Michael, the Arrogant CEO

This is about a client namedMichael. He is very bright. He excelled in school and completed both an M.D. and a Ph.D. in biochemistry before he was 30 years old. He also can be charming. He impressed his advisors, and arranged a post-doctoral association with a world famous researcher who later sang his praises. The recommendations were strong enough that Michael was offered a senior scientific position in a major pharmaceutical firm, essentially leapfrogging others his age.

In his new position, Michael was given all the resources he needed, and the freedom to pursue promising lines of science with the full support of senior management. In fact, Michael and his team were able to help the firm win FDA approval of a new biotech drug therapy in record time. During this time, Michael learned a lot about the business side of the pharmaceutical industry through his involvement in drug development, clinical testing, the approval process, manufacturing and marketing.

When he wasn’t made a corporate Vice President according to his internal timetable, Michael decided to leave the pharmaceutical firm to become President of a biotech start-up firm. At the time Michael joined, the firm c 19 people. Over the following seven years, the firm grew to nearly 200 people before falling back to less than 100. The failure of the firm to reach its potential is in no small part due to Michael’s increasing arrogance.

The string of stellar successes in Michael’s life (school, graduate and post graduate education, the first three jobs) each added to an increasing sense of his own genius. By the time Michael became President of the biotech start-up, he was convinced that he knew enough about all aspects of biotechnology that he could create a real winner in record time. The actuality was that the product area the start-up was pursuing was new territory that required cooperative input from several disciplines including biology, chemistry, engineering, and surgery. The product was not only a new drug, but one that would be delivered in an entirely new fashion to the patient. There was no way that any one person or discipline could have enough relevant knowledge and skill to make all the decisions. A correct decision in one area often was incorrect when coupled with the requirements of another area. The only way the product could be developed successfully was through intense cross-disciplinary teamwork.

The company was divided into two scientific groups, those that were biologically based in one group and all others in another group. Success depended on the collaboration between the two groups. Michael began his term as president by leading the scientific work personally. His knowledge and charisma helped to pull people together. Over time, as it became apparent that even Michael did not know enough to make all the decisions, people began to lobby him with their point of view. Michael began to favor one side over the other, not because of the logic of their position, but because that side was better at “playing” Michael than the other side was. The company developed various cliques that each had a champion…there was no consistent focus. The necessary teamwork never developed, and the company experienced one scientific failure after another. In effect, there was no genuine leadership. Michael blamed everyone but himself for the failures.

As the board became more and more aware of the situation, they asked themselves what went wrong and what the board should do about it.