Why Innovation and Control Must Coexist in Pharma

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... how to combine both.

Pharmaceutical companies live with a structural contradiction.

They must explore and control at the same time.

They must discover new treatments.
They must sustain a product pipeline.
They must invest for years before results appear.
They must operate under strict regulation.
They must combine research freedom with production discipline.
They must keep long-term scientific work aligned with near-term business reality.

That makes pharma one of the clearest examples of organizational ambidexterity in the book.

And one of the clearest examples of why better management matters.

The manuscript describes pharma companies as research-dominated organizations with sophisticated production units, typically operating at the enablers maturity level and the coordination growth stage. They function with a hybrid business model that must simultaneously support exploration in research and exploitation in operations. They are successful, but they still leave capabilities untapped.

That is the central tension in pharma.

Innovation and control both matter.

But they have to coexist in a way the operating system can actually support.

Why pharma often looks stronger than it is

The manuscript is clear that pharma is not a weak sector.

These organizations are already successful.

They have highly educated people.
They operate with top-tier trust and choice.
They sustain strong purpose and healthy relationships.
They produce strong outcomes and success.
And innovation remains high despite very real bureaucracy.

That matters.

Because the leadership challenge in pharma is not basic repair.

It is hidden underperformance inside visible strength.

The companies work.
The science is real.
The products matter.
The business succeeds.

But the manuscript repeatedly notes that these organizations could be more successful by taking better advantage of the special knowledge already present in their population.

The pharma pattern: strong expertise, limited flow

The chapter gives a remarkably clear profile.

People in pharma work in a conventional but creative environment with high trust (77) and high choice (72) that promotes experimentation and knowledge sharing. Purpose and relationships are top-tier. Yet speed and performance remain only somewhat limited, and focus of attention is weak. The manuscript links this to bureaucracy and to the tension between academic recognition and the business need to produce blockbuster products.

This is one of the most revealing patterns in the whole sector.

The problem is not lack of talent.

The problem is lack of focus and coordination across competing logics.

Scientists may be driven by publication and reputation.
Business executives may be driven by portfolio and investment logic.
Production operates under strict control and external regulation.
Research depends on experimentation and long-horizon uncertainty.

All of that is real.

The issue is whether management can hold these forces together without losing clarity, speed, and collaboration.

Why bureaucracy becomes so expensive in pharma

Pharma carries bureaucracy from multiple directions.

There is internal bureaucracy from scale.
There is external bureaucracy from regulation.
There is procedural complexity across research, trials, approvals, production, and market access.

The manuscript is direct: excessive internal bureaucracy, executive meddling with researchers, and external regulatory hurdles cause researchers to lose focus and hurt collaboration. People become bored by bureaucracy, and highly skilled professionals struggle to find dedication despite strong organizational purpose.

That is a serious cost.

Because in pharma, the most valuable resource is not only capital or IP.

It is the focused attention of highly skilled people.

Once bureaucracy fragments that attention, the organization loses exactly what it most needs for both innovation and execution.

Why collaboration stays weaker than it should

One of the most striking contrasts in the chapter is this:

purpose is high, relationships are high, but collaboration remains limited.

The manuscript attributes this partly to self-interested behaviors by researchers and business executives, and partly to leadership patterns that interfere with collaborative efforts. The typical leadership style is described as cultivating, with high structuring for teams and executives becoming highly involved in collaborative efforts — so involved, in fact, that they help explain the relatively low score for collaboration despite strong shared purpose and relationships.

This is a subtle but crucial point.

Pharma does not mainly struggle because people do not care.

It struggles because the organization does not always translate that care into coordinated contribution.

Research teams may optimize locally.
Business units may protect their priorities.
Executives may overinsert themselves.
Shared purpose may exist without shared operational understanding.

That is how strong organizations still waste energy and resources.

The real leadership issue: “we know” versus “we assume you know”

The manuscript’s most pointed observation may be about leadership dialogue.

It says the Leadership Scorecard shows high sense-making — effectively, senior leaders feel “we know” — but low strategy conversations and contribution dialogue with employees, implying “we assume you know.” The text interprets this as a sign of

arrogance among senior managers and as evidence of a power-based structure with weak leadership. The result is a lack of shared understanding that wastes energy and resources.

This is a powerful diagnosis.

In a pharma company, strategy cannot stay at the top.

Not when key contributors are scientists, technical experts, researchers, developers, and specialists whose work has long time horizons and highly specific knowledge.

If these contributors do not understand where the company is going and what their role is, the organization remains successful only because it is strong enough to compensate.

That is not mastery.

That is hidden misalignment.

Why five out of six is not enough

The manuscript states that pharma companies succeed in five of the six criteria of competitive advantage. The missing element is the application of people-centric management practices that support self-responsibility, teamwork, focused attention, and development of key capabilities.

That is an extraordinarily useful framing.

Pharma is not failing.

It is missing one critical piece.

And that missing piece is not more scientific brilliance.
Not more regulation.
Not more executive intervention.
Not more control.

It is better management practice around people and coordination.

That is what would help strong organizations become stronger.

Why dual operating systems matter in pharma

The manuscript emphasizes this clearly.

Pharma needs a dual operating system because research and production teams operate under very different logics. Effective coordination in such a complex environment requires top executives to balance exploitation and exploration with high integrity, shared vision, and aligned systems across the organization.

This is one of the core reasons pharma is such a strategically important case.

You cannot manage discovery the same way you manage manufacturing.

But you also cannot let both worlds drift apart.

The organization must hold both:

freedom and control,
research and operations,
long-cycle science and near-term execution,
expert autonomy and strategic coherence.

That requires management sophistication, not just technical excellence.

What leaders should look for in pharma organizations

Pharma leaders should ask harder questions than whether the pipeline looks healthy and the business is delivering.

Those questions matter.

But the deeper questions are these:

Where is bureaucracy dulling the focus of highly skilled contributors?
Where are researchers and executives following self-interested agendas rather than shared contribution?
Where is collaboration weaker than shared purpose would

suggest?
Where are leaders assuming understanding instead of building it through strategy and contribution dialogue?
Where are executives inserting themselves into collaboration in ways that actually reduce it?
Where is the company already successful, but still leaving high-value capability untapped?

These are the real design questions of pharma leadership.

The development path: people-centric shift plus agile collaboration

The manuscript’s action agenda is very clear.

Pharma companies need to move beyond traditional management, initiate a people-centric shift program, align the Leadership Toolbox more precisely with the operating system, and develop agile capabilities for enhanced collaboration and knowledge sharing. Executives also need to communicate strategy more effectively to key contributors so they clearly understand their role in achieving goals.

That does not mean weakening standards.

Pharma still needs regulation.
It still needs quality systems.
It still needs long-term planning.
It still needs disciplined production and compliance.

But it also needs management practices that reduce interference, strengthen collaboration, sharpen strategic clarity, and help experts stay focused on what matters most.

That is how innovation and control can coexist without one constantly damaging the other.

The first step: create your own Organization Twin

The most practical first step is not another reorganization of functions or governance.

It is to create your own Organization Twin.

Through a Structured Reflection — a standardized online questionnaire that takes about 15 minutes — you create a first evidence-based representation of how your organization currently works.

This produces two practical views:

The Capability Profile, which makes visible the broader organizational pattern: strategy, business model, organizational form, management context, growth stage, operating capabilities, and competitive barriers.

The Leadership Scorecard, which reveals how systems, leadership, culture, and success interact, and whether the organization supports understanding, thinking, delivery, engagement, and meaningful boundaries.

Together, they help leaders see whether the company's scientific strength is truly supported by its management system — or quietly limited by bureaucracy, weak dialogue, and misaligned collaboration.

Not as a judgment.
Not as a ranking.
Not as criticism of individuals.

But as preparation for a Guided Clarity Session.

Pharma reaches mastery when expertise and management finally fit

Pharma does not lack expertise.

It rarely lacks ambition.

It rarely lacks significance.

What it often lacks is a management pattern precise enough to support the kind of organization it has already become.

That is why innovation and control must coexist in pharma.

Because the future of the sector depends not only on better science or stronger pipelines, but on whether leadership can build organizations where brilliant people stay focused, collaborate

more effectively, and understand clearly how their contribution connects to the whole.

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