



**Book Review Young Entrepreneur Review
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S S Davis

Some few years ago, together with academic colleagues, I was involved in setting up two small companies as "spin outs" from academia. One called Danbiosyst, was a drug delivery company that was sold to West Pharmaceutical Services 5 years ago. The other company, Pharmaceutical Profiles (part of the Prophilian group), still flourishes in Nottingham. I look back with a certain fondness at our attempts to be aspiring company executives and our almost total lack of knowledge of the realities of the commercial world. This summer, I was fortunate to have the time to read two books aimed at the young entrepreneur. They could not have been more different.

The first one I paid for and was excellent. It is entitled "The Beermat Entrepreneur" by Mike Southern and Chris West.

(Mike is a serial entrepreneur as well as a performer in a rock group).

I read it from cover to cover in a few hours. It was packed with useful advice and insight and above all, was refreshingly honest. "Yes", I said to myself, "this is just how it was". I have purchased copies to give to friends, colleagues and even family.

The second book was sent to me by this magazine to review. It is entitled "Starting a Business in the Life Sciences, From Idea to Market", edited by Henrik Luessen. The Introduction states that "the intention is to provide a substantial background for the young entrepreneur to build a business in the Life Sciences". Luessen comments that on moving from academia to a commercial function, he tried to find a book that could give him an insight into this new subject but he never found anything suitable for his new job function. Sounds good, but unfortunately, the book was very disappointing. I attempted to read the various chapters (written mainly by German and Swiss Industrialists, Venture capitalists and the like) but gave up on most. The chapters contained standard information presented in a turgid fashion. I could not imagine a young entrepreneur (or even an old

entrepreneur like myself), having the patience to stick with it to the end, but perhaps it is a matter of culture. Entrepreneurs on mainland Europe may be different to those in the UK.

I will try to refrain from extolling the virtues of the Beermat Entrepreneur and concentrate on the task I have been given.

(Ironically, there is a link between the books. When Mike Southern sold his first company (called the Instruction Set, it became part of Hoskyns Group PLC (now Cap Gemini Ernst and Young)). The first chapter in the book "Starting a Business in the Life Sciences" dealing with Business plans, is by authors from Cap Gemini; a small world). I will make a few more comments and comparisons.

I (and many others) like the Beermat Entrepreneur because it is short and deals with real issues. It is refreshingly candid and above all, concentrates on the key issues in a critical fashion. The section on raising finance makes a lot of sense. VC's are put in eighth place. "If you can find no other way to get the money, try a VC company". "VC's are usually too interested in the money rather than the science/business". In comparison, in the other book "Starting a Business", the section dealing with financing the business with venture capital is

written by authors from a VC house! A somewhat one-sided view.

Above all, the Beermat Entrepreneur emphasises the key need to get the right people for a start-up company and the stages in building the "team". The vital role of a mentor as well as personal contacts is stressed. The Beermat Entrepreneur also provides some appropriate warnings. "Setting up a company is not a soft option". "It will involve hard work, lots of it". Agreed. (24 hours a day for 5 years' hard work). "If you are in a relationship it may not survive the competition. If you have a family think very carefully....!" The possible rewards of founding a successful company are clear but above all, it should be fun. "If you don't get a buzz from the business, the ideas, the technology, the people, you should not go near a start-up". All of this is excellent advice for the budding Chief Executive.

Now, to the task in hand. Unfortunately, the book I have been asked to review (Starting in Business) contains none of this homely advice and almost totally ignores the human side, (the importance of the "team" and the people involved). The first part of the book attempts to describe the key activities in setting up a new company. The first article (as mentioned above) is a standard treatment on writing a business plan; well written but containing little new or insightful. Many would claim

that a detailed business plan for a start up company that has no product on the market is of debatable value. Most certainly if you have the wrong team, an impressive business plan is of little use. The next article is entitled "Valuating (*sic*) the company." It is apparently written by an expert in the field but to the novice, is almost incomprehensible. For example "using the DCF financial model approach the present value (PV) can be obtained from: -"

$$PV = \sum_{i=1}^n \frac{F_c F}{(1+k)^i} + \frac{TV_n}{(1+k)^n}$$

Would I really want to know this as a budding entrepreneur? The next article is written by VC's explaining why VC's are a suitable source for finance (no discussion of the disadvantages)! This is followed by articles on corporate location, and what legal structure would fit best for your company? (Some confusion here about legal systems; for example UK law is mentioned; no such beast). Corporate design completes the first part of the book.

The second part of the book dealing with company growth, starts with a discussion on patents; how to build up a portfolio, how to avoid

infringement, etc. Once again, standard text book stuff. Next license agreements are covered, followed by a section dealing with strategic alliances and the exploitation of platform technologies, and partnering with big pharma. This last article is written by authors from Boehringer Ingelheim. It would have been good to have someone from a start-up company giving an alternative perspective. The final part of the book, (which is probably irrelevant to the budding entrepreneur), has the title "Maturing the company". I would have thought that by the time a company had matured, the founding entrepreneur should have long gone to his/her next exciting opportunity. Founding Entrepreneurs do not usually thrive in mature organisations. Hence, I doubt if an aspiring entrepreneur would be interested to read in detail about sourcing strategies for matured biotech companies. One final section that I did warm to dealt with Translating Strategic Choices into Action. However, the reason is that the example chosen to illustrate market definitions is Hiking boots, a subject close to my heart (or feet). In reality, the article was heavy going.

My reaction to all of this material was "fine, it all sounds great but now tell me how it really is in the commercial world"! Life does not follow these generalisations. How do you deal with the VC who wants to bring

in a big hitting pharmaceutical executive to run (and ruin)? the business or the patent agent who screws up your claims in the US patent office? How do you handle the arrogance and ego's of certain individuals in major companies? (It is surprising how you keep meeting the people you upset years previously). What about the hidden agendas beloved by licensing groups. Above all, how do you hire really good people who will actually perform as you hope and how do you fire those who don't; especially difficult when they are your friends, relations of friends or former colleagues/students.

Finally, to the good news. Part four of the book provides some personal experience of selected successful company starters. (I don't know how they were "selected" but only three case histories are provided). The first describes the German company Morphosys AG, an antibody company now well established. The third example (I will come to the second) is another antibody company, Genmab, a European/US collaboration. Some relevant comments are given in both articles on financing and how companies develop. Here at last, the importance of people and company culture starts to get proper mention. The second example is a short presentation from Andy Richards (well known in the UK for his entrepreneurial activities). Based on his experiences in

various start-ups, he gives a realistic assessment of the realities of working in the Biotech sector. He stresses that success is about the team, a message he feels missing from the key headings in the book. (I assume this is all he had to go on before writing his contribution). I could not agree more. Richards argues that the likely success of an early stage (biotechnology) company, will depend on the combination of

- quality of technology
- quality of management
- quality of investors
- quality of the business model

and last but not least, company image.

Some of these factors are obvious but others are less so. Note he refers to quality and not quantity. He stresses that quality investors are those who will participate in multiple financing rounds and facilitate smooth corporate development in even the worst of financing climates; rare birds indeed.