



Life Science Leaders

The newsletter for executives in Biotechnology and the Life Sciences

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The Tango in Quotes

“Sometimes organizations can be the major blockade to the arrival of faster cures for a disease. If you look inside a big pharmaceutical company, you see wonderful resources and people that are not being used efficiently... The pharmaceutical industry is not an efficient machine to translate discovery.”

*Bill Haseltine, CEO
Human Genome Sciences*

“Science is a collective issue. While art may be an ‘I’, science is a ‘we’.”

*Gerald Edelman,
Nobel Laureate, Medicine, 1972,
Chairman of Dept of Neurobiology,
Scripps Research Institute*

BIO Fact: More than **370 biotech products** are now in clinical trials, targeting more than **200 diseases**.

The Science/Business Tango, Part III

Ok, so I feel like I just graduated to seven-card poker after playing five-card all my life. Talking to Peter has added another layer of consciousness to my perspective on leadership in our industry. Peter co-founded Plexxikon (which develops novel small-molecule drugs) in late 2000 after 20 years of experience in some of the top biotech and pharma companies in the world.

We all know that the spirit of the person at the top is a company's most vital dynamic and Peter certainly demonstrates this. Here, he defines many essential ingredients of this for us as well.

Kathy joined Plexxikon 6 months later as its president and CFO. I have known Kathy for many years and regard her as one of the best – and I know many who share that opinion. In her comments here, Kathy excels yet again in fostering a whole new management style that showcases science with new sophistication.

I am excited about what you are going to read here, and can only add Bravo and Brava!

*Mari Paul
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Executive Interview:

Peter Hirth, PhD
Chief Executive Officer

Kathleen Glaub
President & CFO
Plexxikon, Inc.

MP: We have been discussing companies led by scientific founders vs. business executives. Peter, what is your take on this?

PH: I think you have to look at each team's experience. Plexxikon is a young company with a mature management. To be philosophical, truth is only truth within a certain framework. That changes daily, so we need to have had a variety of experience to best assess that truth from one day to the next.

Look at Kathy, she started in Intel. What does that have to do with biotech? Not a lot, but she learned a lot of the important fundamentals there. She went on to Genentech and Cell Genesys and developed a mature perspective from all of that.

I was in academia until '85, and in my first job at Boehringer I was a cloner. I didn't know anything about developing drugs. No one there knew how to develop a protein therapeutic, so I had to figure it out. Those five years as a project leader made me what I am today.

My early days at Sugen were very valuable in teaching me how to become attractive to the market with a product people knew and liked.

MP: How have you seen leadership

change over the years?

PH: I think the definition of a scientific founder has changed. Early founders were only concerned with doing something that had never been done before – but the big pharma didn't know what to do with them. It's no accident that things came together in California, because it had been done here before in the computer industry.

Today's challenge is to integrate technologies. A scientific founder has to be broader and use a variety of technologies to make things better, faster, cheaper.

MP: So how do you help evolve this new scientific leader?

PH: I try to find the experienced ones. An immature scientific leader will try to find the toughest scientific problem to tackle, to show the world he did it. A mature business leader will look for the biggest impact.

Kathy and I both preach that if you can't solve a problem in half a year with current resources, then you need to move on – that's the one that will take 10 years and 10-times the resources.

We also teach our teams to be opportunistic by always focusing on what results they want.

MP: Peter, how did you know that a business leader was needed?

PH: I may have had the vision, but I couldn't do the finances. We had to know what our burn rate really was and that we could accurately set and measure our progress on our milestones.

Kathy put all of that infrastructure in place and taught us how to accurately do this. This helps us to be frugal and realistic. She also had us incorporate time into our cost calculations, which helps us decide on make vs. buy.

Also, less mature management wants more control, which leads to bigger departments and more management headaches. We don't have this problem. We have a fluid structure that is focused on finding solutions as a team. That's not bad for a group that is 65% PhDs.

MP: Kathy, what are some of the upsides you've seen of combining scientific and business leadership?

KG: This business has gotten much more challenging, both in drug development and its financing. To get a biotech company to an IPO, not to mention building a robust and sustainable business, takes a lot more money than it used to and even more creative and strategic solutions than the early days.

The best teams are those with equally strong business and R&D capabilities. You can never have enough money, so an executive who has raised a lot of money, in multiple, creative ways, is key.

I joined Plexxikon in its first 6 months, just as it was executing its initial vision of a new platform for small molecule discovery. We were making critical scientific decisions as to which technologies to bring in, how to integrate and apply them and who to hire to execute all of them. The way a scientific founder might tackle these decisions is quite different from how a non-scientific executive might.

It was essential that someone of Peter's experience run Plexxikon. It was such an attractive opportunity, I wanted to be a part of it.

MP: How would you two describe your partnership thus far?

KG: In Plexxikon's case, what I saw, and what I think Peter, the Board and our investors saw, was the opportunity to put a highly experienced R&D founder together with a highly experienced business executive, who both could think strategically and act on opportunity.

The only question I think anyone might have had was how long we could work together and whether we would be complementary. Would one's ambition get in the way of the other's, or would we develop a healthy competitive and symbiotic partnership? No one can predict these things, of course, but we thought the experiment was worth conducting. To date, it has worked out even better than I hoped.

MP: Kathy, what would you say are

Peter's and your contributions to the business/scientific team?

KG: The nature and stage of Plexxikon's business has particularly benefited from Peter's significant R&D experience. What was less obvious at first was his business savvy and creativity.

For my part, I've brought significant business experience in financing and business deals, as well as strong execution capability. Together, we have a vision to build what we think will be a highly successful, sustainable business.

MP: What advice do you have for effective collaborating. What do you think you do right?

KG: Sometimes bumps are imagined, such as when other companies are signing multiple deals before you sign any. Depth of experience, whether R&D or business, provides context and credibility for your decisions in executing the strategy.

So when we decided on a business model and the type of deals to support that, we had to demonstrate our convictions not only to our Board and investors, but sometimes even internally.

The transition for me has been adjusting to a very open management style, where individuals cross boundaries quite seamlessly and effectively. This could be very difficult for a less secure or less experienced person. Our complementary leadership skills have created an environment where this works quite well.

MP: How will you meet Plexxikon's future leadership needs?

PH: We need to constantly reinvent ourselves personally, as partners and as a company. Scientists should absolutely keep this going. Anarchy and chaos are essential for small organizations. ❖