RSA viewpoint

Smart thinking can overcome talent shortages in 2019

2019 looks like it will be a year that will stay long in the memory. As we leave 2018, we're living through a fast-growing surge of political, economic, societal and technological change. Brexit, our fast-ageing populations, trade wars, climate change and the explosive growth of everything digital are just a few of the currents that will affect all of us directly or indirectly over the next 12 months and well into the future.

Life sciences and healthcare are not immune to much of this change and in many of the areas connected to people, we're already seeing the effects. We thought that it would be helpful to highlight some of the most significant of these as they relate to talent and leadership.

China above all else

For us, China stands out above all others for the impact it will have on the life sciences. With its growing and ageing population, healthcare spending has jumped from $90.8 billion in 2004 to $590 billion in 2014—keeping pace at double-digit growth rates—and China is quickly becoming the country with the largest health care spending. According to a report by EastWestBank "Healthcare-focused private equity and venture capital investment deal volumes and values increased by an average of 34-89 percent year-on-year between 2010 and 2016 driving up the number of start-ups and accelerating company growth." We've witnessed this at events throughout the autumn with the number of delegates from China significantly up from previous years, looking for deals, investment and talented people.

In a separate development four years ago, the Chinese CFDA tightened up regulatory policies and procedures. Local Chinese companies were forced to start using local CROs to raise standards and this has meant a boom for China-based CROs who have been importing new talent and retaining more of the people who might otherwise have left for the US. Those CROs would previously have been working almost exclusively for US pharma wanting to do trials in China. As a result of these changes, companies such as WuXi Apptech in China have grown massively.

The combination of these developments has contributed to the growing two-way traffic of talent between life sciences businesses in the US and China. This axis is growing in strength and largely by-passing Europe. What will this all mean for European life sciences? Is it in danger of being left behind? How will it and can it respond?

Collaboration is the future

Ageing populations around the world also mean the growth of diseases associated with old age, especially in neurology and cancer. With limited success in developing effective new drugs in recent years for diseases such as Alzheimer's and Parkinson's, the number of people working in the pharma industry with direct experience of bringing new treatments to market is shrinking all the time. In oncology, the huge inflow of investment has given companies the fuel to grow their teams but there simply aren't enough experienced people within the industry to match demand.

Because of this imbalance, companies are having to be much more flexible and the growing demand has encouraged academics to play a bigger role than previously. While some will naturally continue to work in academia and forge collaborations with industry, many others are seeking capital and spinning out their own companies. A third group are joining industry in positions where they can facilitate the translation of science to clinical programmes and these individuals are being appointed as CSOs in SME biotech companies or in senior leadership positions, such as translational scientists, in larger pharma and biotechs.

Transitions from academia/the not-for-profit sector to industry are a sign of the intense competition for talent in this space. The academic leaders who make the move from scientific and medical academia to industry often bring connections to a significant and extended network, adding to a company's reach and acting as a magnet for future talent.

New collaborative R&D ecosystems show that the traditional R&D path in the pharma industry is a business model under pressure. The large and growing number of separate organisations working in oncology and increasingly in neuroscience are all looking for talented leadership from a pool of individuals that simply isn't growing at the same rate. The diminishing pool of experienced and talented people makes it more difficult for organisations to build successful teams.

Growing demand for specialisation

Exciting leaps in technology, especially in genetic engineering, have brought new ways of researching and developing ground-breaking medical treatments. Recent breakthroughs have included dramatic advances in genetic research, with CAR-T and CRISPR technologies which are capable of editing genes and DNA, moving to the clinic and closer to mass-market use. We now have the potential of being able to address and cure previously incurable diseases like cystic fibrosis or even cancer.

As a consequence, we're seeing rapidly growing demand for highly specialised skill sets in drug development. Increasing scientific complexity in research is leading drug developers to look for skill sets in their R&D teams that mirror the increasing specialisation of their drug pipeline candidates. For example, to work on therapeutic molecules such as CAR-T therapies, we're now being asked to find CSOs who have very precise CAR-T experience, rather than broader skill sets as would have been the case in the more recent past.

Some specific skills are in really short demand for multiple reasons. For example, increased regulations aimed at improving patient outcomes have made compliance a hot-button issue, while scientific advances coupled with new digital technologies are driving the shift towards a more patient-centric model. We recently wrote about the problem that the pharma industry faces in Europe where most Qualified Persons are based in the UK whereas after Brexit they will need to be based in the EU.

Given the shortage of specialists in many of the fastest growing areas, we have to ask if this is a sustainable approach that will really enable faster development of new drugs and whether there will be sufficient candidates to fill each role?

It's tough at the top

Company leadership will continue to be the most challenging area. Demand for Board members, CEOs and CFOs with experience of listing companies on one or more exchanges is unprecedented given the expansion of the life science sector within its traditional geographies such as the US, UK and Switzerland and expansion to new ones including China and South Korea.

CSOs are increasingly opting to take on a portfolio of roles, choosing to act as consultants working with several companies and operating outside the usual descriptions of permanent or interim. In other cases, companies will need to think laterally and take on individuals without the complete skillsets that they had been hoping for but with the ability to transfer and grow.

A healthy future

While these represent some tricky challenges for investors and company directors, they also point to the healthy state of life sciences as the industry looks to the future. The potential for life sciences to make a positive contribution to human health is as great or greater than it's ever been, and this will attract some of the best talent into our industry. We just need to be smart about how we use these scarce resources.

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