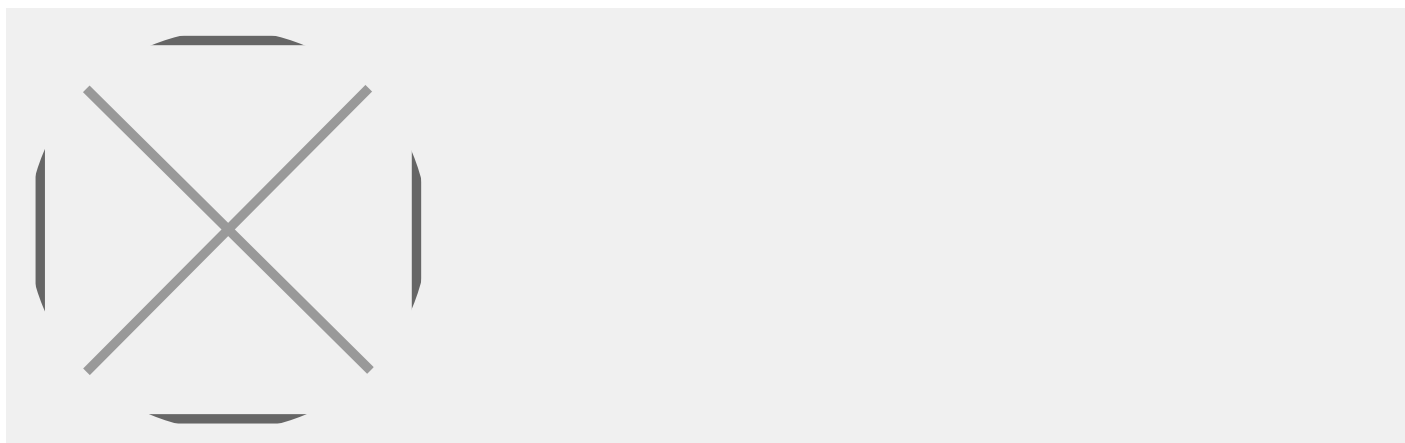


Interview with Robert Kužela, Site Manager, Lonza

Czech Republic



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Mr. Kužela, you have a very interesting background: from 1993 until 2011, you variously worked for the Staropramen beer factory and its parent organization, StarBev. You identify yourself as an experienced professional in managing the supply chain of FMCG products. How did you come to manage a biotechnology business, and what parallels can you draw between your previous experiences and your current position?

There are quite a few similarities and differences between my work for Lonza and my work for Staropramen. The main similarity is that I am able to utilize my roots in chemical education—I graduated from the Institute of Chemical Technology.

The FMCG sector is quite different from the biotechnology industry as it is based on business-to-customer, rather than business-to-business. As the name implies, FMCG is a much faster business as well; the planning horizon is maximum 3 years. Checking sales results is a day-to-day activity, and if you miss an opportunity to be present on a certain market, somebody else will be there. It is an extremely dynamic environment.

What attracts me to the biotechnology area is the high level of customer interaction. In FMCG, customers are not allowed behind a certain barrier. At Staropramen, we were able to superficially demonstrate the beauty of the product and the production process, but never showed customers what went on behind the scenes. Here at Lonza, this is at the core of what we do.

The acquisition of the Czech state-owned Spofa plant in 1992 was Lonza's first acquisition outside of Switzerland. This integration contributed significantly to Lonza becoming a global company.

Naturally, the early years at the Czech affiliate were under strict control of our headquarters. Today, the Kouřim site has taken a similar position as every other Lonza site in our business sector, of which there are two in the United States, one in the United Kingdom, one in Singapore, one in Spain and one in Switzerland. We are an equal part of the group. We changed our strategy—from purely being a branch of the Swiss parent company to an independent affiliate being funded through its own customers.

Since its initial entry in 1992, Lonza has continually invested in the Czech Republic, expanding both its capacity and capabilities in microbial manufacturing to the tune of over 5Bn Czech crowns. What makes the Czech Republic an attractive choice for such a major commitment from a Swiss chemical and life sciences company?

When the communist regime fell, it was a perfect time to invest in private business, and the subsequent economical stability of the country rewarded our commitments and facilitated expansion. Moreover, this country has long been known for its high level of education. People are very well qualified to work in knowledge-intensive industries. The Czech Republic has a very strong balance of favorable labor cost and educational excellence.

Our advantage lies in the fact that we have qualified people and a 20-year track record with customer relations. Furthermore, we are able to offer certain products and services to customers that are quite competitive from a cost standpoint.

Lonza's website notes that the Kouřim site activities range from production, to R&D, to sales & support. Can you give our readers an overview of your efforts in each of these three directions?

We do not have a formal sales department at the Kouřim site, our sales force accompany prospective visitors when they view the site. They are located close to our customers in order to support our entire portfolio—not only for the Kouřim site, but for all Lonza sites. We have one dedicated sales team for the world.

If our sales representatives win a tender, the product will end up in the relevant site. At the end of the day, logistical costs of transport are not something that will drive our business.

We have a manufacturing science and technology department. This group of people takes over the process from the customer. The department gets familiar with the product and subsequently provides so-called “tech transfer of the process,” which means conducting trials and experiments in order to transfer the technology to a bigger scale.

At the site is where we have the highest interaction with our customers. Here we need to understand what the drivers are. Is it speed to market or long term efficiencies? That is the uniqueness of custom manufacturing in this business. We have to be adaptable and understand our customer. Their feedback is key to our work. We frequently ask customers what they do and do not like about us.

What do you think customers like about Lonza?

I believe that our greatest added value is flexibility. It is also our people: every employee at Lonza possesses a high level of empathy and a high level of knowledge.

Our work is very complex. We have a huge portfolio of expertise that we can offer to the customer. Furthermore, we are very malleable in terms of modification of our facility to accommodate specific projects.

With the recent appointment of Richard Ridinger, Lonza's new CEO, the company has decided to re-focus its business on specialty chemicals, reduce its emphasis on deal-making, and deliver on its promises to generate operational improvements. How does the Czech affiliate fit into Lonza's global strategy?

Mr. Ridinger illustrates the bigger picture: generally, our task is to execute. We have to know what the priorities are and we have to be able to deliver what we have promised.

Each project is evaluated by its viability, profitability and added value to the company. There is a unique approach towards each of the different stages in a project. We are required to produce different qualities and quantities. As I have mentioned, that is the enormous value that we can bring to our customer: flexibility.

The basic task is to produce what initially is intended by contract. Our core competency, however, is to see opportunities for improvement. This is something we actively communicate from an early stage to our customers.

What changes do you want to make at this site over the next five years?

Our most significant goal is to move toward the manufacture of products with a higher added value—sophisticated products with a high quality range. Oral pharmaceuticals are an example of such products, and this is where we are targeting our efforts. In 4 or 5 years, more of our products need to be in this highly sophisticated range.

What do you see as your greatest challenge?

To constantly listen to our customers. We need to efficiently use our skilled people, and bring customers the solutions they need.

Speaking more broadly, we also have a challenge of perception. We proudly invite our customers to see our facility and our results and achievements. Once they have a scientific discussion with us about our processes, their confidence will be strengthened.

Do you believe that the perception of the biotechnological capabilities of the Czech Republic in general will change in the next few years?

With my short experience, that is difficult to forecast. What I do see is that we need to provide feedback to the academic world—the universities. The biotechnology sector requires high interaction and dialogue. We should express what type of graduates we need and what type of people we want to hire.

Lonza cites its brand themes as three-fold: “We make it happen. We are closer than you think. We care about the next generation.” What is your understanding of these ideals and how do you incorporate them into your management approach?

With regard to our theme “closer than you think”: When I first started at Lonza, I was surprised to learn how close our products come in contact with people every day.

We definitely care about the next generation. This is seen in our products and our operations. It is not about day-to-day surviving.

The last theme is the reason we are still here. We have to demonstrate to our customer that we make it happen. Our approaches are tailor made. Thus, we continuously need to adapt new sets of skills in our day-to-day operations.

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