

Case Study #3 - Janus

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The Situation

Dr. Jorge Castanudo is a 33-year-old scientist who graduated Phi Beta Kappa from Stanford and earned a PhD in molecular biochemistry from CalTech. He is on the fast track to national and international honors based on his groundbreaking research in recombinant DNA.

Shortly after receiving his doctorate, Jorge crowd-funded a biotech startup to commercialize recombinant DNA technologies with two other recent CalTech PhDs. Series A⁷¹ funding followed shortly. Three patent applications were fast-tracked during the COVID pandemic and were recently approved.

He married one of the other co-founders, Karin Hasselbeck, MD/PhD. The couple has three-year-old twins. They have a rock-solid personal and professional relationship.

⁷¹ Series A funding follows initial seed capital, generally bringing in investments in the tens of millions of dollars. A startup will generally draw this level of financing only after it has demonstrated a viable business model with strong growth potential.

The other co-founder, Dr. Jim Epstein, died 15 months ago in a tragic bicycle accident. Jim was highly organized and was the organizational backbone for the trio.

Their company, Acrux,⁷² is growing exponentially and recently received \$20 million in Series A funding.

Jorge is Chief Executive Officer (CEO), and Karin is the Chief Medical Officer (CMO).

Jorge and Karin are cheerful, bright, thoughtful, and personable. Jorge is an inspirational and visionary leader; his team would follow him anywhere.

He is a brilliant scientist and a visionary—and he hates anything associated with management or making the trains run on time. To Jorge, any time spent on the mundane tasks of running Acrux is wasted time. In the vernacular, Jorge couldn't organize a one-car funeral procession.

The venture capitalists (VCs) who provided Series A funding to Acrux insisted that Jorge hire a highly experienced Chief Operating Officer (COO), essentially, Jorge's right-hand person. Jorge fully supported that decision because he is self-aware and knows his weakness.

Beth Kennedy, both his and the VCs' top choice for COO, graduated from the Naval Academy 16 years ago and was highly decorated flying Cobra attack helicopters in combat. After leaving the Marines a decade ago, she obtained a Harvard MBA and started her career in biotech. She is dynamic, experienced, and widely respected.

Jorge and Beth get along famously. They understand and respect each other. Their offices are side by side, with an interior door between them. They frequently socialize with Karin and Jamir, Beth's spouse.

⁷² Acrux is one of the four stars in the Southern Cross, an easily identified and culturally significant stellar formation visible in the Southern Hemisphere.

Jorge and Beth have cleanly divided Acrux's responsibilities. Jorge is the visionary leader and co-chief scientist with Karin, while Beth runs everything.

Acrux has a flagship product that uses recombinant DNA to address diabetes.

Jorge and his science team are making fantastic progress toward developing three other products that use the same technology to address other diseases.

The Big Picture

Acrux has a brilliant leader, Jorge, and a brilliant manager, Beth.

Jorge, by choice, is completely disconnected from management. He stepped into leadership without ever passing through management.

Contrast this with Margaret in the previous case study, who needed to learn management and leadership simultaneously.

Contrast this with Sasha in the first case study, who has mastered management and then needed to transition to leadership.

This case study is about merging and aligning the skill sets of two people—a superb manager and a superb leader.

Janus, the Roman deity famous for having two faces looking in opposite directions but one mind, should become the model for Jorge and Beth.

They have split the management and leadership roles, but they both need to learn from each other and work together to achieve results for Acrux.

The interior door that connects their offices is both real and metaphorical.

Focusing

Jorge is spending almost all his time in the lab. He is focused on the next big thing(s).

After an initial burst of success with their flagship product, most startups hit a wall because they either have no plans or

too many diffuse plans beyond the next round of funding. Acrux needs a post-startup vision and strategic plan. They need a road-map to stable growth.

But the “main thing” Jorge is energized by is rapidly expanding the product line with new and innovative products. On the other hand, Beth is concerned about burning through cash too quickly by spending on too many things at once.

Beth needs to temper Jorge’s exponential growth goals with reality. Jorge has to push Beth into not being excessively conservative. Together they should reach out to Karin for her views. Then, they need to sell the VCs on their “main thing.” But what is most important is that everyone agrees on a “main thing.”

Once Jorge and Beth agree on the “main thing,” they should create a vision and strategies that lead to the next step in the company’s growth.

Leading

There is a risk with splitting the manager and leader roles, particularly if the leader has no clue about management. If Beth and Jorge do not work closely together, chaos could ensue. In the vernacular, there can never be any daylight between them.

Where does the buck stop? Who is ultimately responsible? Jorge has to embrace that he is the CEO—he cannot delegate responsibility to Beth. Authority yes, responsibility no.

On the other hand, Beth has to accept that Jorge is the CEO. She needs to make her case for a decision, but it’s her role to implement it once made. She can never second-guess or doubt once the decision is made. Luckily for Acrux, her time in the Marines taught her that lesson well.

But who will be the face of the company? How will Jorge lead from the front? This is a delicate balancing act because Jorge is the scientific genius behind Acrux, yet absent Beth’s organizational skills, Acrux will fail. Beth will need to be close by whenever

Jorge is on a literal or figurative podium. Jorge needs to encourage Beth to step forward when he is in unknown waters.

Actioning

Because Beth is such a strong COO, actioning will go well.

Yet as Acrux grows, Jorge cannot afford to remain ignorant of actioning. He needs to improve his ability to act outside the lab, so Beth should gently mentor Jorge to improve his actioning outside the lab.

Likewise, Jorge should periodically take Beth into the lab to educate her on the science and how things get done in the lab. This will strengthen her ability to make decisions that impact the lab.

Beth and Jorge need to draw clear decision-making boundaries so that each understands the other's decision space.

What worked for a small and agile Acrux will not necessarily work for a larger and less nimble Acrux. There will be a constant tug of war between Jorge's style as the improviser/adaptor and Beth's style as the process-driven and deliberate voice for minimizing risk. Both have to accept that that is normal, and in fact, those differences in style should encourage productive discussions.

Every so often, under Karin's watchful eye, Jorge and Beth should *privately* swap roles: let Jorge play-act that he is COO and let Beth simulate being CEO. That will create a terrific learning environment for both and will likely improve decision-making.

Philosophizing

The top three at Acrux (Jorge, Beth, and Karin) are great people.⁷³ They are perpetual optimists.

Yet challenges appear.

Brewster, Jorge's college roommate, is miserable as the chief scientist at a rival company. One Friday evening, just before heading out to dinner with their spouses, Jorge drops into Beth's

⁷³ Regretfully, this is rarely so. The employees at Acrux should count themselves lucky.

office and announces that he will make an offer to Brewster to join Acrux.

Beth is inwardly appalled. Hiring Brewster could create major legal and ethical problems. How to steer Acrux away from this minefield? After engaging outside counsel, chatting with a fellow COO in her network, and a phone call with the head of the VCs who funded Acrux, she is placed in the unenviable position of telling Jorge that hiring Brewster is a non-starter. She asks Jorge to ask himself whether this move, no matter how well-intentioned, is legal, ethical, and moral. Jorge, while not happy about it, walks away from hiring Brewster.

Beth invites Jorge to lunch to talk out any bruised feelings so that their relationship remains robust. She needs to feel comfortable telling him things he doesn't necessarily want to hear. Jorge needs to foster a culture where Beth can and will tell him things he may not want to hear.

Learning

Jorge's knowledge of the biotech business outside of the recombinant DNA field is limited. Beth asks Karin, as Chief Medical Officer, to arrange a one-week road trip of biotechs that are more mature yet not in Acrux's niche. Beth arranges for a couple of retired biotech CEOs to join them for dinner to review the pitfalls of high-growth biotechs. Learn from history, learn from others!

Nine months ago, Acrux's largest customer received the wrong formulation of their flagship product. Jorge is furious and demands that heads roll. Beth asks him to step away until she completes the forensics. The investigation reveals cascading problems, many caused by rapid growth. Beth emphasizes to Jorge that this was a process problem, not a people problem. And she gently reminds him that he is ultimately responsible. Karin weighs in to keep Jorge's emotions in check. Beth and the team identify a detailed get-well program. Beth encourages

Jorge to acknowledge his responsibility to the team, both in creating the problem and fixing it.

While Beth has a supersized role at Acrux, the buck stops on Jorge's desk.

Earlier this month, Jorge, Beth, Karin, and the marketing team brainstormed the rollout for the second wave of products. Jorge, who almost single-handedly created a scientific miracle with these next two products, wants to immediately and forcefully market them. No one else around the table is quite so sure; there are still multiple hurdles to clear. Jorge is insistent. Despite the stereotypical VC's instinct to go fast, the VC representative shares the caution. Jorge is still insistent.

Beth suggests a 15-minute break and invites Jorge to her office for a private discussion. Forcefully yet calmly, she lets Jorge know he needs to slow down. Having faced RPGs in Iraq, Beth is not afraid of telling Jorge "no." She shares a particularly poignant combat story that makes the point that bosses who ignore the collective wisdom of their subordinates put everyone in jeopardy. After a lively exchange, Jorge listens. He gets it.

Caring

Beth and Jorge need to look out for each other. Beth needs to periodically kick Jorge out of the lab so he can watch his kids grow up. Likewise, Jorge needs to insist that Beth and Jamir take long weekends totally disconnected from the phone and email.

Both have to insist on keeping it fresh for the other.

So, what would you do differently?

Take a look at the list of the 23 truths below, and ask yourself, "What else could Beth and Jorge do?"

Focusing

- If you don't know where you're going, any road will get you there.
- Make the main thing the main thing.
- What you see depends on where you stand.

Leading

- The buck stops here.
- Lead from the front.
- May the force be with you.

Actioning

- What are you going to do differently on Monday?
- Improvise, adapt, and overcome.
- Plans are nothing, planning is everything.
- It is better to sweat in peace than bleed in war.
- Why? Why? Why? Why? Why? Why?

Philosophizing

- Do what you can, with what you've got, where you are at.
- Nothing hard is ever easy.
- What's the right thing to do here?
- Life is tough, but it's tougher if you're not smart.
- KISS
- Perpetual optimism is a force multiplier.
- Everything is connected to everything else.

Learning

- Those who do not learn from history are doomed to repeat it.
- Make mistakes. Learn from them. Move on.
- Listen.

Caring

- Leaders eat last.
- Life is short, eat dessert first!



SUMMARY AND AFTERWORD

The transformation from doer to manager to leader is a continuum, not a simple switch.

The process takes time, energy, and thought. And you need guides and guidelines.

Think back to the ancient navigators of the Pacific Ocean. To sail, in a glorified canoe with a sail, without the ability to replenish food or water, from Tahiti to Hawaii, without GPS, a compass, or even a sextant, was a dangerous and technically difficult undertaking.

The Polynesian mariners could sail to a tiny island in an empty sea by using the stars in the night sky and carefully observing the oceans and animal life.

Based on teaching by their elders, they knew that each destination island had a zenith star. So, if they lined up the heading of their tiny canoe on the zenith star, eventually, they would arrive at their target.

The 23 truths I've discussed are not the only wise sayings; there are as many maxims as there are stars in the sky. But by picking a critical few truths (*your* zenith stars) you too can navigate to those hard-to-reach spots.

There are many truths and anecdotes that you will use—the ones offered in this book are just a starting point.

I wrote this book to make a difference in the lives of those who have taken on the difficult and yet incredibly rewarding mantle of leadership.

Good luck and Godspeed.