

How Asia's largest pharma is leveraging its values to navigate the COVID-19 crisis

Christophe Weber, CEO of Takeda Pharmaceuticals, discusses challenges to globalization, principles in the face of crises, and new opportunities when companies pull together.

What's the way forward under extreme uncertainty? And how might the way be different for Asian companies? Christophe Weber, the CEO of Takeda Pharmaceuticals, has been solving for the tectonic changes brought on by COVID-19 by centering on his company's nearly 240-year-old value system, and on connecting outward—across borders, regions, and continents. Indeed, Weber, who is from France and joined Takeda in 2014 after more than 20 years at British competitor GlaxoSmithKline, defines his role and Takeda's mission in global, not Asian, terms.

Takeda is one of the ten largest pharmaceutical companies in the world and the largest in Asia. Following its \$62 billion acquisition, in 2019, of the biopharmaceutical company Shire, based in Ireland—a deal Weber championed—Takeda had a larger footprint than ever before; it now has operations in some 80 countries. That global reach, and the fact that diseases, particularly COVID-19, don't recognize borders, enforces a global approach. It also presents global challenges: stresses to supply chains, operating models, and geopolitical relations begin to tell.

Weber recently took time with McKinsey's Kenneth Bonheure and David Schwartz to reflect on his "CEO moment" and discuss these and other challenges—and how Takeda is preparing to meet them.

The Quarterly: *What's the difference between being the CEO of a global company and being the CEO of an Asian company?*

Christophe Weber: I don't know what an "Asian company" means. I can tell you about Takeda. We are a global company from Japan. We have 50,000 employees across the world—about 18,000 of them in the United States, which is where we have our highest number of employees by far. I also have more members of my executive team in the United States and Europe than in Japan. So in that regard, we are not truly an Asian company; we are truly a global company. But defined perhaps differently. On the other hand, the way we are global is quite unique in Japan.

The Quarterly: *It feels like "global" is taking a hit these days.*

Christophe Weber: Globalization was defined on the belief that the movement of goods is fluid. But, as everybody is seeing, that's not the case when a crisis happens. And countries don't want to be in this situation anymore, where they are depending on another country for a critical supply of materials. That's especially the case in regard to health, but it could apply to other sectors, like defense. Suddenly, you realize that another country is not necessarily a friendly country, that they are leveraging their position in ways that are not

the right ways. I think the way people look at a global supply chain will change—a lot.

The Quarterly: *How do you get in front of potential supply-chain challenges?*

Christophe Weber: We cannot just wait and see; we have to anticipate disruptions in the way we architect and design our supply chain. It's especially challenging for the pharmaceutical industry because, usually, you have one site in the world for manufacturing one product. And so the key question is, well, where do you locate this site?

At Takeda, we were already de-risking our supply chain and had initiated a dual-sourcing mechanism for most of our strategic products about five years ago. But even if you do a dual-sourcing strategy, in which countries do you establish this dual sourcing? Perhaps we'll have to have a multiple-sourcing strategy—more than two. That can potentially impact the cost of the products. Or we'll have to be much more innovative to do multiple sourcing without expanding the cost of the product. The world is getting much more complicated.

Political tensions are not new: this has been bubbling for a few years now, so there was already a trend existing. But it has been accelerated by the coronavirus situation.

The Quarterly: *How is Takeda adapting to the coronavirus in its daily operating model? What has it been like for your employees?*

Christophe Weber: Everyone has to adapt, and without burning out. And, perhaps at the beginning, there was not a complete understanding of how long it would last. So you start in an amateur way because you think it will be for only two or three weeks. But once you start to understand that it could last for one year or more, you need to change the way of working. We're in the process of getting organized to work in a totally different way, for a very long time and potentially forever. There will be more virtual connections and less physical connections, for sure. It's imposed by the coronavirus, but it will become, probably, something which will stay after the virus. Virtual connectivity is very efficient in some ways. You save a lot of time—travel time—and a lot of cost. And it has increased a feeling of



Christophe Weber has served as the CEO of Takeda Pharmaceuticals since 2015. Before joining the company, in 2014, Weber spent 20 years at GlaxoSmithKline and held various senior-leadership positions in Asia, Europe, and the United States. Weber is a graduate of the University of Lyon, France, where he holds a doctorate in pharmacy and pharmacokinetics.

proximity among our employees. On the other hand, it is also very clear that nothing will replace the face-to-face interactions. We are still exploring what is the best mix between physical and virtual interaction.

I'll give you an example. Before the pandemic, we were doing a very regular town hall, visiting different locations in the world. And we were doing some interactive town halls, already using a little bit of technology but linked to the physical presence in the countries. Actually, I miss the physical connection. But since coronavirus—since we are operating in virtual mode—we have introduced what we call the internal Takeda TETtalk. TET is the Takeda executive team, my team.

Now we have a TETtalk with all of our employees in the world connected, able to ask any questions they want to the entire TET. It has created a sense of proximity with the entire Takeda executive team that was never there before. By adapting to a situation, we created, actually, a new way of engaging with our employees—which we'll probably keep forever because it's quite efficient. The feedback we are getting from many employees is that before they never had so much proximity with the TET.

The Quarterly: *How do you balance the need to respond to a crisis like COVID-19 rapidly while at the same time keeping a long-term, resilient course?*

Christophe Weber: Well, I think we'll have to find the best balance between the virtual world and the physical connection. Where is the sweet spot? The two extremes are probably not good. Like, going back to having everybody in the office—I don't think that's actually the most efficient way. And that's certainly not what the employees are looking for. But going to the extreme where everything is virtual, so the location doesn't matter anymore—that's also not optimal. We

are searching for the sweet spot here, and we have to find it quite quickly.

Employee safety was the first step of our resilience thinking when the coronavirus hit. The second was, at the same time, to maintain company operations. Especially on our manufacturing side, in our research laboratories, and at our plasma-collection facilities, we do have some activities that cannot be done virtually; people have to be on-site. And we were able to do that in a very effective way from the beginning. Proactivity was critical because, quite rapidly, it became clear to us that this would be a major public-health challenge. And because of the businesses we are in, we were probably able to have a few weeks' lead time and be better prepared.

But I think values are even more critical to our resilience. At Takeda, our values are very clear: that we put our employees and patients first. We have a value system, and we know what it means. We were the first company in many countries to remove our field force from the field and to tell them to stop calling on doctors, stop interacting with them, stop visiting hospitals—this is not the time. For us, that was an easy decision. But if you don't have a value system, which is an anchor, you might be forced to take that decision. You might wait. You might do the wrong thing. You might push in the wrong way. And, potentially, reputation is impacted, I'm sure. The employees see, really, truly, who you are. If your values are not very well established, you make mistakes under pressure like that.

The Quarterly: *Perhaps that anchoring in values could be linked, after all, to what being an Asian company means—or a Japanese one?*

Christophe Weber: It probably is linked to the fact that we were created in 1781 and have this mindset of durability, not short-termism, and of contributing. It's a characteristic which is common in Japan. I think the CoVId-19 Plasma

Alliance is another good example. We started the development of a plasma-derived medicine for COVID-19 by ourselves. The typical approach—we know how to do it—is that this would become a product owned by Takeda. But our head of the Plasma-Derived Therapies business realized that if we formed an alliance with other plasma companies, we could go much faster and would have the potential to produce a product on a bigger scale. But for that, we'd have to give up exclusive ownership of the product.

It took very little time for us to agree that this was the way forward, because this is the right thing to do, and clearly this is what the world is expecting at the moment for companies to do. But if you don't have this deep value system, you end up with endless debate about "Oh, do you really want to forgo the ownership of the product?" This alliance will end up being a pro bono, not-for-profit alliance. After the Alliance, Takeda and each Alliance member can produce the hyperimmune globulin, assuming the trial is successful. Timing for this is still being worked through. But this is the right thing to do, so we went ahead, and now we have a very good alliance with other major plasma companies.

We started with Takeda and CSL Behring, the two biggest members. And then, after that, the smaller ones came in. The Alliance also has the support of nonplasma companies, like Uber and Microsoft. And we have launched a campaign as part of a larger coalition to promote blood-plasma donation in the United States. When everybody saw that it was a true alliance to do good for society, we were able to get the convergence of many companies.

But, you see, this is how we think in this type of time. Doing the right thing for patients is highly motivating for our employees. It is a way to improve our reputation. A good reputation is good business in the long term. This alliance is the right thing to do.

The Quarterly: *Are you pleased, also, to see the pharma industry mobilizing? Because we're also seeing polarization, national reaction, the breaking of global coordination. It feels like pharma is trying to actually reinforce collaboration.*

Christophe Weber: Yes, I think there is a truly reinforced collaboration, especially in research, to exchange information and data. But the plasma alliance is unique. You don't see similar alliances in vaccines, for example. What's going on at the moment, I think, is positive for the pharmaceutical industry's reputation. The world is seeing that the solution will come from the pharmaceutical industry. My hope is that the way the pharmaceutical industry brings the solution will also be a reputational enhancement and not a reputational issue. We'll see. That's complicated because it's not only the pharmaceutical industry's willingness to do the right thing, but also states and governments that will play a role. You will have other stakeholders in play here.

I would say that everyone should have principles in mind, because, in a period of stress, you can easily lose them. The advice I give is that this is a time when we should overconnect—with our employee base, our teams, and with our network. We can learn a lot by exchanging with others. Q

Christophe Weber is the CEO of Takeda Pharmaceuticals. This interview was conducted by **Kenneth Bonheure**, a senior partner in McKinsey's Singapore office, and **David Schwartz**, a member of McKinsey Publishing based in the Tel Aviv office.

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