**Title options:**

* **How a savvy biotech CEO succeeds at fundraising in a dismal market**

1. Introduction
   1. What’s a CEO of a promising biotech startup to do these days to raise investment funds in a once red-hot segment that while getting us out of the pandemic has fallen out of favor with investors?
      1. And while fundraising is only one key element of a biotech CEO’s job, what makes an effective fundraiser CEO at a time when biotech stocks that collapsed 25% in 2021 have continued to slide?
   2. That was the subject of an insightful virtual roundtable that Heidrick & Struggles held recently that attracted dozens of biotech CEOs and others.
      1. The demand for strong biotech leaders has never been higher, with fundraising skills rating extremely high on the “ask” list.
      2. Fundraising is critical for nascent biotech companies and their leaders because they and their usually small cadre of scientists must raise various rounds of funding before they go public or take another path.
      3. And regardless of how attractive biotech entrepreneurs consider their enterprise, investors care more about their investment potential than how exciting the scientific breakthrough may be.
      4. The roundtable panelists – all industry veterans who run or have lead biotech companies, have raised investment funds and advised other companies – offered sage counsel, especially during a robust Q&A.
      5. The panelists were Leon Chen, partner at The Column Group; Laura Shawver, president and CEO of Silverback Therapeutics; and Peter Townsend, M.D., partner at OrbiMed and my co-leader of Heidrick’s global biotechnology practice Oliver Schiltz.
2. Content
   1. Like others, the biotech sector is cyclical, and no one has a crystal ball signaling when the sector will bounce back. Among their messages:
      1. It will prove tricky to raise money in 2022, especially as the overall market has turned softer for several geopolitical and economic reasons.
         1. Some decrease in the capital available to biotech companies is probable.
         2. Also likely is a flight to quality across the public and private investment arenas.
      2. The basic principles for investing in a promising biotech company persist, especially if it offers a great story, good science, a drug candidate that needs to be tested in people, a talented team, a fundraising history, and the right investor base that appears interested.
      3. Fundraising differs depending on whether the company is a platform company, a single-asset company or a fast follower. Each requires a different leadership style, and the CEO must match the talent skill set with the business model.
      4. Biotech scientific advances remain vital today for the nation and the world because they give us hope, so funding at some point will return to previous levels.
   2. While each CEO’s situation differs, several timely insights emerged from the event that any biotech entrepreneur can benefit from:
3. The insights:
   1. **Investors don’t shy away from a first-time CEO.** They’re often a bit hungrier than a battle-tested one.
   2. **Scientific talent is paramount.** Often, investors start with the scientific talent, and the CEO profile depends on the team in place. A scientist as CEO isn’t uncommon, even if new to finance but are strong on teambuilding.
   3. **Be a Storyteller:** The most effective biotech CEOs have a feel for the science and the technology, know the organization required to prosecute it, communicate the development of their progress to directors, employees and the external environment, which includes two sets of buyers: the strategic audience of Big Pharma and large cap biotech firms that might eventually be an acquirer, and investors.
   4. **Bet on the Jockeys:** It’s more about how a team responds to scientific data and how they effectively pivot to leverage learnings in an informed fashion.
   5. **Take the Long View:** A biotech CEO and management team mustn’t overemphasize valuation; it’s cyclical. The CEO must take a step back and maintain a long-term view, staying true to the company’s mission and an enduring commitment to patients.
   6. **Quality Trumps Speed:** A flight to quality has begun among investors. While biotech continually pushes the envelope on science, quality remains more attractive than speed. A CEO doesn’t want to meet a company milestone with the wrong asset just because it’s the quickest win. Takeaway: Lead with the science and focus on meeting unmet medical needs.
   7. **Failure Is Not Fatal:** Botches generate lessons. It all depends on how a CEO prosecuted and learned from the situation. Robust experimentation is the nature of biotech. The first antibody drug conjugates were failures because the potency wasn’t right. Lessons were learned. Now a new genre of drugs based on antibody drug conjugates exists.
   8. **How to Land a Lead Investor:** It’s difficult these days, but ask the question of engaged investors: What will it take for you to put a term sheet on the table and to lead this financing? Encourage them to be specific in their response: It will take “a, b, c and x, y, z.” It offers the chance to go back and say you’ve done that. That communicates credibility, the most important asset of a CEO and team.

By the roundtable’s end, it was clear that to succeed at fundraising in today’s depressed biotech market, a star CEO progresses their company’s program, gathers the critical data, makes good decisions, maintains credibility, and moves the elements along that should maintain the support of existing investors.

The last thing they do is overpromise and underdeliver. It’s a bad time to do that.

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