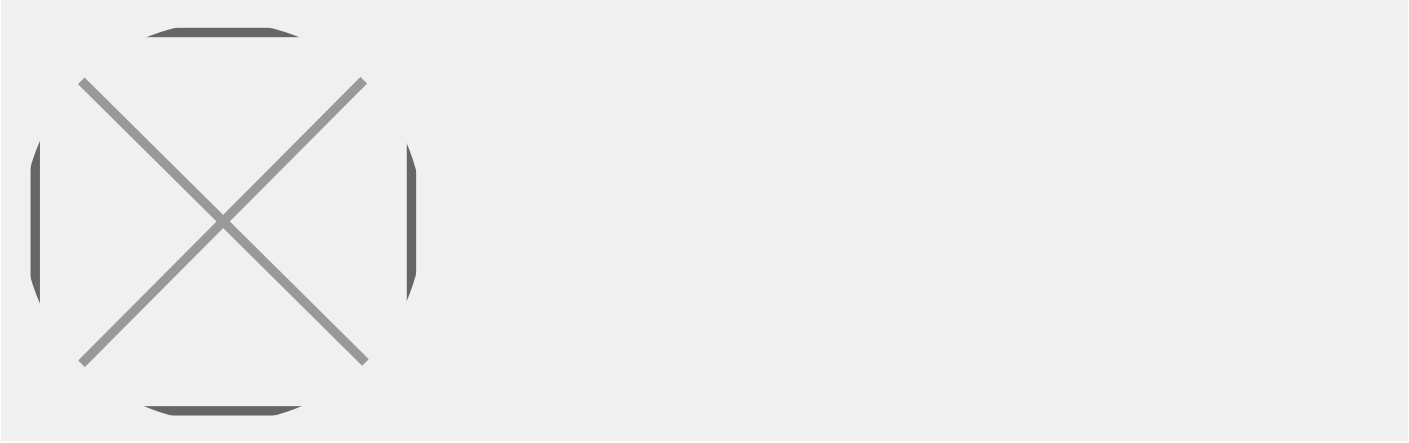
Interview with Flavio Devoto, General Manager, Novo Nordisk Argentina



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Novo Nordisk's largest insulin production facility outside of Denmark is in Latin America, in Brazil. Can you explain the strategic importance of this for Argentina, and how Novo Nordisk is structured here in the country?

Here in Argentina Novo Nordisk has an affiliate focused on commercial activities, clinical research and quality control. The company has a Quality Control lab here in Buenos Aires, which we use to test our products from Brazil, Denmark, and our other production facilities across the world. The company made a very large investment in Brazil, by acquiring a company there and refitting their facility to the highest international standards. This is very important because it allows the company to strengthen its presence in Latin America, where there are very good human resources to be found, as well as a positive environment to make long-term investments.

Novo Nordisk is one of the few pharmaceutical multinationals that have a strong focus on one therapeutic area. Although the company is now diversifying with hormones, diabetes remains the leading cause for Novo Nordisk. Could you give our readers a brief evolution of diabetes in Argentina and Latin America?

Almost 70% of Novo Nordisk's sales in Argentina come from diabetes. The situation here is representative of the situation across the rest of Latin America: Argentina has a large diabetes population, but almost 50% of these people are without treatment. As a result, our main challenges are to increase education about the disease and improve access to healthcare, not only by giving treatments, but by increasing the diagnosis rate amongst diabetes patients. Novo Nordisk

Argentina is conducting many programmes to improve recognition of the disease in these patients, and when they diagnosed the company can offer them excellent treatments.

Mr Mastromonaco from Novo Nordisk Italy was saying how education is still a very important factor even in European countries. They have roughly the same number of diabetes patients, but here 50% of the patients are undiagnosed. Through the government in Italy they are increasing education and access in the same way that you are saying it is key in Argentina. How are access structured here in Argentina?

The government implemented a reimbursement scheme that allows patients to receive standard diabetes treatment (i.e. human insulin). Brazil, for example, has a different situation. In Argentina, this is a national scheme, which vastly improves access and can be combined with effective educational programmes.

In terms of your Argentinean operations, what have been some of the recent growth drivers, and how have they affected your positioning within the Argentinean market?

Novo Nordisk is a very focused company. The company has very good products, offering not only the best drugs but also the best delivery devices. Our devices are cutting edge, and are different to those sold by our competitors. Another key success factor has been the company's management. Novo Nordisk established in Argentina eleven years ago and became the market leader in the three markets (diabetes, hemophilia and growth hormone) where competes. There have been three General Managers in this time, and we have all followed the same strategic imperatives assuring continuity and long-term vision. Another factor has been human resources. Novo Nordisk believes that people are one of the company's most valuable assets. There is a lot of emphasis placed on the best way to deal with people, engagement and increase participation in company decisions. Novo Nordisk Argentina has a relative flat structure, and we try to attract and retain the best people. We have established a very solid reputation. Our Argentinean operation was selected as 'the best place to work' last year, and we have been among the top ten for the last 6 years.

What do you think makes Novo Nordisk Argentina such a great place to work?

I think it's very important that a company has a clear strategy. Everyone that works here at Novo Nordisk Argentina, from the sales reps to the receptionists, knows what our company strategy is. We work as a team, and we encourage participation from all the different sectors of the company. Innovation is one of the main drivers of the company, in terms of how we deal with our customers, and how we deal with internal issues. It is important that people at Novo Nordisk believe in the commitment of their leaders. My management team and I have a lot of commitment towards our goals and ambitions, and this is very important in terms of standing out against other companies.

Novo Nordisk has implemented the ‘total reward model’ in Argentina, which also separates us from our competitors. It includes monetary and non-monetary compensation. There are four components: salary, benefits, culture, and development opportunities. A company can pay more money in order to attract people, but they cannot imitate the culture and the way that people at Novo Nordisk interact with one another. A company has to work at for many years in order to improve their culture, and this is something that Novo Nordisk has at a very high level.

Local companies play a much larger role in the market here than they do in other countries. Why do you think this is, and how does your strategy in Argentina differ from Novo Nordisk worldwide in order to compete in this unusual market?

In the diabetes market, both patients and doctors want to have products with very high quality, and very good delivery devices. This is important, because in the insulin market, it is not simply about drugs, also having good devices in order to ensure that the patient follows the treatment (compliance). This is one reason why Novo Nordisk is the market leader here in Argentina, because the company offer to the medical community and patients the best drugs and devices, and also because of the approach that we take with the diabetes community, which includes the different stakeholders: doctors, payers and patients. The company has put a lot of emphasis on education, which has made a difference here in Argentina. International companies are more prone to invest money in education. Here, it has really made a difference in competing against local companies, and when you have a high market share as we have now, it acts as an entry barrier for our competitors.

Now that Merck and Novartis are coming into the diabetes market in Argentina, how will your strategy change in terms of commitment to education and the country?

I believe it will be a very positive step, because the country is going to have more money invested in diabetes education. Merck and Novartis are investing in oral drugs, and this is not our key market: Novo Nordisk is focused on insulin, and devices. I think that their entry into the market will create a synergy, rather than a problem.

How will we see Novo Nordisk Argentina grow in size and influence over the next few years? What are your ambitions for the company?

Argentina diabetes is growing in about 9% per year in units. When around half of the Type II patients in the country are currently without treatment, it means there is a lot of room for improvement. Novo Nordisk believes that modern insulin solutions really provide an advantage over human insulin, which is currently very common in the Argentinean market, so the company believes that there will plenty of room to grow in the future, especially in the basal insulin diabetes market.

Novo Nordisk has new products in the pipeline to consolidate this future growth (as liragluitide, launched in Europe) that offer sustainable advantages for the treatment of diabetes patients.

How would you consider your management style, given that Novo Nordisk Argentina's main growth drivers are management and innovation?

I have a very open style of management: great ideas don't always come from the top management: most of the time they come from customers, providers, and people that work in the company, so you have to be very open, listen to your people and your customers, and try to be receptive to new ideas.

How do you think your background has influenced your management style? You come from a very scientific background (MD) combined with a commercial background (MBA). You worked at Instituto Leloir, at Pfizer and other multinationals. What lessons do you think you have learnt in that time that you bring to your work?

I am very keen to learn, and it is one of my key motivations. Also, when I have to take a decision, I want everybody on my management committee to have an opinion. Sometimes we vote on issues, but there are times when I have to take the decisions on my own.

In the diabetes sector, social responsibility is a very important issue. Novo Nordisk has a very extensive education programme implemented worldwide. Could you speak a little about what programmes you have in Argentina to educate the population and the government about diabetes?

Novo Nordisk is active in several areas in Argentina in this regard. Last year we celebrated the world Diabetes Day. We had a large tent set up in the centre of Buenos Aires, where people could go and be tested for the disease, which was very successful. We also have a lot of support materials on diabetes treatment. We also support some of the diabetes associations, arranging events such as sports days, which aim to show that people with diabetes are more than capable of leading normal lives.

Novo Nordisk Argentina is also involved in other programmes such as working in the community and supporting local schools. This has nothing to do with diabetes, but we try to implement these programmes to improve the welfare of the community. We involve our employees in these activities, and as part of the community to do something in order to improve the situation. This is part of being a good citizen. Although we are a very small company, we do our best to have some programmes related to diabetes, and some focused in other areas. Some programmes have been initiated at the suggestion of our employees.

If we come back to Novo Nordisk Argentina in five years, what could we expect to find? Where do you hope to take the company in this time?

Last year we received an award from Novo Nordisk for being the affiliate in International Operations that fulfilled company's International Operations ambition in the last five years, which was very rewarding, after also being chosen as the best company to work for in Argentina.

It's tough to get to the number one position, but it's even tougher to sustain that position. This is a very dynamic process, so Novo Nordisk Argentina will continue working with our people, and if you were to in five years, you would find a company with impressive growth rates: double digit growth per year and strengthen the leadership in the insulin market and the others market where competes. Novo Nordisk wants also to continue to be the best employer, to invest in large-scale clinical trials, and to have a strong financial performance. The Argentinean market is attractive, especially for international companies dealing with niche products. There is a very good environment in terms of access to healthcare and the medical community. The country has a very well educated medical community, and they have the capacity to deal with the new innovative products. Patients in Argentina are very demanding: as a pharmaceutical company you have to provide them with the very best solutions, as they are used to having access to very high quality products.

An issue in Argentina that will be the one of the most challenging in the future is the financial resources of the social security system. At some point, the pharmaceutical companies will have to work very closely with the government in order to sustain the system for the long term. This is something that the multinational companies operating in Argentina have discussed at CAEMe. Working together is the key to succeeding in the long term.

Argentina also provides very good opportunities for basic research and clinical studies. The country has very good human resources, and has had three Nobel prize winners, which is unique. The government has to understand that if you can make an innovative and positive economic environment with effective patent protection, the country has the potential to compete as part of the first world.

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