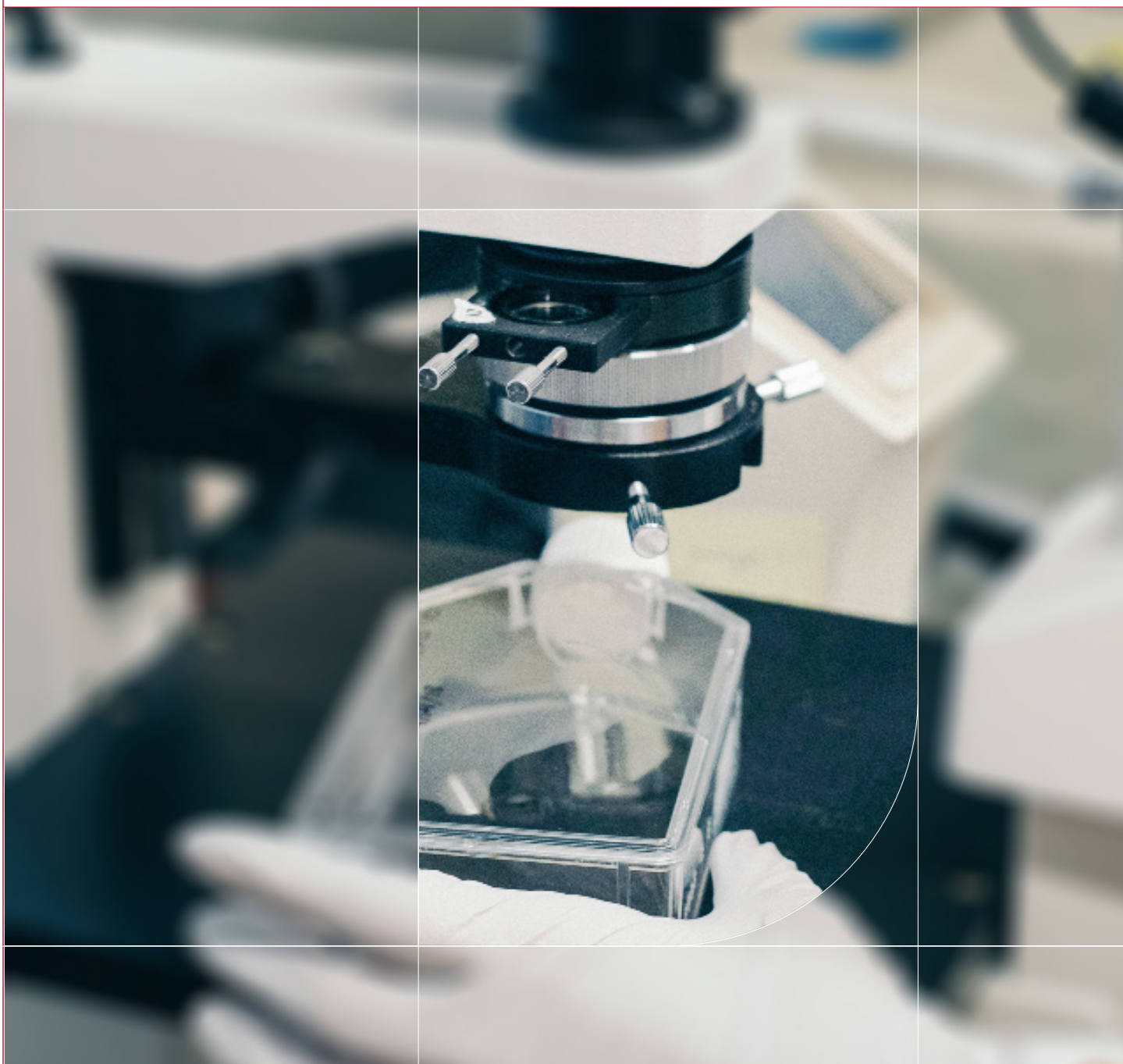


Why Mission-Critical Life Sciences Projects Are Failing—and How to Fix Them

RGP | Research



Introduction

Project execution has arguably never been more important to the life sciences industry. At the same time, it has never been more challenging. According to a recent survey of life sciences executives conducted by RGP, mission-critical projects are failing far too often, necessitating a new way of approaching them. Here, we summarize the findings from our survey, supplemented with observations from our client engagements, and we provide insight on how to achieve better results from mission-critical projects. In brief, our research suggests that companies need to:

Focus more on identifying and empowering strong project leaders;

Be more methodical and centrally coordinate strategic initiatives;

Fully consider the vast range of tasks needed to integrate new acquisitions and manage them as a “program of projects,” with professional management, staffing, and planning; and

Improve their project management capabilities to adapt to a new, more flexible model of staffing and executing projects.

Survey Shows Alarming High Failure Rate for Key Life Sciences Projects

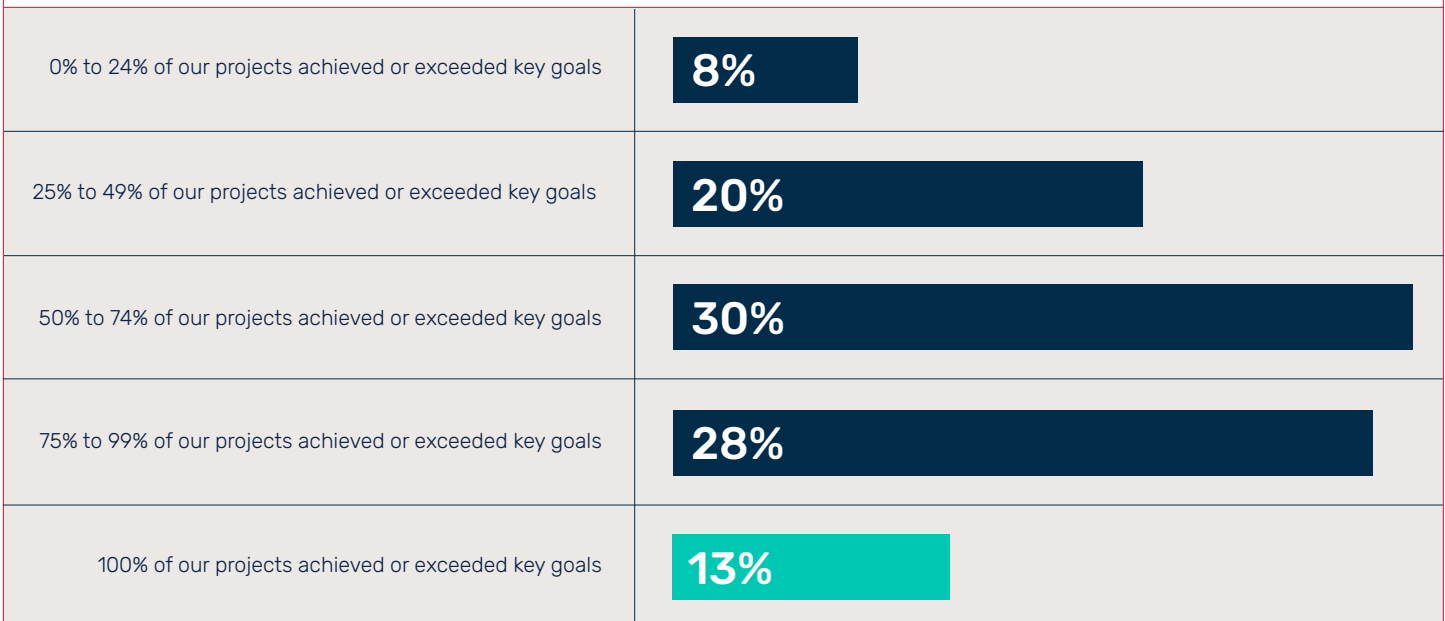
Pharmaceutical, biotechnology, and medical device companies continuously undertake a portfolio of large, costly, and complex strategic initiatives that need to be managed successfully and efficiently to achieve their goals. These projects span clinical trial operations, supply chain, data and digital transformation, quality change management and culture shift, R&D, and restructuring and divestitures. They abound across a broad cross-section of functions within life sciences industries aimed at enhancing company performance.

Given the range and complexity of these initiatives, effective project management is paramount to success in life sciences today. Project failures and missed deadlines have massive consequences for life sciences companies, translating into billions of dollars in lost revenue, delayed investigational product development and approvals, enormous market opportunity costs, and serious operational risks.

However, mission-critical projects are failing at a worrying rate. In a recent study conducted by RGP, we surveyed 99 pharmaceutical, biotechnology, and medical device executives from across the globe on the effectiveness of their mission-critical projects.

As depicted in the table below, a meager 13% of survey respondents indicated that all of their projects since 2020 have met or achieved their goals. About 60% said at least a quarter of their projects fell short of their goals, and about 30% conveyed that most of their projects have underperformed. This project performance data is staggering.

Percent of Life Sciences Companies Meeting Key Project Goals Since 2020



Source: RGP survey of life sciences executives, October 2022.

Troublingly High Failure Rate for Mission-Critical Projects

Why are life sciences companies struggling to succeed with mission-critical projects? The root causes are complex, but a lack of project management expertise is central to the problem. Talent shortages and the grab for qualified project managers only exacerbate this growing competency gap in the industry.

Further, complex project success requires skilled leaders who are visionary and eagle-eyed with a consistent and proactive focus on the required people, resources, processes, timelines, milestones, and communications involved in project execution. The life sciences executives we surveyed concurred with this observation: Seventy-six percent said that the key to successful project execution is having strong project

leaders—more than any other factor. Without sufficiently capable and talented project leaders at the helm, initiatives go astray and the original intent gets lost, often because team members get bogged down in the task-level minutiae. Adept leaders can fly at multiple altitudes—including at the program, project, and task levels—to ensure projects remain on track.

“Whether focusing on predictive modeling, clinical trials, supply chain issues, or leveraging generative AI to analyze real-world data, life sciences companies often lack the fundamentals of project execution. Without effective project management, an alarming number of critical projects are failing today and will continue to fail.”

– **Marcia Brown-Rayford**, RGP’s Global Life Sciences Industry Leader

Factors Contributing to Key Project Failures

Examine any key strategic priority in life sciences today and you will find several consistent features. These projects rely on coordinating across functions, disciplines, and stakeholders—both internally and externally. They require a persistent focus on risk management. Constant communication and regular updates to the project timelines, milestones, deliverables, and team members are essential to success.

For example, consider the high volume of M&A among pharmaceutical, biotechnology and medical device companies. These complex transactions will remain common as large pharma players, in particular, continue seeking to fill pipeline gaps by investing in small to midsize companies with attractive assets.

Few consider the litany of tasks, timelines, milestones, roles, risk management, issues resolution, etc.—to not only close these deals but to also integrate the asset—to be a full-blown program of projects. Merger integration and/or the carve-out of processes, people, data, systems, tools, and documents along with the regulatory requirements to transition new products and operations to new owners can be overwhelming. Simply put, M&A transactions are projects that require masterful execution and quarterbacking to be successful. The lack of skilled project leadership is a root cause of why numerous post-M&A integrations fail and the legacy companies remain siloed, hampering return on investment.

The challenge is that many companies never establish an integration program or project management office (PMO), which is essential to coordinate such high-volume, cross-enterprise, multi-workstream activities.

This is the work of mission-critical projects, and it is here that many organizations need to improve their game. Otherwise, M&A casualties will continue to burden and generate significant financial losses for the life sciences industry.

As our survey revealed, organizations confront these challenges in an environment that has imposed significant changes on how life sciences organizations are handling their mission-critical projects. Interestingly, we found that these changes both contribute to and dampen success. For instance, the proportion of project team members at life sciences organizations who were working from home rose from 7% in 2020 to 31% by the fall of 2022. This offers both benefits and challenges. For example, the ability to work remotely may limit costs when coordinating a project across globally distributed team members, and it can help organizations tap into a wider talent pool. On the flipside, virtual work may expose a project to additional risk, including a potentially less-engaged team, unless members are carefully selected to include seasoned professionals dedicated to building a long-term remote career.

The composition of mission-critical project teams is changing. In 2020, on average 40% of team members weren't employees of the respondent's organization—they were external resources from staffing or consulting firms or independent contractors. That proportion rose to 46% in 2022 and is projected to reach 53% in 2024, according to our survey. The largest number of these external resources will come from consulting and staffing firms, comprising 33% of team members by 2024 compared to 17% in 2020 and 25% in 2022.

“Despite the volume of life sciences M&A today, few consider the litany of complex tasks required to close and integrate deals as a full-blown program of projects ... A lack of skilled project leadership is the main reason that many post-M&A integrations fail.”

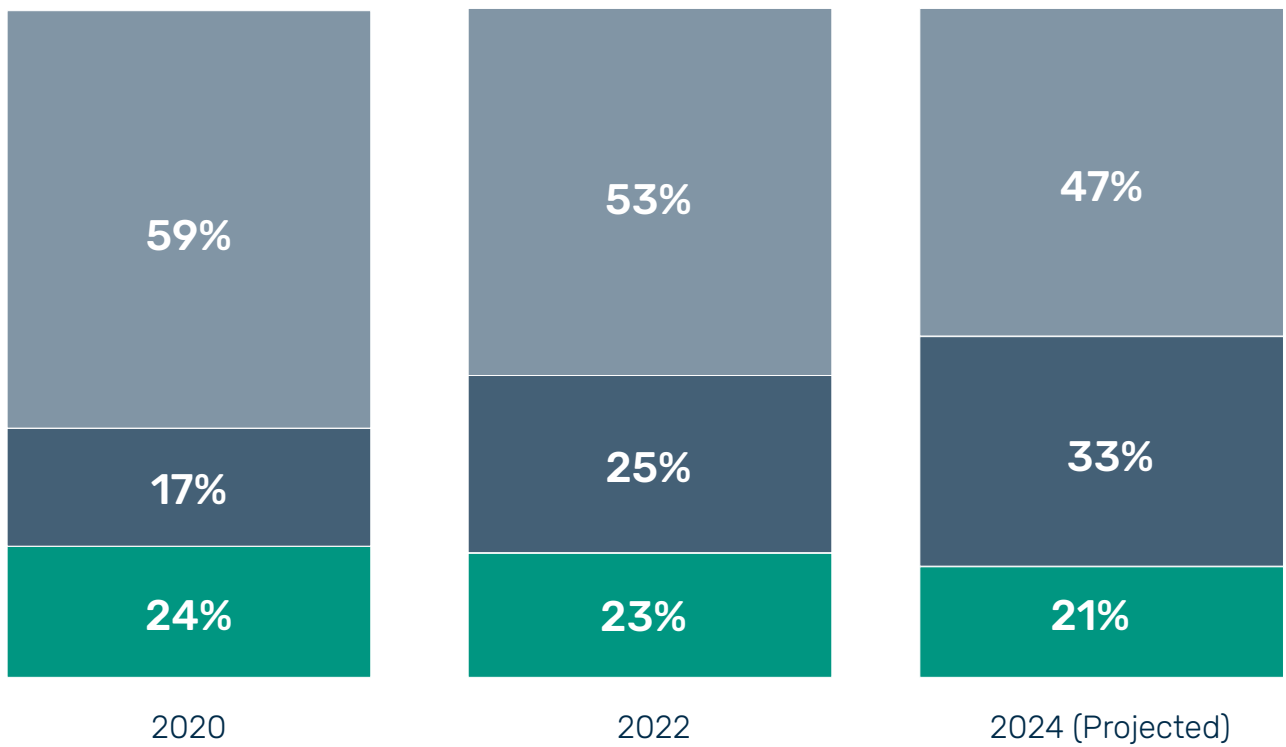
- **Marcia Brown-Rayford**, RGP's Global Life Sciences Industry Leader

Increasing Reliance on External Talent for Mission-Critical Projects

Coordinating team members from multiple organizations has many potential advantages. Outside technical experts and project managers can be obtained in less time—and often at less total cost—than it takes to recruit and hire full-time employees. Moreover, external talent brings expertise gleaned from across the industry. Among North American life sciences respondents, 58% said teams composed of individuals from multiple organizations are important to successful project execution, but 63% expressed that

managing such diverse and distributed team members made critical projects more difficult to execute. This observation again highlights the need for experienced project managers who are adept at managing a variety of project resources.

Composition of Critical Project Teams in Life Sciences



Employees
 Staffing and Consulting Firms
 Independent Contractors

Source: RGP survey of life sciences executives, October 2022.

Challenges with Project Tools and Talent Among Key Roadblocks to Success

Biggest Challenges to Project Success

■ Large Degree ■ Huge Degree



Coordinating people working at home and from offices



Coordinating people from multiple firms on the project team



Poor tools for project collaboration



Lack of capable project leaders



Lack of capable talent in key roles (other than project leadership)



Unrealistic project goals



Lack of top management support



Abrupt changes in project goals



Lack of adequate budgets



Poor understanding of project requirements

Source: RGP survey of life sciences executives, October 2022.

Recommendations: Improving Mission-Critical Project Success

Every organization faces unique challenges to ensure its mission-critical projects succeed. Below are several recommendations for improved project execution that have benefitted a wide variety of RGP's life sciences clients.

Invest in Project Quarterbacks

Successfully driving mission-critical projects requires strong project leaders. Whether life sciences companies are focused on an M&A integration, a divestiture, clinical trials, digitalization, data quality and governance, supply chain, enterprise risk management, or any optimization or other initiative, they need skilled and effective project quarterbacks. Experts in this arena must be able to synthesize the tasks, milestones, processes, and team members needed every step of the way. At its core, strategic project management is about persistent risk management against the litany of pitfalls and culprits blocking the finish line. Effective project leaders ensure projects stay on track to achieving their intended outcomes.

Centrally Coordinate and Effectively Prioritize the Project Portfolio

Larger organizations typically embark on dozens of projects at a time. Without effective management,

these projects can be duplicative and inefficient, so it is essential for the organization to cross-coordinate the portfolio.

A centralized project portfolio management team or project management office (PMO) advocates for approaches that benefit the entire organization, transcending silos. This team keeps track of the portfolio and identifies synergies to enhance efficiencies. It aligns and prioritizes projects and determines who should address issues and complexities that may arise. The PMO can also adjudicate budget and effort myopia, in which one team declines to undertake incremental steps that would help other stakeholders or the organization as a whole. Ideally, a centralized PMO will also design and promulgate a bespoke and consistent PM methodology that fits their organization and helps team members toggle effectively between initiatives. Overall, centralized project, program, and portfolio coordination may initially seem to slow progress, but maintaining a holistic view of strategic projects will ultimately accelerate and improve the organization's efforts and return on investment.

"If life sciences companies don't have project leaders who can synthesize the tasks, milestones, stakeholders, and risks involved in a mission-critical project and make necessary adjustments in real-time, costly failures will continue to abound, eroding productivity and affecting ROI."

- **Marcia Brown-Rayford**, RGP's Global Life Sciences Industry Leader

Recommendations: Improving Mission-Critical Project Success

Conduct Readiness Assessments

Readiness assessments are extremely valuable for companies to determine the feasibility and scope of the projects they envision. A readiness assessment starts by reviewing the project’s problem statement—defining the problem the organization seeks to solve—and identifying the processes, people, data, systems, and information needed to accomplish it.

Before embarking on a lengthy, high-cost project or program, a better practice is to conduct an abbreviated evaluation to understand the current landscape and uncover gaps, such as insufficient data quality, availability, context, or consistency in the case of data quality and governance improvement projects. Impact assessments can also be performed upfront to predetermine how the project outcomes will affect the organization’s financial, cultural, operational, and other functions. Once assets and gaps are identified, projects can be prioritized and focused, and agile plans and timelines can be mapped out.

Equip Your Organization to Excel in the New Project Execution Environment

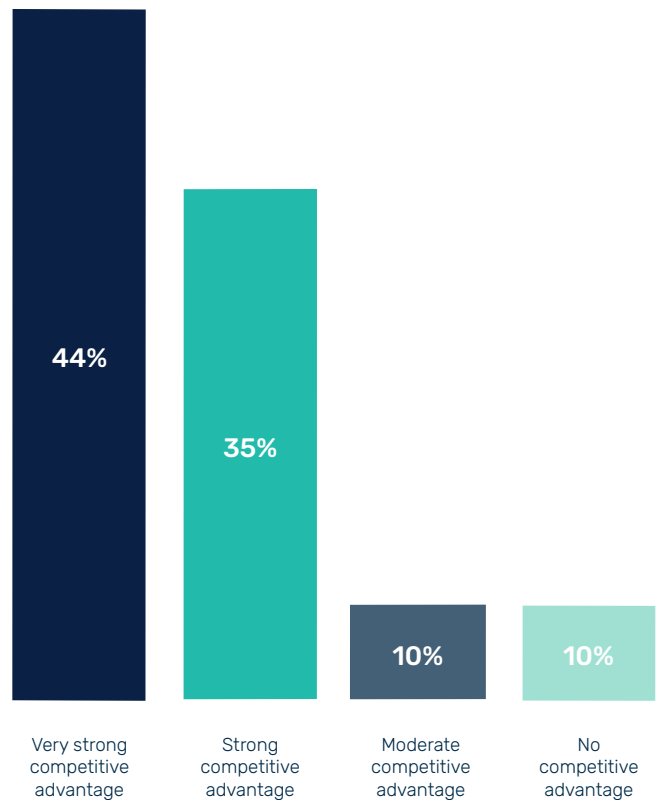
As revealed in our survey of life sciences organizations, the model for executing mission-critical projects has undergone significant change, marked by remote work and participation by a growing degree of external talent. The presence of consultants and/or external resources on teams, empty desks in the office, and frequent screen-based interactions have profound implications for corporate culture and project success. Organizations need to not only recognize, but also embrace these changes and commensurately manage them effectively.

The talent pool is nimbler than ever, but keeping people and projects on track requires a different set of managerial skills and modern project management tools. Most importantly, our survey further showed that effective project leadership is essential. About 80% of respondents to our survey agreed that having highly effective project leaders provided a very strong or strong competitive advantage. Yet skilled project managers are often in short supply.

Organizations can benefit from upskilling and reskilling experienced employees or partnering with outside firms that offer strong project management talent and resources. They need to ensure that project leaders are equipped to handle the challenges posed by remote work and teams that come from a variety of sources. Organizations also need to ensure that these project leaders have the working knowledge required to manage these complex projects and keep functional area team members on task.

Strong Project Leaders Are Essential for Project Execution in Life Sciences

Degree of Competitive Advantage Unleashed by Highly Effective Project Leaders



Source: RGP survey of life sciences executives, October 2022.

Get Started Now

Whether enterprise-wide or limited to a few functional areas, getting mission-critical projects on track is a major undertaking, requiring significant review and buy-in. Organizations can benefit from creating a cross-functional team to take stock of their current approach and compare it to the recommendations made in this report. With the right focus, incremental changes can yield significant returns in efficiencies, productivity, effort burden reduction, and cost savings and avoidance.

Building the proper project resources and infrastructure starts with the first step on a journey of project transformation. From our experience, it can dramatically improve the success rate of mission-critical projects which are the bedrock to achieving company objectives. Given how central these projects are to success in the life sciences industry today, it is well worth the effort to pivot and expend less effort for exponentially greater outcomes.

Need expert support to achieve your mission-critical project goals?
Please get in touch:

[RGP.com/contact-us](https://www.rgp.com/contact-us)

Methodology

Over a two-month period, RGP surveyed 99 senior executives at large (\$1 billion+ in revenue) life sciences companies (i.e. pharmaceutical, biotechnology, and medical devices) on the challenges they have faced since early 2020 in executing critical projects in financing and accounting, risk and compliance, HR, recruiting and retention, IT and digital. These executives were either in the C-suite or reported to the head of the function or two levels below. Each was involved in executing or had substantial knowledge of at least one critical project in their company. We defined “critical projects” as major initiatives with a budget of at least \$1 million whose goals were to achieve key operational and financial improvements. By “execution” of such critical projects, we refer to the project team and its steps in implementing the strategy of such initiatives.

About RGP

Founded in 1996, RGP is a management consulting and professional services staffing firm. Our experts help clients execute transformational initiatives across the enterprise. Today’s project economy reflects our founding strategy – quickly align specialized resources for the work at hand with a premium placed on value, efficiency, and ease of collaboration.

The RGP Difference

Based in Irvine, CA, with offices worldwide, our model enables top consulting talent to work differently, with radical flexibility and purpose – features unavailable in traditional consulting firms. This winning value proposition has enabled us to become the leading provider of agile consulting services. With 4,200 professionals on staff, we annually engage 2,100 clients globally, including 87% of the Fortune 100.

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