

**“Is M&A going to replace R&D?”** – This was the hot topic between 2012 and 2015, following the rapid rise of M&A activity in the Life Sciences Industry. Conversely, studies were concurrently showing that the key issue Life Science executives faced was actually hiring and retaining innovative talent; one poll showing that up to 59% of interviewed executives ranked this as *“Challenging or Very Challenging”*<sup>1</sup>.

In order to assess whether these challenges and views remain the same today, River Partnership’s Head of Life Sciences, Cecilia Eklund, polled and interviewed 50 Life Science senior executives within R&D, Strategy and HR across Europe and North America. Below are summarised the key findings and top tips to increase and attract talent from the competitive candidate pool.

## Top 3 tips for winning the talent war

- 1. Increase diversity when searching for innovative candidates:**
  - Looking for skills rather than e.g. education or competitor’s names on a CV can quickly diversify a list of candidates, allowing for fresh innovative talent to be considered.
- 2. Ensure cultural preconception is avoided:**
  - 72% of senior executives have increased their company’s attractiveness by actively changing their culture
  - However, the old perception of Life Science culture being less flexible than other industries still remains
  - Culture misconception must be debunked before the interview phase to attract a greater diversity & higher number of people
- 3. Plan in advance to ensure a slick and engaging process:**
  - 9-12 month = average total process time, including planning phase, interview phase and notice period
  - 3 months = average interview phase from first contact to offer at Manager level (5-10y experience)
  - Streamlining your interview phase is the most efficient way to reduce total process time and may help exclude competition, beating them to an offer stage

### Background on River Partnership

Cecilia has core expertise in placing executives including Partners and MDs, including Area Experts in the Strategy, Corporate Development and R&D functions across Life Sciences corporates and in Professional Services.

She additionally carries out extensive market research in the industry including mapping, talent pipelining and procurement reports.



### Q. Is hiring and retaining innovative talent a challenge in your business?

**90%**

A. 90% Agreed with the statement, interestingly, the results showed that both global top 10 Pharma (94%), Top-tier Professional Services Firms (92%) and Start-ups/SMEs (84%) are experiencing a similar challenge, but that smaller organisations are finding it easier.

### Q. Do you agree that M&A cannot replace the need to hire innovative talent?

**84%**

A. 84% said that M&A activity cannot fully replace the need for innovative talent. Further interviews associated this to the changes in the M&A activity within the Life Sciences industry - with tough competition, innovative targets are coming with an increasingly higher price tag. The median acquisition price in 2016 compared to 2015 almost doubled, being a staggering 39X the revenue of the acquired company compared to 19X in 2015 and 8X in 2014. This trend is so far continuing in 2017, with number of deals going down and the average deal size increasing. Additionally, companies are at risk of losing much of the innovative talent when acquiring smaller businesses, as the cultural changes often result in a high turnover of staff from the acquired company.

### Multiples paid on revenue:



Graph produced from data in article “Cost of pharma M&A doubles” by Novasecta for Financial Times, January 2017

### Q. How important is culture for finding and retaining talent in the competitive market?

**72%**

A. 72% replied that it is a key aspect and added that they have actively driven through changes in culture and flexibility in the past 5y to increase attractiveness of the company vs. competitors.

### Q. What is the best way to try to increase and diversify the talent pool?

**54%**

A. 54% believe that external agencies are better equipped to provide a more diverse candidate selection, as they have the capacity and time to investigate candidates and companies outside of the usual targets. 22% believe that stepping away from a traditional hiring process, e.g. excluding University names, courses or grades and judge a profile based on relevant work experience and ability can be an efficient way to affect the talent pool.

### Q. How will hiring in Life Sciences adapt to accommodate for the increased pressure to innovate:

- It doesn’t need to change (4%)
- Increased use of external resources e.g. consultants (18%)
- Through an increase in acquisitions (6%)
- The talent pool will need to include a greater variety of backgrounds (66%)
- Other please specify: (6%)

