

Merlin's maestro

Sir Chris Evans, the UK's leading bioentrepreneur, reflects on his evolution from lab rat to financial wizard.

Walk into the plush London offices of Merlin Biosciences, one of Europe's leading venture capital firms, and it is pretty easy to spot the source of Merlin's power. Whether judged by the rather eclectic collection of flotsam in his office—fossils, scientific memorabilia, framed photos of family, Ferraris, and

favorite rugby players—or simply his rather boisterous enthusiasm, Chris Evans, Merlin's chair and founder, is clearly a man with passion and presence.

Fortunately for UK business, Evans' passion in the past 15 years has been to conjure biomedical companies into existence. He is also passionate about speaking his mind—a char-

acteristic that has not always endeared him to the wider business community. In the last few years, Evans has frequently blasted the UK business community for being insufficiently ready to seize opportunities, a problem he sees as leaving the United Kingdom lagging behind its transatlantic rival. Nevertheless, Evans is something of a magician when it comes to biomedical businesses: during his career, he has established 20 science-based companies, floating eight on the London Stock Exchange. The business community has taken note, and this scientist-entrepreneur has won many awards and accolades, including a knighthood in 2001.

But despite what many might think, Evans never planned to become a multimillionaire—it just happened. Back in the early 1980s, in the dark ages before the words “biotechnology startup” had ever been uttered in Europe, Evans was working his own brand of scientific alchemy at an academic laboratory bench in

Michigan. “When I was a scientist... all I wanted to be was a scientist. I had no money and I wasn't thinking about money,” says Evans. “Big bankers just can't understand how life can revolve around the excitement created by a blue band on a gel.”

Despite his attachment to academic research, however, it was postdoctoral poverty that propelled him into the business world. Living on a research fellowship in America proved difficult, and Evans boosted his meager stipend by lecturing to several US companies on microbial physiology, his specialty. Evans' performance clearly impressed his audience. “They decided ‘we like this bloke’ and that's how I got offered my first job.”

“I sold my scientific soul to the financial devil,” laughs Evans. But then, how could you turn down a \$72,000-a-year job when you were struggling on a \$14,000 stipend? But it was business as usual for Evans. “I was soon back in the lab looking at the same blue band in the same gel, but this time it didn't mean *Nature* papers, but a patent application, and potentially a product... and of course greater share options and a bigger bonus. This was fun, exciting, and rewarding.” It dawned on Evans that the science and “money thing” were intrinsically connected: “It's always about the science. You only get profits if the science is good and generates a real product.”

Evans advanced swiftly within the company, Allelix (now part of NPS Pharmaceuticals [Salt Lake City, UT]), to head up a research team. Here he learned the second rule of the biomedical business—you have to do deals. “Exploiting science is all about doing deals and collaborations—these are the life blood of the company,” says Evans. Always keen to get a piece of the action, Evans tagged along with the “suits” and soon decided that “the best person doing the deal is the person who can best convey the real value of what has been created.” And that, thought Evans, was him, the scientist.

After three years, and having now “multigraduated” in science, business, and management, Evans headed back to the



Chris Evans was interviewed by Liz Fletcher, senior editor at *Nature Biotechnology*.



United Kingdom with a job with Genzyme. But this was not enough of a challenge: instead, Evans took the rather less obvious step of selling his house and car and using the proceeds to set up specialist enzyme company, Enzymatix, in Cambridge. Enzymatix was a great success, and Evans later split the company into smaller units, two of which—Chiroscience (now part of Celltech) and Celsis—are now biotechnology “household names.”

Evans relished starting up his first company. Outlined in almost obsessive detail (he had even included plans of the offices and where each person would sit), the business plan was his “vision” for the company. “It took me months and looked like the Yellow Pages by the time I had finished,” says Evans.

However, much of Evans’ success lies in his ability to build a creative and expert team of people around him, to help cover for his weak points. “It’s the 80:20 rule,” says Evans. “80% of the value and success comes from having good ideas. . . and the other 20% is knowing how to manage yourself—your success and failures.” Evans’ first big business team was, he claims, the “dream team” he built at Chiroscience, comprising longstanding friends and veterans of the biomedical business: Peter Keen (finance), Andy Richards (ex-PA Consulting), Brian Adger (an industrial chemist), Jon Dickens (a medicinal chemist) and Noel Stebbing (a co-founder of US biotech giants Amgen and Genentech) and Ken Sinden (manufacturing and production). When the team went looking for financing, it was “one of the best-looking teams around,” says Evans, who laments at the notable lack of such experience among startup teams today. “If such a team strolled into any venture capitalists office today with a new business plan, we’d bite their hands off!”

Today, Evans defines himself as “a parallel rather than a serial entrepreneur,”

working through the venture capital company Merlin Biosciences, which he co-founded with Peter Keen and Mark Clement in 1996. Evans describes founding Merlin as one of the most “sensible” things he has ever done, a decision he puts down to maturity and four children. “I couldn’t be the international jet-setter serial entrepreneur *and* family man,” he says.

The lessons he learned as a scientist–founder proved valuable in his new role as a venture capitalist. To date, Merlin has invested in more than 24 companies around Europe, some with seed funding (through the Merlin Fund) and at a middle or pre-IPO stage (through the Merlin Biosciences Fund), while also managing the Finsbury Life Science Investment Trust. With more than €400 million currently under management, Merlin is now expanding its European operations through a partnership with the German life science advisory company BioConnect. Along with Merlin’s extensive global network of contacts, this is part of a concerted effort by Evans and his team to extend the Merlin reach across Europe and beyond, and they are currently raising a €300 million European fund.

Evans’ advice for budding bioentrepreneurs

First, you need a science degree or PhD, and experience of research so that you know what you are talking about. “You might either join a company at this stage to get experience of management and business, or stay within academia until you create or acquire an important bit of intellectual property,” says Evans.

Second, you need to secure sufficient funding. “Without the money, the science stops,” says Evans. For example, a new product could be worth a billion dollars, but if it gets stuck in the preclinical development phase—say, because of a lack of funding—the drug’s worth is zero.

Third, and most important, you must set up a management team: “You can’t concentrate on the science and do deals on the side.” Startup managers must convince financiers that they can manage whatever value the company creates. However, venture capitalists like Merlin can offer support, hiring experienced managers and executives for new startups, or directly mentoring young companies through the tricky process of starting out.

But not all scientists will be successful bioentrepreneurs, and perhaps it is the exceptional ones (like Evans) who make the rule.

Entrepreneurialism, says Evans, has to be in your blood. Only certain personalities are equipped for the hard-headed game. “You’ve got to have a cold streak about making money for yourself and your investors,” says Evans, which he claims differentiates him from other scientists of his age. In the face of failure, scientists need to keep on searching for the answers, year after year. “That’s the point,” says Evans. “But in business, if it ain’t working, then you’ve got to kill it—you can’t keep pouring money into a dying project.”

Bioentrepreneurs cannot be shy, retiring wallflowers, and must “exude some confidence and leadership qualities.” Qualities Evans is clearly not short of. The best entrepreneurs are those men and women who, because of their background, have had to fight hard to get where they are—they are hungry for success. Indeed, Evans is a case in point: he was one of six children born to a relatively poor family in Port Talbot, South Wales. And be prepared to become a workaholic: Evans regularly clocks a 90–100-hour week.

So, what hope is there for the average scientist hoping to metamorphose into entrepreneur? Scientists are inherently entrepreneurial, says Evans. They are constantly applying for grants or other sources of support, and generally work long hours with single-minded determination to achieve specific goals. And Evans is the perfect example.

So, does he have any regrets? “I can’t think of a better job if you have a PhD. Why would you want to go and work in the city when you can become a founder, entrepreneur or even a venture capital firm?”

Actually, there is something he thinks would be better: “Play for Wales and score the winning try against England at Twickenham.” But that could be just slightly beyond the many talents of this wizard.

Evans’ top tip

If there is one piece of advice that Evans would wish to impart to founding scientist–entrepreneurs, it is to not be greedy with founding equity. Scientists who try to keep too great a percentage of the founding equity risk having little to bargain with later in the game. It is better to own 0.2% of an Amgen rather than 92% of a struggling, anonymous startup. Evans learned this lesson quickly while setting up his first company. The temptation was to keep hold of as much equity as possible, so as to retain control of the company. “Scientist–founders need to have the confidence to let go,” says Evans, “and not kill their golden goose. The old saying is true—the first million is the hardest to make.” But just a small percentage of equity could deliver that magic sum, which then becomes an “irreversible piece of track record” for the future.