

# Interview with Stephen Merrick, President, Bristol-Myers Squibb Brazil

---

28.07.2012

Tags: [Bristol-Myers Squibb Brazil](#)

---

**Two days ago, the Ministry of Health released an article stating that chronic diseases now account for 70% of all deaths in Brazil, and welcoming suggestions for the national plan against chronic diseases for when the UN next addresses the General Assembly in September. What would be your suggestions?**

If I could answer that, I probably wouldn't be sitting here, would I? That's a very big, multifaceted question. You have to start with basic education. Chronic diseases are caused because people are not managing their lives very well. That's the best place to start. You've got to make sure the healthcare system as a whole can provide support. Is there a right way to diagnose people and provide treatment? Treatment is often more around lifestyle than any other intervention. In a country like Brazil, it's possible to have a huge impact through an educative process. There's a lot that has to be done there. Health policy is extremely important.

Eventually, you get to a point where no matter how well you manage your lifestyle; you're going to have a problem, whether it's diabetes, blood pressure, or whatever. Brazil can't do everything, unfortunately. There's not enough wealth in the country, yet, to tackle everything, so to say that there should be every drug provided to everybody all the time, and for everybody to have access to the best hospitals at all times, is unrealistic. I think Brazil has done quite a good job targeting specific areas where they can get the best return, and they need to continue to do that. There does need to be an increasing level of investment and as the country gets wealthier there needs to be an increasing level of investment very carefully targeted in the areas where it can have the most impact. For instance, Brazil manages CML (Chronic Myeloid Leukemia), kidney transplants, and

HIV very well. It's starting, with a huge amount of money invested, to manage rheumatoid arthritis better. Diabetes is probably one of the next areas, and there are other places as well to begin attacking. There is no simple answer, I'm afraid.

**Do you think this is in the systemic nature of the way economies “catch-up,” that metrics like childhood obesity – which has more than doubled in Brazil over the past decade – must follow suit?**

It's a matter of education, because the Brazilian diet is a bit of a problem from a health perspective, having a lot of sugar and salt.

**Is that any different than the US or UK?**

It does vary country by country, and with some emerging markets there is a much bigger issue. Even though the UK, Germany, and the US have some of the biggest obesity problems, the Asian countries and maybe Brazil could catch up very quickly and become worse. It's the nature of catching up – but some markets have the potential to overachieve.

**You've mentioned the “double hump” of the approval process. Can you elaborate on this?**

A company with a product that meets a clear unmet medical can seek a priority review. If you present a really compelling, well-structured dossier that meets all of ANVISA's requirements, you can get a pretty quick approval. ANVISA, generally, is a relatively rational organization. There's a degree of politics that does get in the way of some things, and they're trying to make their sphere of control bigger, and our industry lobby has a very clear opinion on those issues. But if you look at the core of ANVISA's job, which is to approve and review medicines and check manufacturing sites, it's a body that you can work with, I wouldn't say easily, but rationally, at least. This is certainly the feeling at BMS. It could be that we approach them in a rational way and they respond in kind.

**What is the importance of Brazil in the overall BMS portfolio?**

Everyone has projected how big Brazil will be, overtaking most European countries, etc. Looking at the top countries, it will be the US, China, and Japan, and then whether after is Brazil, Germany, or South Korea is unsure, but Brazil will be up there clearly in the top 10. People in the past looked at Australia, Canada, Japan, and Europe as being very important, and did things especially for those markets. Now they realize that maybe Australia and Canada are not so important anymore, and it makes more sense to make things work for China and Brazil, and maybe Russia and India in the future. It is a paradigm shift. BMS, for each of its products, has decided which markets will be priority markets. Priority markets work very early in the development program to shape the product itself, the clinical trials, and various other related facets, and for many products Brazil is a priority market, whereas Canada, the UK, and Germany may not be.

Comparing investments and organizational structures to Europe, particularly in places like Greece

where organizations have been flat or even declined in size, there is a contrast to Brazil. Since I've been here we've been recruiting to expand the organization and increase investments. Brazil has been identified as a priority market in several important areas.

One of those is research. We saw investment from BMS across 500 research centres in Brazil. Most are not so optimistic about allocating research spend here.

I agree that there are many issues surrounding clinical trials in Brazil, for historic reasons. You have to choose very carefully which clinical trials to do here. The issue is basically around getting approval to do the trials through the ethics committee structure which takes about a year, plus or minus. Most other countries take from one to three months. You only really choose Brazil as a study centre if the study has a long recruiting timeline, so by the time you've got it approved in Brazil the study is most likely still recruiting. Studies in Brazil therefore tend to be later stage and bigger. But there's a lot of work being done by the medical associations and industry to find a way to speed up approval. That's the fundamental issue: the quality of the science and clinical trials is very good. The FDA came to inspect two centres a year ago, and they received perfect inspections. That's unusual with the FDA. Once you get over the hurdle of having the trial approved, the studies are very good, as is the diversity and size of the population.

In the diabetes area, BMS has recruited for a wide variety of studies. For many therapeutical areas we've had an extensive number of studies and as well, in general we want to include Brazil in all our clinical trial programs. The question is not whether or not, it's which study.

**Before you arrived in Brazil, you were the VP of Geographic Optimization and Distributor Markets. You have previously worked in Turkey, Israel, Philippines, Sweden, and the US. Did you optimize your own geography to take on the position here in Brazil?**

Partly, yes! I have an interesting anecdote about that past position, because it was an interesting exercise. BMS launched a major strategic review of the entire business in several workstreams. I was asked to examine the geographies we operated in because we knew the portfolio was going to change dramatically, and the cost of doing business was doing business was going up. We asked which countries we wanted to operate in, and, where we do, what's the best model? There was an exercise that began by looking at the future size of markets in 2015 and 2020, and ended by asking, How much do you really need to sell to generate a return to the parent company? We figured out a number X that you really needed to generate to cover costs, taxes, etc. Along with other rules such as depth of portfolio, i.e. there was no sense in having an affiliate with a single huge product that, as soon as it goes off-patent, causes the business goes bankrupt. BMS identified 182 sovereign states in the world, and that it only made business sense to operate in about one third of them. Of those, in the majority it made sense to have a BMS business, and the others it made more sense to have a distributor with less exposure, in countries like Israel and New Zealand.

I led the process of exiting a lot of markets such as Paraguay, Bolivia, and Central America that BMS had no business being in. But what about a patient who needs a BMS product? BMS set up an arrangement with a specialty UK company called IDIS who exist to supply unregistered products to patients who need them through a named patient mechanism. So if I'm a doctor in Panama and I need to get a BMS product I can basically obtain it through IDIS So patients, anywhere in the world, can still get BMS products, even while BMS does not actively commercialize them in those countries.

**At a tactical level here in Brazil, what's at the top of your priority list?**

It's all around building a team, because you can't do anything by yourself. You need a team around you with diverse experience and great abilities, and to build that team.

**And how do you do that? What's your management style?**

You'd probably have to ask them. It could probably be better – it could always be better, can't it? I think you have to try to set a vision so people can know what you're trying to achieve, and then empower people to follow that vision within the rules of the business that we have. If you set a really clear vision so that the organization knows what it has to do, it's very clear to them.

**You began your career in the Royal Navy. Are there any lessons learned from a presumably more authoritarian power structure?**

That's one of the big fallacies that exists, that in the military you just tell people what to do and they do it. Sure, if you're being shot at, maybe this is the case – but 99% of the time you're not being shot at. You have to manage people and give them a picture of why people are doing what they're doing, and how it's important, as you would for any other human being. There's a big fallacy that in the military people just go around shouting at each other, and it doesn't quite work that way. One of the most anticlimactic experiences of my life was moving from the military environment to the business environment, because to be honest they weren't that different. They both manage complex organizations to achieve complex objectives.

**Is the complexity any different in a market like Brazil?**

It's interesting. Some of my jobs have been regional jobs, for instance I lived in France, where I headed European strategy. I have been based in the US and responsible for operations in Asia-Pacific, so I've seen lots of different countries as well as lived in them, and there are far more similarities than differences. I'd say that most countries are 85-90% similar, but the big thing is spotting the 10-15% that really is different, accepting that it's different, and managing it as such. But the other similar part, if you try to manage it differently, you find that there's no need to and you'll drive yourself crazy or you'll be told information that's wrong. A balance sheet is a balance sheet, a profit and loss statement is a profit and loss statement, and a marketing plan is a

marketing plan. In Brazil, one of the things that is different is the reimbursement system. How do you get paid for your medicines? The answer to this question varies hugely between countries and is something you really have to understand.

Then there are always cultural issues. In Sweden, people do approach things differently than in Brazil. There are subtle underlying differences, and the way to put topics on agenda and reach resolution does have a different dynamic here than in other countries.

Last year an article was published with some ambitious growth targets, some R\$750 million in sales—

Careful! We must be clear. The vision at BMS Brazil is, by 2015, to increase the sales of our key products more than fivefold compared to 2009.

**OK, so if we were to come back in 2015, what picture would you want us to see?**

For a start, you won't see us in this building. We've found a nice new office dedicated to BMS which is much more high-tech. If we achieve that rather cold financial objective, we'll have done it because we are a team working very effectively cross-functionally with very good people. You'd get a sense, if you just came into the organization, of radiating with confident people who know how to be successful, win, and celebrate success – a real positive environment, a buzz.

**What is your final message to Pharmaceutical Executive readers?**

The pharmaceutical market in Brazil will grow. Some years slower, some faster, and some segments faster or slower. Companies that can influence the government's healthcare investment priorities will perform better than those who can't. The market will grow and be dynamic but it won't be easy. Anyone who thinks they can launch all their products in Brazil, spend a lot of money, and then life will be good – this won't work. It's more nuanced than that.

The second part of the message is about BMS. Sales is getting to be an outmoded measure, and though we do have targets for our key products, we deliberately haven't said we want to be number 1 or 20 because with all the joint-ventures going on these days, and all the products sold through different channels, sales numbers become less and less meaningful. When we look at IMS sales data we have to look at which segment the product is in and guess at the discount level, because the list price is very different than the net sales prices. BMS will be the most innovative and dynamic pharmaceutical company in Brazil. It doesn't necessarily mean the biggest, but we'll be seen as the company who, given our portfolio, has most successfully navigated this complicated world and made the best of it.

[See more interviews](#)