SUMMER 2014 • Volume 13/ Issue 2 • ISSN 1538-8786

BioProcessing JOURNAL

Trends & Developments in BioProcess Technology

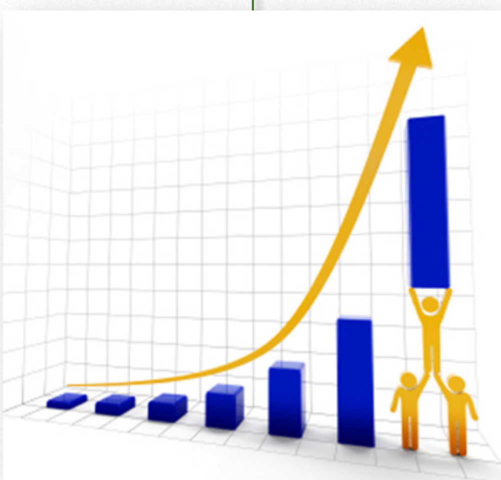
A Production of BioProcess Technology Network

From the Editor-in-Chief

I bet you are expecting me to rant and rave about M&A-focused business plans and how they are to blame for just about everything that is wrong with the biotech industry. Well, I guess I will a little, but I'm going to take a slightly different approach this time or you'll probably quit reading my opinion pieces.

While in the audience at a recent press conference and company presentation, I was sitting next to the president of a very large corporation that has been making a lot of acquisitions. I felt this might be the perfect time to see what his reasoning was for such an active M&A business model.

I started off by telling him that I have an MBA in marketing in addition to my chemical engineering degree, and while I also took a number of graduate-level accounting and finance courses, I didn't understand how acquiring other companies would make the financial statements look better for the corresponding quarterly reports. He responded that when a company has lots of cash sitting in the bank where it is earning very little interest, it is far better to convert some of this asset into a company or technology that could conceivably offer a higher return on investment.



While trying not to appear argumentative, I suggested that other assets might provide an even greater return, such as the firm's existing manpower. I proposed that spending that same money, which is often counterbalanced by layoffs and selling fixed assets at bargain basement prices, could be far better spent by training and developing the careers of the company's greatest asset—*its people*. The executive had no response, which made me feel I might have hit on something that few executives have been considering.

In today's world of facilities that are out of date before validation ends, laid off employees with decades of experience in precedence-setting accomplishments and people-management skills, as well as acquired technologies that have lost their champions and are destined for the recycle bins, why not approach things a little differently?

Humans, along with their acquired experiences, provide a far more valuable asset than any company or technology you can acquire—especially when you end up with no one who can manage the things you buy, let alone integrate them into your overall portfolio.

I suggested that employee training and career development provides a far better return on investment. Being forced to recall products, or operating under consent decree is incredibly costly, and in most cases, could be avoided by having the right people in the right places with the right experience. And to gain the requisite knowledge, travel is often required to venues where the really important information is shared and collaborations are built.

So why not step back and look at this financial board game a little differently, where you consider employees to be a far better long-term investment than any company or technology you can buy?

Now since my primary focus is publishing critical process information and organizing meetings at which invaluable knowledge is shared and relationships are built, my hypothesis might sound a little self-serving. But in my humble opinion, spending money on employee development and the in-depth understanding of quality systems provides a far more prudent investment that will truly transform financial statements, even if the results don't show up in the current quarter.

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