



HOW THE MIGHTY FALL

by John Johnson

Everything comes to an end someday. Everything all around us follows an organic curve that kicks off with a beautiful idea, a reaction and a spark of energy that leads to conception of a new entity. A business anywhere in the world begins with a promise, a vision and a service or product that is considered valuable or better still, unique. This quantum of energy is at the heart of every living thing.

At first, growth is slow. Ideas and information come and go until, suddenly, everything launches forward into a period of rapid growth, often chaotic and uncontrolled. This can be a fabulously exciting time, full of learning, adrenaline, glories and disasters, and if businesses can survive the initial phase of chaotic growth (adding systems, processes, expertise and assets to their business along the way), growth can be very rapid. This is a heady time for a small business and it can seem like the product or service can do no wrong, with demand exceeding supply. This is a hugely profitable time for any business.

In time though, unless the leading indicators that follow are carefully pre-empted and tackled, a toxic, debilitating virus can slowly take hold of the organization. That virus is complacency and it is fueled by an aversion to risk and, unchecked, it can rapidly cause inertia and resistance to change. It is at this point that the organic growth of a company can flatten and move quickly into decline and ultimately to irrelevance. This is the organic lifecycle of any living organism and it has so many parallels in business.

When you consider organizations that have grown rapidly, dominated their field and then (at least to the casual observer) inexplicably deteriorated in performance – the list is large.

It includes:

- > IBM
- > Hoover
- > Imperial Chemical Industries
- > A variety of pharma companies from the 1980s onwards

SO WHY DID THIS HAPPEN?

Why couldn't these organizations sustain their growth indefinitely? Why did they reach maturity and then allow competitors to dominate them, allowing their business to wither on the world stage?

Martin Lush, NSF International's Global Vice President of Pharma Biotech and Medical Devices, and I explored the reasons for the onset of demise at the Pharma Integrates conference in London, November 2017, and we asked attendees three key questions:

- > Where are you personally on the organic curve; what are you doing to push back your decline?
- > Where is your organization on the curve; what is it doing to reinvent itself and ensure it stays in the zone of rapid growth for as long as possible?
- > From your experience, what do you see as the top three leading indicators that suggest decline is around the corner?

And the results/three leading indicators are highlighted in green on the graphic below:



The top messages coming back from these industry experts were:

- > Overcomplexity kills business insidiously by strangling innovation, feeding non-compliance and switching off employees.
- > Poor root cause analysis of issues prevents effective CAPA from being put in place; not just risking expensive recurrence and sapping trust and reputation from the company, but also wasting hard-earned revenue in misplaced projects and remediation.
- > Staff turnover is a key indicator that the pharma quality system is not working well, disengaging key experts and making them want to take their experience elsewhere. It is imperative to keep your best people engaged in the business. Switch them off and they go elsewhere.

THE KEY MESSAGES FOR SENIOR MANAGERS ARE:

- > As part of your management review process, an awareness of these leading indicators and a constant willingness to tackle areas of concern is absolutely critical.
- > Studying how other firms thrive in a hard business environment is so important when seeking to change culture, refreshing the quality system or changing behaviors. Learning from the best means “every day is a school day.”

- > We are not here to maintain the status quo, as stasis and complacency bring the onset of decline forward extremely rapidly.
- > Developing a “why/why not” culture, which allows staff to challenge the norms and helps them to seek a deep understanding of their roles in the greater scheme of the company, can only promote a change culture. It also feeds a willingness to seek breakthroughs and a desire to keep learning.

Dinosaurs didn't evolve quickly enough – make sure your firm is not turning into a tyrannosaurus rex!

ABOUT THE AUTHOR



John Johnson is passionate about helping organizations foresee and overcome the barriers to sustainable longterm growth. He brings 28 years' experience across a range of companies in the pharmaceutical and healthcare industry. He has worked in small, medium and large pharma biotech companies across the product lifecycle for a wide range of dosage forms, holding senior operational and corporate-level experience in operations and quality assurance and leading multinational companies in many strategic projects.

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