agile is that there is no need to invent pilots for the sake of testing agile alone. Instead, agile provides a new—and much more efficient—way of working to tackle challenges that needed to be addressed anyway.

In the case of the biotech company, management chose several lighthouse projects to test agile's capability to break down silos that had been causing a range of challenges in the core business. One of the pilots involved designing and refreshing marketing campaigns, which had become a point of contention between regional management and the country affiliates because of the slow pace involved and the difficulties in achieving alignment among the various internal stakeholders.

It was not uncommon for the campaign refresh process—which includes designing the marketing materials and developing implementation guides for sales reps in different countries and regions—to take as long as six months. Multiple stops and restarts, caused by miscommunication and handovers among often-changing team

members, as well as delays in feedback and securing approvals between the company and agencies, added to the delay. The resulting campaigns were late, lacked a tight focus, and left room for improvement in terms of the messages they delivered. In some cases, the campaigns and the supporting materials were designed and produced entirely by corporate headquarters staff, with little or no input from the regional units that would handle implementation. Too often, the materials failed to reflect local needs.

In the pilot, the organization assembled a cross-functional team that included individuals from headquarters, key regions, and external agencies so that all the requisite expertise and capabilities would be in the same room. Right from the start, this team composition resulted in a totally different dynamic. For example, rather than hearing feedback from local managers filtered through an intermediary team at headquarters, agency personnel received the local point of view directly and in person.

The team worked in short, focused, week-long sprints with three days of collocation that allowed team members to work literally side-by-side. Team members were coached on agile principles and taught how to work collaboratively. At “retrospectives” that encouraged open discussions on what was working well and what wasn’t, team members were able to adapt their working model rapidly. During the one-week breaks between sprints, the team gathered stakeholder feedback. The company purposefully integrated regulatory review into this feedback process to ensure that compliance was maintained without sacrificing speed.

The new marketing campaign was developed in just six weeks—a record for the company. The agile, cross-functional process resulted in little rework or guesswork, as the teams could communicate and work together directly. The external agencies were energized by their direct participation.

The resulting campaign had a powerful message and customer-centric implementa-

tion plan that accounted for the local needs of each market. Team members described the whole experience as “magical.”

This positive experience has led the company to adopt an agile approach for marketing-campaign development—and generated strong lessons for the potential adoption of agile to break down silos in other areas of the business.

Using Agile to Redesign the Operating Model

The leadership team wanted also to ensure that early efforts were not restricted to using agile only to improve the ways that internal projects were being conducted. The team also wanted to see whether there was a way to break down silos in important areas of the operating model—permanently.

The company already had in place patient-centric, cross-functional teams in each therapeutic area. However, collaboration within these teams was less than optimal. Because individual managers tend to prioritize their work according to the incentives that govern their particular organizations, many of them have to make tradeoffs between their individual function’s priorities and the priorities of the therapeutic area as a whole.

It was not uncommon in this organization—as in other biopharma organizations—to hear of less than collaborative behavior, such as people declining to attend a major cross-functional therapeutic area meeting because they considered the needs of their own function to be more pressing. One result of such behaviors is that biopharma companies lose focus on the “why” of their existence—to bring their best resources to bear in order to help patients—in the face of narrower functional concerns.

Agile provided this company a powerful framework for managing cross-functional teams in the future, bringing together stakeholders from different functions to work in a new, more collaborative model. The agile approach to cross-functional

teaming doesn't merely encourage collaboration; it all but forces team members to work together toward a common goal. Colleagues from different departments find it difficult to ignore each other when they are collocated for extended periods of time, charged with working together to develop a solution to a given problem, and given full freedom in how they go about it.

One noteworthy change that the agile process enabled was the fundamental shift from a function- to a product-based organization model in which teams focus on the cross-functional outcomes, led by an agile team leader. (See the exhibit below.) Agile approaches facilitate rapid redesign of operating processes, and performance management changes make them stick. The result is a much more customer-centric model, whose strategies and tactics are not a patchwork of disconnected pieces of marketing, medical, and access plans. Lacking the seemingly inevitable gaps and overlaps, the new model supports a well-coordinated and patient-centric therapeutic area plan.

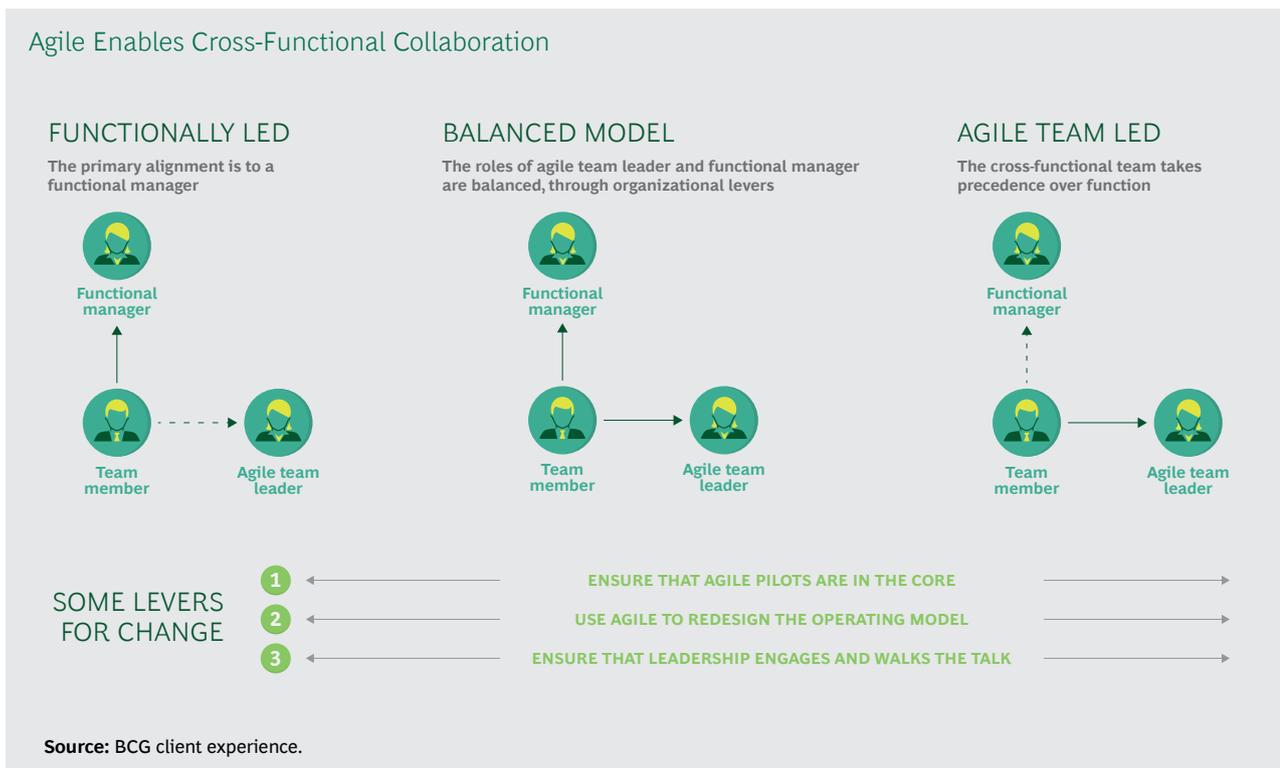
Certain important prerequisites are required to make the agile cross-functional-team approach successful. Most important,

companies must ensure that all the relevant functions dedicate people at the right level of seniority for the various elements that need to be addressed. Furthermore, giving agile teams autonomy is critical, as is clarity on the goals to be achieved. Last, but not least, monitoring progress will provide the necessary encouragement to stay the course. The following KPIs can help monitor and guide the development of a new operating model:

- Reductions in the amount of time needed to deploy solutions—marketing campaigns, beyond-the-pill solutions, or digital products—to the market
- Improvements in the effectiveness and quality of the strategies, tactics, and solutions delivered for physicians
- Better people engagement: some surveys show employment engagement rising 50% to 90%

Addressing the Role of Leadership

Every leadership team talks about collaborating across silos, but few actually walk



the talk. In many cases, the problem is that executives are incentivized by the goals of and plans for their particular functions and the teams that they lead. Companywide goals, even when they play a relevant role in compensation, are often less relevant in terms of career progression than individual functional performance. The leadership team at this biopharma company, recognizing that some of these issues had, in the past, slowed the decision-making process and led to suboptimal outcomes, was fully committed to leading from the front and overcoming the internal context that drove silo mentality and behaviors.

Members of the leadership put in the time necessary to understand how they needed to develop as a team as well as individual leaders. Employee engagement surveys showed, for example, that fear of failure was dominant in many parts of the organization. Employees worried that in choosing a bold path over a safer one, they could damage their careers, and they therefore either chose the low-risk option or deferred the decision to their supervisor.

The leadership team made it clear that the organization would make a real shift toward appropriate experimentation and creativity. They articulated the specific behaviors needed to make this shift, encouraging team members to disagree and discussing failures in a constructive way to glean lessons learned. And they committed, in front of their peers, to exhibit these new behaviors themselves.

The regional leader at the helm of the agile effort spoke candidly about the critical shift that had changed the dynamic: the shift had occurred when the team members began to regard the entire leadership team—rather than their own function or division—as their primary team. Barriers between individuals in the leadership team dissolved, and the team was able to spend its time developing a cohesive company vision and allocating its resources accordingly. While leaders maintain their area of expertise, their incentives and their performance assessments are now based on shared companywide goals.

This biopharma company's journey is still in its infancy, and there are many challenges on the road to being an agile organization. But the participants have found that the experience to date has been extraordinary. The leaders are starting to change and operate in fundamentally different ways. They are achieving tangible results in terms of their efficiency and are overcoming problematic ways of working that had been in place for many years. There is a stronger employee perception of enhanced autonomy and reduced bureaucracy.

BIOPHARMA COMPANIES FACE many varied and complex challenges. By breaking down silos, these companies can unleash the capabilities and creativity that already exist within their organizations. Overcoming silos requires a leap of faith and an experimental mindset, as well as leveraging lessons learned from other companies that have taken similar journeys.

Companies that are considering embarking on an agile journey should consider the following imperatives that emerged from the experience of the company we have described:

- Understand and embrace agile beliefs; tailor your agile approach to your strategy and culture.
- Focus agile lighthouses on immediate business priorities; don't make agile an additional to-do off on the side.
- Involve key leaders from across the company in the design of the permanent agile operating model so that they become change agents in the organization.
- Make sure that all members of the leadership team evolve in their roles as leaders.

Agile can help biopharma companies not only meet the challenges at hand but also do a better job of fulfilling their purpose—bringing life-saving treatments to patients.

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