

## Strategic HR for today's biotechnology companies

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To succeed in the biotechnology industry, human resources must be a true business partner.

At a recent conference on strategic human resources (HR)<sup>1</sup>, I was pleasantly surprised by the caliber of the presenters as well as of the attendees. The biotechnology industry has certainly come a long way to begin establishing HR as a true business partner. However, many companies still either do not have HR representation, or add these responsibilities to the busy schedule of an administrative assistant or finance officer.

When CEOs speak about their companies, they often cite their employees as their most valuable resource—and understandably so, as the biotech industry is fueled by the intellectual capital produced by its employees. However, in general the industry does not feel that its most precious resource is worth supporting fully. Would we ever consider not hiring a financial representative? At best, HR is considered the function that administers compensation and benefits, institutes training programs, creates retention programs, hires and fires, and establishes performance management systems. However for some, visions of an antiquated personnel department come to mind, found in the basement amid dusty files—a black box, with questionable deliverables hiding behind a curtain of ‘confidentiality.’ So what added value is missing, and what can competent HR bring to an organization?

First and foremost, HR is a balance between being the employee advocate and a strategic business partner. The business plan must serve as a template for the HR strategic plan, enabling organizations to succeed by turning strategy into action, by managing processes intelligently and efficiently, by maximizing employee contribution and commitment, and by creating the conditions for seamless change.

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### Strategic HR

First, strategic HR must partner with senior executives and managers, helping to move planning from the boardroom to the organization. It must guide serious discussion of how the company should be organized to carry out its strategy. At the conference, it was suggested that in this era of mergers and acquisitions, the question that we should be asking ourselves is “Are we ready?” Research indicates that senior executives with personal experience of a merger or acquisition rate underestimating the importance and difficulty of integrating the two cultures as a major cause of M&A failures. According to a recent study, “83% of all M&As produce no benefit for the shareholders. Interviews with over 100 senior executives involved in some 700 deals over a two-year period reveal that the overwhelming cause for failure ‘is the people and the cultural differences’”<sup>2</sup>. HR has the greatest effect in the process of integrating the two sets of employees and their daily work processes, but is usually brought in too late to make a true impact.

Second, strategic HR must be an employee champion, ensuring that employees feel committed to the company and are able to fully contribute, and taking responsibility for training line management about the importance of high employee morale and how to achieve it. Strategic HR must also be the employees’ voice in management discussions, offer employees opportunities for personal and professional growth, and provide resources that help employees meet the demands put on them.

The biotech industry has developed a dangerous pattern of taking its best scientists and making them managers. We must develop our talent on both sides of the track, scientific and managerial. The best scientists usually make the worst managers, regardless of any management training provided. We must be realistic and allow people to grow their careers in the area for which they are best suited.

Third, strategic HR must be an expert in the way work is organized and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained. Within the HR function there are dozens of processes that can be done better, faster and cheaper. Finding and fixing those processes is part of the work, and measuring the impact of HR programs and initiatives to the bottom line is crucial. Just claiming how strategic one is does not make it so, and many companies cannot really say whether they are delivering pertinent, efficient HR programs and practices to its employees. This points out the need for metrics and benchmarking. Firms such as The Saratoga Institute provide great insight into where one’s company ‘measures up’ and what needs to be improved.

Finally, strategic HR must be an agent of continuous transformation, shaping a culture that together improves an organization’s capacity for change. Change has a way of scaring people into inaction. HR’s role as a change agent is to replace resistance with resolve, planning with results and fear of change with excitement about its possibilities.

### The bottom line

Despite its obvious importance, strategic HR can only bring to the table what it is allowed to contribute. Usually the question is, “Can we afford to hire an HR representative?” but the question should be, “How can we not?” According to management expert Dave Ulrich, “The efforts to achieve excellence—through a focus on learning, quality, teamwork, and reengineering—are driven by the way organizations get things done and how they treat people. Those are fundamental HR issues. To state it plainly: achieving organizational excellence must be the work of HR”<sup>3</sup>.

1. CBI Strategic Human Resources for Life Sciences, Philadelphia, PA, July 26–27, 2004.
2. KPMG. M&A Survey, 2004.
3. Ulrich D. *A new mandate for human resources* (Harvard Business School, Boston, 1998).