

Interview with Wojciech Kowalski, General Manager, Novo Nordisk Pharma Sp. z.o.o

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Apart from Poland being a 40 million population market, with double digit growth, Mr. Kuczynski of Pierre Fabre was telling us that the main opportunity of the Polish market lies in the many unmet, local medical needs.

What are the main specificities of the Polish market in your view and how important is this market for the group's global strategy?

Novo Nordisk specializes in biotechnological innovative products, with particular emphasis on ongoing product development and improvement. From the beginning our biggest challenge is to fight diabetes. We are the leader in different treatment areas of diabetes. We also have our share in haemophilia care, growth hormone therapy and hormone replacement therapy.

The overall strategy and business approach of Novo Nordisk is consistent all over the world and focuses on addressing local needs. All our actions focus on this goal – a goal that we share with millions of people around the world. The human and economic aspects of diabetes require a holistic approach, in particular constantly seeking therapeutic innovations to increase treatment efficacy and improve patients' quality of life.

In Poland the market growth for diabetes is higher than in other European countries, which in the last ten years has been mainly linked to the fact, that the former systems of early detection of diabetes were quite weak. Indeed, patients were put on quality treatments based on insulin

injections relatively late. In fact, there were years when half of the diabetic population was not even diagnosed with this disease. Although there is still room for improvement, more and more patients with diabetes are detected and adequately treated. That has increased the size of the market for diabetes tremendously throughout the years. The publication Euro Consumer Diabetes Index, provided by the Health Consumer Powerhouse, in 2008 rated Poland as the 25th country in Europe in terms of care of diabetics. This place is quite low and shows the need for improvement of the healthcare services for Diabetes in Poland.

The access to modern drugs in Poland is also limited, which is an important issue in the Polish healthcare. It is linked to the lack of transparency of the drug policies and to the time required to have a product on the reimbursement list. For example: Polish patients had to wait about five years to have Novo Nordisk's new generation of insulins available on the reimbursement list.

Furthermore, organizational solutions have to be further developed. On one hand, Poland has very well educated, competent and involved healthcare professionals, but on the other hand access to them is limited. Treating diabetes requires regular contact with doctors, and the best solution would be to provide patients with a professional, integrated diabetic care system, which is now lacking. Nonetheless, there is a solid ground for Diabetes in Poland, considering for instance the population's high level of education.

We expect an increase in the prevalence of diabetes in Poland. Today there are over 2 million Poles affected by this disease, however this figure is expected to reach 3,5 million in the next few years. For the first time, a non-infectious disease has been recognized by United Nations as a serious global health threat comparable to infectious epidemics such as HIV/AIDS and it is to get special attention from the decision makers. It is also in Novo Nordisk's focus to become expert-partner in the field.

How is Novo Nordisk raising awareness among Polish population about non-infectious diseases and serious illnesses, and more specifically about diabetes, and how does the company promote knowledge about the increasing availability and quality of treatments?

First, from an innovation perspective, Novo Nordisk constantly strives to ensure better efficacy of its products, to deliver new products to the Polish market, to improve the quality of lives of people suffering from Diabetes, and to improve results of treatments. As an expert in this area, Novo Nordisk wants to show its commitment and responsibility towards local community.

Secondly, Novo Nordisk offers its expertise in other areas, such as prevention, increasing awareness, and promoting early detection. A good example can be the programme supported by

Novo Nordisk, called Improved Glycaemic Control Programme, where the whole idea is based on the concept of shared care. The project was designed by a specialist in Diabetology and then shaped together with Novo Nordisk. It aims to create a strong link between specialists and General Practitioners (GP). Thus, they are seen as a working team and stand responsible for each other, consulting the patients' cases, increasing the understanding of Diabetes among patients, deciding at which stage the patient should be referred to the specialist, and when could he or she be treated by his or her GP. The programme was welcomed and has received a special award 'Success of the Year 2009'. About 500 specialists were involved as well as approximately 2500 GPs.

Lastly, on the awareness side, Novo Nordisk has raised several initiatives. The company regularly sets up painting contests related to diabetes, named: "Paint your Life in Novo", involving people with this illness or persons having for instance a diabetic in their family. These workshops are always very moving and are supported by artists, and by the Academy of Fine Arts in Warsaw. One of the patients had made a suitcase and painted it. He said: "my father has Diabetes and is travelling a lot; I took his suitcase and painted it to show that I miss him". Novo Nordisk used this suitcase as a model to create boxes, a smaller version of the mentioned suitcase, with paintings on the walls, and distributed them as Starter Kits packed with all relevant materials to children affected by diabetes.

Another example that is incorporated in Novo Nordisk's Triple Bottom Line approach (financial, social and environmental) and reflecting the group's social responsibility is the Take Action! programme. Within this programme, for example in 2010 all employees of Novo Nordisk, in groups of 2 or 3 persons, took a day to visit different classes in one of Polish schools, having one hour to talk with children about diabetes. The presentation was very simplified, of course, included topics such as food choice and physical activity, and offered a chance for great interaction with children, for getting to know, what did they eat on a normal school day, etc.

Of course, with the current growth of diabetes cases in the population the experts' prediction is that it will only get worse in the future. So it is not just the local companies, but also pharmaceutical giants such as Sanofi Aventis, Eli Lilly and Merck, that are beginning to focus on this therapeutic sector. What is Novo Nordisk's strategy to maintain its leadership in this niche area, and how would you assess the current level of competition here in Poland?

Novo Nordisk is proud to have been for many years a leader in Poland. According to IMS data, the company has just about 40% market share in value in Poland considering the total Diabetes market, including insulin and oral drugs. On the insulin market, Novo Nordisk is holding the first place with Market Share in value at the level of 60%. This goes in parallel with company's full

dedication to fight diabetes by offering a full portfolio of different insulins, insulin injectors, all supported at the same time by exceptional service and many innovative educational initiatives.

The company in Poland builds its position on the trust from doctors, patients, and decision makers, by ensuring its expertise and balanced approach to find the best treatments for the particular patient. Being trusted is the key to success for any pharma enterprise, for anyone seeking long-term sustainable growth. Novo Nordisk's position among its competitors has been very stable for many years, the main growth drivers were and are linked to demographic factors as well as introduction of new insulin products.

You are General Manager of Novo Nordisk Poland since May 2008. What have been the main challenges that you have faced as the head of the affiliate?

The unpredictability of the environment regarding business decisions, when it comes to the introduction of a new product, is definitely the main challenge I have had to face. As of today, drug policies, pricing and the reimbursement system as a whole are still not transparent.

Currently it's impossible to ensure that the product, once agreed on the European Medical Agency level, is reimbursed in Poland after a certain period of time. It might be many years before that happens, despite many promises from the MoH that there would be regular updates of the list.

However it seems things are going in good direction, as the Minister of Health has initiated the work on Reimbursement Act to regulate the system – though there are a few controversial solutions proposed in the draft of the Act. Let's take an introduction of fixed margins and prices as an example. In Poland, where reimbursement is usually limited to the price of the cheapest drug in the therapeutic group, patients have to co-pay for many drugs. The co-payment on the patient's side in Poland is already one of the biggest among European countries. Fixing the prices and margins will end up with further price increase at the end user level. The proposal that has been submitted is hopefully still to be addressed and discussed by different parties in the parliament and by experts. Transparency in drug policy, legislation processes in pricing and reimbursement with clear and merit-based reimbursement criteria is still an area for improvement. We hope that new regulations will be a step towards the implementation of the EU transparency directive.

Mr. Bichta of Merck was moderating our approach when I said it was a revolutionary market, and maintained that it should be considered more as an "evolution", how do you think these developments in the healthcare system will change the shape of the Polish healthcare sector in the years to come?

There is no doubt there's need to implement new measures: the population is ageing, costs of healthcare are increasing. I am also a citizen of this country and I fully understand the expectations of the population. However, these measures should be worked out in a manageable and sustainable way. If not, it might lead to unnecessary costs increase for the government and for the national health fund, and to some frustration, with no transparency and cooperation between the Ministry of Health and the industry. The approach and the ideas of the government are fine, but the way they are measured and calculated, should be reviewed.

This industry is not only capital-intensive, but human resource-intensive. In so many places across the world Novo Nordisk is consistently voted as one of the best places to work. What attracts industry professionals to Novo Nordisk Poland, and what do you think makes it such a great place to work?

I hope many things can attract best people to work for Novo Nordisk – mainly due to the internal company integrity leading to all our values being expressed in our actions. This is also how we value our partners, people with diabetes and haemophilia, people working for Novo Nordisk to assure sustainable growth. When referring to our employees again, I should make a link to Diabetes. Novo Nordisk is very proud of a programme called NovoHealth. Within the company's facilities one can find only fruits, nuts and fresh vegetables each morning. No sweets. And we do have juices and fresh water to drink. Moreover, Novo Nordisk financially supports its employees in their physical activities outside of work. We also try to set a good example – during internal conferences, we take breaks for exercise. These ideas are also proposed to doctors during scientific conferences. If Novo Nordisk really wants to make a difference in changing people's habits to reduce Diabetes, the company needs to start in its own structure.

The company is proud it has participated in the Great Place to Work contest in Poland, in 2009 edition, when it took the second place. It was not only a nice event, but also a very good feedback for the management. In the last three years, the company has also received awards as Solid Employer of the Year .

To achieve this, Novo Nordisk supports employees' commitment and passion, as well as their personal development, building a clear link between corporate values and what is expected from the people. Novo Nordisk is constantly supporting innovation, new ideas, as well as the open inter-department dialogue. I believe there is no monopoly for knowledge, related to someone's position within the company. It is made available to anyone to get the knowledge and coin it into real action. The company focuses on involving people, to have them understand what Novo Nordisk is doing from a business perspective. I respect the shareholders and take the financial aspects

strongly into consideration, but employees' commitment, in the light of the Take Action programmes - going to schools, talking about Diabetes etc. - that is much more important to me. Ideas and passion of the employees are something really needed in the pharma industry.

How will we see Novo Nordisk Poland growing in size and influence in the future? What are your ambitions regarding Novo Nordisk's size and positioning in the coming years?

Again, looking at last year growth drivers and looking into the future, growth will be mainly linked to Novo Nordisk's situation on the Diabetes market, as 85% of Novo Nordisk's revenues come from insulin. Regardless of the evolution of the competition, there are many opportunities for growth in offering better solutions to the patients.

We have said that working in Poland means working in an unpredictable environment. What are the key skills required from a manager in Poland to have a successful business in pharma?

Having experienced changes in an unpredictable environment, knowing the demographic trends, the most important from my perspective is to focus on partnerships. Also, one should see business not only as an area of sales goals, but to look at it from a broader economic perspective, considering the society as such and looking for systemic, organizational solutions. A good manager should not only consider the issue of an ill patient, and how he or she should be treated with a given drug, but should also be looking at potential long-term complications and possible hospitalizations if this patient is not cured, considering all elements as a whole. A good manager knows, that any loss of productivity has a negative impact on the income of the country, and that means: on the financing of the healthcare system in the end. And all the above should be worked out, modelled, analyzed with different stakeholders. In that respect, I believe, there is a need in Poland for more expertise in the decision-making process, looking beyond the pharmaceutical industry, integrating different areas such as Education or Technology. This is all part of a new paradigm that I support.

From my personal perspective, I'd like to ensure, that the core values of the company are really translated into each and every action of Novo Nordisk. Once translated and transparently set up in the organization, with a clear mission and vision, I expect it from our people.

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