

Talent Trends in Life Sciences: Key issues and strategies for success

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Introduction

The already competitive labor market in the Life Sciences industry has been increasingly becoming hypercompetitive. This is driven in part by the emergence of radical new concepts like cell therapy, the emergence of biopharmaceuticals as a modern science and the increasing need for healthcare across the world, amongst other factors. Biopharmaceuticals are considered the fastest-growing part of the industry¹, generating global revenues of \$163+ billion and making up 20% of the pharma market.

The industry is booming, and as a result it faces increased regulatory scrutiny and challenges of scaling supply chain and manufacturing capabilities to meet this demand. Trying to determine the right make or buy manufacturing decisions is forcing companies to look differently at costs, technology, process efficiencies and talent.

Leadership talent in general and, more specifically, certain technical skills are in high demand. According to a BTG report², project management, market research, market access and value are the most in-demand skills in the Life Sciences industry today.

The need for Clinical Operations skills alone has grown by 900% year on year. Demand for Data Sciences and Data Engineering has grown more than 1000% in 2020. Demand for digital transformation and automation has skyrocketed in the last few months. Competing with traditional technology companies for the same talent makes attracting this talent even more challenging.

The industry is also experiencing high attrition. According to the Timmerman report³, the industry attrition levels at the beginning of 2020 were at 15%. The number may not seem significant, but considering the high cost of attrition and backfill in the industry, this issue cannot be ignored.

The already competitive labor market in the Life Sciences industry has been increasingly becoming hypercompetitive.

Besides this, 2020 has seen two significant events pertaining to global Public Health and societal issues in USA that created disruptions of different degrees. The first is COVID-19, which plunged the world into disruption. Besides nearly crippling industries like travel, leisure, airlines and retail, it has infected close to 40M people, caused the deaths of over 1M and plunged the world's population into working

¹McKinsey Insights: December 2014

²Business Talent Group: BTG Skills Report, 2020

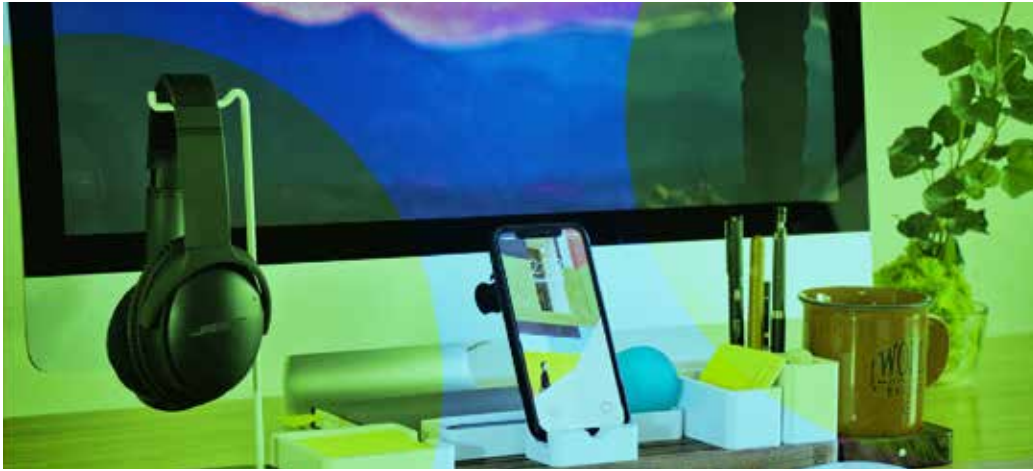
³Timmerman Report: September 2019

remotely almost overnight. Remote working has its own challenges in where and how people work and its impact on organizational culture and productivity. The second is the Black Lives Matter movement, which gained momentum through the summer of 2020 and made companies reassess and sharpen their intent and focus on Diversity, Equity and Inclusion.

This report explores the top five talent challenges the Life Sciences industry faces considering the events described above. It highlights the key issues, challenges and strategies that appear to be working for some companies. The opinions expressed here belong to the authors at Tonushree Mondal Consulting, LLC and are supported by our experiences working with a multitude of clients in this sector.

Trend 1

Organizational culture becoming the strongest pillar in the War for Talent



Key Issues and Trends

Organizational culture is the bedrock that makes innovation and growth possible for companies. It is one of the strongest reasons why an applicant joins and an employee stays with a company even in an inviting job market.

Small biotechs that are growing into mid-sized pharmaceutical companies struggle with the cultural shifts that come with growth.

Over the years, large pharmaceutical companies like Johnson & Johnson believed that their success could be attributed in part to their Credo or values that were well-practiced globally. Small biotechs that are growing into mid-sized pharmaceutical companies struggle with the cultural shifts that come with growth. The entrepreneurial and family-oriented feelings present during the early stages of incubation and growth attract a certain type of talent and keep them excited at work. Growth necessitates processes and structure that can appear stifling and take away from their feelings of agility. These companies are trying to maintain the delicate balance of the two types of cultures in creating an authentic identity for the future based on which they can scale.

COVID-19 has also imposed challenges on company culture. While many knowledge workers are used to remote work, the scale of this sudden transition was huge. People went through the ups and downs of trying to adjust to the new normal with varying degrees of success. Though employee feedback on remote work has been mixed, many

organizations have found significant cost and speed advantages they would like to leverage even after the pandemic is over.

Organizations need to prepare for this new way of working. It requires more than an integrated IT infrastructure to scale the model. Virtual collaboration tools, which form the backbone of remote work, have different rules of engagement than a physical world. A virtual meeting, for example, is limited in its ability to allow for deeper human connections. Building a sense of purpose and rallying an organization towards a common mission will continue to drive success in the talent war.



Strategies for Success



Use culture and purpose as the inner magnet to attract and retain talent. Define core values and the culture for the future and embed these into the DNA of the organization.



Identify the skills your organization needs to transition to remote work and intentionally start developing them.



Equip managers and employees with tools to collaborate, manage employees and lead a team virtually.



Brainstorm and design methods of building/reinforcing culture and values that are effective for a virtual world.



Take continuous feedback from teams to learn and iterate.



Geographically broaden your talent pool and be more strategic about sourcing talent, casting your net wider.



Strategically evaluate your pay positioning so that you are paying against the most relevant peer group with the right pay mix.

Trend 2

The shifting balance of power to the employee leading to title inflation and ‘grade creep’



Key Issues and Trends

The demand and supply imbalance of talent in this sector has shifted the power balance in the job market to the employee. In some hypercompetitive job markets, an employee could go for lunch and come back with two or three job offers. It might seem a bit exaggerated, but it illustrates the point: There is such a high need for some skills in certain hotbed talent locations that the employee is clearly in the driver’s seat when it comes to placing demands on salary and title in taking a new job offer. The coveted VP title seems to be a trigger for many moves for Directors and Senior Directors. To attract the talent they need, many companies succumb to title and pay requests or try to make one match the other so they do not lose the candidate.

To drive their expected growth, companies need ‘heavy hitters’ who can take them to where they would like to go.

This is especially true in small/medium-sized biotech/pharmaceutical companies that are thriving and need experienced talent. The problem does not stop there but gets exacerbated by issues of internal inequality. This often leads to a vicious cycle of unqualified promotion requests, grade creep and employee concerns. Managing these concerns can be a drain on leadership time and energy and can be avoided with planning and preparation.

We have often asked companies if they feel they could do with a

mix of significant and lesser experienced talent, probably with 50% expecting lower titles, and the answer is always “no”. To drive their expected growth, companies need ‘heavy hitters’ who can take them to where they would like to go. Flat structures do not work either, nor does moving away from market specific titles to more creative ones. The question then becomes: how does a company break this vicious cycle of title inflation and grade creep?



Strategies for Success



Establish a Talent Strategy of ‘Build vs. Buy’, balancing ‘skilled vs. lesser experienced’ talent and hiring vs. developing from within.



Analyze the shape of your organization (pyramid, inverted pyramid, cylinder etc.) and what you would like it to be in a few years.



Analyze the flow of talent (inflow through hiring, outflow through exits and promotions) and determine target levels you want to achieve.



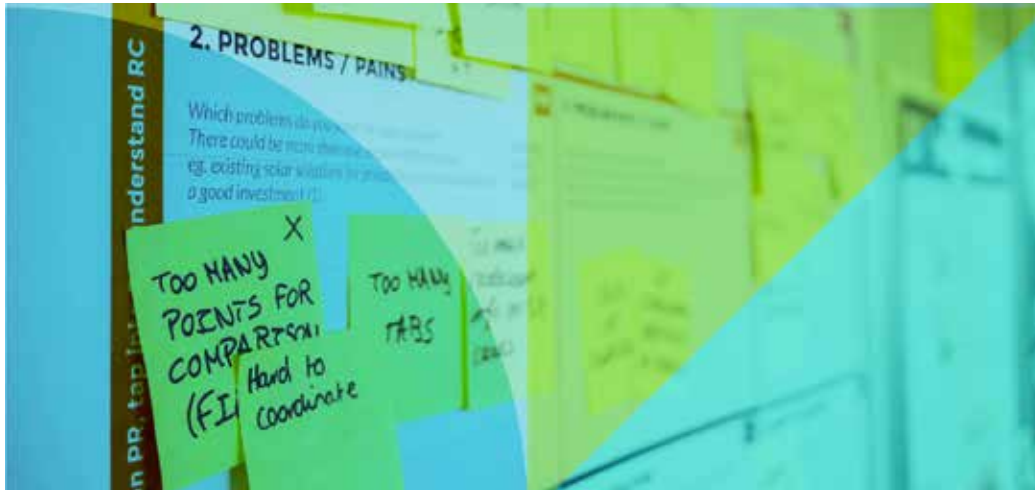
Define clear criteria for each level, both standard for the company and unique for each function, so expectations are clear.



Use Talent Reviews more strategically to control the vertical flow of talent by putting governance in place and encouraging lateral moves.

Trend 3

Career architecture becoming critical for talent retention and internal consistency



Key Issues and Trends

Many biopharmaceutical companies are experiencing growth spurts or are at the cusp of one. Life Sciences companies that planned their job/career architecture in the early stages have a clear strategic advantage in scaling faster than those that skipped this critical step. The companies that skipped it have to retro-fit things and clean up inequities, which often slows things down or creates continued dissonance.

Designing a clear framework for managing careers requires answering deeper questions like the kind of culture the company needs (high on innovation vs. high on control), taller vs. flatter organizations, reliance on vertical vs. lateral movements to foster employee growth, etc. All these strategies have trade-offs. Understanding them and designing the job/career architecture along the established philosophy is important for growth.

Traditionally, job/career architecture initiatives were often just a compensation exercise meant to establish pay levels and titles within a company. However, Career Architectures today are more robust foundational engines that underpin a host of reward and talent programs and processes while driving internal consistency.



Research shows that thriving employees who feel well-informed about career paths are 8x more likely to stay than others, even if their jobs change significantly.

Research ⁴ shows that thriving employees who feel well-informed about career paths are 8x more likely to stay than others, even if their jobs change significantly. Companies can use tools like career architecture to show clear, transparent career paths to employees, thus improving the brand value, offer to acceptance rate and retention.

Strategies for Success



Establish a career architecture framework early to scale fast.



Ensure the framework is robust with a set of common levels, criteria and titling convention.



Ensure there are also job specific criteria like functional skills and role responsibilities so the descriptions are consistent.



Map jobs and employees using the criteria and some cross-functional calibration.



Ensure clear understanding and consistent use.



Keep frameworks fluid and communicate them like a rock climbing wall or lattice instead of career ladders.



Promote growth in role, skills development, internal mobility and strong governance.

Trend 4

Talent mobility gaining popularity as organizations try to strengthen internal talent marketplaces



Key Issues and Trends

According to LinkedIn's Global Talent Trends 2020, 70% of organizations are now focused on "internal recruiting" and companies with active internal career management programs have 41% higher retention rates. In a hypercompetitive talent market, internal mobility is a strategic tool for HR.

A strong internal mobility framework needs an integrated talent management and career architecture that is anchored in skills needed for each role.

Today, internal mobility has moved beyond an internal job postings process. Companies are building career movements for their employees through intentional skill building and developmental experiences. A strong internal mobility framework needs an integrated talent management and career architecture that is anchored in skills needed for each role. This is what a robust career architecture on an earlier page emphasized.

This framework emphasizes career growth through development of valuable skills and experiences rather than following rigid ladders and is aligned with HR processes like hiring, performance management, succession planning, training and development.

Companies can capitalize on skill building and growth through internal mobility to create an agile workforce and a networked

organization that is more future ready. While large global pharmaceutical companies in multiple countries can offer a lot of options for this kind of career growth and movement, it is harder to execute for the small and mid-market segment. Roles are often specialized and employees unwilling to switch out of their technical swim lanes. However, organizations that can start this even in a small way can institutionalize this over time to reap benefits both for themselves and their employees.



Strategies for Success



Identify the capabilities and skills your organization will need in the next 3 to 5 years.



Define key skills each role needs and create a simple process to evaluate where employees stand against these expectations.



Ensure developmental conversations between an employee and their manager focus on targeting the skills for improvement against the employee's career interests.



Ensure the Talent Review process identifies high potentials and allows for the orchestration of talent moves in ways that benefit the individual and the organization by balancing breadth and depth of skills development.

Trend 5

Diversity, Equity and Inclusion providing a more refined lens on HR programs



Key Issues and Trends

The discussion on the importance of diversity and inclusion has been underway for several years now. The year 2020 intensified the focus on this topic as the Black Lives Matter movement expanded national consciousness around racial inequality. This movement has prompted many necessary discussions in companies and society to drive a sense of social accountability.

Companies must create a space to amplify the voices of the under-represented.

Organizations realize they cannot make light of DEI any further if they want to become or remain an employer of choice and win the best possible talent. They are now confronting this issue with renewed vigor, trying to move away from one-off initiatives to ensuring an integrated approach that can bring about lasting change. Many big corporations have publicly pledged to take concrete actions. Small biotechs too realize that embedding DEI requires a 'marathon mindset' vs. a 'sprint mindset'. They have started taking positive steps towards a diverse, equitable and inclusive culture as they build their organization from a few employees to scale.

For a truly inclusive workplace, it is not enough to just to hire people from different backgrounds, gender or ethnicity or conduct a stand-alone diversity training. Companies must create a space to amplify the voices of the under-represented. It is important to examine how inequity manifests in the workplace and take actions to eliminate it.

DEI is a strategic tool that leaders can use to build an organization that is significantly more successful in the long run.



Strategies for Success



Strengthen DEI analytics to track trends and identify problem areas.



Unpack decision points in processes like promotions, compensation, talent reviews and internal movement to identify aspects that drive inequity today. Take actions to systematically eliminate them.



Engage leaders and managers in this dialogue, help them connect the link between DEI and business outcomes, equip them with necessary tools and hold them accountable.



Track progress, collect feedback and improvise periodically.

Conclusion

As the Life Sciences industry in general and Biopharmaceuticals more specifically continues to boom, organizations will have to deal with more challenges of demand and supply of talent. To stay competitive and ahead of the talent war and other challenges they will face, organizations must address some key pillars of talent management with more rigor and proactivity.


- ◇ Define the organization's desired culture to ensure it is authentic and equipped to handle a remote working model.
- ◇ Embed culture in all aspects of the candidate and employee interaction so it becomes the power weapon that makes people want to work for you.
- ◇ Focus on your talent strategy so it is not over reliant on 'Buy over Build' and identifies capabilities needed in the future systematically.
- ◇ Broaden the geographical perimeter of your talent search and pay the very best your business model allows you to.
- ◇ Put in place the right career architecture and talent orchestration that diminishes the focus around constant title changes and promotion.
- ◇ Provide tools to managers and employees and build a culture focused around development and career conversations.
- ◇ Align your DEI strategy to your talent strategy to ensure it is well-directed and serves your desired business goals.

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