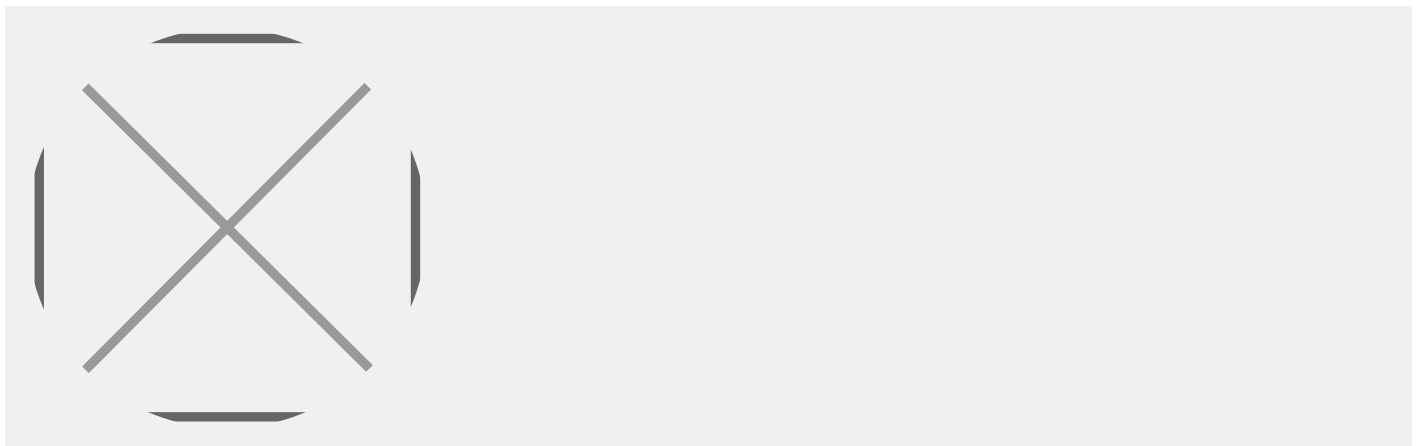


Interview with Martin Nelzow, CEO, Boehringer

Ingelheim Brazil



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You came to Boehringer Ingelheim in 2009 – what are some of the most exciting milestones and achievements you have presided over during this time?

Looking back on almost three years, my assignment was to open this company and to integrate it more with Brazil. We have a quite enlightened office where we put people together, hire top talent from the market to enter into new areas like oncology and diabetes, and the hospital and governmental businesses. Actually I am also from outside and the first Brazilian as general manager.

Boehringer Ingelheim is one of the few companies who have retained an OTC business. Many companies have decided to focus on either OTC or prescription. What we believe here in Brazil is that there's no clear separation between prescription and CHC. There's an overlap here. What Boehringer Ingelheim has done is on one hand invest more in the CHC business, create a trade and point of sales area. We visit 12,000 pharmacies – this is something new. On the other hand we have been visiting medical doctors with more focus on 25.000 MD rather than 50.000 before. As the result of this in 2011, Boehringer Ingelheim is the multinational with the best performance.

What do you mean by performance? AstraZeneca and Nycomed are number one and two in terms of growth.

Exactly – in 2010. In that year, we grew around 6%. Now in 2011 we grew 14%. We changed the way we work and the focus on the Brazilian part of Boehringer Ingelheim. We have very Brazilian brands, like Buscopan and Anador doing well, besides Micardis (our antihypertensive drug) is the

number 1 brand in growth this year.

Many private companies lament ANVISA's slow performance. Mr. Barbano prefers to regard performance as a two-pronged issue: efficiency and rigour, and he will compromise the former for the latter, but never the other way around. What kind of commitments do you see on the government side for encouraging innovation?

I cannot blame the government at all for delaying registration. The opposite is true, in fact. Boehringer Ingelheim has received all its registrations before schedule. It's time to forget certain past prejudices. Of course, one can always choose to submit the dossier, wait, and blame – but Boehringer Ingelheim prefers to be more creative. We have had two very interesting situations of submitting a truly innovative drug, where Brazil would be the second or third market in the world with this particular compound. We approached ANVISA and suggested, Why not organize a panel? Call all the people you believe should have questions or issues, and we will also ask the people from the medical societies, our researchers and technicians. We put all these people in one room for a one day discussion and it was done. In terms of innovation I cannot say that ANVISA is delaying, and our relation with them has been absolutely reasonable.

In terms of innovation from the private side, Mr. Visconde has noted that for the long-term success of a pharmaceutical industry in any country, there needs to be strength in either the chemistry side or on the innovation side. He said that Brazil, sadly, is weak in both, despite its good internal market. What kind of innovation is Boehringer Ingelheim doing here in Brazil?

What we are doing is launching tremendous brands and compounds coming from our research in Germany. We have really new compounds arriving on the market, and what Mr. Visconde said is true for Brazilian companies, who are unlikely to develop, as he says. Boehringer Ingelheim invests 2.5 billion Euros every year in R&D, which is more than the sales of the biggest Brazilian company, so of course from this commitment comes a nice portfolio and pipeline which we're submitting as fast as possible. Boehringer Ingelheim has been very encouraged and committed with Brazil to launch new innovations, rather than adopt a wait-and-see approach and launch in different countries first.

One area of added value is clearly the \$75 million in recent investments in the Itapecerica da Serra plant. What's the strategic motivation for these allocations?

This plant is the plant for Brazil, of course, and also for other countries in Latin America. We also export for Europe. It's quite a competent plant, with a lot of responsibility for exporting to other countries, alongside some contract manufacturing. With great brands like Anador and Buscopan growing at 30%, a great plant is essential.

You participated in a recent panel on “Generation Y” and had some interesting thoughts on problem solving: “When a certain tribe in Asia must face a big problem, not the boss who decides alone what will be the solution. They bring together people from different specialties and age groups to form a group that will make decisions and take action. This has worked for hundreds of years. Why not repeat this model in the company? ‘ Can you speak to your management style?

In this office I sit together with my directors, 10 metres from a trainee or a junior manager. We see each other, we talk with each other. On the other part of the building is a library, coffee machines with tables and chairs, and massage area. I really believe that if people are in their best shape – and I mean that across all dimensions – we will really get high-performance. In a company like Boehringer Ingelheim, launching the products we’re launching, investing the money we’re investing, we need good people with good backgrounds working in a way where ideas can flow. This company has 1,000 employees. If we wait for the normal processes to get to know information – you can forget it. What we created is an office that works like a network. You get a coffee or wait for your massage, and you have a spontaneous conversation with someone from finance, for example. I really believe a lot in this network idea. Second, we try to hire people with very strong academic and professional track records.

Speaking to Generation Y: they are not working in departments anymore. They are working on projects, on challenges. They may say, “I want to be part of the launch of Pradaxa that will change the lives of patients and reduce the main cause of death in Brazil.” That’s the story with one of our launches – which is great! For Anador, which is an analgesic: “We want to have it in every home in Brazil. Let’s do it!” This moves people much more than saying, “today you’re a Junior Manager, and in two years, we’ll create a career plan, and then you will stay two years in Germany...”. I really believe in the realization of the people and from what I have seen, people produce much more than I can imagine. Give them confidence, trust, and freedom, and that’s how we really can create new approaches and change. Take the example of Buscopan. The product, an anti-spasmodic, had a 60% market share. We were by far the leader. Some other company might have chosen to forget about increasing market share. But now we have 75%. And the market is growing 20% per year.

What does innovation mean to you? Where do you want to bring Boehringer Ingelheim?

First, we want to double the company in 5 years. I don’t think Boehringer will enter where it’s not competitive, such as in generics. We have quite innovative brands and we’ll be quite successful with them.

Second is OTC. We are gaining market share already, and this year we are already among the top OTC companies even compared with the nationals. During my discussions with my team, we talk about how to fly even more of our CHC brands, how to introduce all-new products. Boehringer Ingelheim has a plenty of diabetes products to enter in the market. We have probably the biggest

product in Brazil that will be Pradaxa, and other products in oncology, coming.

On a personal note, what is your main motivation after spending more than 20 years in the chemical and pharmaceutical industry? Other than those 330 messages on your Blackberry, of course.

This morning, we launched our diabetes franchise. We hired 200 reps exclusively for the launch of the first brand. To enter the diabetes market is something fantastic. Diabetes is not anymore a disease – it's an epidemic. If at Boehringer Ingelheim I can participate on a project like this, it motivates me. If we are going to launch Pradaxa product to reduce stroke, the main cause of death in Brazil, I think it's something great. So too is working with innovative, interesting, and dynamic people in a nice environment.

What is your final message to Pharmaceutical Executive readers?

The final message is to compare the market of 10 years ago to the market today. 10 years ago, there were two national companies at the top. Now, the top positions are dominated by national companies. If we are not ready to take the opportunities, we must be prepared to lose this market and be niche players. And it would be a pity because it's a big market. Brazil is developing very fast, and time runs very fast here. This is the message for international executives.

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