Pearl Meyer

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Managing Through Today's Chaos in the Life Sciences Sector – Look To Your Board



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Engaging with the board of directors effectively is always a critical responsibility for CEOs, but in the life sciences sector—especially in today's turbulent times—it can be particularly challenging. Whether your organization is impacted by tariffs, geopolitical tensions, new government regulations impacting the healthcare and life sciences sectors, or issues related to investment funding, there is a real need to work even more closely with your board and leverage their many capabilities.

For example, if you are a pre-commercial biotech struggling to find ways to survive under a particularly difficult set of capital market and political factors, or a medtech company whose growth prospects have become less certain due to the explosion of the GLP-1 market, effectively communicating with your board may be the path to unlock value that others leave on the table. This could be a crucial aspect of success in the long term.

For CEOs that want to begin or improve deeper communication and collaboration with the board, there are a handful of topics that are both important to engage on and relevant no matter your sub-sector or competitive position.

1. Strategic Foresight and Risk Communication

- What to Do:

    - Proactively communicate macroeconomic, geopolitical, and regulatory risks and their potential impact on the business. More frequently communicate with the board about what is happening in the market so they are keeping pace with you in real-time. This may require communications beyond the typical board cycle, given how rapidly issues and opportunities are surfacing.
    - Share scenario analyses and risk mitigation plans, for example FDA process risk, supply chain disruption responses, clinical trial contingency plans, and the cash impact of these and other various risks.
- Why it Matters:
    - External risks can influence investment and partnership decisions, especially with the long R&D timelines and high investment requirements of the life sciences sector.
    - When boards are well informed, they can be partners in risk oversight and strategy evolution.

2. Strategic Vision and Industry Positioning

- What to Do:
    - Articulate a short-term as well as long-term vision. The short-term vision may change every 90 days, but you need to keep the long game in line of sight.
    - Provide the board with frequent updates on short-term strategic shifts and communicate any need to pivot.
    - Seek board input on strategic alliances, digital transformation, and product diversification.
- Why it Matters:
    - The life sciences landscape is evolving rapidly, and boards can be valuable in weighing in on various transformational ideas. Boards also have valuable networks that can be accessed to assist with short- and long-term strategy areas.
    - Life sciences organizations are seeing the need to revise their short-term strategies more rapidly than before given capital constraints, regulatory changes, and other industry specific factors—but at the same time need to hold on to a long-term vision.

3. R&D and Pipeline Progress

- What to Do:
    - Provide detailed dashboards or summaries of pipeline developments, trial milestones, and regulatory interactions.
    - Clarify how national or global events may affect clinical trials (e.g., patient enrollment issues, data integrity, or remote trial models).
- Why it Matters:
    - Investors (and thus board members) are particularly attuned to progress in R&D pipelines.

- Timelines and success probabilities can shift dramatically, so transparency builds trust.

4. Financial Stewardship and Capital Allocation

- What to Do:
  - Emphasize capital positioning, efforts to manage or extend the cash runway, and reprioritization of non-core programs.
  - Share alternatives for extending the cash runway or managing capital, for example alternative opportunities to raise capital, M&A opportunities, or restructuring if necessary.
- Why it Matters:
  - In capital-intensive sectors like biotech and pharma, funding gaps can be the difference between success and failure.

5. Human Capital and Organizational Resilience

- What to Do:
  - Keep the board informed about talent retention, leadership succession, and workforce morale.
  - Present plans to maintain or enhance the critical human capital resources that will be needed to create value over the long-term.
- Why it Matters:
  - The success of innovation-driven companies hinges on top scientific and operational talent.
  - During turbulent times, there can be retention risks as well as challenges in attracting the best talent.

6. Board Effectiveness

- What to Do:
  - Help facilitate productive meetings by sharing pre-read materials early and ensuring meetings are structured around critical decisions and feedback opportunities.
  - Use executive sessions to invite open, candid dialogue.
- Why it Matters:
  - A well-informed and aligned board can act quickly and confidently in times of volatility.

Tapping into the experience and intellect of your board is imperative for companies to meet the myriad of current challenges. In times of disruption and uncertainty, seeking the perspectives and viewpoints of board members on key issues like the ones identified above can help CEOs navigate their companies through to the other end. CEOs who can harness this strategic resource will have more and better opportunities to position their company for success. The board’s involvement can help ensure that a CEO is getting

informed and useful feedback to assist in their just-in-time decision-making process, ultimately driving sustained value creation and organizational resilience.

About the Authors

Terry leads the Life Sciences practice and advises companies from venture-backed to multinational on executive compensation strategy, incentive design, governance/disclosure, and transaction-related arrangements.

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About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.