Interview with Rahim Jardaneh, Chairman, Dar Al Dawa Development & Investment

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Dar al Dawa is the second biggest Jordanian pharmaceutical manufacturer. What are the main factors that allowed you to be so successful and remain in one of the top positions since the company's inception in 1974?

The key factor has been Jordan. Being poor in natural recourses, Jordan had to specialize in skills & brains. The earlier generation of pharmacist in Jordan took the risk of going into pharma and proved to all skeptics wrong

What helped as well was the strictness of the Ministry of Health and simultaneously their adaptation to the needs of the industry. It is a unique story in which both sectors – the governmental & regulatory authorities and the private sector – developed parallel and through sound interaction. This gave Jordan the opportunity to build up a solid pharmaceutical industry.

But still, there are seventeen pharmaceutical producers in the country today and Dar al Dawa is the second biggest, so you must have done something better than your competitors! What do you believe distinguishes Dar al Dawa from its competitors?

Simply I would say the professional, quality oriented and unique culture in the company. We have a very high standard of quality, higher than our regulatory authorities require. Our facilities and several of our products have been approved by in Europe and we always pass audits with flying colors. Moreover Dar al Dawa has a unique selling culture, what we do differently is the method of

selling to pharmacies building a closely knit win-win relationship with them. For example several Dar al Dawa products captured a top market position even though we were very late comers to that product category.

I should mention here that 2011 was a difficult year for us with a loss in our books which we managed to turn around this year.

What strategies did you implement to turn the situation around?

Hard, honest teamwork has been the key. We are currently rethinking our strategy for the coming years, and we had to go back to basics – good planning, implementation and close monitoring.

You took over from your father in 2007. What have been the biggest milestones & achievements since then?

When I joined the company was very well managed but in a highly centralized manner, while I believe in decentralization. Employees should enjoy working here, they should be obsessed with it, and I think our team is. We managed to instill this through decentralization and by giving more responsibilities to our employees, and this strategy is starting to pay off now.

Some say that Jordanian manufacturers focus too much on price and too little on developing innovative generics… do you share this opinion?
I agree. In big pharma the general belief is that it is impossible for mid-sized generics companies to be innovative, because it would require billions. However, I see many ways in which we can be innovative in an effective way and help humanity while making money, and all this without spending billions.

A good example is what Dr. Badwan of JPM is doing in R&D which I believe will bear fruits soon.

Most information on Dar al Dawa’s innovative projects are still confidential, but I can tell you that we are being creative in our R&D and are not afraid to go there and spend money. The company has strong focus on innovation in which the consumer needs are of course pivotal. It is our goal to reach a position that will make a doctor that prescribes a medicine think of the Dar al Dawa version first.

Do you feel that the industry has to change in a structural way to remain competitive and retain its leading position?

First of all, I am happy with serious competition. It will keep us on our toes and running. The pharmaceutical industry is very dependent on highly skilled workers and it takes time to create the

right culture Jordan has both.

And they bring in Jordanian expertise to build it up…

True. Jordan has a great advantage since the country has developed and fostered the right culture over the decades. Competition is good and healthy, it forces us to find new ways and be creative while maintaining quality.

You set up companies in Algeria & Lybia… how well established is Dar al Dawa to overcome local content requirements in the region and continue its development as a regional leader? Which plans do you have to establish a physical presence in other countries in the region?

When protectionism started in Algeria, we looked at it very negatively, but it did not take long to see the positive aspects. Dar Al Dawa had a state-of-the-art plant under construction, we plan to have our first batches of locally produced medicine will be on the market Q2 of 2013.

Both Algeria and Libya are very promising therefore we will delay any further expansion in other countries until both of these projects are up and running.

Dar al Dawa has a reach beyond the region and exports to Scandinavia, Ireland and Romania. How do you select the markets you go into beyond the MENA region and what is your market entry strategy?

We have a partner in Ireland that distributes to the whole of Western Europe, and we export directly to the Nordic region, Denmark and Sweden. Although we keep the door open for opportunities the focus of our expansion strategy is on further growth in the MENA region, we feel there is still plenty of room to grow there.

One of the key assets enabling the international successes of the pharmaceutical industry has been the availability of top-notch human resources…how do you attract & retain the best human resources for the company? Is this becoming more challenging as we see a brain drain of Jordanian pharmacists to the Gulf?

I am proud to mention that 100 percent of the Dar al Dawa workforce in the country is Jordanian. Furthermore, 48 percent is from the local community, and 50 percent of this 48 percent are women.

Our internal culture is very different from other companies. Many people who join Dar al Dawa are surprised by the simplicity and openness of our culture, this leads to great commitment.

Still, staying on the issue of human resources Jordan seems to become a victim of its own success as many of its highly qualified people go to other places – mainly the Gulf – to work there. To which extent do you see this as a challenge for the industry?

It is part of life and I accept it as it is. We train people, but salaries are much higher in the Gulf. One of the biggest incomes for Jordan comes from our expats, so they are actually doing something that benefits the country and I support this.

Where would you like to take the operations of Dar al Dawa five years from now?

Dar al Dawa will be smart and learn from the story of Hikma and other regional & international companies. The road to success will thus take us less effort and time.
I
n three to five years my dream is to see a Dar al Dawa that is growing in a healthy and sustainable way without jeopardizing our core values of quality & honesty. How big do we want to be? This has to be decided in our next strategic session.

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