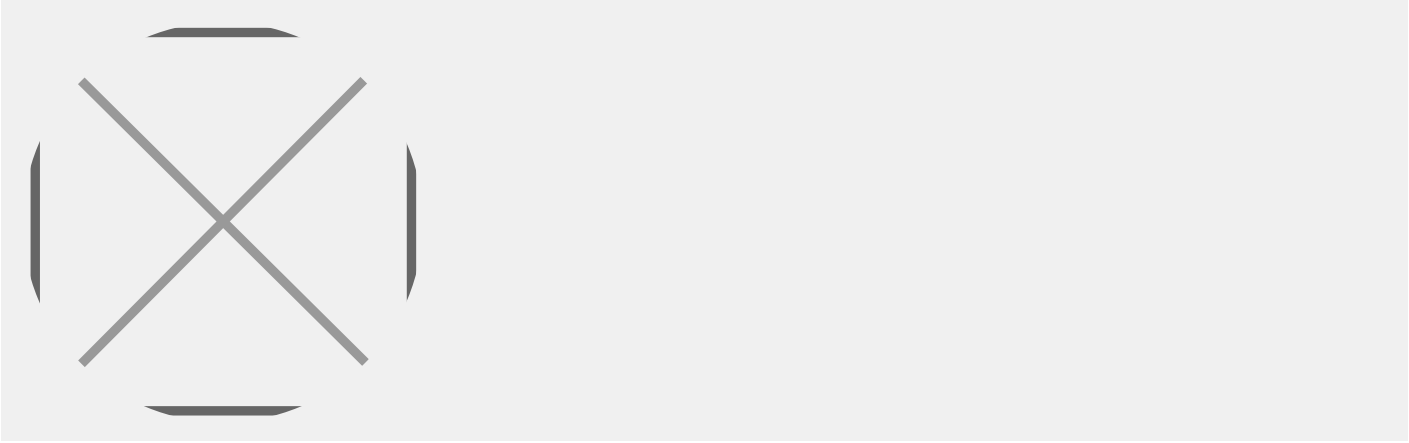
Interview with Patrick Garrahy, Managing Director, Rottapharm Ireland



03.02.2013

Tags: Rottapharm Ireland

Mr. Garrahy, can you please begin by introducing yourself and this production facility to our readers?

I joined Rottapharm in 1998, when the organization decided to establish its Dublin production facility. Prior to that, I was a plant manager for Warner Lambert in Cork.

When I took on this role, the Dublin site was in the midst of construction. It is now a 10,000 square meter facility. The plant was set up to manufacture products for the Rottapharm group—mainly Glucosamine (DONA), which is the company's flagship product. In Ireland, we manufacture the API Crystaline Glucosamine Sulphate and a number of finished products in various formulations. We also take on a small number of outsourcing contracts for other organizations.

How has this site developed over time?

In 1999, the demand for sachets and capsules of DONA was approximately 60 million units each. These figures grew over the last ten years to 200 million units.

We also had a transfer-in of new products in 2009, including two products that were transferred from a site in Barcelona. The new products originated from Rottapharm's acquisition of Madaus, a German company, in 2007. As part of the restructuring that brought the two companies together, a facility was closed in Spain and approximately 75% of its production was transferred to Ireland.

Why chose Ireland for relocating this capacity?

I believe that we had established a good track record at that stage in our deliverables, in terms of cost-competitiveness, project management, and productivity. We were seen as a key site for enhancement as part of the restructuring.

It is interesting to note that 2009 was the height of the global recession—and yet, companies like Rottapharm continued to invest in this country.

That is quite right, and there are a number of reasons why. First of all, the pharmaceutical industry is very strong in Ireland, with a long history and a critical mass of major operations. Secondly, the industry has a superb compliance record with regulatory authorities. Third, we have a plentiful supply of skilled people exiting third-level institutions. And fourth, we have an advantage in our corporate taxation rate.

We also have a good record of meeting targets and objectives. For instance, when this facility was requested to undertake the Spanish project, we were asked to execute within a two years. Within that time we had to virtually double the output of our plant. The process involved a lot of technology transfer and an expansion of the facility with new production and packaging areas. We accomplished everything successfully within the two-year timeframe.

What do you believe keeps people here for so long?

I think we have provided them with opportunities for development. For instance, we set out a strategy in 2010 to become a center of excellence within the Rottapharm-Madaus group. We want to be a leader within the organization in terms of operational excellence, regarded as a key site for future investment.

We have developed a number of targets for the company, to be achieved by 2013. We measure progress each year according to the metrics that we have established. I believe that this has provided a roadmap for people within the company, demonstrating that we have ambition, a strategy, and plans to underpin that strategy. We are continually bringing in new technologies, and we have widespread continuous improvement initiatives. Opportunities are afforded to our people to learn and to develop personally and professionally. Our objective is to establish a culture where continuous improvement is integrated with work.

Rottapharm's owners have been flirting with the idea of selling part of the company. As of July of this year, analysts reported that the deals had stalled. Does the idea of selling remain on the table today? Has the potentiality created an air of uncertainty here at the Irish operation?

The talks finished last July and there are no plans to sell the company.

When our ownership was considering selling, there was a due diligence process, and as part of that process, we were visited here in Dublin by a number of interested parties. I believe this was actually a good learning process for us, as we were being assessed, audited, and benchmarked by experts in our field. The question was, essentially, “How good are we at what we do?” The feedback was quite positive.

What is your main challenge today?

I believe that competitiveness is the number one issue for any manufacturing operation—for us, that means competition with other sites in the wider Rottapharm-Madaus group, and with the third-party production network.

We have to ensure that we position ourselves to avail of opportunities that come up. We have to ensure that we are perceived to be the site that can best capitalize on those opportunities.

Does the organization have current plans for additional investment in Ireland?

There are no immediate plans to do so. We are currently in a consolidation phase. As we have discussed, we had a large increase in output in 2009 and into 2010, and our pace is now leveling off. We are trying, today, to improve our manufacturing excellence processes to put ourselves in the best possible place for future investment.

There are many opportunities to improve. Pharma is coming to the idea of ‘operational excellence’ quite late in the game, if we compare ourselves to industries like automotive, electronics, and etc. These sectors have been implementing lean models and using tools such as Six Sigma, kaizen, SMED etc. long before our own industry.

But we are catching up. At Rottapharm, we have seen great benefits from our progress thus far. However, we see operational excellence as a journey and not a destination.

Many pharmaceutical managers that Focus Reports has interviewed have noted that pharma has been reluctant to take pointers from outside industries. Is that changing?

It is changing, and it is changing because the cost pressures in the market are increasing every year. Governments have less money to spend on medicines, and they are forcing down the price of drugs and encouraging generic competition. They are not reimbursing products that they reimbursed previously. Cost of production is far more important today than it was in the past, as margins are shrinking.

As a result, competition has become more intense. Many companies have also found that they have an excess of capacity. Pharma organizations everywhere are eager to improve their performance, and position themselves to benefit from the changes in the market. This is why operational excellence is so important.

Ireland will never be a low-cost labor market; but it can be a country where companies drive innovative efficiencies—right?

Yes, w can mitigate whatever cost differentiators may exist between Ireland and the low-cost producers by evolving into world-class manufacturing operations. The efficiencies we gain from these efforts allow us to continue to compete.

Does Rottapharm have a process development component in Dublin, or is the site strictly a production pant?

We do indeed have a process development component. In fact, we just recently completed the construction of a process development lab. This lab will enable us to optimize existing processes, and to accelerate the introduction of new products and new processes. We are moving toward a ‘manufacturing plus’ model.

Rottapharm has recently won a number of awards for its improvement programs. Can you tell our readers more about these accolades?

These were pan-European awards organized by the World Trade Group. Every year, they hold a European manufacturing summit, and present awards for excellence in manufacturing operations. Manufacturers from multiple industries were in the running—companies like Volkswagen and L’Oreal were nominated, and in previous years, Toyota and Heineken were winners.

We made submissions in three categories: Outstanding Achievement in Continuous Improvement, Factory of the Future, and Green and Sustainable Energy. We were nominated and shortlisted in all three categories, and we were declared the winner in the continuous improvement category. We also won the overall award, called the Hall of Fame Award which is given to the ?winner of the winners’. This award recognized exceptional leadership in manufacturing operations and best practice. These awards reflect the dedication and commitment of all our employees who have worked very hard to reach the highest standards of operational excellence.

How would you describe your management approach?

I want to get the maximum amount of engagement from our people and to harness the potential within everyone that comes into work. And I want to utilize peoples’ talents and abilities to help us improve performance.

We are very much focused on helping people to understand that continuous improvement is for everybody, and we all have a role to play—and when we play that role, we can learn new skills and improve our competencies.

What is your final message to our readers?

I think that the benefits of operational excellence are not fully realized for the pharma industry. We have been slow to embrace what other industries have done—perhaps understandably so, because cost-containment is quite a new phenomenon for the industry. The sooner we follow our counterparts in other sectors, the stronger we will be.

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