

# Life Sciences Firms Look Past Recovery and Focus on Long-Tail Risks, Workforce Resiliency

*May 2021*

## Life sciences firms performed well as a whole throughout the pandemic, but there were significant operational and workforce challenges.

Combining Aon's extensive life sciences data and expertise in risk, health and human capital, we highlight the biggest opportunities as the industry reshapes for the future.

In general, life sciences companies were not as severely impacted financially by the COVID-19 pandemic compared to many other sectors, but operational disruptions and workforce challenges have prompted organizations to lay the groundwork for a stronger and more resilient business as they enter a period of recovery, reshaping and thriving.

To support robust growth and resiliency in the life sciences market, consider some of the following data points:

- The Nasdaq Biotechnology Index rose 25% in 2020 compared to a 7% increase in the Dow Jones Industrial Average.
- There was a record high number of life sciences IPOs in 2020, a 77% increase from 2019<sup>1</sup>, with Aon serving as an advisor to more than half of them.
- Three percent of life sciences firms reported their business was severely impacted by COVID-19 and would take time to recover compared to 8% for all companies<sup>2</sup> (see Figure 1 on following page).
- At the end of 2020, 62% of 410 global life sciences companies we surveyed<sup>3</sup> reported normal or aggressive hiring versus only 43% of financial services and technology firms and 32% of manufacturing companies.



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<sup>1</sup> <https://www.bdo.com/insights/industries/life-sciences/the-biotech-ipo-boom>

<sup>2</sup> Aon Global COVID-19 Risk Management and Insurance Survey, conducted in Q4 2020 with more than 500 global respondents

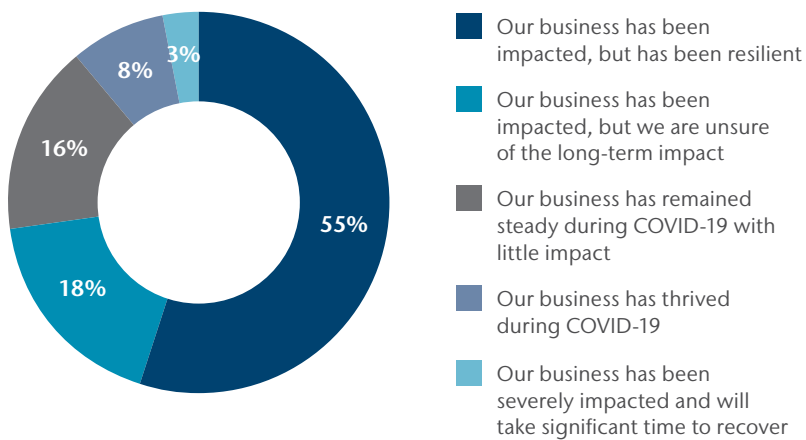
<sup>3</sup> Aon Salary Increase and Turnover Survey – Second Edition, December 2020; based on responses from 410 life sciences firms across 114 countries

As life sciences companies emerge from the current crisis, they remain focused on building a more resilient and agile workforce that can adapt to new ways of working — including building more cost-saving efficiencies into their processes — and addressing emerging and unknown risks in a proactive fashion.



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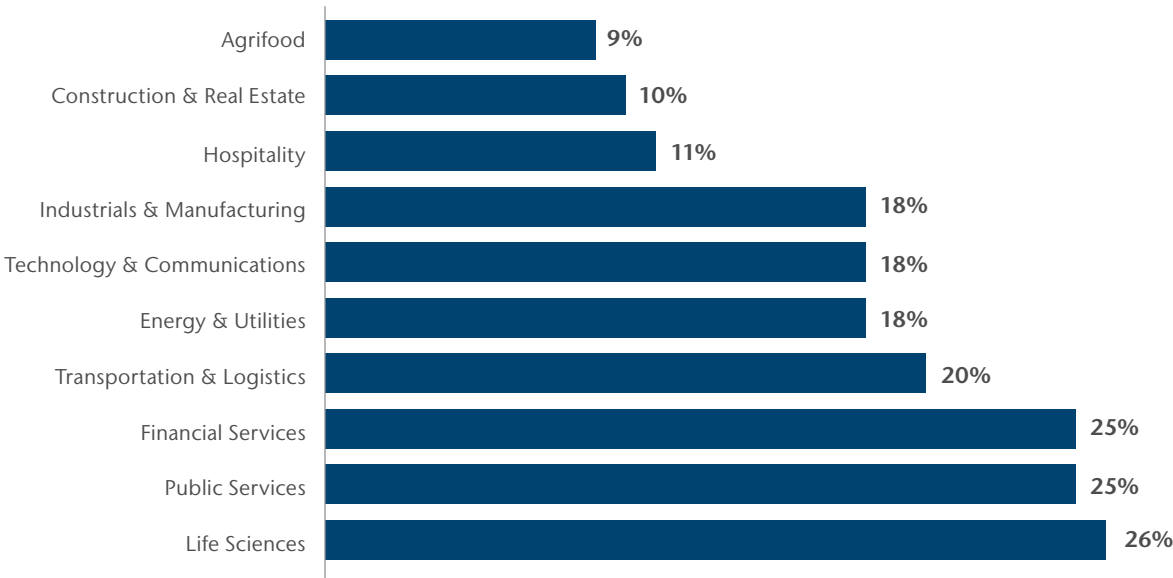
**Figure 1 — Life Sciences Firms Describe the Impact of COVID-19 on Their Business**



Source: Aon COVID-19 Risk Management and Insurance Survey, conducted in Q4 2020 with more than 500 global respondents, including 35 life sciences firms.

Life sciences companies, by nature of their operations, were arguably more prepared than other types of organizations for a pandemic. Based on results from Aon’s risk management survey, 45% of life sciences firms reported having a pandemic plan prior to COVID-19 (see Figure 2).

**Figure 2 — Industry Prevalence of Pandemic or Health Crisis Listed as a Top 10 Risk Prior to COVID-19**



Source: Aon COVID-19 Risk Management and Insurance Survey, conducted in Q4 2020 with more than 500 global respondents, including 35 life sciences firms.

# A Focus on Operational Strength for the Future

As organizations look to a stronger and more resilient future, they are placing an emphasis on protecting their people and their assets. When it comes to business operations, cost management is a priority for life sciences firms. This may seem surprising, given that life sciences companies typically operate at high margins, much of which is reinvested in R&D as a central part of their strategy. However, throughout COVID-19, clinical trials have been reprioritized, and all companies have played a role in the pandemic response, whether providing the development, manufacturing and distribution of vaccines or providing testing, plasma and personal protective equipment.

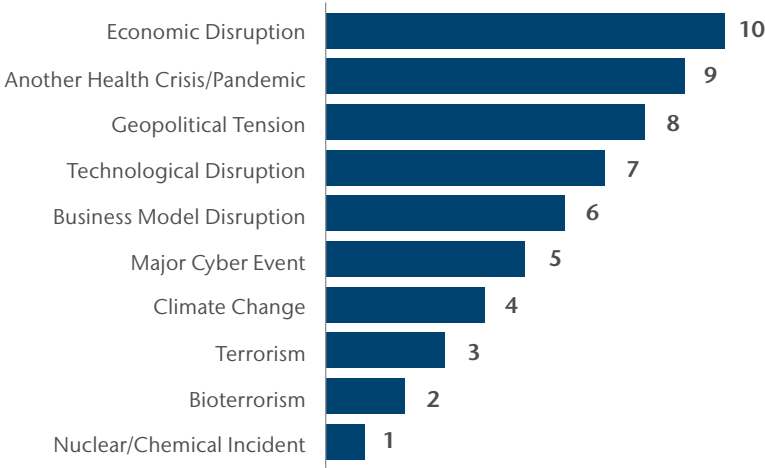
Next to cost management, life sciences firms remain focused on reviewing their supply chains. While most large life sciences firms were sufficiently equipped to keep their labs open during the pandemic, there have been shortages of certain drugs. For pharmaceutical companies that rely on outsourcing, the supply chain challenge will be more pronounced.

As firms across industries look to the future, top-of-mind concerns include economic disruption and another health crisis – both of which the life sciences industry is arguably better poised to mitigate than many other industries.



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**Figure 3 — Companies Across Industries Rank Future Risks (1 is least likely, 10 is most likely)**



Source: Aon COVID-19 Risk Management and Insurance Survey, conducted in Q4 2020 with more than 500 global respondents.

# Building a Resilient Workforce to Reshape the Future

As business leaders focus on protecting their people, they are addressing ways to reshape and optimize their workforce for the future. A key pillar of this work is building resiliency among the workforce — empowering your people to thrive on change. To foster resilience in your people, an employer’s approach to wellbeing needs to be employee-centric, aligned to the needs of its workforce and well-communicated.

“At its core, there are three indicators of workforce resilience: a fundamental sense of security at work, a strong sense of belonging with the employer, and the adaptability and motivation you need to reach your full potential,” says Marinus van Driel, associate partner in Aon’s human capital practice.

A key component of building a resilient workforce is addressing employee wellbeing. In Aon’s [The Rising Resilient](#) report, our health experts explain that despite almost all employers offering something to support their employees’ physical and emotional wellbeing, only 30% of employees are considered resilient. Indeed, during the pandemic, employee wellbeing has received greater focus, with organizations refining their programs. Our health data shows that 42% of employees do not feel secure and 52% do not feel a sense of belonging.

Within the life sciences space, we saw many of our clients creating more flexibility for employees dealing with personal situations, such as caregiver duties and helping their children learn from home. Beyond the pandemic, these organizations can continue providing this assistance through initiatives like the continuation of flexible work schedules, hybrid working models and customized wellbeing initiatives — all while retaining the strong, mission-critical cultures built within these organizations. (If you are interested in getting an indication of how resilient your workforce is, our quick, free [self-assessment tool](#) will give you an instant snapshot.)

To address wellbeing initiatives and more, life sciences firms are creating separate task forces. Sixty-four percent said they have a future-of-work task force that is tackling remote working, flexible work schedules and creating diversity, equity and inclusion among their workforce. An additional 10% are considering establishing one. That’s an increase from just over 50% of the 176 life sciences firms we surveyed in December 2020 that were setting up a task force.



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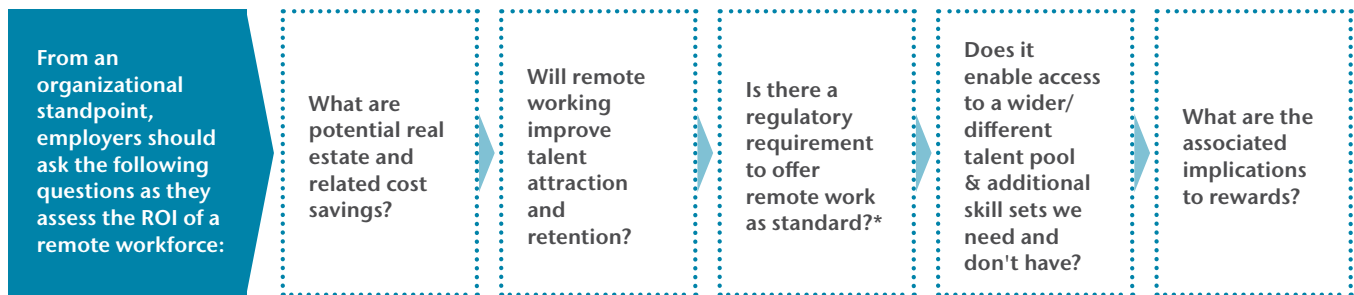
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<sup>4</sup> *Aon Rising Resilient report at [aon.com/risingresilient](https://aon.com/risingresilient)*

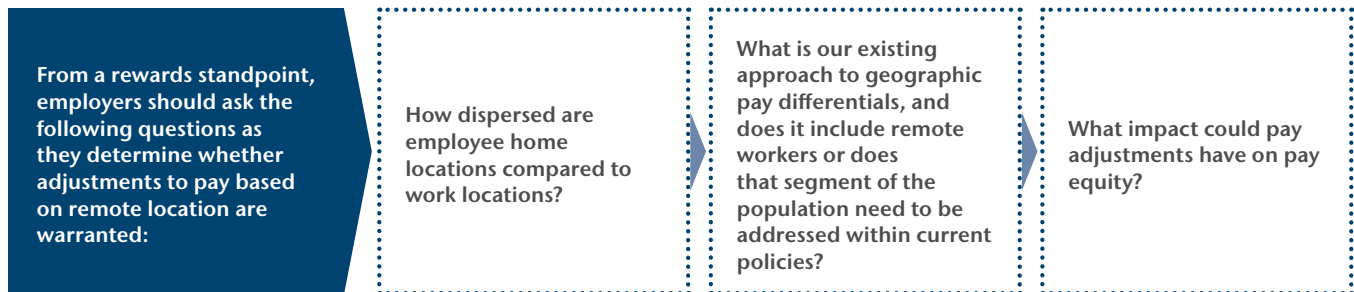
<sup>5</sup> *Aon HR Pulse Survey #7: Preparing for the Future, conducted in April 2021 with 1,451 global respondents, including 210 life sciences firms*

A lot of work on executing future-of-work priorities remains. Compared with other industries such as technology, fewer life sciences companies have determined which job roles and individuals in those roles are suitable for permanent remote working or hybrid working models. While lab-based roles, for example, can't be done remotely, many other job roles can be. A key priority for HR and business leaders in the coming months is determining the job roles that can be done remotely and then, taken a step further, assessing the core competencies of individuals in those roles that are apt for being successful in remote roles. Our decision tree in Figure 4 details the types of questions leaders should ask when making these determinations.

**Figure 4 — Decision-Making for Remote Roles and Related Pay Adjustments**



*\*Some countries (e.g. Ireland, Germany) mandate the offer of remote working and the onus is on the employer to justify refusal.*



# Next Steps

As the life sciences industry positions itself for robust growth in the coming years, leaders will need to work through the inherent risks and opportunities that were exposed by the pandemic — from protecting their assets and supply chain to ensuring their workforce is positioned to work in new ways.

To learn more about the topics discussed in this article, please visit the following resources:

- Download our new white paper: [Defining How and Where People Should Work](#).
- Access our latest Global HR Pulse Survey results [here](#).
- Read our report: [Reprioritizing Risk and Resilience for a Post-COVID-19 Future](#).
- Read our report [The Rising Resilient](#) to learn more about the five pillars of wellbeing.
- Take our [global supply chain diagnostic](#) for a fact-based assessment of your supply chain risk management.

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