Interview with Guldem Berkman, President, AIFD – Association of Research-Based Pharmaceutical Companies

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Pharmaceutical Executive and Focus Reports are of course about the industry but also about the people making it happen. So before anything would you like to introduce yourself to our readers and expose the career path that has led you to take the helm of Turkey’s leader in the pharmaceutical market?

First of all, I am a chemical engineer. I have started my professional life in 1991, and for the first ten years of my career, I have worked in the Fast Moving Consumer Goods (FMCG) industry, which is a bit different from pharma and in this sense offered me a diverse background.

From 2001 onwards, I have been working for Novartis. I have had many different positions within the group, mainly in the commercial teams, in Marketing and Sales. In 2007, I was appointed at the head of the Hungarian affiliate of Novartis as the General Manager, position that I have occupied only for a year. Lastly, from the end of 2007 until today, I have been leading Novartis’s Turkey operations.

Furthermore, in the last elections of AIFD, the Association of Research Based Pharmaceutical Companies in Turkey, I became the chairman, which I will be for the next two years. I also have other responsibilities in different important associations such as YASED, the International Investors Association, and TUSIAD, the Turkish Industrialists and Businessmen Association.

What will be your priorities as chairman of AIFD and how do you see the role of such associations evolve in the future now that MNCs have broadly integrated generics in their strategy?

Today, there is no longer a clear distinction between research based and genericized pharmaceuticals. Therefore research based pharmaceutical companies and generics companies find common challenges and now work closer to each other; this is what I have witnessed in Turkey at least. Nevertheless, we will keep the importance for the country to recognize research as a priority at AIFD.
Over the years the efforts required for market access and public affairs have significantly increased. I have worked for the pharmaceutical sector for the last ten years, and every year the need to interact with the government has increased. Therefore I believe that the role of the association has changed in that sense.
In my view, the association should be run in a more professional and well-organized way. For a successful association, very clear objectives and very clear success criteria should be defined, and execution plans should be built according to these objectives and to the business environment. Until today, associations were comparable to lobbying agencies, where members were engaging in many discussions and reflexions. Now, I believe members really should take the leaderships for the process for these discussions to deliver results.

You are a fervent supporter of investment in Turkey. Nevertheless the Turkish pharma market does not seem to deliver its promises especially hit by tough governmental measures over the past few years. In your eyes is there a risk that Turkey loses its attraction shine as an industrial investment destination if the government continues tightening its grip on the industry?

In Turkey, there are already very limited investments in the pharmaceutical sector. By investment, I mean financing full research and development (R&D) activities. R&D investments made by international pharmaceutical companies are approximately USD 40m per year in Turkey versus USD 120b invested globally every year. Moreover, the trade balance of the pharmaceutical sector in Turkey is critical: whereas exports represent USD 0.5b in 2011, imports exceeded USD 5b.
It is clear that Turkey is not getting the level of investment that the country deserves.
There are a few fundamental issues that explain this. In order to attract more investment, you first need to be more competitive in other parts of the world, and you need to create a more secure environment. As AIFD, we are planning to work as a partner with our government and align on the government’s vision for 2023, 100th anniversary of the Turkish republic. We believe that the pharmaceutical industry can be a very important contributor to this vision.

Why is Turkey still an attractive investment destination?

Looking at the ageing population, the economic growth, the political stability, Turkey has all aspects of an emerging market. For sure, when compared to more mature markets, Turkey is an interesting area to invest in.

Can you give our readers an overview of the importance that Turkey has in terms of Novartis industrial and exporting strategy, as Novartis has become the country's largest exporter of pharmaceutical products, exporting to over 70 countries around the world?

We have currently 4 production facilities in Turkey, including 3 facilities for finished products and 1 for active substances. Last year, exports generated around USD 125m, which is one fourth of the country's total pharmaceutical export revenue.
Novartis has been present and active in Turkey for the last 60 years. The company is looking forward to investing more, a strategy that I personally hold as a mission. Unfortunately, the price fluctuations between 2010 and 2012 have put a limit to my efforts. I am looking forward for the situation to improve in the following years.

In 2005, Turkey was among the top ten operations within the group. How have your position been affected by the recent context and what are your sales projections for 2012?

Novartis Turkey is definitely no longer in the top ten affiliates for the group. More importantly, we are negatively impacting the group's overall profitability. As for the sales projections, we are not contemplating to increase the revenue very much.

Looking at fastest growing therapeutic areas, Turkey seems to present some aspects of emerging markets and some aspects of more mature markets, as specialty care is the area with the most potential, especially CV, Diabetes and Oncology, and primary care is still a growing area. How tailored is Novartis's product portfolio to the medical needs of the Turkish population?

When you compare Turkey with the European markets, primary care therapies are dominating the market much more significantly. Nevertheless, in the next five years, I am convinced we will witness a shift toward more specialty categories, because the needs of the population are changing.

Novartis has a highly diversified portfolio, allowing us to be dominant both in primary care and in specialty care. Novartis has therefore a unique positioning and footprint in the Turkish market. We aim at maintaining our success in both categories in the future thanks to our portfolio.

In a market with increasing complexity how important it is to be creative and offer different solutions at a management level and how useful is your experience in a non pharma company

(Danone) to try and think differently?

The largest difference that I see between the pharmaceutical sector and the FMCG sector is that that the pharmaceutical sector is much more regulated and controlled by the government. The system is based on a few fundamentals, whereby the government defines the prices, limits the promotions, and controls the consumption. In the future, this system should be based more on the outcomes of their decisions – not only the prices, but also what will be the usage of each product, and the importance of each product. Having said that, I believe that the government should definitely continue to intervene in the pharmaceutical sector.
Otherwise, the commercial rules are the same across all sectors: you need to define your target group, the market needs, create the best products that will respond to those needs, and then explain to all stakeholders why you have the solution for their problem. I am using the same kind of commercial instincts and reflexes in FMCG and in pharma. Only my target group is different.

What in your mind are the most strategic and important decisions that you will have to take in order to keep the leadership in the market?

The most important priorities for me are to develop change management capabilities. Until the end of 2009, the Turkish pharmaceutical market was an emerging and very attractive market. From 2010 onwards, it became a mature market, and this sudden change has required a lot of changes both internally and externally. We need to create very clear ways to manage these changes.

In addition to leading the largest pharmaceutical company in Turkey, you are currently both the president of the AIFD and executive board member at YASED, and an active TUSIAD member. This surely comes at a very important cost when it comes to workload and agenda commitments. What advice do you give to younger professionals on how to manage a heavy and multitasking agenda?

First of all, you should have a big will to win. I feel the need to take the lead in order to explain our sincere case to the government, because the situation is critical. I accepted all these responsibilities because I thought this would put me in the best position possible to address the industry’s concerns to the government. For that, you also need to believe in what you are doing .
In the execution, you need to be very organized. This could sound classical, but I am even organizing my private life like a business case. Always, you need to plan your priorities and timeframes, and etc. Otherwise, with such a heavy agenda, you can get lost very easily.

You seem very relaxed. What keeps you up at night or look at your work emails on the week end?

My area of concern at the moment is the innovative portfolio. Even for our patented innovative portfolio, Turkey became a very problematic reference country all around the world, because our current prices are almost 50% below the Greek prices. For some of our products already in the market, I have had a lot of difficulties to keep them in. Also I have had huge difficulties to bring new products to the Turkish patients. These are my biggest disappointments.

Years after years you have now been named one of Turkey’s most influential business women, you are leading the country’s leading company, and you are the president of the country’s most important association… What in your view is the meaning of success and what is your next goal?

The definition of success is indeed multiple. My personal definition of success is one’s ability to make a difference. This applies both in my private life and professional life. For me, being successful is creating value in whatever you are doing.

I think it is important that anyone finds its own definition of success in life and then go after it!
What is your final message?

Novartis is working on very important innovative solutions for the patient needs, especially on developing personalized medicine.
From one perspective, it seems that the pharmaceutical development came to a point where it is difficult to put incremental developments on top of it. But I don’t think it is the case. After the genetic era, we will have much different and innovative solutions, so I am looking forward to bring these new medicines to the Turkish patients, as the head of Novartis and the President of AIFD.

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