

Interview with Didier Dargent, General Manager, Servier China



15.07.2012

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In 2012 Servier China became the 3rd largest affiliate within the Servier group. How has the company progressed since then?

Servier-China is a linchpin for Servier. Servier-China has become the biggest subsidiary in terms of personnel, with over 1200 people, and today we are number one in the Company in terms of uplift.

What could you tell us about the growth in the Chinese pharmaceutical market?

Last year was a year of transition. We saw price cuts of approximately 10% for cardiovascular and diabetes products, and this of course has affected our revenues. But we are now back on track, with a growth of around 27%. We clearly expect things to pick up even more this year. For this, we are taking Servier-China to its next level, and are looking to double our staff to reach 2000 people over the next few years. This requires new structures, rethinking our organization, and continuing to fine-tune our management processes. Of course, first and foremost, we are developing new products. Servier is launching Valdoxan (agomelatine), an antidepressant that is a total innovation—in fact, the only innovation in depression in the last 15 years! As you know, depression is a very crowded market in China, with 23 generics vying for market shares. So before even having obtained reimbursement, we are up against stiff competition! But we are confident that Valdoxan will be a success.

You've mentioned that China's 31 provinces are very different, to the extent that you even need different approaches from province to province and city to city. Has Servier's strategy

been successful in bridging the rural-urban gap?

I think this depends on each company's growth phase. Big MNCs like AstraZeneca and Pfizer started approaching the large hospitals, but are now going to the smaller community hospitals that are opening in many provinces. But For MNCs, the true market is not the rural market. The fact remains that only 25% of the rural market goes to MNCs, while 75% goes to local companies, which is the opposite situation of many markets. Today, Servier-China covers 100 cities and plans to expand to 130 cities in the near future, but I'm not sure we will run after every rural area.

We have been seeing hefty increases in salary costs as well as operating and tax expenses. This is compounded by price cuts. All this makes it quite a challenge to retain talent while ensuring profitability.

Ultimately, we must make choices. China is all about prioritizing, and you must learn to make choices about where to go, and in some cases be able to take the decision to stop. In some provinces, the pressure is just too high. A case in point is Anhui province, where many MNCs have given up.

Pricing strategy is essential, no matter what the products in your portfolio are. More and more people have access to medicines, but realistically, the market for MNCs is 500 million people, ie, the equivalent of the population of the European Union. Today, in rural areas, very few people can afford Western medicines, even if this will change in the future.

You can't escape the fact that Beijing, Shanghai, and Guangzhou make up 63% of the total market. Every business model has its constraints in terms of pricing and strategy. We fully understand that people must be able to afford treatment, but at the same time, a company must make a profit in order to survive. Also, our brands should be protected by the State: only so can we actively continue to contribute to the training of doctors, to patient education, as well as to the advancement of science.

China is one of many developing countries that is starting to suffer from "rich-country diseases." How effectively is the necessary shift in the level of competence of doctors taking place in your view?

In the big hospitals and universities in the major cities, Chinese doctors are well-trained. Many have studied abroad for several years, and China can boast an increasing number of centers of excellence with absolutely top-level doctors. Servier has for over 30 years actively developed clinical and research partnerships. We have a long tradition of organizing exchanges between French and Chinese doctors, to discuss their experience and new techniques.

On the research side, Servier has recently renewed its partnership with SIMM in Shanghai, among many others. What can you tell us about your commitment to R&D in China?

In China, Servier has developed many strong partnerships with the medical and scientific community—the current number is upwards of 100! We believe that there is a large pool of high-quality people to tap into locally. We already have a partnership in place with programs for high-potential Chinese doctors and researchers in France. If current trends toward ever higher human development continue, China will soon have more engineers and researchers than the rest of the world, all countries combined.

When we visited Servier in Australia, there was a lot of excitement about new product launches, such as Protos, Coralan, and Valdoxan—especially as Coversyl makes up 80% to 85% of the current portfolio! What is Servier’s portfolio breakdown in China, and could you tell us what your next launches will be?

Servier-China’s portfolio is 90% concentrated on three major products: Vasorel, Diamicron, and Acertil. We’ve been waiting for the reimbursement of Valdoxan, Coralan, and Coveram, but this is unlikely to happen before 2014. In the meantime, we will need to get on national and provincial reimbursement lists and win hospital tenders. The delay between marketing authorization and actual availability for the patient can be anything between 1 and 5 years. In spite of this, we still have a lot of potential for success. Today we are launching Biprel, a combination of perindopril and indapamide, and Diamicron and Acertil (perindopril) are growing at 30% annually. Acertil is going very strongly, and today we are number one in growth in the RAS market, compared with Diovan (valsartan) and other competitors. We have also improved hospital and doctor targeting and worked a lot on the scientific quality of our message, thereby ensuring that we fully answer the needs of the doctors and their patients

You mentioned that in China, running a company sometimes requires the “velvet glove” approach, sometimes the “iron fist” approach. What is your management style?

I’m lucky because I gained a lot of experience when I was with MSD, AstraZeneca, and Lundbeck, in psychiatry. I worked with psychiatrists for 5 years—and these people are intimately familiar with human behavior. It was a fantastic experience and I learned a lot about managing people. For example, that you can ask people to do something by saying, “I want you to do it,” and if you are lucky and apply enough pressure, it may happen. Or you can help people and give meaning to what they are doing so that they want to do it and understand where they have to go. In China, the most important thing is to give a clear vision of where you want people to go. You’ve got to explain to them the objectives and the different steps of what they need to do to succeed.

Of course we must adapt to the local way of thinking. Often, people who fail in China do so because they come with Western preconceptions, and they want to force the Chinese into something that is alien to them. At Servier we have a motto, “Growing people to grow business.” So this is my goal, I really want to “grow” my team and teach them to think for themselves and make

the right decisions.

Where do you want to take Servier-China?

I was sent here to build a strong team. I want us to be number one in terms of efficiency. That means efficiency in terms of targeting, strategy, partnerships, and relationships with people. My mission is to develop this company and put in place the most effective processes. I have three years to be number one for Servier worldwide. We have a lot of talented people. So with adequate management, strong sales, and effective marketing, “the sky’s our limit!”

What advice would you share with our readers about the Chinese market?

Maybe one of the true recipes for success in China is learning how to be patient. China is a country where courtesy in business is very important. If you lose patience, you come across as rude, you lose face. Patience is something many Westerners seem to have forgotten, but has always been a part of our Company culture.

But patience also means never giving up, and being relentless in your quest for success. Patience is the best way for ultimately obtaining what you want.

A Chinese proverb says: “With time and patience, the mulberry leaf becomes a silk gown.” “
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A big lesson there !

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