Hugo F. Villegas – SVP & President, Canada & Latin America, Medtronic



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Latin America is a crucial region for medtech market leader Medtronic. Home to 20,000 of the company's 95,000+ global workforce, 12 manufacturing plants, and ten commercial organisations, Medtronic LatAm grew by an impressive 24 percent last fiscal year and is becoming an increasingly important global revenue driver. The firm's SVP & President for Canada & Latin America Hugo F. Villegas outlines the ways in which he draws on his 35 years of international management experience today, how the autonomy granted to his region-led markets allows them to meet local patient needs better and more quickly, and why LatAm is pioneering in the rollout of some of Medtronic's most cutting-edge data and artificial intelligence technology.

Can you give our readers a brief run-through of your career and the scope of your current role?

I have been privileged to spend over 35 years working in medical technology, having started out in a sales role at Johnson & Johnson (J&J) in my home country of Colombia. At J&J I took on a range of sales positions in Colombia across various divisions before becoming country manager for Peru, then Venezuela. I then moved to Miami to lead the firm's Latin America (LatAm) cardiology business before taking on roles as Andean cluster head and regional strategic accounts and corporate business lead. My journey with J&J then led me to Europe, first as Spain general manager

before I was also given responsibility for Portugal.

Following this, I made a significant career move to Covidien, J&J's biggest competitor in the surgical arena. I was the company's LatAm president for 18 months before it was acquired by Medtronic and am now honoured to lead the integrated business in the region. Four months ago, I also took on Canada, giving me oversight for the entire Americas, bar the US.

It seems important decisions were taken to advance your career; something that nowadays are often viewed as sacrifices. What are your thoughts on the benefits that such a trajectory can bring, especially nowadays where we generally seem less inclined to mobility?

This can be true. As an example, just this weekend I was reading an article on baby boomers – of which I just about fit the definition – and how they are much more open to making significant personal moves to achieve their career objectives than young people today.

My career moves have always been made with the aims of developing myself as a professional, broadening my experience, and taking on new challenges in different cultures. Family life has also played into my decision making; for example, the moves to the US and Spain dovetailed with my, and my wife's, desire to educate our daughters outside of Colombia. I think a global mindset is important, going beyond that of a mid-sized country like Colombia where possible.

The COVID-19 pandemic forced many leaders to adapt their management style; going at times beyond regular business matters to paying more attention to mental health and doing sports with their teams, to name just two. How did things change for you?

One of the biggest shifts has been learning how to engage, connect, and motivate employees virtually. Truly understanding the person on the other side of the screen requires a new skillset as well as a lot of effort. In general, leaders now need to give greater priority to the personal aspect of our teams. Prior to starting any work-related conversation, I spend between five and ten minutes attempting to truly understand how that colleague is feeling. This is especially important in an age where virtual work has led to increased working hours, fewer vacation days, and more bleed from work life into personal life.

Prioritising the human being in front of you rather than the employee takes determination and willingness, but is immensely rewarding for both parties. Improving the lives of our employees – just like improving the lives of the patients we serve – is a great motivation to get out of bed every morning.

How significant is Medtronic's LatAm footprint? Did it have a strong historical presence or was it built via acquisitions?

Pre-acquisition, Medtronic and Covidien had similarly sized footprints in LatAm, making for a 50-50 integration here, unlike globally where Medtronic was three times the size of Covidien.

Today, we are present in most of the countries of LatAm and have had offices in Brazil and Mexico for more than 50 years. The company continues to expand in this region, opening offices in Peru in 2015 and Costa Rica in 2019, and boasts a significant manufacturing footprint across 12 plants, four in Puerto Rico, four in Mexico, two in Brazil, one in the Dominican Republic, and one in Costa Rica. 20,000 of Medtronic's 95,000 global employees are based in LatAm between manufacturing plants and our commercial organization.

Medtronic CEO Geoff Martha launched a new operating model when he took over back in 2020, around the mantra of "think big, act boldly." How has this shift affected LatAm operations?

As the largest healthcare technology company in the world with an incredibly diversified portfolio, the executive committee took the decision to create those 20 operating units (OUs), predominantly organised by therapeutic area. In markets like the US, Japan, China, and Western Europe, these OUs take the lead. However, in addition to these 'OU-led markets', we also have three 'region-led market' groups comprising my region of the Americas; Eastern Europe, Africa, and Russia; and Korea and emerging Asia.

Most of the region-led markets are developing countries, although each of the three groupings has some developed markets; Canada and Puerto Rico in my case. The idea is that in these three region-led markets, we have autonomy and are empowered to manage our portfolio in a different way. Unlike OU-led markets, we have the entire portfolio available, which creates a great opportunity to choose a strategy for the benefit of the whole Medtronic, select the appropriate products for our markets, be closer to our customers, and ensure that our decision making is done

very close to them. There are general managers in each of our countries, managing all the OUs with people dedicated by OU, but under one Medtronic umbrella.

That has brought a major advantage to us in LatAm. We have a strong technology advantage versus our competitors as well as significant leverage as the largest healthcare technology supplier in the region.

How important is the flexibility this model brings in a continent known for its volatility?

Very. We are able to make decisions quickly based on the knowledge and understanding of our people on the ground rather than having to wait for corporate approval from headquarters in the US, which allows the firm to counteract volatility in the region. Such local knowledge is vital when dealing with issues like currency inflation and devaluation in Argentina, for example. We are able to prioritise correctly and, while LatAm and Canada only accounts for five percent of global revenues, we are the fastest growing country grouping with excellent profitability margins, showing the efficacy of our strategy.

LatAm’s contribution to Medtronic’s global growth in revenues and profits has been recognised by both our current and former CEOs, who take a keen interest in our work here. They understand the significant opportunities around expanding access to our technologies in LatAm, where around one third of people lack access to healthcare or healthcare technology. These opportunities cover both improving patients’ lives and boosting the business itself. We grew by 24 percent last fiscal year, while the company overall grew by single digits, and this year will bring more of the same.

To what do you attribute this seismic 24 percent growth in LatAm over the past year?

A combination of factors. The first is based on expanding access to our technology across the continent.

Additionally, we work to go beyond being a great vendor of technology and innovation to become part of the solution to major challenges in LatAm healthcare. Medtronic has a role to play in cost structure debates, partnering with government stakeholders to – for example – improve health outcomes and numbers of patients treated without spending more, sharing risk more evenly. This approach has contributed significantly to our growth.

We also continually strive to improve our operational excellence and serve our customers better, faster, and more flexibly. Remaining flexible to customer needs can be a challenge in large companies.

Finally, we foreground the importance of employee engagement, with diversity, inclusion, and equity established as key success metrics for every Medtronic leader globally. This has enabled us to create a great and motivated pool of talent, setting and flawlessly executing on a well-thought-out strategy.

Will Medtronic's need for local staff and knowledge become a limitation to adopting greater diversity in the types of leaders you hire?

We do not necessarily need a local person in place in each market, but rather a team that understands the market dynamics and has a good leader. For example, leading Central LatAm where the biggest country is Colombia, we have a Brazilian. The lead for Brazil is now a Brazilian but was previously a Colombian for four years. The important thing is that the general managers of those countries, together with their teams, know better than anyone sitting in the US or elsewhere what needs to be done.

Additionally, people from other countries help develop new perspectives, as do those from outside the medtech sector. For example, our Central LatAm leader previously worked in consumer healthcare and has several years of experience in Western Europe, China, and Asia-Pacific.

While countries in regions like the Middle East and East Asia are engaged in strong competition to adopt the best technology quickly, LatAm seems like somewhat of a laggard in comparison. Do you see this as a fair characterisation and to what extent is data and artificial intelligence playing into Medtronic's regional strategies?

Digitalisation and artificial intelligence (AI) are already realities that will define the winners of the future. Medtronic has launched several initiatives in this regard and our second Healthcare Executive Forum in 2022, bringing together some key healthcare opinion leaders in the region, was focused on digitalisation in healthcare.

The global acquisition of Digital Surgery in 2020, which creates data analytics, AI, and training programs for the operating room, is allowing us to build up a solid database of 'dos' and 'don'ts'

around particular operating procedures and enforce best practices.

Additionally, AI will help expand access through virtually training up more physicians to work with new technologies; one of the main barriers to access in LatAm today is this lack of knowledge. AI will also free up healthcare professionals from administrative tasks – on which they currently spend 70 percent of their time – to focus on the patient-facing aspect of their job. Digital consultations, improved diagnostics, and better and quicker interpretation of medical images are all added benefits of AI and digitalisation.

In LatAm, we just launched our ‘GI Genius’ intelligent endoscopy module, a first-to-market, computer-aided polyp detection system powered by AI. This system detects more than 50 percent of the polyps not detected by endoscope and brings huge value.

Finally, we have our robot assisted surgery system ‘Hugo’ (not named after me!), which is also creating big new opportunities. The first countries where ‘Hugo’ was used were Chile and Panama. Headquarters is aware of LatAm’s capabilities, our physicians’ desire to be part of global clinical studies, and their partnership for local approval of our latest technologies.

What are your expectations strategically and operationally for Medtronic LatAm in 2023?

It is going to be a challenging year with different but not greater complexity than in previous years. There are significant challenges around inflation as well as the supply of products due to the scarcity of certain raw materials. Some LatAm economies will enter a recession, leading to lower expenditure on healthcare from both the public and private sectors.

However, partly thanks to the pandemic, governments and the general public now understand healthcare better and have made healthcare a higher priority, which will help us partially offset the impact of the aforementioned challenges. While growth may be slower than in previous years, we are confident of continuing to grow faster than the overall market and gain market share.

Our strategy for 2023 is a cautious one, continuing to be a financially robust corporation and strong partner to our customers. In tough times, customers look for partners with a strong footprint, a clear purpose and a well-known name such as Medtronic. We are here for the long-haul to bring more, and better health, to patients and continue to deliver for our stockholders.

Do you have a final message to share?

Healthcare sustainability depends on breaking down silos, bringing all stakeholders together with the patient at the centre to deliver mutual benefit. If the patient – who is the reason for our existence – is doing better, then we all win. Today, too many actors are operating in isolation, which is not good for any of us. Risk and accountability sharing will improve patient outcomes, reduce costs, and finally ensure the sustainability of healthcare for the future.

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