

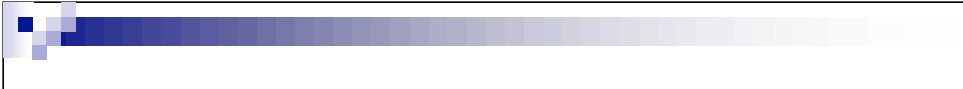


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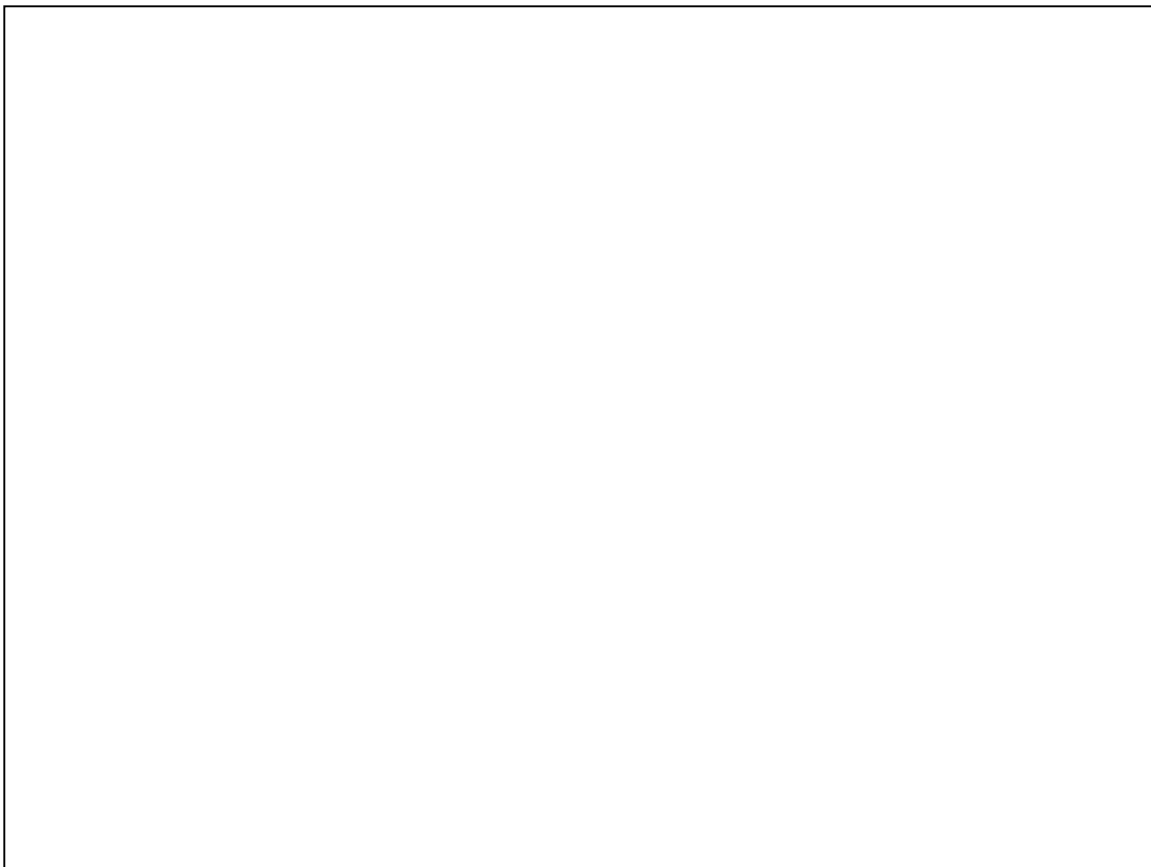
**Drucker's Management
Essentials for Today's Life
Science**

An introductory seminar

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“It is not enough for a business to provide just any economic goods and services, it must provide better and more economic ones. It is not necessary for a business to grow bigger; but it is necessary that it constantly grow better.” Peter F. Drucker



Organization in Business

- Basic principles of good organization
 - **It is transparent**
 - **Someone has authority to make final decisions**
 - **Decision-making authority matches responsibility**
- There is no one right type of organization
 - **it must fit the task**
 - **different organizational structures may run in parallel**

Organization in Life Science

- Life science research requires teamwork from the start
 - **Involves decision-making at an early stage**
 - **Requires a combination of “command and control” organization and cross-functional teamwork**
- Individuals have to be able to work within the different organizational structures
 - **Working as a team or partner in an alliance**
 - **Working as both a direct report and often as a boss**

Organization in a knowledge environment

- Fewer employees are classic “subordinates”
- Increasingly more “knowledge workers”
- Knowledge workers are more associates than subordinates
- They are specialized and need teamwork
- Today’s “superiors” are often managing subordinates beyond the superiors direct line of expertise
 - **Subordinates must take responsibility to educate the superior**
 - **Most often specialized, the subordinate knowledge worker must rely on the superior for the bigger picture**
- Creates an organization more like an orchestra

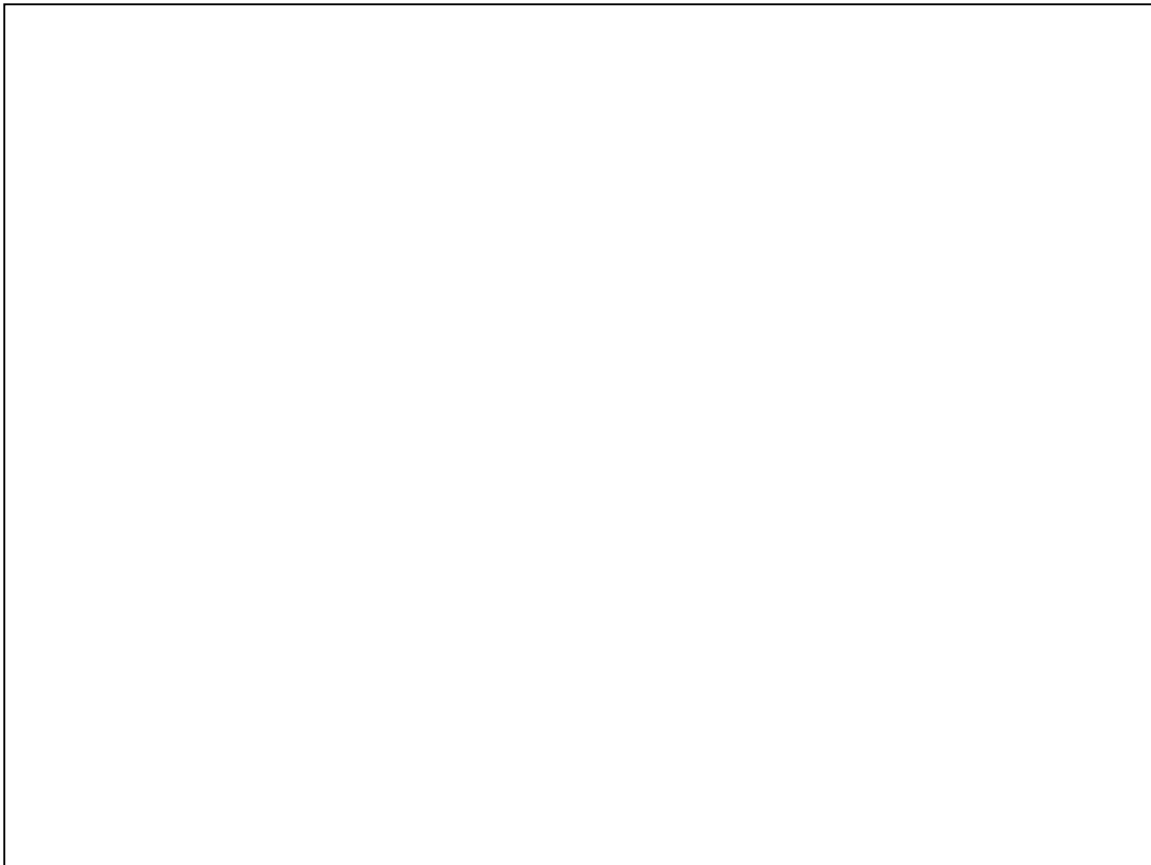
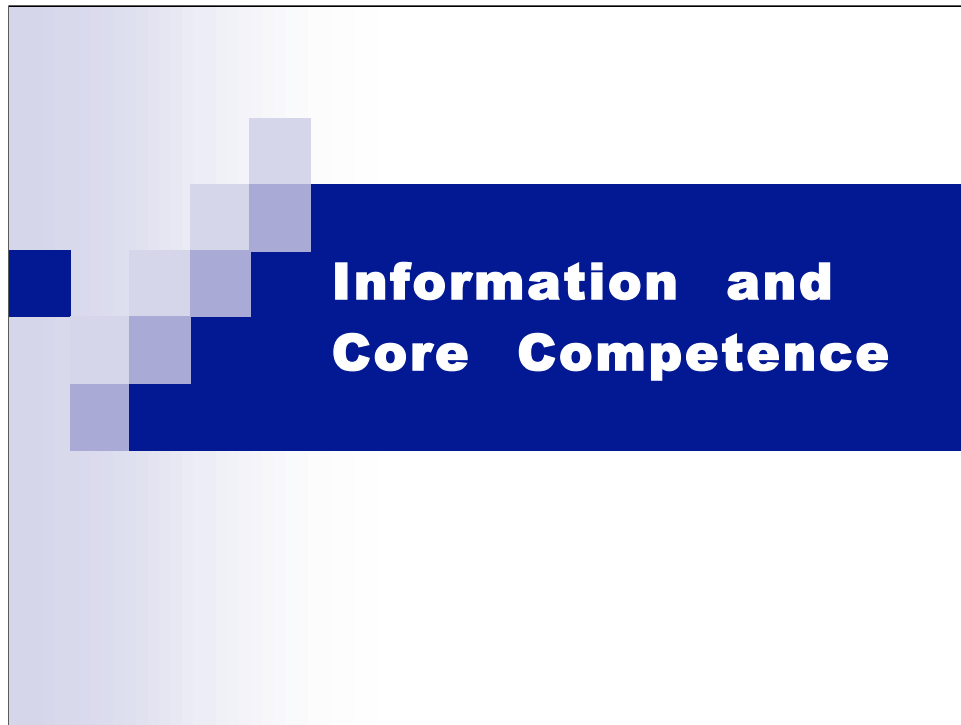
The Goal of Management in a Knowledge Environment

- The teamwork of an organization is held together by the “organ of management”
- Knowledge workers are mobile
 - **They can take their knowledge with them**
 - **They need motivation to stay**
- The essence of management is to make knowledge productive. In Drucker’s words:
 - **One does not manage people**
 - **The task is to lead people**
 - **The goal is to make productive the strengths and knowledge of each individual**



Productive Innovation

- Not a “flash of genius” but purposeful
- Both conceptual and perceptual
- Effective innovation starts small and is focused
- Innovate for the here and now, not the future
- Entrepreneurship is meant to exploit innovation but it must go along with leadership in the field otherwise it merely creates opportunity for the competition
- Successful innovators reduce risk
 - **No wine before its time but rather when the fruit is ripe**



Informed Judgement

- According to Drucker, informed judgment relies on:
 - **Foundational information**
 - **Productivity information**
 - **Competence information**
 - **Information about the use of scarce resources**

Managing Core Competencies

- Track your own and competitors performance
 - **Look for unexpected results + or -**
- Appraise innovative performance over the entire field
 - **Ask if something was missed, dismissed, botched?**
 - **Analyze what competencies, or lack thereof led to the unexpected result**
 - **Think it through – assess possible outcomes of innovation**





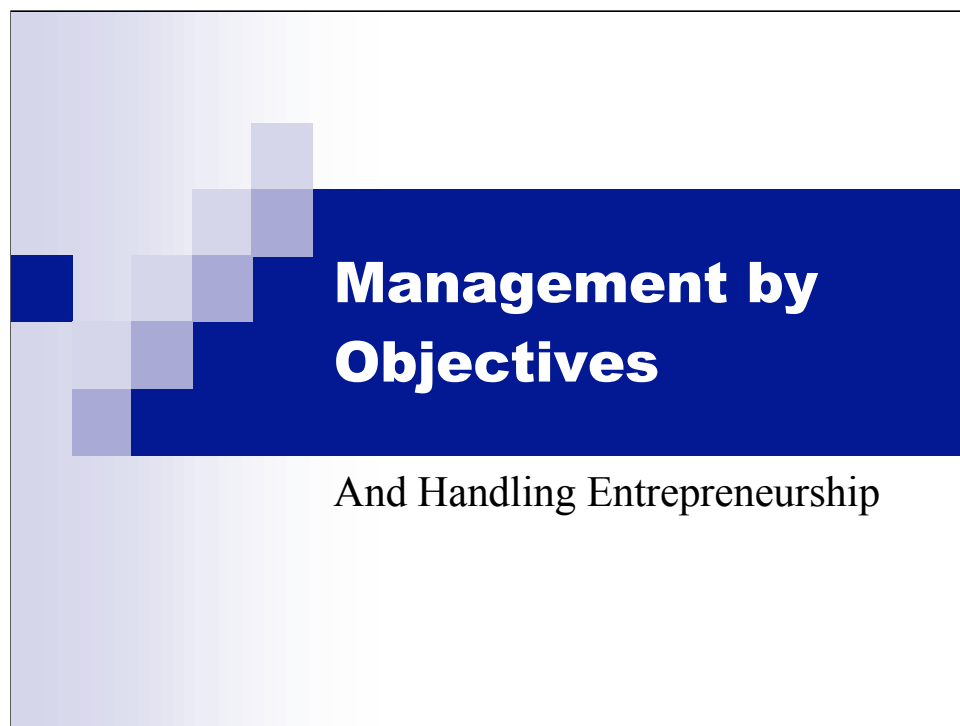
The Customer is Always Right

- Neither technology nor its end use is a foundation for management policy
- Management must base its policy on customer values and customer decisions
 - **Life science customers are the patients and the physicians who treat them**
- Management must focus on results along the entire economic chain



Management For the Customer

- Traditional management is focused on results and performance within an organization to achieve results outside of the organization
- An organization must produce results outside of itself





Keeping Objectives in Site

- The story of three stone cutters
- There is a danger that a highly-skilled professional will believe they are accomplishing something when they are not
- In life science failure to appreciate the organizational objectives from even the earliest stages can cause a development effort to go off target

Managing Objectives Within a Knowledge Environment

- New technology requires both excellence and direction
- Objectives should come from the goals of the business like each stone that builds the cathedral
- Objectives of every manager should relate to the ongoing goals of the company in all areas
- Objectives should consider both the short- and long-term
- Management by drives or crises is damaging
- Each manager is responsible for their objectives with
 - **Genuine decision-making**
 - **Genuine responsibility**
- “Upper management’s purpose is not to establish common direction but to eliminate misdirection.”

Improve on Strengths

- Identify where intellectual arrogance is causing ignorance
 - **Being “bright” does not substitute for knowing**
- Do not waste effort improving areas of low competence, instead put the effort into constantly improving high competency areas
- Personally, know where you belong

Entrepreneurship Within an Established Organization

“Management and entrepreneurship are two different dimensions of the same task”

- New innovative efforts should be separate from established management of the company
- New efforts need a high level internal champion
- Do not make those responsible for running the business also responsible for creating innovation
 - **The new enterprise will always get short shrift**
- Buying and bringing in entrepreneurial ventures does not work
 - **The entrepreneurial mindset must be built from within a business**
 - **The entire organization must be able to get behind the adoption of new ideas and the development of new things**