

# Interview with Carlos Mayotti, Commercial Director, Phoenix

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15.02.2012

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How has Phoenix developed from being the family company that was founded seventy years ago into the successful corporate business it is today?

I joined Phoenix in 1989, at that time Teosona (theophylline) had been recently introduced. It was a milestone in the respiratory disease treatment and after this launch, Phoenix began to grow rapidly in the domestic market. At that time the Sielecki family was in process of making a licensing agreement with Parke Davis (PD), which is now part of Pfizer. As a result of this agreement the company launched Zarator (atorvastatin) in 1991, which was for me, one of the key turning points for the company. Following Teosona launching, Phoenix introduced different products in this therapeutic class, and today the company is ranked second in the area of respiratory diseases. Phoenix decided to grow not only in the respiratory disease area, but began to grow across the whole market and shortly after launched its cardiology and neurology businesses. Cardiology was launched with the support of the product line that was licensed from and co-marketed with PD, and nowadays, Dacten (candesartan) is our flagship product in the anti-hypertensive market and Nefazan (clopidogrel) is the market leader in the antiplatelet area.

Today, cardiology is Phoenix's most successful line. Although there are competitors in the market that offer their drugs at lower prices, our co-marketing agreements mean that we must honour international pricing, and so the company throughout its recent history has had to look for other ways to be successful. We feel that Phoenix today has achieved this, and our results and rankings

confirm it.

Phoenix is ranked number eight, in the Argentine market, moving up several places over the last ten years. The key turning point for the development of the company was Teosona's release, then followed by another successful launches.

Phoenix's success seems to have come from two specific areas: your own vertically integrated product development, and your licensing operations. How do these two lines interact with one another today?

Phoenix has a mix between the licenses and agreements with other companies and our own products. 16 million USD of our 93 million USD turnover comes from our licensing agreements. As well as developing our own products, we also sell products such as Teosona, Pervinox, Nefazan, Rabec, etc., which belongs exclusively to Phoenix.

From the moment that we signed the first licensing agreement with PD, the company was aware that it would be very important to have good relations with any companies that chose to licence with us. At that time, there was no patent law on pharmaceuticals in Argentina, but Phoenix envisaged a day when this would be introduced. On top of this, repeated business is one of the keys to the company's success with the licensing business. For this, we built up a reputation of trustworthiness.

Our licensed drugs and own drugs business complement each other very well. For example, we currently market a cardiovascular drug called Zarator, which is licensed from Pfizer. Again, this drug was a milestone in its class, and the first product of this type on the market in Argentina. It was with this drug that the company began its cardiovascular line, but has consolidated its success in the cardiovascular area with its own drugs. It has been crucial in the past that Phoenix has had the chance to be first to market with these innovative drugs. With them, we have established our reputation as a leader in areas such as cardiology and respiratory disease, which has in turn allowed us to expand our product lines.

The key with these licensed products is to bring added value to the marketplace. For example, we currently have a drug on license that faces competition in the marketplace from nine competitors, which are up to 30% cheaper than our original molecule. However, our drug is the market leader, despite its price, because our brands are known and trusted by physicians. Phoenix goes to a lot of trouble to make sure that this is the case: from producing scientific dossiers on our new drugs, to having our scientists write in international publications, and even to inviting international speakers to come to Argentina and talk about the latest developments in the scientific world. This allows us

to keep our agreed prices on our products, and honour our agreements with the multinational companies we work with.

Phoenix's high standards of manufacturing quality are renowned, which is another reason why the company is partner of choice for multinationals. A key development in this area was the acquisition of the Novartis plant in 2003, which has allowed the company to stay at the cutting edge of manufacturing technology and international GMP.

How is Phoenix perceived, both locally and internationally?

In the Argentinean market, Phoenix is perceived as a very successful company, who is willing to spare no expense on the marketing of their products. This is backed up by a high standard of quality, a large and effective field force, and constant innovation in all our therapeutic areas, including those OTC brands known best to the patient. A recent investment in television adverts in Argentina has helped to consolidate this reputation.

In the international market, Phoenix has two points of approach. The first one is our partnering operations, and Phoenix is known as a reliable partner across the developed world. This type of reputation is not easy to maintain, especially for an Argentine company, that has had to deal with the extra challenge of economic instability throughout its history. The other side of our international presence is our export operations. We export our products to many countries, both throughout the Latin American region and also to places such as South East Asia. Our aim for the future is to expand these operations, and hopefully open some international subsidiaries.

However, Phoenix's most important business will always be done in the local market, where the company is known for providing high quality scientific services. We try as much as we can to be as close to our customers as we can be.

How would you describe your management style?

Of course, the most important thing for a manager in the pharmaceutical industry is to have the technical knowledge and skill to be able to succeed in his job. The second most important thing is to foster happiness and commitment in his staff. The cost of the people in the company is the most important cost. In the pharmaceutical industry, this happiness and commitment is vital in the area of sales. A sales representative in Argentina gets paid about the same no matter which company they work for, but the thing that really motivates people to come and work for Phoenix is the attitude and work ethic that is encouraged by the company. By listening to your team and speaking with them, a manager can begin to understand the issues they are facing, and understand their

approach and strategies, and help to develop them further.

Where are we going to see Phoenix in the coming years in the rankings, and how are you going to achieve this growth?

Our objective is to achieve fifth position in the market in the next two to three years.

In order to achieve this, Phoenix needs to stick to its strengths as a business. This means exploring new niche markets, such as biotech, in which we have a strong interest, but also paying attention to our most renowned and well-recognised therapeutic areas. Phoenix is very focused on developing new products, in cardiology, and in respiratory diseases. The physician is expecting us to maintain our success in the areas where we are best known. This point is linked to the successful management of a company. By being able to give Phoenix's sales reps the most advanced and innovative products, even if it is only six months before competitors arrive, and make sure that our employees are informed and excited about our products, it can give a tremendous feeling of importance and satisfaction to the job of selling these products. This is also true of products where Phoenix is working to add value. The reps feel as if they have something they can bring to the table.

R&D has always been important to Phoenix. This used to be done through Tecnofoenix, a part of the company, but today it is done through Osmotica, who have offices in the US and Europe. Phoenix's strength in research and development is becoming better known internationally, as Osmotica partners with international companies.

Osmotica is a company growing at very fast rates and one of the biggest achievements was that a some microbes it developed have recently been approved by the FDA. This is unique for an Argentine company.

What are your ambitions for Phoenix for the next years besides positioning?

For me, it is always connected to the company's positioning. To launch different products, we need to obtain more volume. In this kind of market, where you have economic instability, volume is the key. It provides a solution to many problems. Phoenix needs to launch products in the niche market, but to grow with products in the areas where we can produce with more volume. This is the key to success.

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