

PREPARED BY CHASE PARTNERS-LLC



CHASE PARTNERS

Finding leaders in life sciences



CDMO Leaders, Making the Right Moves at the Right Time.

By Jennifer Chase, Nick Hicks and Iwan Jenkins, July 2023

KEY MESSAGES



To maintain growth seen during C19 CDMOs are using three main strategies

- Develop novel technology more rapidly.
- Deliver services more effectively.
- Relentless cost efficiency.



The type of commercial strategy being delivered will influence soft skills needed by the CDMO Leaders

- Highly innovative with an experimentation culture for rapid manufacturing of customized small batches of developing novel technologies.
- Practical and pragmatic culture for manufacturing of biologics requiring more effective services.
- Predictable performance culture which is underpinned by tight command and control of manufacturing large scale API or small molecules focused on relentless cost efficiency.



Use qualitative tools to match soft skills with strategy

- In this White Paper, Chase Partners LLC shares its approach to identifying and aligning the different soft skills needed by CDMO leaders when implementing the company's chosen strategy.



The landscape

The disruption to global supply chains caused by COVID-19 led many CDMOs to rethink their business priorities. Many accelerated their move from manufacturing to service provision in response. In addition, the development of novel modalities and innovative vaccines by life science companies' recent years required a sudden and unprecedented investment in new manufacturing capabilities. This marked a big departure from the original business model.

At their inception, CDMOs were largely providers of contract manufacturing capacity while Big Pharma took the risk of product development and marketing and basically required the CDMOs to deliver against orders. But the landscape has changed. Recently, the CDMO customer base has experienced a shift from big pharmaceutical companies toward smaller biotech companies, with an estimated 73% of life sciences companies intending to use CDMOs rather than in-house production*.

This increased reliance on CDMOs means Life Sciences companies will now need:

- Earlier integration of their operations with partnering CDMOs in the drug development and manufacturing process,
- A significant change in how and with whom they partner and,
- Adopt a new service model, responding to these needs.

This rapidly evolving landscape, driven by disruptions in global supply chains and the rise of novel modalities (such as viral vectors, cell manipulation, as well as nucleic acids and lipid-based formulations), necessitates a strategic shift towards technology leadership and service provision.

Success in this new era hinges on CDMOs' ability to adapt their leadership teams and cultivate a culture of innovation, collaboration, and outstanding service. Each strategic option will require a different mix of soft skills from their leadership team. By prioritizing soft skills, leveraging assessment tools, and aligning hiring strategies with strategic goals, CDMOs can build diverse and agile teams that drive growth and remain at the forefront of the industry. * <https://www.crbgroup.com/insights/in-house-vs-cdmo-cell-gene-therapies>



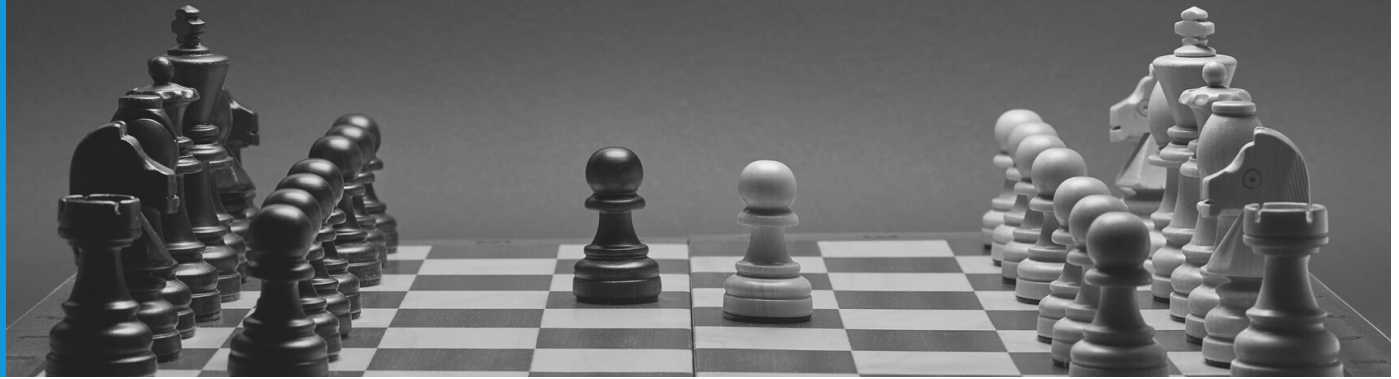
Leveraging Cognitive Diversity, Why it Matters to CDMOs

Just as a chess grandmaster relies on a balanced mix of pieces, each with unique abilities and strengths, a successful CDMO must assemble a diverse and agile leadership team with complementary skills and expertise. By carefully selecting the right combination of talent, a CDMO can optimize its strategic moves, tackle challenges, and seize opportunities in the dynamic pharmaceutical market.

As the CEO anticipates their next move, it is important to take the time to consider the personality type and critical soft skills of the leadership team, which often results in accomplishing set goals and a higher talent retention rate.

Cognitive diversity is an important factor in reaching these goals. It boosts innovation, problem-solving, and collaboration. Chase Partners-LLC maintains that cognitive diversity is a key element of “innovation leadership” and should be considered as the CDMO selects new members of their leadership team.

Ultimately, victory in the CDMO sector will be achieved by those who can expertly navigate the complexities of the industry, strategically positioning themselves for success, and remaining adaptable in the face of change. As in the game of chess, there are finite and distinct resources, and each move has an important impact on the overall outcome.



Your next move impacts the requirements of next-generation leaders

Now more than ever, CDMOs are making strategic acquisitions that allow them to flexibly and efficiently change their production lines to meet the increasing demand for smaller and more diverse client projects. They will need to stay abreast of these trends to reinforce their position as emerging technology leaders. The SVP of one of the largest cell culture CDMO manufacturing sites in North America said “*CDMO leaders must be ready to fully exploit cultural nuance in planning, executing and optimizing production and introduction of new lines*”.

Well-positioned CDMOs are making strategic acquisitions (see table 1) that allow them to flexibly and efficiently change their production lines to meet the increasing demand for smaller, more diverse projects for their clients. The CDMO that stays abreast of these trends will reinforce its position as an emerging technology leader.

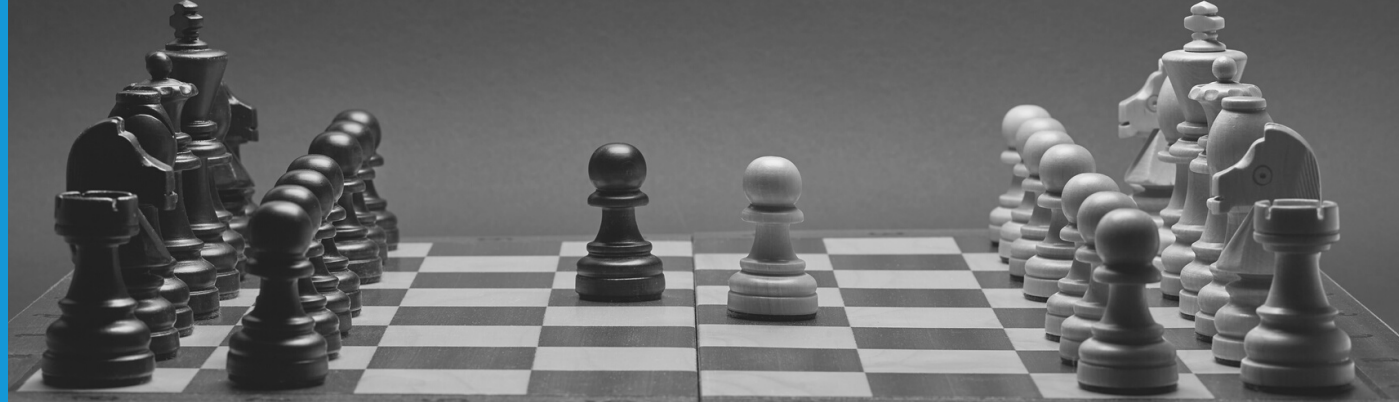
Table 1: Select Recent CDMO Investments in Biologics, Cell & Gene Therapy Manufacturing

Company	Site	Investment	Amount (M)
Fujifilm	Cell/Gene Therapies	UK Expansion	\$ 530
SmithKline	Cell/Gene Therapies	US/EU Expansion	\$ 350
Catalent	Cell/Gene Therapies	US Expansion	\$ 360
Catalent	Cell/Gene Therapies	Mass TherCell acquisition	\$ 315
Charles River	Cell/Gene Therapies	Vigene acquisition	\$ 350
Vibalogics*	Cell/Gene Therapies	US/EU Expansion	\$ 200
Fujifilm	Large Molecules	US Greenfield	\$ 1,900
Fujifilm	Large Molecules	US Expansion	\$ 300
Boehringer Ingelheim	Large Molecules	EU Expansion	\$ 780
Lonza	Large Molecules	US/EU Expansion	\$ 935
Abzena	Large Molecules	US Greenfield	\$ 200
Samsung	Large Molecules	Korea Expansion	\$ 2,000

*Vibalogics was acquired by Recipharm in April 2022

M\$ in millions, Investment amounts reported in US dollars, currency conversion at time of announcement.

Source: Company Information |

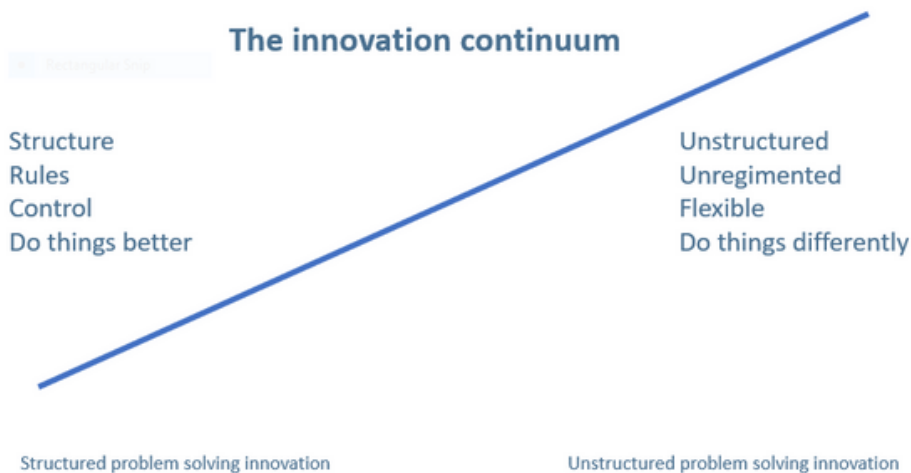


Your next move impacts the requirements of next-generation leaders

Fundamental to this success is how well CDMO's hire and cultivate the leadership team. They'll need to foster new entrepreneurial executives who can develop and cultivate the necessary culture of outstanding service. The service oriented CDMOs are setting a clear course toward technology leadership and thus will play an even more important over the next decade; when hiring leaders, they will need to look beyond key technical competencies and lean more heavily on leadership skills such as customer intimacy. Even more, the General Management mindset has become critical for leaders to be successful in CDMOs. CDMO leadership roles in the new landscape will expose individuals to the challenges of making decisions with limited information, operating in an agile environment, and nurturing their teams to balance performance and employee retention.

Implications for CDMO leaders

Today, the CDMO leadership team needs to hire and cultivate entrepreneurial executives who foster a culture of outstanding service, and their talent acquisition team must go even further than hiring talent with soft skills such as agility, insights, engagement, and determination to remain on the cutting edge of an innovative and collaborative service environment. This is where cognitive diversity comes into play. It is vital to get the right mix of soft skills across your leadership team, and Chase Partners LLC strongly believes in identifying the optimum leader requires understanding your teams problem-solving style and aligning it with that of your corporate strategy. We view the problem-solving style as a continuum. On one end, we find leaders who prefer "structured innovation" or problem solving by "do things better "On the other end, we find leaders who prefer "unstructured innovation" or problem solving by "doing things differently".





How does one choose such a leader?

Our approach is simple and pragmatic. We overlay a leader's problem solving style onto the results of a simplified Wardley diagram, an established strategic planning tool which analyzes a company's value chain and how it provides its products or services to its customers. This shows the preferred problem solving style of leaders alongside the job requirements identified by the Wardley map in the value chain analysis. By using an assessment tool, the Kirton Adaption-Innovation Inventory, (KAI), Chase Partners LLC can better understand where the individual fits on this continuum and how they prefer to problem solve. This gives insights into how the new candidate will fit into the team.

The C suite dictates the overall type of innovation climate within the company. The style of an individual candidate can be complementary to an organization's goals and culture or, if opposed, can clash. This is what can cause retention and motivational challenges. Collectively, the soft skills needed by a leader to manage in such situations are called coping behavior and are driven principally by motivation.

When a cognitive gap exists, "Bridgers" are needed

A leader who moves between the two has another set of critical soft skills called "Bridging". Ultimately, if the hiring team of a CDMO knows the strategic moves the CEO anticipates, they can find the right "Move Maker" and drive the strategy forward. Remember the adage - *"Ideas are not rejected because of the quality of the idea but because of the person who originally presented it."* A person's problem-solving style is innate and cannot be changed, what can be learned and improved are coping skills.

For instance, if a business has a strategy for a very process-driven direction, the optimal leader will most likely need to be more adaptive. They will naturally focus on product improvement rather than innovation. A leader with an opposing, more innovative style could implement a culture that is more disruptive to an adaptive workforce, and as such, negatively impact productivity and staff contentment. Some of the negative impacts are decreased productivity, higher stress, and lack of buy-in and therefore increased staff turnover hence inflicting high costs due to an opportunity missed here and now. Understanding cognitive diversity provides the hiring team with additional insights on the leader's problem-solving skill and can match the candidates' soft skills to the aspired culture the company is trying to build.



Finding the right “Move Maker” depends on your next moves

The required leadership qualities will depend on the market position aspired by the CDMO; the ideal leadership team reflects the strategy.

- Are you driving the company to be more innovative and agile in service to mid-size biopharmaceutical companies?
- Or are you looking to improve lean global manufacturing having made several regional acquisitions?
- Perhaps cost improvement is your priority as you prepare for a IPO?

While the technical skills for both roles are very similar the problem-solving style needed is likely to be very different.

How “Move Makers” can bring your strategy to life

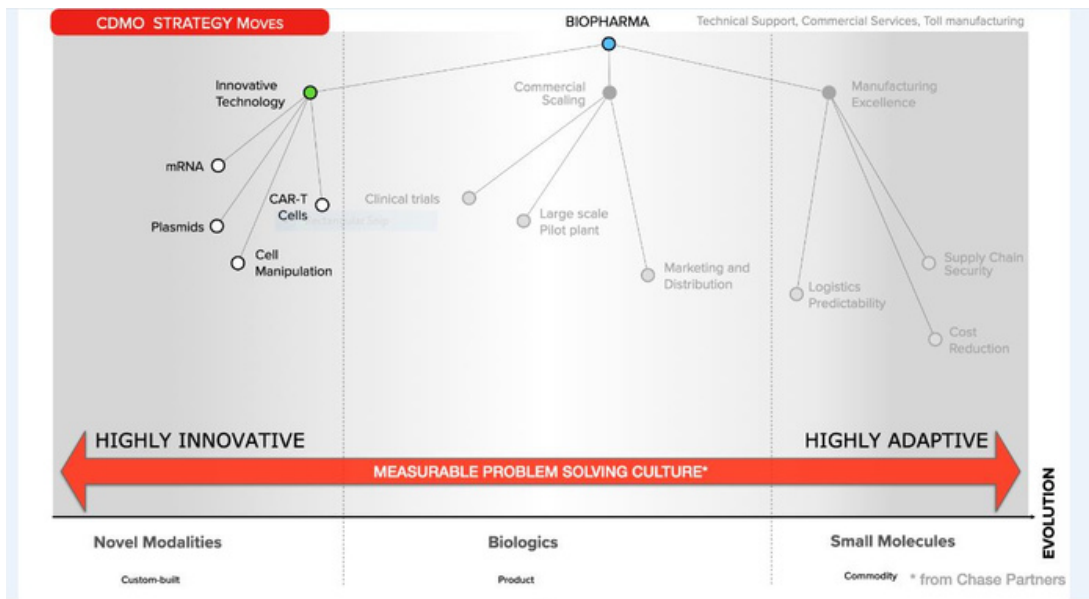
Consider the following three strategies and the type of “Move Makers” best qualified:

Scenario 1: CDMO A works in frontier medicine favoring a more unstructured problem solving culture.

Scenario 2: CDMO B is an established player in complex biologics favoring balance between unstructured & structured problem solving culture.

Scenario 3: CDMO C is an established player in API & small molecules with strong structured problem solving for large scale manufacturing.

Scenario 1 CDMO A works in frontier medicine favoring a more unstructured problem solving culture



The maturity of the products/services a CDMO manufactures/offers dictates the type of leaders that are needed: a CDMO involved in cell gene therapy will definitely need to be more an "out-of-the box thinker" because tough technological choices / bets will have to be made, compared to a CDMO manufacturing small molecule drugs (eg generics) where the quality of the implementation of manufacturing excellence methodologies and existing toolboxes will make the difference.

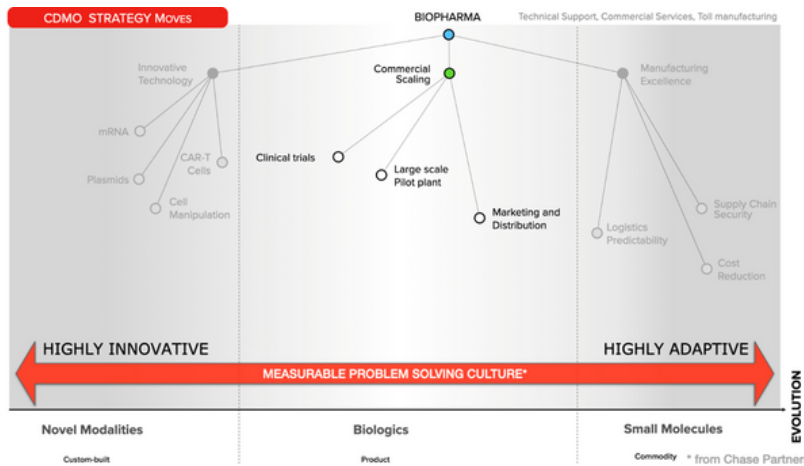
CDMO A is often recognized as being innovative in the biopharmaceutical industry. The company has a strong track record of developing and implementing new technologies and processes to improve drug development and manufacturing. They have already developed a range of innovative technologies and platforms that it uses to support its clients' drug development efforts. CDMO A is also known for its focus on continuous improvement and innovation in its operations. CDMO A seeks to develop their Innovation team responsible for identifying new technologies and approaches to improve drug development and manufacturing.

A CEO of a leading CDMO stated "*Working with innovators (start-up companies in particular) at the stage of the clinical studies and being able to support them at these critical phases of their development, is key as this allows them to build a much sought - after customer intimacy and product understanding in anticipation of the commercial manufacturing activities.*"

Our advice for CDMO A's next "Move Maker"

Their new leadership team needs to be visionary, flexible, and collaborative. Your team should be inspired and motivated to embrace change, experiment with new ideas, and strive for continuous innovation. Leaders focusing on innovation and agility must be able to adapt to changing market conditions and emerging opportunities; the leader will prefer "unstructured innovation" or problem solving by "doing things differently". They should be comfortable with uncertainty and able to pivot their strategies when necessary.

Scenario 2 CDMO B is an established player in complex biologics favoring balance between unstructured & structured problem solving culture



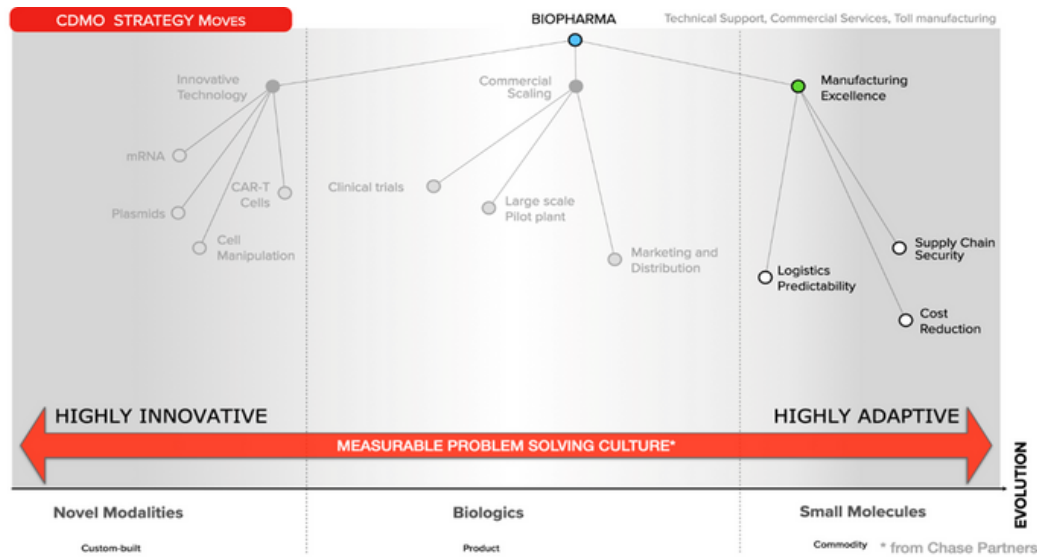
What is expected from a CDMO is to personalize the service it offers to each of its clients and a CDMO can regularly have more than 20-30 customers in each of its manufacturing sites. Agility and adaptation are therefore key values in this business and it takes years to instill this mindset, especially in factories that are newly acquired from big pharmaceutical companies. Company B is a leading CDMO specializing in biologics, including monoclonal antibodies, recombinant proteins, and other biologics. They provide services such as cell line development, process development, and cGMP manufacturing for clinical and commercial products. In terms of their culture, CDMO B has an approach which is practical and pragmatic, with a focus on delivering high-quality products and services efficiently.

Our advice for CDMO B's next "Move Maker"

CDMO B prioritizes technology leadership, with a culture of collaboration and outstanding service. First and foremost, this CDMO will need a leader who is technically proficient and has a strong understanding of biologics manufacturing in driving technology leadership and innovation within the organization. *"CDMO leaders must build the organization to attract customers and at the same time be capable of managing both the CDMO stakeholders and customer trust"* said the Site Leader of a CDMO type B organization.

Additionally, CDMO B requires a leader who is customer-focused and can build strong relationships with clients which will help to cultivate a culture of outstanding service provision and effective partnering. Collaboration is also key, so a leader who can foster teamwork and effective communication across departments and teams can help drive innovation and productivity. Adaptability and flexibility are also important qualities, as the CDMO industry is constantly evolving, and leaders need to be able to adjust quickly to changing circumstances and new challenges. Overall, the ideal leader will be a "Bridger", a leader who is comfortable in working with both structured and unstructured problem solvers and will inspire and motivate employees to embrace a culture of continuous improvement and innovation that can help drive the company forward.

Scenario 3 CDMO C is an established player in API & small molecules with strong structured problem solving for large scale manufacturing



A CEO of similar company to CDMO C said "CDMOs must add value to its customers and make their life easier so that they can focus on what they are really good at: innovating, promoting their offers, managing their sales channels. This can only be achieved by staying ahead of the crowd in the technologies that matter most, having the available manufacturing capacity and human resources to support their customers' needs and growth, and delivering on the promises made in terms of Quality / Cost / Deliveries i.e. providing a top class service."

CDMO C produces small molecule programs; while the company may have implemented some innovative solutions in its operations, its focus appears to be more on lean manufacturing rather than innovation. CDMO C has a reputation for being a leader in lean manufacturing, with a focus on reducing costs, improving quality, and increasing productivity. The company has implemented a range of lean manufacturing techniques and tools, such as Six Sigma, Kaizen, and Total Productive Maintenance, to achieve these goals. CDMO C may have implemented some innovative solutions in its manufacturing processes, such as the use of automation and robotics.

Our advice for CDMO C's next "Move Maker"

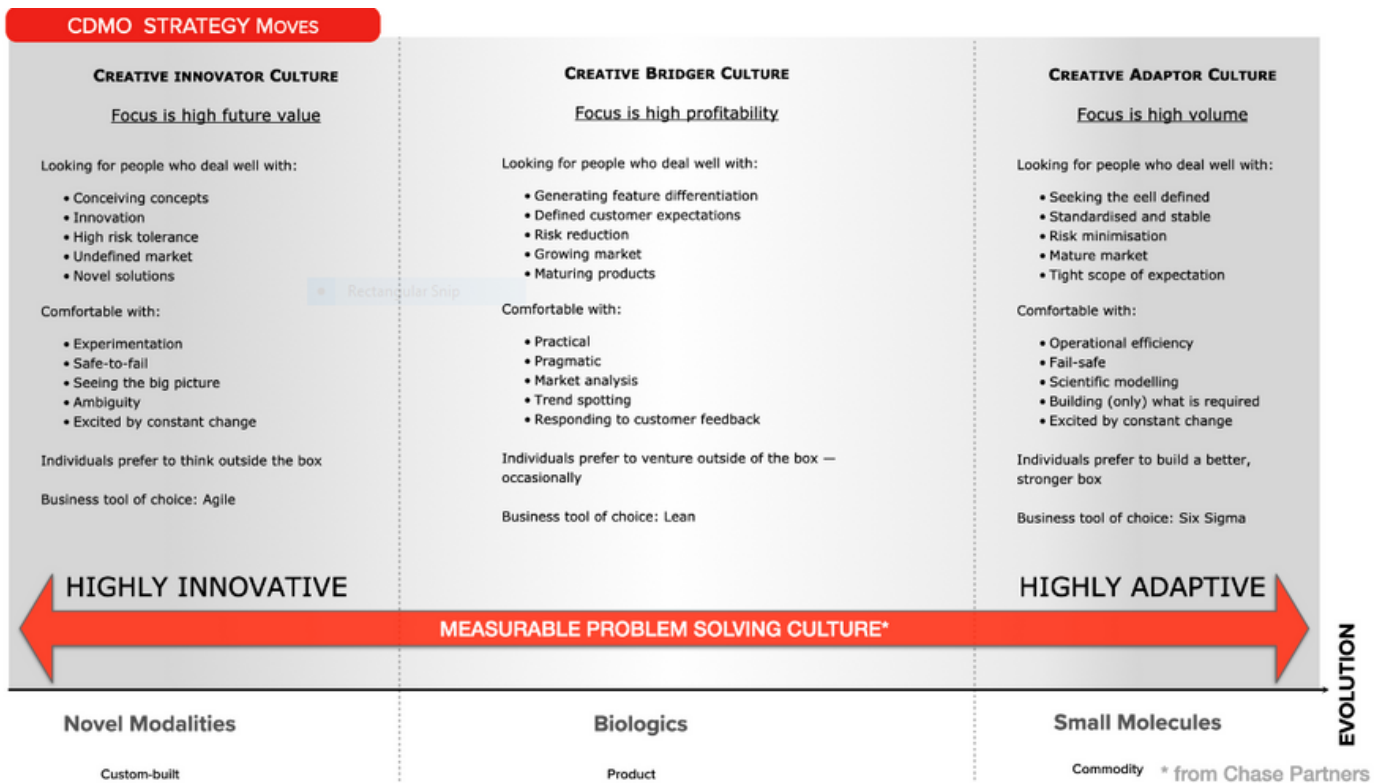
The new Leader should be highly adaptive in their problem-solving style and therefore able to identify cost-saving opportunities and make strategic decisions that enhance profitability without compromising quality. For CDMO C, their next leader will prefer "structured innovation", or problem solve by "do things better".

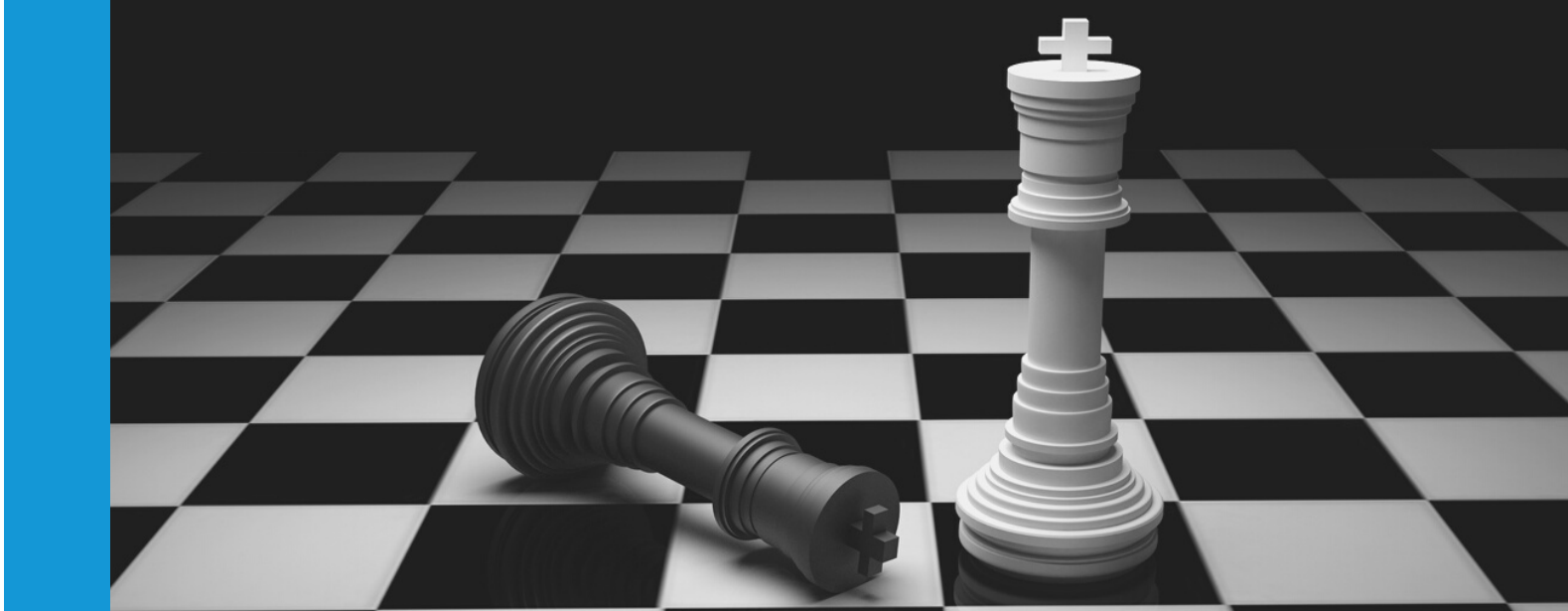
These leaders should have a relentless focus on operational efficiency, seeking ways to streamline processes, eliminate waste, and optimize resource utilization. Effective negotiation skills are crucial for leaders seeking cost improvement, as they must be able to secure favorable terms with suppliers, partners, and other stakeholders to reduce expenses and drive value for the organization.



The hybrid team

Of course, CDMO are complex global organizations and could very likely choose a hybrid strategy crossing all 3 categories and therefore soft skill demand on leadership drives up dramatically. Leadership teams now need to have the ability to converge diverse teams with diverse perspectives around a common goal.

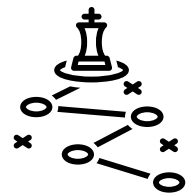




Conclusion

By leveraging assessment tools, prioritizing critical soft skills, aligning hiring strategies with strategic goals and cognitive diversity of leadership team, CDMOs can build diverse and agile teams that drive growth and remain at the forefront of the industry. To recruit the optimum leadership team for your company's new strategy, three things are necessary:

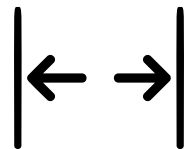
Clearly define and align your strategy with your hiring team.



Understand the cognitive diversity of your current leadership team.



Identify soft skill gap between your current team & hire new leader to help you hit those strategic goals.



At Chase Partners LLC, we help our clients understand where the cognitive diversity of their leadership team is and how this would need to change depending on the strategic direction the company wishes to follow. Whether you need a leader who problem solves by “doing things better”, “doing things differently” or “bridging”, let’s speak about your anticipated moves to identify your next “Move Maker”. We can simply and eloquently help you visualize the soft skills needed to get you there. Now... It's your move.

AUTHORS



Nick Hicks
Chase Partners-llc EU
nick@chasepartners-llc.com



Jennifer Chase
Chase Partners-llc US
jennifer@chasepartners-llc.com



Iwan Jenkins
Riot Point
iwanjenkins@theriotpoint.com

Chase Partners LLC is an owner-based firm based in Boston and Paris and specializes in bridging the trans-Atlantic talent gap of life sciences leaders. We place executives who work across the life cycle of all sectors of development to commercialization. Chase Partners LLC is a small and nimble executive search firm addressing the C-suite and senior management in life sciences. We place a strong focus on cognitive diversity and soft skills especially those vital for success in innovation driven companies.

Jennifer founded Chase Partners in 2019, to focused on recruiting leaders who are driven to change patient lives through creative development and innovation. Jennifer is based in Boston. Nick Hicks is Head of the Chase Partners, European operations based in their Paris office. He is an advanced KAI practitioner since 2007. In 1997, Jennifer's previous company placed Nick with Sanofi based in Paris. They have worked together ever since.

Dr. Jenkins has proven his expertise in the field of problem-solving leadership and how it applies to strategy, innovation and marketing. After completing a PhD in Chemistry, Iwan spent the first 20 years of his career fast tracked through techno-commercial roles in the chemical, health, Pharma and natural resources. And did so living on 3 continents.

In the 20 years, Riot Point has helped blue chip companies around the world hone their strategies, marketing and sales efforts, and mergers and acquisitions tactics. His speciality is linking strategy to culture. Through this work he has published in business and the academic press, and is chairman of the KAI Advisory Council, the body which oversees the primary psychological diagnostic tool for determining the problem-solving culture of an organisation.