WHAT I WISH AN HBS ALUM HAD TOLD ME

Practical Tips from HBS Health Care Career Days
In October 2013, the Health Care Initiative at Harvard Business School held a series of panel discussions involving recent HBS alumni who work in different areas of health care. These HBS alumni shared their thoughts on the changing context for health care and the many exciting opportunities that exist. They also offered practical career tips and advice to current HBS students interested in jobs in health care.

Short summaries follow of the main ideas from each of the panel discussions.

- Care Delivery Panel
- Devices and Diagnostics Panel
- Digital Health Panel
- Health Care Finance Panel
- Life Sciences Panel
CARE DELIVERY PANEL

Executive Education participants from different backgrounds, functions, and parts of the delivery system shared their perspectives on changes in care delivery and opportunities for new graduates. Participants included a cardiologist whose practice was acquired by a hospital and who now works part-time at the hospital in administration; a senior financial professional at a major integrated delivery system; the chief human resource officer at a large health system; and the executive director of a group of hospital satellite locations.

Challenging ENVIRONMENT

Drivers of significant change in care delivery include:

- **Declining revenues and margins.** Some players are seeing revenue declines of 10% or more, putting extreme pressure on profitability.

- **Greater emphasis on cost management.** Historically health care systems have focused on quality. To survive delivery systems must now reduce costs while also improving quality.

- **Shift in location of care.** Payors and consumers are driving a move from high-cost hospitals to lower-cost outpatient facilities for many services.

- **Redesigning processes.** Care delivery organizations are rethinking processes to increase efficiency and lower costs.

- **Shifts in power.** Decision making authority is moving away from MDs to teams of care givers.

- **Use of metrics.** Measurement tools are being widely adopted to drive greater accountability.

- **Aging workforce.** Many health care workers are retiring, pressuring providers to find talent.

- **System complexity.** Health care systems are so complex that patients struggle to understand and navigate it.
Health care is experiencing massive disruption. The care delivery system needs a culture of innovation and experimentation to focus on:

- All aspects of care delivery
- Clinical processes
- Costs and value

Senior managers in delivery system are looking for individuals with capabilities in:

- Critical thinking
- Strategic partnerships
- Leadership
- Project management
- Operations and process improvement (including Six Sigma & Lean)
- Finance
- Organizational behavior and HR

These are largely transferable skills/experiences from other industries.

**Career OPPORTUNITIES**

**for Clinicians:** Many organizations are seeking talented clinicians with strong business acumen for leadership roles.

**for Non-Clinicians:** MBAs are sought and respected for their ability to:

- Manage complex multi-stakeholder projects
- Bring an entrepreneurial approach
- Have an outsider’s perspective (based on experience in other industries)
- Demonstrate leadership capabilities
- Leverage transferable business skills
- Quickly learn the business of health care (estimated to take 2 years)
- Work well with clinicians who are data driven and respect hard work
DEVICES AND DIAGNOSTICS PANEL

Director of the HBS Health Care Initiative, Cara Sterling, moderated a discussion among HBS alumni about the environment for devices and diagnostics, and their career paths and career advice.

Business ENVIRONMENT

More regulation. The regulatory burden has increased, requiring more upfront investment to develop/launch a new technology. And, even more regulation is expected. Most views of regulation are negative, but it creates a barrier to entry.

More uncertainty. The uncertain reimbursement and regulatory environment is making companies more cautious and risk averse.

Less investment. Venture capitalists are reluctant to invest because of long payback periods. However, corporations are still looking to invest in and acquire promising early-stage technologies.

Affordable CARE ACT’S Effect

Increased volume. More people with insurance means more demand for devices/diagnostics.

Decreased margins. 2.3% device tax “off the top” hurts revenues and profits, and could impact R&D. Also, hospital/health system consolidation is creating more powerful buyers, resulting in price pressure.

Emphasis on value. There is a shift from focusing on volume to value, and increased pressure for streamlining and process improvement.
Typical MBA Functions

Roles at large and small device and diagnostics companies:
- Business Development
- Strategy
- Rotational programs (Sales, Marketing, Assistant to CEO)

Why CHOOSE A CAREER in Devices or Diagnostics?

- **Personally meaningful.** Often people know others who have received and benefit from these technologies.
- **Tangible products.** These products have shorter timelines and faster iterations than pharma/biotech, and are a good fit for people interested in engineering, solutions, technology.
- **Welcoming to career switchers.** Those with functional skills in strategy, finance, sales can be successful. The key is being able to tell a compelling story about your switch.

Career ADVICE

- **Get product experience.** Being the owner of a product, through product management or marketing, is great managerial experience.
- **Work in sales.** Few HBS grads aspire to be in sales, but sales provides direct exposure to customers, hones relationship-building skills, emphasizes communications and persuasion, and is a great stepping stone.
- **Look for a rotational program.** These programs provide exposure to senior management and multiple functions—sales, marketing, strategy, finance. They provide preparation for general management.
- **Be part of a small company.** Small companies afford the opportunity to wear multiple hats, see all aspects of the company.
- **Tap into new graduates.** While at HBS, contact graduates for perspective, internships, relationships, advice. People will take your call and help you. Tap into the network.
Three HBS alumni discussed digital health and its biggest trends and issues. They also described which MBA skills are most valuable and shared career advice.

**Digital Health Defined**

**Big Picture:** Digital health is about using technology to improve health care. This includes improving access to care, quality of care, efficiency, and decreasing costs.

**Smaller Picture:** Encompasses a broad range of technologies including electronic medical records (EMRs), genomics, diagnostics, telemedicine, analytics, consumer applications, wellness tools, patient web portals, and much more.

**Trends & Opportunities**

“There has never been a better time to be a digital health entrepreneur. The opportunities are vast.”

**EMRs.** Adoption of EMRs and EHRs (electronic health records) is increasing, raising the importance of clinical data capture, changing workflows, and creating an ecosystem of apps.

**Analytics and big data.** EMRs/EHRs are creating a wealth of data that can be used for clinical and administrative purposes.

**Population health management.** Payors and providers are using digital tools and analytics to manage entire populations and adapt to payment models like capitation.

**Consumer empowerment.** Digital technology is engaging consumers, giving them more control over their care, and helping them make more informed health decisions.

**Personal health tools.** Innovative new consumer products, with digital sensors, are being developed to assist in tracking personal health metrics (e.g., Fitbit).

**Hospital administration tools.** Management and administrative tools are improving hospital operations.
Key Issues & Challenges

Acceptance and adoption. Consumers are unaccustomed to paying out of pocket for health care, and providers, payors, and employers need a proven ROI before adopting.

Not living up to expectations. A risk is that digital health technologies won’t live up to their significant hype or expectations.

Implementation and integration. Because health care is so fragmented, there are major challenges implementing new technologies. To succeed, digital health technologies must become integrated throughout the value chain.

Most Valuable MBA Skills

Basic business skills. Often digital health technologies are driven by technologists, not by business people, creating an opportunity for MBAs.

Strategic thinking. Companies in digital health need people who can see the big picture and think strategically.

Operational capabilities. Companies need flexible jacks of all trades who can make it happen, operationalize, and execute.

Communication skills. Being able to “translate” between technologists and business partners is critical.

Relationship building. Building relationships internally and externally and bringing people together around a shared vision is a recipe for success.

Career Advice

Become knowledgeable about the industry. Do your homework and develop a solid understand of health care and digital health. Understand trends, companies, and technologies. Stay current.

Pick winning technologies. Develop a point of view on which technologies look sustainable and will have system-wide impact. There are enormous opportunities for MBAs.

Reapply lessons from other industries. Many industries have already adopted digital technologies. Learn from them and leverage previous experiences.
HEALTH CARE FINANCE PANEL

HBS alumni with experience in health care investing shared insights from working in venture capital (VC), private equity (PE), investment management, and business development (Bus Dev). Collectively, the panelists have worked or currently work in all these roles, and have worked in operating roles at Startups, Small Companies, and Fortune 50 companies.

Definitions

Venture Capital (VC)  Early-stage investments in ideas and people. Help entrepreneurs launch, prove, scale concepts.

Private Equity (PE)  Covers a wide range of investors. Typically invest in growing or mature companies, add value to board, improve company’s performance, and sell.

Investment Management  Investors of large pools of capital typically in equities of public companies—small caps, midcaps, and large caps; pharma, device, and biotech companies—with goal of beating industry benchmarks.

Business Development (Bus Dev)  Meaning differs based on a company’s size-stage. Usually includes strategic investments, partnerships, and M&A. Can also mean making pitches to drive sales.

Where’s THE ACTION?

Biotech. This market is on fire. There were more biotech IPOs in 2013 than any year since 1999. Challenges: early-stage biotech takes a long time, a great deal of capital, and is risky. Still, panelists are bullish.

Health IT & Services. Health care is transforming, out of necessity. Facing enormous pressures to change the delivery system, create different payment models, manage population health, control costs, and eliminate waste, IT and services will be solutions.

Medtech. The current environment is not so attractive, with high R&D costs, regulatory and reimbursement challenges, less M&A, and less upside.

Corporate. There has been a funding shift from VC to more corporate investments.
Delivery System Innovation. Health care innovation has historically been about drugs and devices, but it is shifting to care delivery, including population health, accountable care, payment delivery, care management, chronic care, patient engagement, health IT, big data, analytics, informatics, and telemedicine.

Regulatory Offshoots. Some industry players complain about the Affordable Care Act and increasing regulation, but investors see opportunities. Any time there is new regulation, service and technology businesses will arise.

#1 Health care investing requires an advanced science degree. Some firms prefer PhDs and MDs, but most don’t. Scientific credentials can be beneficial in early-stage biotech but generally aren’t necessary in health care IT, services, and investment management.

#2 Health care investors need operating experience. Not necessarily. Operating experience is extremely helpful, yet many successful health investors don’t have it. Panelists with operating experience say it provides a tremendous feeling of impact.

Don’t stress. You will change jobs many times. So, don’t stress about your job post-HBS; focus on learning experiences.

Pursue passion. Find what makes you excited to go to work each day.

It’s the people. Find mentors and look for great teams. People and culture matter most.

Look for growth. To improve the odds of success, pursue fast-growing segments and companies.
LIFE SCIENCES PANEL

Former Amgen CEO and President Kevin Sharer, a senior lecturer at HBS, led a discussion of HBS alumni who have graduated in the past five years and now work in life sciences. All four panelists worked in life sciences pre-HBS and three had scientific backgrounds.

Typical POST-HBS

Functions: At large pharma companies and smaller biotech firms:

• Business Development
• Strategy
• Marketing

Career aspirations:

• Become the CEO of an entrepreneurial pharma company
• Be in the C-suite (CEO, COO, CFO) or a general manager at large pharma company

Business OBJECTIVES

Create and launch more products. Replenishing the pipeline of products in the marketplace is critical to the future success of large companies.

Grow the current business. Finding new segments or markets for existing products is essential for growth.

Increase speed. Building internal capabilities is necessary to quickly identify promising opportunities or to shut down unsuccessful projects.

Keep costs down. Streamlining operations and improving efficiency is important to drive profitability.

Do more deals. In conjunction with in-house development, many organizations are looking to acquire new technologies.
Career Advice

Figure out how to get things done. This requires understanding a company’s unique ecosystem and culture. It requires understanding how decisions get made, knowing how to navigate the organization, communicating effectively, and building consensus.

Find mentors. Mentors provide valuable insights on how to navigate the culture and get things done.

Think long term. Envision where you want to be in 5–8 years and work backwards. Take jobs in roles, functions, and companies as stepping stones that lead where you want to go.

Build a toolkit. Define the skills you want/need and take jobs that help fill out your toolkit.

Understand all of the functional areas. This includes understanding the nuances of business development, the commercialization team, the legal department, and more.

Create options. Work in roles that create options to go in different directions and pursue different opportunities as they arise.


Insight FROM Kevin Sharer

“At HBS, you think if your answer is right, that is 90% of the way to making something happen. Of course, that’s laughable. It’s maybe 10%. To make something happen, you have to understand the ecosystem.”

Getting things done requires:

- Understanding the power ecosystem.
- Having allies at different levels.
- Knowing how people talk.
- Understanding how decisions are made.

“There is a kaleidoscope of ecosystems in a company that are hard to teach in school. When you get to a job, understand these ecosystems.”