

## **The Rhythm of Business Releases Inaugural *Practice of Alliance Management in the Biopharmaceutical Industry Study***

### **Survey Highlights a Gap Between Recognized Importance of Alliances to Overall Company Strategy and the Capability to Effectively Manage Them**

**November 1, 2010, Newton, Mass.** – The Rhythm of Business released today the results of recent research titled *The Practice of Alliance Management in the Biopharmaceutical Industry* that examines the state of alliance management in pharmaceutical companies. The study, co-sponsored by the Biopharma Council of the Association of Strategic Alliance Professionals (ASAP), along with pharmaceutical companies Astellas and Ipsen, finds that despite nearly unanimous agreement among study participants that alliances and other collaborations are increasingly important to company strategies, alliance professionals report investment in managing alliances is not keeping pace.

Specifically, the study reveals that while a majority of alliance managers at companies with an established alliance management function believe they are viewed by their CEOs as essential to achieving corporate strategy, they are not being afforded the influence necessary to drive those outcomes; two-thirds of participants are not satisfied with the influence they presently have and veterans of functions in existence for more than five years are most likely to be unhappy with the sway they have within their organizations. This phenomenon is further crystallized in terms of alliance managers' perceptions of their growth prospects; over time, alliance managers are less likely to see the position as a path to senior leadership, despite the fact that the role is a sophisticated one, requiring a savvy business person with multi-dimensional talent.

#### **Alliances Are Frequently Understaffed or Not Run by Professional Alliance Managers**

Despite the perceived importance of alliances, companies' lack of follow-through can be seen in the amount and quality of manpower committed to achieving company objectives through the alliance function.

- A majority of study participants report five or fewer full time alliance management professionals, who are most commonly responsible for three or fewer alliances

In many companies, alliances generate more than half of both revenue and product pipeline. Sixty percent of participants report alliances in their company's portfolio that are not managed by alliance professionals. However, partnering brings specialized management challenges. The profession of strategic alliance management has developed in response to an historical failure rate in these relationships that exceeds 50 percent because of management-related reasons. ASAP's biennial *State of Alliance Management Study* has previously found that dedicated alliance managers and the consistent use of the tools and techniques of the alliance management discipline result in greater likelihood that alliances achieve their strategic objectives. The risk for biopharmaceutical

CEOs is that undermanaged alliance portfolios become underperforming and fail to achieve their revenue and growth objectives.

*The Practice of Alliance Management in the Biopharmaceutical Industry* aggregates data from 47 biopharmaceutical companies, including half of the top 50 firms by revenue; 56% with headquarters in the Americas, 33% in Europe, and 11% in Asia. The study was heavily weighted towards participation from companies that have a specialized alliance management function in place.

### **As the Alliance Portfolio Grows, Alliance Manager Role Evolves**

The study examines in detail the role, responsibilities and organization of the alliance management function in biopharmaceutical companies. Clear differences were found when the data were segregated based on the maturity of the function and its size. Among the findings:

- Alliance management groups take on an increasing array of responsibilities throughout their first five years. After that they relinquish key responsibilities, including planning and evaluation
- As the alliance portfolio grows, alliance management groups will be required to diversify the alliance management capability with functional managers who have part time alliance management responsibility

The study concludes that to realize the strategic and financial objectives of their alliances, companies must take steps to ensure that their alliance and collaboration capability is aligned with the management needs of their alliance portfolio. As portfolios grow larger and increasingly more complex, the risk is that by not investing in the professional management of alliances, they will underperform.

The white paper or executive summary on the results of *The Practice of Alliance Management in the Biopharmaceutical Industries* may be downloaded at [rhythmofbusiness.com](http://rhythmofbusiness.com).

### **About The Rhythm of Business**

The Rhythm of Business specializes in collaborative business – the organizations, business models, management, and ways of working to innovate and grow through collaboration. For more than 25 years, principals of the firm have built collaborative business models, developed and operated alliances and supplier networks, and consulted within both corporate and civic sectors on building and using collaborative relationships to achieve strategic and financial objectives. Engagements include designing and implementing an alliance management capability, evaluating individual alliances and the alliance portfolio, intervening in troubled situations, and working with good collaborations to become great collaborations. Through comprehensive management frameworks, skill development, and measurement and analysis tools, the firm enables individuals and organizations to innovate and grow through collaboration.

Co-founders Jeffrey Shuman, PhD and Janice Twombly have co-authored numerous books, articles, and white papers and regularly speak at a variety of venues around the world on the ongoing transformation of organization structures to collaborative networks. They hold the Certified Strategic Alliance Professional (CSAP) designation conferred by the Association of Strategic Alliance

Professionals. Their methodologies inform Shuman's popular MBA courses on Managing Collaborative Relationships and Entrepreneurial Thinking at Bentley University where he is professor of management.