

Interview with Alexander Melnik, General Manager, UCB Ukraine

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It has been one year since you were appointed as the head of UCB's operations in Ukraine. What was the mission of your assignment when you took this position and what has been accomplished so far?

Within many years and before 2008 our company had been represented in Ukraine by our European counterparts who were in charge of promoting and distributing all of our products. The last one was Belgian company Solvay. In 2006 UCB acquired Schwarz Pharma, who was very well-established in the CIS region and over few years we are already known as the Representative Office of UCB in Ukraine. When I was appointed as Country Manager for UCB Ukraine my main mission as Country Manager was to set up a transparent and compliant business under Western standards. UCB is a unique company in terms of its business culture because it always promotes the highest and most ethical standards around the world, and we always focus on our patients as the people we work for. In this context, it was necessary to streamline the previous operations of Schwarz Pharma to make them compatible to UCB global standards. Unfortunately in Ukraine it is very common for companies to adapt to the local environment by adopting practices that are not always transparent and I want to ensure that this is not the case for UCB.

This seems like a difficult task to accomplish when thinking about the high competitive nature of the Ukrainian pharmaceutical market. What do you consider have been your main achievements in the past year and what remains to be done?

Indeed this is a very challenging task for us particularly because Ukraine is such a fast-developing market that is constantly changing in terms of its regulations. Generally, it is because of this fast-growth that companies resort to non-compliant practices in order to keep up with the evolution of the sector. Nonetheless, in order to achieve our goal the most important element was to build the right team of people that could drive UCB's growth through ethical and transparent practices and always respecting the core values of the company. It was rather challenging for us to find the right professionals that would be capable of doing this, particularly because UCB has a very modern product portfolio that requires very specific medical knowledge. We are still in the process of recruiting, but so far we have already built up a solid salesforce team that understands the value of our innovative products.

Given that you are almost building an entire team from scratch, what do you consider to be the main points of attraction that drive people to work for UCB in Ukraine?

I believe that the main drawing point of our company is our clear vision for the future and the objectives that we have set for ourselves here in Ukraine. The name of UCB is quite unknown in this market and therefore people are interested to see how a new company is expecting to grow their business in Ukraine with a differentiated business model and alternative approach to conducting business. This is reinforced by our very attractive and innovative product portfolio that is interesting for people who are truly motivated to make a difference in the lives of patients and understand that benefits that our product can provide. Finally, people that have joined us also understand that as we are only starting our operations now, there is great potential for career development and mobility within UCB in years to come. While our salaries and benefits are competitive, this is not the main focus for us to attract new employees, but rather we like to focus on the quality of our business and the people that run it.

Our new team has definitely paid off when you consider that the two years before our performance and market share had been decreasing. This was the first year in which we have managed to obtain positive results. Performance will increase further once we have a logistics partner, as we currently do not have a pre-wholesaler working with us and this has caused us to run out of stock a few times this year. I would say that this year has been the year of logistics. Next year we plan to focus on our sales excellence and the third year will be geared towards marketing excellence. With this plan we expect to grow faster than the market average, but most importantly is to establish ourselves as true partners in health for our patients and doctors.

With this new phase of UCB's operations in Ukraine what plans do you have to introduce new products and build your portfolio?

At the moment, the main contributors for our revenue are the traditional Schwarz Pharma products that have historically been very successful in Ukraine. This is particularly true of our top 2

cardiovascular products, then followed by UCB's Nootropil that is used to enhance memory and balance. In the future we would like to introduce our biopharmaceutical products and we plan to focus in therapeutic area of neurology where we have a number of innovative products, such as Keppra, which is an anti-epileptic. Keppra has been a global success so far and we are in the process of reproducing these achievements in Ukraine ever since we launched the product two years ago. In October 2011 we also launched another epilepsy product, Vimpat, which his progressing very well with new patients every being treated with it every month. This product is very unique because it was developed for very difficult cases of epilepsy that have not been curable through other treatments and medicines, so Vimpat serves as an additional reinforcement for a patient's current treatment. So far it has been very well-received by doctors in Ukraine and we expect to see it growth considerably in the coming years.

You have mentioned that UCB is a unique company in its patient-centric focus and its commitment to upholding the most ethical standards to promote its very innovative products. How do you ensure that the value of your products is recognized by patients and that they understand this distinction?

That's a very valid point and I know how difficult it can be because I used to work for a local generic company for three years before I joined UCB. Nevertheless, the reality of Ukrainian customers is that they identify with brands very well regardless of whether they are innovative or not. I am sure you have noticed in Kiev all of the global luxury stores, and this is reflective of the culture that is very much attached to brands and how they are perceived. Perhaps it comes from Ukraine's history which has always been very volatile and uncertain, and therefore people feel the need to buy all the best brands and products because they never know if tomorrow they will have the opportunity to do so. The philosophy is to live life as much as possible today because you don't know what tomorrow may hold.

In a way this also reflects itself in the pharmaceutical sector and UCB is trying to establish an image here as a company that is different from the rest because we are truly concerned with patient needs and we have very innovative and modern products to address those needs. This, in part, also explains why our products are more expensive than the generic alternative and patients seem to understand this and respect it. Our efforts also involved educational initiatives for doctors to teach them about the benefits of modern products and how to best manage the diseases that UCB is involved with, mainly severe diseases. Through these initiatives we also differentiate ourselves from the generics companies that are simply interested in the bottom line of their business and in making the sale. The reality is that we used be a lot more active in educating doctors by sponsoring their attendance to conferences and seminars, but given the recent anti-bribery law we are no longer allowed to do this. However, we still have other efforts such as a live internet conference that we organized which was broadcast simultaneously in six different medical

centers.

With all these changes and the new beginning for UCB in Ukraine, what do you expect to achieve in 5 years' time?

I am confident that UCB has great opportunities here in Ukraine and we are bound to succeed as long as we stay true to our strategy and communicate to people the real value behind our products. In our focus of remaining ethical and helping patients have a better life, I am sure that doctors will soon understand the long terms benefits of such an approach and will prefer to work with us for such reasons. This will help us become the leader in our niche segments and we are bound to do so as long as we continue to bring benefits to our patients. In such therapeutic area as neurology, we expect to become the leading company in the next few years. Finally, I would like to see the Ukrainian market move closer to European standards of healthcare. In order to achieve this we need to start from ourselves before expecting others to change and UCB is leading by example.

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