

# R&D's enemy within

Outward-looking management is fine, but it's only worthwhile if your own house is in order. The priority of R&D organisations should be to address their often bureaucratic, carbon copy structures that have barely changed in the past 50 years, argues **Dr Leandro Herrero**

**W**hen, years ago, McKinsey consultants produced a book entitled 'The war for talent', they successfully created the impression that talent was something 'out there' that one had to fight for. The message was that companies don't have it, or don't have enough of it, or that it is in short supply. So they have to go to war to get it, fighting hard against their competitors before it is too late. The one who fights the best war wins the talent, and that's that!

I am deliberately caricaturising the thesis, but I am not straying too far from the authors' intentions. However, the McKinsey claim was misleading, or at least missing the point. The reality is that the problem is not how to get the talent, but how to host it. The issue is how to retain the talent you have seduced when, perhaps, people realise after a while that there is a whole paraphernalia of bureaucracy, corporate inflexibility, opaque systems or command and control processes in which talent is often developed despite, not thanks to, that culture. Attracting talent is the easy part, surviving in the frying pan afterwards is the problem.

John Seddon, a UK management consultant who has gained some prominence by vocally challenging some of the UK government's policies, has made the point that the training and development of people is a waste and, again, a way of missing the point. His view is unusual enough to make you read beyond the headlines or to find out more about his reasoning, which works wonders for the marketing side of his consultancy. What Seddon is actually saying is that investing an arm and a leg in each employee to get a workforce that is fully-trained is a total waste if the company has processes and systems that stifle any development of skill. I agree with Seddon in that managing people through command and control, instead of enhancing the individual,



**Some think talent is something to fight for. In reality, the problem isn't how to get talent, but how to host it**

blocks any brain from functioning for more than 10% of the time.

These viewpoints have something in common: they suggest that your worst enemies are usually within. So look inside. Put your house in order first, look at your ability to host talent, examine the processes, systems and structures that you have, and the behavioural fabric of your organisation. And then go to war or, by all means, invest in those training programmes. This way of thinking reminds me of the contemporary Celtic philosopher John O'Donohue who criticises people that travel east on hippy quests, go meditating in the Himalayas or do lots of New Age stuff under the banner of 'spiritual journeys'. He says the real spiritual journey is about 2 inches long; that is going down your brain and inside yourself.

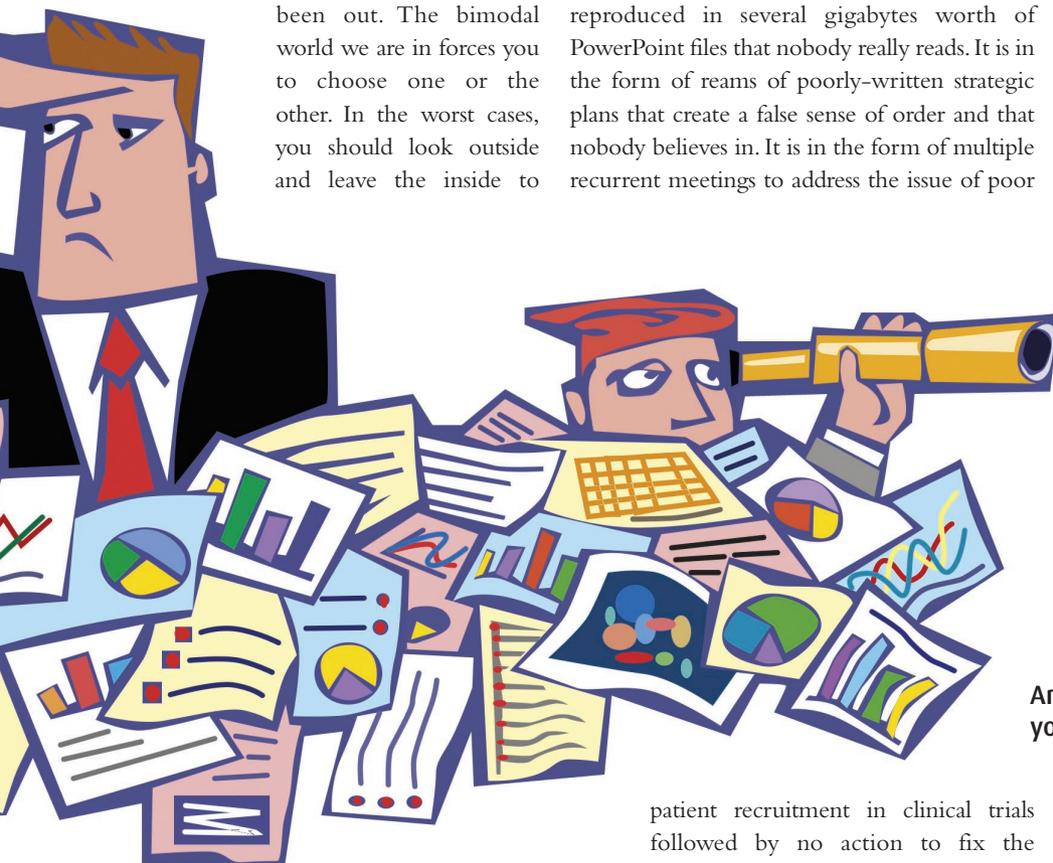
In the business world, there is something

similar. We have been taught to look outside, analyse the market, listen to customers, compete and outsmart others, bring in the best people and steal them from competitors if possible. And that's all very well-intentioned and logical, provided your own house is in order. Until now, it has been managerially incorrect to speak a language that is too 'internal'. Outward-looking management, usually blurred with customer-driven language, has been in fashion, whereas an inward-looking approach, usually mixed up with internal process language, has

been out. The bimodal world we are in forces you to choose one or the other. In the worst cases, you should look outside and leave the inside to

Fine. Agreed, and now what?"

The worst enemy of R&D organisations resides within. It is in the form of carbon copy organisational structures that have hardly changed in 50 years. It is in the form of divisional silos that don't talk to each other much. It is in the form of an 'over-inclusive syndrome' culture that needs 50 people to come to a decision that could have been made by one or two employees a few months earlier. It is in the form of monthly reports, quarterly reports, horizontal reports and vertical reports reproduced in several gigabytes worth of PowerPoint files that nobody really reads. It is in the form of reams of poorly-written strategic plans that create a false sense of order and that nobody believes in. It is in the form of multiple recurrent meetings to address the issue of poor



Analyse the market, but don't let your own problems pile up

HR, people have been known to say.

R&D organisations suffer from a similar syndrome. Yes, the environment is tougher, regulations have increased, costs have rocketed, development time has complicated, and the outside world is demanding more and more – safety, information, transparency, higher returns on investments, shareholder value... the list is endless. Having recently been asked to chair a pharmaceutical industry conference, I took the liberty of sending an email to speakers in advance, begging them not to start their talks with the usual suspect slide of overlapping graphs – R&D costs up year-on-year, productivity down, and a widening gap between the two. These presentations invariably run along the lines of: "My god, the external environment is so bad, look how difficult things are. Here is my presentation now on topic X.

patient recruitment in clinical trials followed by no action to fix the problem. It is in the form of massive 360-degree feedback, annual processes that paralyse the organisation. It is in the form of slow-pace project teams composed of 'team members' of a non-team, acting as semi-powerless ambassadors of somebody else, usually sitting in a functional discipline where things are really cooked. It is in the form of 'slow down between team meeting' cultures that focus on the team meeting as a climax of activity and forget that teams and meetings are two completely different words, the former being a 365-day affair and the latter perhaps 12 days or so in a year. It is in the form of an 'aversion to risks' culture, reinforced by the relentless promotion to the top of those who have never made a mistake because they have never done very much. It is in the form of multiple layers of safer 'shared responsibilities' with loose systems of accountability making it

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difficult to know where the buck stops. It is in the form of R&D leaders who think that any dollar spent on organisational issues is a waste, nothing to do with them, a HR matter, or something to put in the same basket as travelling and training that is ready for the chop as soon as they have to find some savings. It is in the form of HR policies that treat all R&D people as a single race, ignoring the fact that

many good scientists would make very poor managers and that they should have the option of staying in a scientific role without being considered unfit for big bonuses. It is in the form of stereotyped, reinforced and pervasive assumptions such as: "you can either have speed or quality but you have to choose

which you want because they are incompatible". It is in the form of 'trans-cultural blaming' to hide managerial incompetence. This list could go on and on.

These issues do not appear in any industry conference slides. In fact, over the past few years, organisational language and associated themes have if anything faded from industry forums. There are notable exceptions amongst R&D leaders and some of them are really worried about their organisational abilities, even if this is a view they don't necessarily want to air. A client and good friend who leads a large European R&D organisation told me recently about his frustration when he joined the company. He thought he had joined four or five different firms, such was the nature of the silos in R&D.

He was pessimistic about his ability to break those silos in the short term; he thought it could be done but only after a massive cultural change taking several years. I politely challenged him and suggested he didn't have the luxury of 'those years'. And this leads me to my final topic. There is a mythology of what can and can't be done in organisations, and part of it follows the bimodal mentality that I referred to above. It says that you either change by initiating a full revolution, turning the organisation upside down, guillotining a few people and imposing macho-style strategies, or that you take a long time making changes before anything can be different.

However, the reality is that massive change with a capital 'C' can be induced by a series of lower case 'c' changes, with potentially dramatic effects in short spaces of time. But it will need a completely different mental model to address those changes; fiddling with incremental

changes in current processes and systems will not work. As an example, creating a shorter and improved quarterly report does not necessarily remove the bureaucracy involved with meaningless reports that nobody reads. In the same way, giving budget responsibility to project team leaders will not solve any issues of empowerment if those leaders hardly have any authority at all and become disguised administrators of somebody else's money.

When it comes to renewing companies' internal structures, I have three recommendations that are neither incremental nor paralysing to organisational life through massive organisational-chart-management and impossible consulting bills.

- Change the 'who needs to do what' mentality to 'who needs to know what'. The former breeds divisional disciplines and organisation charts by tribes such as chemists, biologists and medics. The latter assumes that people's PhDs are discipline-based, but takes knowledge-sharing as the driver for organisational groupings.
- Focus on behaviours ahead of processes and systems. Not taking risks, blaming others, not following decisions, admiring problems, being information gatekeepers, not rewarding success or getting away with murder (non-compliance followed by no consequence), have more to do with managing innovation and productivity than process re-engineering.
- If you were to choose a key behavioural driver to start with, make it collaboration. Human collaboration is in my opinion the key focus for 2005 and beyond. We have not mastered how people do this and part of the problem is that we have had for many years one single model of human collaboration in mind: the team. We have created 'teamocracies' instead of companies and now we are short of alternative knowledge and models.

Creating initiatives to quickly deal with these three topics in a very practical way will address the potential reality that perhaps R&D's worst enemy is not in the unquestionable tough external environment, but within the borders of the organisation chart. 

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