Interview with Troy Guthrie, Managing Director, Stiefel Laboratories Pty Limited

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Tags: Stiefel Laboratories Pty Limited

What impact will the recent PBS reforms have on Stiefel's operations in Australia?

Stiefel has no products on the PBS at the moment, and although that doesn't preclude the company from having products on it in the future, there is no immediate effect or detriment to Stiefel due to the PBS reforms. However, to the industry as a whole, it will obviously have an impact as time goes on.

Speaking about potential future reimbursements, what can we expect to see from Stiefel in this regard?

It's important to look at Stiefel today versus historically; it's basically two different companies since Charlie Stiefel took over in April 2006. Moving forward, Stiefel will have products on the PBS due to its extensive pipeline, such as NCEs whose only measure of success will be inclusion on the PBS for reimbursement. The challenge for Stiefel lies in the fact that the products intended for reimbursement are not in therapeutic areas traditionally included, so the company is trying to create a new clinical need. Basically, trying to ask the government and tell them why they need to reimburse a new therapeutic area.

You talk about the new and old Stiefel. Looking at the picture before and after, what have been the biggest changes?

Before April 2006, Stiefel ran each individual country separately with a different management structure and product focus; basically, everything was independent. Now, under Charlie, the company is globalizing and standardizing, to be the Global pharmaceutical player that it is, putting things into practice and harmonizing across the range of procedures, policies, processes, practices, and products. Stiefel in Asia Pacific has experienced annual growth rates exceeding 20% in recent years.

What is Australia's contribution to this enviable figure?

Australia grew at around 26%, and has been one of the main contributors to the region's growth. In a published report, Stiefel was ranked the 11th fastest growing pharmaceutical company in Australia. That's been helped through a new management stile and organizational structure.This has included the reorganization of current resources, with more focus on marketing-driven campaigns and field-force effectiveness, which weren't there in the past.

Can you give us some concrete examples of those changes at Stiefel?

When I took over in 2006, we had a field force of 13 people, with no customer database, no IMS data, no established territories, and no sales targets. There was a sales driven mentality with little scope for Marketing activities and little direction with mediocre achievement. People at Stiefel were doing what they wanted, when they wanted, not focussing on the business needs. Obviously, that had to stop. Basically, my first task was to organize the field force. There was a new product on board called Duac, which is primarily a prescription product. Of the13 representatives I mentioned, some were looking after dermatologists, GPs, and pharmacies, while some were just looking after GPs, so first they had to be realigned into an ethical and OTC field force, and increase the numbers in the team to effectively cover both. Then, Stiefel established a database of doctors and pharmacies, and coupled that with IMS data, so that the representatives could track their own and competitor sales. Once this had been done, the company implemented call rates, monthly management reports, a national sales manager, and profiled a national database of doctors into A, B, and C rankings using a whole range of data inclusive of a Magellan database to qualify doctors even further. This has resulted in Stiefel Australia coming a long way to helping get to where it needs to go. Being such a small company, and initially not having the resources that were appropriate, part of the strategy was just to employ the best people. I don't want an average representative – I need the best out there, because the company is small and wants go-getters, and is prepared to do what it takes to get the best. I won't just employ somebody to fill a territory, I take the best there is. When a company struggles to get increased numbers, the numbers it has must be very good. This seems like a significant change overall.

What were the biggest challenges in such a radical modification in the company's structure?

Primarily, there were two groups of people: those adamantly opposed, who liked the company the way it was and those who were willing for and had wanted to change, but who couldn't adapt. This latter group said they had wanted better marketing programs and tools to do their job, but with that comes increased accountability, and they weren't ready for it after having 10 or 15 years of little accountability. After such a long time, to all of a sudden have accountability, and alongside that sales targets and ideas on how to call, profile, and get sales, some people struggled. Part of Stiefel's organizational change involved developing marketing campaigns.

What did you notice on that side of things?

My background and qualifications are in marketing, so I'd like to think it's a strength. If Stiefel did launch a product, it was just given to the representatives to be pushed into the pharmacies. Although there was a mild push strategy, there was no accompanying pull strategy to drive consumers into the stores to pick up the product. Stiefel's most successful product is Hydrozole®, which is a combination of chlotrimazole and hydrocortisone. In the anti-fungal market, hydrozole as a product falls under Schedule 3, which means it's available behind the counter only, and an Appendix H ruling, which means it can be advertised. Basically, it's a 1 SKU product, pharmacists know and love it, and push it as much as they can. But nobody, unless they've bought it, knows what it is. One of the first things Stiefel did, with the little bit of money the company had, was run a TV commercial. This advertising ran in all the capital cities outside Sydney, which already had 55% of sales for the product, so the strategy was to not preach to the converted – and the result was fantastic.

Can you speak to the R&D side of the business?

VersaFoam, for instance, is a technology available in Stiefel products throughout the world that was developed in Australia. VersaFoam technology came from Connetics, which was an acquisition completed in December 2006, of primarily an American-based organization with an R&D facility based in Melbourne. They are now known as Stiefel Research Australia, which is a separate entity reporting straight through to the R&D side of the global organization, to Gavin Corcoran, Stiefel's Chief Scientific Officer. The R&D side of the business has many global projects happening, and they do have the technology in a variety of products, many of which are already available in America, and will hopefully soon be made available worldwide. You're involved in the ASMI, which as an organization has the prerogative to encourage the importance of prevention and self-medication.

Can you speak to the supplementary role Stiefel plays in this respect?

It’s a hard question to answer. For example, talking about Duac as a prescription-only product that can’t be advertised to consumers, all activities are based towards dermatologists, GPs, and to some extent pharmacists to ensure they’re communicating the right message when customers come into store. Hopefully, by doing this the appropriate healthcare professional will educate the consumer on a regular basis as to the best treatment options for acne, and then the choice is ultimately an individual one. With all this change in Stiefel in recent years, recruiting must have been more difficult.

How did new or potential hires perceive the Stiefel brand, in terms of an attractive place to work?

Those in the know, or people who talk to the right recruiters and have come from a specific area, know that there is a new and upwardly mobile Stiefel, and that’s the feedback I’ve received as well. If there’s good news out there, that’s great and fantastic, because there’s good opportunity at Stiefel and the company is going places. We’re not autocratic or a dictatorship, and although not a total democracy either, Stiefel is the place to be.

Other than being not autocratic, would you speak to the particularities of your own personal management stile?

Everyone at Stiefel is adult and professional, and if the company employs the right person, they should know how to do their job and be given the responsibility to do so. This doesn’t mean there aren’t checks and balances, as there are still monthly management group meetings, and one on one meetings to make sure people are progressing in the right areas.

However, I don’t like being micromanaged, and I can’t imagine anyone else does either, so why would you do it? With the right people given the flexibility to do their job, accompanied with the appropriate checks and balances, they’ll pay it back 10-fold or 100-fold. What’s your vision for the future of Stiefel? Obviously with the new changes in the last few years, there are many possibilities on the horizon. Where do you want to take the company in the next five to 10 years?

Definitely in the next five, years, Stiefel should be seeing significant growth. In the last two years we have grown from current sales of $5 million to $10 or $11 million, there is no reason that growth trend should not continue, given the product pipeline. With the vision to be the most valued and respected speciality Dermatology company, the company should easily become a medium-large sized pharmaceutical player, and the leading dermatology company in Australia.

This is saying big things with the likes of Galderma and Ego in the marketplace, but I wouldn’t say it if I didn’t think we had the right people and the right products to make that happen. How will you

achieve this ambitious goal?

One actionable item includes the existing pipeline, additionally we need to do more with what the company has got. This includes line extensions and lifecycle management. As an example we have one older product that currently sells AUD$400,000 product in Australia, while selling €40,000,000 in France. Clearly, there’s a lot of untapped potential in areas such as this.

What is your final message to the readers of Pharmaceutical Executive about the new Stiefel?

Stiefel is the place to be.

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