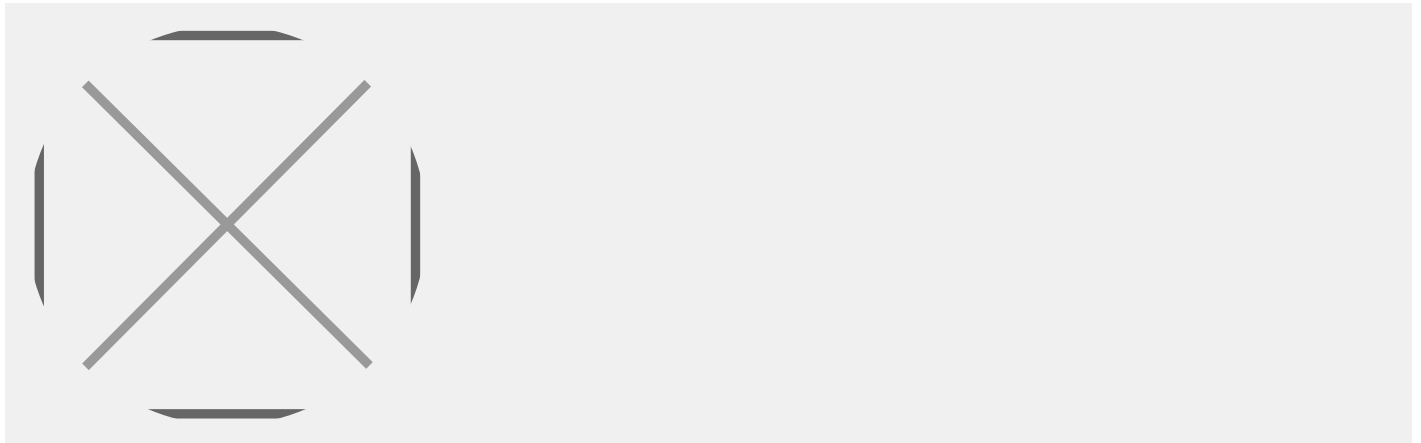


Interview with Jez Moulding, General Manager, Sanofi Australia



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What impact have the PBS reforms had on sanofi-aventis in Australia?

Sanofi-aventis has one of the largest portfolios of medicines in Australia, with over 240 products in the key areas of cardiometabolic disease, thrombosis, oncology, vaccines, CNS, and internal medicine. The PBS reforms clearly are the major reforms over the last 50 years, and I believe they have achieved somewhat of a balance in protecting the F1 patented medicines class, while achieving savings for the government through lower prices on the F2 medicine class, and on the lower generic comparator medicines, which have had price reductions of between 2% and 25% on August 1. The Pharmacy Guild estimates this will save the government up to \$6 billion over the next 10 years, twice as much as the initial \$3 billion estimate. It has given the industry some short-term pain but it is in exchange for long-term gain. For a company like sanofi-aventis with its focus on research and development and an active pipeline, we need quicker access to the market for new medicines and we need adequate and appropriate pricing for our new innovative medicines. , If that trade off is achieved through the PBS reforms then the environment is a positive one – for industry, government and importantly, patients. As the third largest pharmaceutical MNC in Australia with 6.9% market share and over \$600 million in turnover, a significant portion of the company's portfolio has been affected by price cuts, but the PBS reforms are intended to provide a balanced approach that will allow headroom and access to new medicines in order to provide long-term sustainability of the system.

In creating such an environment, there is the PISG initiative, which plans to produce a roadmap for the industry's future. How would you rate the overall environment being encouraged by the government?

It's still early days with the new federal government, but sanofi-aventis looks forward to working with them on the key industry issues. Sanofi-aventis is affected by the PBS reforms, but there will clearly be an upside that we look forward to which is quicker market access for new medicines. There are challenges for Australia in attracting new investment, particularly when compared to India and China, but there appears to be a strong willingness by the government to work with industry and ensure that we do have a strong investment environment. I've only been here 10 months, but am encouraged by the early launch of the National Innovation System Review, the reconvening of the Pharmaceutical Industry Working Group, and the establishment of the Pharmaceutical Industry Strategy Group. There's obviously a very strong and genuine interest by the government in terms of sustainability given the industry's contribution to the Australian economy and the health of its population and sanofi-aventis looks forward to working with the government on these issues.

What have been the biggest highlights and achievements since you arrived in September 2007?

Australia is sanofi-aventis' second largest contributor to sales in the Asia Pacific region behind Japan. We have had multiple product launches in recent years as well as new indications for existing products. This year, sanofi-aventis has experienced year-to-date growth of 10%, which in a complex and difficult market is a very pleasing result and a testament to sanofi-aventis products and people. This year, we launched our new vision, which is to have leadership in the Australian and New Zealand pharmaceutical industry that is recognized by our patients, stakeholders, and peers. This leadership vision really will enable sanofi-aventis to be recognized for the strength of our brands and company reputation, and as the partner of choice for stakeholders in the pharmaceutical industry on policy matters, co-marketing opportunities, licensing opportunities, employment, and education. Sanofi-aventis wants to attract and retain high-performing people, to be the benchmark for new product introductions, enhance portfolio scope and strength, and to have the licence to pursue our own destiny with other affiliates benchmarking against us. Our focus is to have an inspired team leveraging the breadth of our portfolio to improve patient lives. What lies behind the leadership vision is four key strategic drivers: 1; our own people driving a performance culture, 2; setting the benchmark in stakeholder and customer selling, 3; having effective and relevant systems and processes to support our business objectives which means less red tape and bureaucracy and letting people get on with their jobs and 4; strategic portfolio development and brand management to leverage local business opportunities. Through our 550 passionate and energized people, we are galvanized to put our focus behind that vision.

What will be the most immediate and important concrete steps in achieving this leadership vision?

If we look at the overall strategic drivers, I would say portfolio development and leveraging local business opportunities as well as managing our portfolio development activities are key. The following examples highlight our recent achievements in this area: to see Taxotere launched to treat prostate cancer in Australia; securing an extension for Actonel indications in the treatment of osteoporosis, and we have recently received an expanded indication for Plavix for acute coronary syndromes. These are all great examples of portfolio management.

The other part of that strategic driver is looking at local business opportunities. Sanofi-aventis has recently signed a binding agreement to acquire Symbion Consumer Health, which will close on August 31st. This acquisition allows sanofi-aventis to widen its portfolio and position the company as a truly holistic and horizontally integrated healthcare provider, from complementary through to patented medicines, generics, OTCs, and vaccines. This local acquisition will provide us with: 1. Leadership in Australia's largest OTC segment. 2. Sustained growth in Australia through portfolio diversification. 3. Increased pharmacy presence and access to new channels. 4. Significant growth opportunities and entry into the fast-growing Asia Pacific markets.

In terms of benchmarking stakeholder and customer relationships and selling, sanofi-aventis has initiated a number of courses through the Macquarie Graduate School of Management in marketing and sales force skills in order to ensure sanofi-aventis becomes the leading benchmark in terms of customer interactions. These interactions are critical to ensure that sanofi-aventis maintains a patient-centric focus while encouraging appropriate quality use of the company's medicines. In order to achieve leadership, we need to ensure we have effective and relevant systems and procedures to support sanofi-aventis' business objectives, and so we've looked at our overall systems, for example in ETMS systems for representatives, to give them the right equipment in order for them to do their jobs effectively. Sanofi-aventis has also streamlined processes to ensure that sales and marketing and their support functions are able to react immediately to customer interactions, and in doing so become a much more responsive and proactive company to meet customer needs, by providing a quick and efficient response. In terms of encouraging a performance-based culture, we ensure people have the right skills and capabilities in order to do their jobs effectively, and we have recognition and reward schemes in place so that when people do perform they are compensated. Having employees engaged with the right attitude is critical to achieving success. In an environment with many challenges and hurdles and a new operating model is required where it is essential we nurture the value of creativity in our employees. Sanofi-aventis will continue to change and look at new ways of doing things. This means allowing everyone to express themselves, to have a voice, and to really have an impact on achieving the long-term strategic vision of the organization over the next five years.

Sanofi-aventis invests upwards of \$34 million in R&D in the country. Can you speak to that side of sanofi-aventis' local commitment as one of the four pillars you mentioned before?

Australia, with its science base and extensive knowledge in scientific affairs, is really a hub of excellence for the Asia Pacific region in terms of clinical trial activity. In 2007, sanofi-aventis invested significantly in clinical research, with over 1,000 research sites active, and 15,000 patients going through clinical trials in Australia. Through the work Medicines Australia is doing through its relevant working groups, sanofi-aventis hopes and expects this environment for clinical trials is maintained, and there is some predictability and stability, and that Australia continues to attract research investments and clinical trials.

In other local contributions, sanofi-aventis is also heavily involved in CSR activities. Can you speak to these unique commitments?

For many years, sanofi-aventis has recognized its Corporate Social Responsibilities. There is a global 'access to medicines' division dedicated to combating diseases which represent real public health issues in developing countries, and to do so in a sustainable way. Diseases we currently focus on include malaria, tuberculosis, sleeping sickness, epilepsy, vaccines and now mental health. An example of our activities is our \$25 million WHO partnership to help fight the battle to eradicate sleeping sickness in Africa. In Australia, sanofi-aventis supports many areas of the community and sponsors numerous initiatives. For example, a three-year commitment has been made to the Aboriginal Resource Development Service (ARDS), to help reduce the devastating impact of rheumatic fever and rheumatic heart disease on the aboriginal community. Such diseases cause nearly 3,000 deaths in Australia each year despite being entirely preventable.

Our true commitment to the local community is also evident through our 'Make A Difference' program. It includes local volunteering and sponsorship but the highlight of the program is the initiative that provides individuals within our company the opportunity to undertake community service abroad and take one month's leave on full pay to work in a local or overseas disadvantaged area of their choice.

You mention the importance of strategic engagement and attitude being key factors in managing 550 employees. Having worked in France, the UK, South Africa, South Korea, and now Australia, can you speak to your management style, coming from those different geographic backgrounds?

Australia has a very talented and dynamic workforce and a flexible one as well. It shows leadership across the strategic marketplace, whether clinical, medical, marketing, or sales. There's a great opportunity to engage that workforce and work on strategic projects. My style is to be very open, transparent, really outline some of the strategic issues at sanofi-aventis and work collaboratively with people. With that openness and transparency working in a team, they feel ownership and

accountability, and in Australia people thrive and are energized by that. This creates opportunities to overcome environmental challenges, whether in partnerships, alliances, local acquisitions, or specific brand strategies.

As a new manager, can you elaborate on those of which you are most proud?

There's a number. I really enjoyed my African experience working with the industry association and the government to positively reshape the healthcare system. In Korea it was very energizing leading an affiliate that experienced tremendous growth and moved from No. 3 multinational to the No 1 position in just 2 years. And in Australia the local acquisition of Symbion Consumer Health has been particularly rewarding. To be able to do a feasibility study on a segment and take that back to the group, do a positioning paper understanding that neutraceuticals is a leading segment in Australia, and realize the strong potential growth in Asia Pacific and other markets in the group, and then build a case and get support from the group in Paris and work with the Australian team in this process was enlightening for me. As a General Manager you focus your time on your current brands and your future pipeline, whether new products or line extensions, , but to have the support from the group to build a local business development team and undertake local business strategic acquisitions that have global significance is very exciting. With the focus on business innovation that we have developed in the affiliate this year, 30 committed employees have achieved the binding agreement for the Symbion Consumer Health acquisition in just 47 business days, under competition from other companies. That was a very engaging and energizing project to work through.

Outside of consumer health, is sanofi-aventis looking at any potential acquisitions? There are over 400 biotechnology firms in Australia, many of which are undercapitalized and looking for large partners like a sanofi-aventis.

Sanofi-aventis has the ambition of becoming a major player in biotechnology. As a group, it is at the core of the company's strategy, and sanofi-aventis is proactively developing a partnership strategy, particularly in the biotechnologies and biotherapies to stay on the forefront of R&D. Locally, sanofi-aventis will investigate leads over the next 12 to 24 months and appropriately follow them up as required. With our new business innovation team, we're always looking at attractive leads.

Looking towards the leadership horizon, into next five to 10 years, where do you want to take the company?

Looking at our strategic outlook, when we set out to achieve leadership, it's not really about being the biggest or the best, it's about being respected for the company reputation and brand performance. Too often, managers come in and want to achieve specific sales or market share. Year to date sanofi-aventis has grown 10%, compared with total 2007 growth of 1%, so the

company has performed a major turnaround. In the next five years, I would like to see the company continually work on the strategic drivers of a performance culture, industry benchmark in stakeholder and customer selling, always ensuring there are the relevant systems and procedures in place to support business objectives, and really using that strategic portfolio development and brand management to leverage local business opportunities. In doing so, sanofi-aventis will be respected by its patients, stakeholders, and peers for our portfolio of brands with such unique breadth, and that we improve patient lives, to really develop that leadership status. This will garner respect for our brands and company reputation, and ensure sanofi-aventis remains the partner of choice, whether on policy matters, co-marketing opportunities, licensing, employment, training, or education. If we attract the right people we will continue to grow as an organization. We want to achieve a strong sales performance and deliver on commitments to be the benchmark for new product introductions to enhance portfolio scope and strength, promoting the positive behaviours that, as an organization with 550 highly talented employees, will have the licence to pursue our own destiny. That leadership is the behaviour that will drive the growth we're seeing, and has allowed us to achieve things we never would've thought possible, like the Symbion acquisition. If your employees have the right mentality and leadership behaviour, then you have a chance to overcome the many environmental challenges and optimize commercial success across all the local strategic levers

What is your final message about sanofi-aventis's leadership behaviour in Australia?

Leadership is indeed a great challenge and an audacious goal. Our vision is not perhaps achievable this year or the next, but we must be frank and recognize that there are many obstacles in our path. Clearly, the building blocks are in place, and sanofi-aventis has placed a lot of emphasis behind the four key strategic drivers, in terms of performance, growth in portfolio, people, and projects, which shows that the leadership behaviour is becoming cultured and well established in the people at sanofi-aventis Australia. Leadership is not about being #1, being the biggest, largest, or loudest. It's about having the best performance, being respected for what you achieve and how you achieve it. It's based on attitude and engagement, on excellent and inspired people working in teams committed to the sanofi-aventis values, based on our ability to optimize our local portfolio, our outstanding stakeholder and customer relationships, and our commitment to a patient-centred sales and business focus throughout the entire organization.

I have to say I get great pleasure in leading the Australia and New Zealand affiliate at sanofi-aventis which really is made-up of tremendously talented, enthusiastic and professional people.

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