Lessons from the Auto Industry

Executives, investors, advisors and professionals affiliated with the biotechnology industry often forget that many of the struggles they face today have been solved before by other fields and industries. The mid-19th century author, Ambrose Bierce wrote, “There is nothing new under the sun, but there are lots of old things we don’t know.” The question is where to look for inspiration.

**Automobiles in the 1970s**

In the 1970s, the global automobile industry faced two significant challenges: a huge push by consumers and regulators to improve quality and safety, and the OPEC-driven increase in gasoline and oil prices. Manufacturing, distribution, and development costs threatened to skyrocket out of control. Automotive companies struggled against a three-dimensional problem: how to improve the fuel efficiency of cars while also improving safety and quality? The challenges faced today by biotech and pharmaceutical companies worldwide are not all that different: how to improve drug, device or biologic efficacy while also improving safety and quality?

The automobile industry approached its complex problem with many strategies such as Total Quality Management (TQM), dramatic cost-cutting, and squeezing suppliers for lower pricing to maintain long-term business relationships. Toyota, however, was the first to discover and then capitalize on a simple, yet effective answer: The sooner you improve druggable, efficient and efficacious in at the early concept-design stage was most cost-efficient (here I use “efficacy” for the concept of fuel efficiency, plus features, passenger room, and so on). That then freed them to play with and innovate on the remaining elements such as style, handling, and so on, which improved both their time to market and their chance of market success. Admittedly, the days of the Corona prototypes for road testing than any drug company has new treatments in clinical trials. In fact, the cars you and I will be able to buy seven to ten years from now are currently being tested (along with others that won’t make it) on raceways and simulated town streets and rainstorms in Michigan, North Carolina, Japan, Germany, and so on.

Applying this lesson from the automotive industry is straightforward. Toyota has already paved the way. Look at your processes and your organization through Toyota’s *kaizen* lens. Are there components of compliance and quality that you can build early into your processes to channel rather than slow down your development efforts? Such work can help drive down costs, speed time to market, and improve success ratios in the preclinical stages.

Drawing upon lessons and analogies from other fields and industries can help biotech reframe the compliance challenges it faces and point to ways it can reduce costs, boost innovation, and improve market success. Ultimately, the companies that take the most advantage of such lessons and apply regulatory compliance as a competitive edge will be the ones that dominate their industry 25 years from now. Are you ready?

In case you’d like to read further examples and applications that might be suited to the situation you face, I’ve made a number of my published articles available as PDF downloads in the Resource Library of our company’s website (www.ceruleanllc.com). I welcome your comments, suggestions, and questions.

**John Avellanet** is cofounder and managing director of Cerulean Associates LLC, a consultancy advising executives on cost-effective regulatory compliance, intellectual property security, and information technology; PO Box 498, Williamsburg, VA 23187-0498; 1-757-645-2864; john@ceruleanllc.com; www.ceruleanllc.com.