Book Details:
  Title: **Science Lessons: What the business of biotech taught me about management**

**Author of the book** - Gorden binder, Philip Bashe

**Publisher** - Harvard business school press

**Year** - 2008

**Book reviewed by:**

**Prof. M.S.Rao,**

Corporate Trainer in Leadership.

**Bog:** [http://profmsr.blogspot.com](http://profmsr.blogspot.com)
INTRODUCTION

The book speaks volumes about the practical experience of Gordon Binder, the CEO and Chairman of Amgen from 1988-2000. When he joined, the firm had bare capital to sustain for a period of three months and no products to move forward. Gradually the company became one of the best biotech companies in the world under his leadership setting ideal example for others to follow. When Gordon was interviewed by George Rathmann and was asked “What is biotechnology?” he was unable to reply and the same person became the CEO and put Amgen on the map of biotechnology success. It is indeed incredible to believe a person who did not know the anything about biotechnology and making the biotech firm a runaway hit. For Amgen it is a credit to have been crowned as one of the America’s best companies to work for by magazines such as Fortune, Working Mother and Industry Week five years in a row. Let us know what made the company to tick and the secrets and strategies behind its phenomenal success.

Before joining Amgen, the author served in System Development Corporation (SDC) as vice president of finance for ten years, supported
a workforce of roughly four thousand. He moved with his wife and two young sons from Los Angeles to Detroit, the business machine giant’s headquarters. When he was in Harvard Business School he had a goal to be chief financial officer CFO of a company listed on the New York Stock Exchange.

Consistent growth enabled Amgen to establish itself as one of Wall Street’s top performers of the 1990s. The company debuted on the NASDAQ stock exchange on June 17, 1983. The author says, “If you’d purchased one hundred shares that day (IPO Day), at $18 per, by 2000 your original $1,800 investment would have been worth eighty times that, roughly $150,000”.

Gordon says, “Science Lessons is not primarily a company history, nor is it my life story. My purpose in taking you behind the scenes is to highlight real-life examples of the guiding principles and management techniques that contributed greatly to Amgen’s success. Amgen was and is a unique place. We did things differently from most businesses, beginning with our decision to let research and development lead the way.”

**AMGEN’S SECRET WEAPON**

Amgen was successful because of its corporate culture and values. Gordon says a company’s culture emerges from its values; we interviewed hundreds of staff members in all areas of Amgen to learn
which values they believed constituted the core of that culture.

The author, Gordon Binder has always been fascinated by the inner workings of companies. When you think about it, a business is much like a living, breathing, entity, experiencing constant change. How are some corporations able to achieve success year after year? Does the company mold its personnel, or is it the other way around? I say it’s a bit of both.

**AMGEN’S IPO PROCESS**

The venture capitalists apply various tactics initially to lure the entrepreneurs and Gordon Binder comments on venture capitalists as, “They always seemed to argue that you didn’t need as much money as you thought you needed, and they’d hint that there would be more money down the road. Except that when you came back to them for a second or third round, they’d make it very difficult. It creates this vicious cycle where the board members hold complete control of your company. And the weaker you are, the happier they are, because they’re going to get bargain-bin prices”.

He explains how an IPO is floated. Under his leadership Amgen pushed its IPO successfully. He says, “A successful initial public offering typically takes at least six months, and that’s assuming the stars are all in alignment: a strong stock market and an organization with its house in order. Yet Amgen pushed its IPO through in half that time”.
When a company resolves to cross over from private to public the following points should be noted:

• Hire a chief financial officer.

• Develop relationships with seasoned underwriters, attorneys, and accountants.

• Employ an outside accounting firm to audit the company for at least the past three years.

• If necessary, give your board of directors a makeover.

• And make sure that company policies concerning executive loans and stock-option plans conform SEC Regulations.

HOW AMGEN BUILT A WINNING TEAM
Amgen was successful because of its exceptional workforce. It looked beyond the resumes while recruiting staff such as resourcefulness, ethics, and adaptability which is usually not found in the resumes. Gordon writes, “We usually interviewed five or six people per job opening. Then we narrowed the list to two and asked them back. Each candidate might have an audience with some of the same interviewers as before, while meeting other Amgen staffers for the first time”. He further writes, “Corporations, such as IBM, Amazon.com, and Motorola have adopted the practice of peer interviewing, wherein the folks who would work alongside the candidate sit down with her and ask questions of their own”.

At the time of interview it is not good to make false promises as it conveys wrong image about the company as the employees will know once they join. Any job interview should be a mutual exploration of whether the two parties would make a harmonious match, with full disclosure on both sides. Gordon writes about the integrity of George Rathmann who interviewed Gordon for the position of CFO when the former expressed the sorry economic plight of Amgen.

Employees are not fired due to lack of necessary skills. They are rather fired because they have alienated their coworkers, or they are ineffective communicators or they are not team players. They are out of step with the rest of the organization. This cuts both ways: at a poorly managed company, really good employees tend not to last very long because their work ethic, integrity, and so on conflict with the prevailing office culture.
Amgen emphasized on referral recruitment. Good workers mix up with good workers like the eagles fly with eagles not with turkeys. The good workers refer their friends for employment in Amgen. As a result, Amgen began getting the right talent and over a period of time it built strong teams. Besides it saved lot of money by of advertisements, recruiting procedures and formalities. At the same time Amgen never supported in cash rewards as it is obvious from his writings, “Some organizations, such as computer networking giant Cisco Systems, have instituted programs that give cash rewards to employees for referrals”.

Amgen explored unconventional talent pools such as Baby Boomers (the generation born between 1946 and 1964), recruiting the personnel from armed forces. The author writes, “I may be guilty of generalizing here, but people who come out of the military tend to exhibit many of the traits that a manager should have: leadership, responsibility, self-sufficiency, a belief in teamwork, and a drive to get the mission done, all grounded by a moral center. I particularly like the fact that military veterans rarely make excuses”.

**How Amgen Kept Employees Committed**

After recruiting the right talent for the Amgen, the company kept them highly committed and motivated by various ways and means. Amgen believed in mentoring younger generation employees continuously. The most effective and economical way to maintain the employees’ commitment is not to offer one incentive after another but to eliminate the negatives as much as possible.
The author recalls how he handled the problems of pilots of Prime Jet (which was founded by him after leaving Amgen) by asking them about the problems. The pilots complained that the hotel rooms booked for them were filthy and as a result, they spent their money and stayed elsewhere against the company booked hotels. As a result, the author made it a rule to stay in any hotel as per their comfort and the amount would be reimbursed by the company. It enhances the commitment of the employees towards the organization when the organizations take care of their employees.

Creating collaborative working environment is another hallmark of Amgen company. Both men and women in Amgen would plan their work. It helps in sharing their knowledge and information. Amgen was a place where ideas flowed freely, and people were empowered to make decisions with minimal bureaucratic interference. Former CEO George Rathmann believed in the old saying that two heads are better than one—or, in the case of most of our teams, six to eight heads.

**Amgen’s Tips For Teams**

• Groups of five to nine people tend to be most effective. Adding two or three members has been shown to aid productivity; if your go higher than that, however, scheduling conflicts and other problems begin to surface.
• They say that familiarity breeds contempt, but teams whose members stay together for a long time actually performs better.

In Amgen there is no room for office politics. It encouraged a free-ranging perspective where meetings were always open to anyone in the company and that helped in sidestepping all sorts of petty office politics.

**Help Employees Excel Through Training**

Amgen believed in the importance of training and development on a continuous basis. The author writes, “Most good workers – and that describes the majority of professionals – genuinely want to do well at their jobs and see their company prosper.” It indicates that the workers would like to contribute their best for the company and training is essential to equip them with skills and abilities so that they can perform their duties effectively.

The author quotes, “Without continued training and education, your best people will seek opportunities at firms that will invest in their future. Even more troubling, your less-talented personnel will stay – and stagnate. According to an internal study, 4 in 5 IBM employees who are afforded learning and developmental opportunities stay with the company for at least three years.”
Amgen paid for one university course per semester for all employees, who were entitled to take one class per year unrelated to their jobs. Apart from providing training and developing their precious human resources, Amgen helped in balancing the work-life of their employees. It has provided child care and offered generous compensation to their employees.

The author took the quote of Warren Bennis, a distinguished business professor and prolific author, “Good leaders make people feel that they are at the very heart of things, not at the periphery. Everyone feels that he or she makes a difference to the success of the organization. When that happens, people feel centered, and that gives their work meaning”.

The author said about the ways and means of building morale:

• Help your staffers draw the connection between their duties and the company’s success.

• Get into the habit of saying “we” instead of “I”. As per the Chinese proverb, “The best leader, the people do not notice. When the best leader’s work is done, the people say, ‘We did it ourselves.’”

The author mentions the necessity to share the credit freely with others as it builds their morale and bringing them under one platform. The
author believes in 360 degree feedback where he took his feedback from all sources for his improvement. It is always advisable for the CEOs to have their performance reviewed from all quarters. It is necessary to deal with habitual underachievers. Studies suggest that in the average company about one in seven workers can be considered complacent. The authors add, “A single employee's feeble effort can subvert productivity across the board. The rest of the staff sees what’s going on. If management turns a blind eye, maybe it's not paying attention to the people who excel at their jobs. Therefore, why bother trying? Failure to take action may ultimately drive model employees, those with pride and ambition, from the company in search of an organization that values hard work and diligence”.

The leader should keep track of what is happening within the organization. If an employee resigns it should not surprise the boss and if it so then it is a sign of poor management as the leader/boss is not in tune with his employees.

**Embrace Change To Keep Your Company Vibrant**

Change is the only constant in the corporate world. Employees should be willing to embrace change as per the changing times. The author says, “The philosophy of Procter & Gamble was ‘there is always a better way’. Senior managers were expected to spend three-fourths of their time working on keeping things running as usual. But the other one-fourth was to be devoted to new ideas. It was made very clear, even to us summer interns, that innovative manager were the one who got promoted.” Usually entrepreneurs maintain high energy levels at the
beginning of the start-up and gradually it fades away as the things go smooth. But to keep the organizations alive and kicking it is vital to sustain the energy levels from the beginning to the end.

Value Of Ethics In Business

Ethics are the important ingredients for any entrepreneurial success. People look at the background check during marriage and while making friendship they look at the back ground of the person. Very few people look at the background check of the company that you are partnering. It is essential to check thoroughly the background before entering any partnership in business. The most important ingredient to be looked at is ethics. Gordon says, “One lesson we learned from our happy experience with Kirin Breweries was that the most important factor in any partnership is ethics.” And also added that, “We learned rather late – and the hard way – that ethics should have been at the top of the list.” Gordon recalls the famous saying of George Rathman, “Success is the ability to survive your mistakes.”

It is only a few companies emerge successfully out of many. The main reason for the same is the importance of ethics. The author writes companies usually fail due to lack of ethics in business. He cited companies like Enron, MCI WorldCom, Inc., and Martha Steward Omnimedia. The ethics should start from the top of the leadership. He narrates about his father who discovered his passion for teaching and loved kids. His father was extraordinarily principled. He put in many extra hours to help students. All these things have had tremendous influence on Gordon. The author mentions, “In a company where ethics
are entrenched in the culture and practiced consistently, with no double standards based on hierarchy, staff members are more likely to expose unethical practices.” He recalls the quote of Roy Ash, co-founder and president of Litton Industries, “When in doubt, do the right thing.”

He announced his retirement plans publicly on December 7, 1999 and that happened to be Pearl Harbor Day was purely coincidental. After his retirement from Amgen, he founded Prime Jet and it is also successful. And the principles and philosophies of the Prime Jet are also that of Amgen. When it worked in Amgen, it did work in Prime Jet and it works for all companies irrespective of their areas of interest and operations.

**Conclusion**

The daring business strategies, ethical principles, and management values of Amgen and the ethical leadership of Gordon Binder brought Amgen from nowhere to top status on biotechnology. The eight ethical values of Amgen, its transparent corporate policies, encouraging research activities, its ability to float IPO to EPO in four months, innovative recruitment policies, building strong winning teams by continuous training and development, the 360 degree feedback for CEOs, embracing change are worth reading and worth to be emulated by all. The book is a must read for all who aspire to be managers, entrepreneurs and leaders as the business lessons that have been learnt by way of experience have been distilled for the benefit of readers. The book helps in sharpening your managerial, entrepreneurial and leadership skills.
Article Edited by:

Sandeep Kshatriya

Facilitator, The CEO Insights Team