

Chief Medical Officer – A CEO's New Best Friend?

BY MORTEN NEILSEN



The primary role of the Chief Medical Officer (CMO) of a medical device, pharmaceutical, or biotech company previously fell into one of three main categories: Clinical Strategy & Execution, Patient Safety and Risk Management. Today, circumstances such as a patient's increasing power to influence or decide on the choice of diagnostic or curative product, the growing power of Centers for Medicare and Medicaid Services (CMS), and the decreasing tolerance for imperfect clinical outcomes – real or perceived – is rapidly changing the skill set required to be a successful CMO. It is, therefore, critical that CEOs and Boards of Directors recognize that their choice of CMO could be the difference between the success and failure of a product or, perhaps, the entire company.

Escalating regulatory requirements are driving clinical trials to become larger and far more costly. Concurrently, competitive pressure and the need to reduce the time-to-market often require a CMO to execute parallel studies in multiple indications. Mounting competitive pressure is also the main reason post-marketing trials have become an ever-growing portion of a company's medical budget. It is, therefore, not surprising that CEOs of medical device, pharma, and biotech companies today frequently require their CMOs to perform with a high tolerance for ambiguity, a strong sense of composure, and a well-balanced ratio of humility to confidence.

CMOs typically have solid experience in communicating with academic audiences such as top experts in a particular medical discipline, FDA experts, or users of the company's products. The newer audiences that these CMOs must address, such as product liability lawyers, financial analysts, investors, medical and general press, have differing perspectives from the aforementioned audience, yet their impact on the company is often far greater. Boards of Directors and CEOs now expect their CMOs to expertly disseminate medical information to this audience, ensuring that inherent complexities do not hinder an effective delivery of the message. Superb communications and interpersonal skills are absolute requirements for successful CMOs today.

As expected, unwavering ethics and integrity is a necessity for any CMO. The context, however, is changing. While all medical products are based on a balance between desired effects and side effects, traditionally side effects were deemed acceptable if the desired results were great enough. Today, the emergence of "patient power" is so great that the side effects of just one patient can sway the public's perception of a product. In order to protect both patients and a company's reputation, a CMO must be able to redefine "ethics and integrity." A highly flexible and creative thinking style is required to be able to navigate such "worst case" scenarios. As these situations do occur and the future of a product or company can be at stake, a hiring CEO must ensure that these crucial thinking styles are present in the selected CMO candidate.

A CMO is frequently a company's only senior executive with a medical background. Therefore when it comes to medical strategy and execution, it is essential that the individual be a self-directed, independent thinker with a strong ability to make decisions and recommendations based on solid judgment and reasoning. In addition, a CMO regularly interacts with key internal and external partners, which requires a highly developed social and participative leadership style. Executives not possessing these characteristics are unlikely candidates for CMO positions.

Whether hiring an external candidate or promoting from within, finding a company's next CMO has become one of the most critical personnel decisions a CEO and Board face. Evaluating the skills and experience of internal and external can be difficult in itself, but assessing their leadership, thinking, and emotional styles can be a far more daunting task. However, by implementing an established and proven search and management assessment tool to evaluate these candidates, optimal clarity can be achieved in an otherwise complex decision.

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