Interview: Rajmund I. Martyniuk, President, Polpharma, Poland



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Polpharma , Poland's role model and largest Polish manufacturer of drug products and active pharmaceutical ingredients, has pushed the Polish boundaries with the objective to become the fastest growing regional branded generics player in the near future, explains Rajmund I. Martyniuk, President of Polpharma, Poland.

With over USD 1 billion in annual sales, Polpharma is the flagship Polish pharma company. Do you see Polpharma as a role model in Poland?

There is no doubt that our ability to capture 13 percent of the Polish pharmaceutical market in volume make us an example to follow for many. We are also the largest employer and producer in the industry, but we feel that our role goes much further than simply producing pills.

However, Polpharma still has to develop its portfolio to meet current Polish healthcare needs, and this is why a few years ago we decided to invest in biotechnology and optimize our production network. Acquiring Polfa Warszawa also enabled us to become a leading producer of ophthalmic and sterile medicines. Today, the demand for these products is much higher than our current production capacity, so we have decided to invest in one of the most advanced and modern pharmaceutical production facilities for ophthalmic and sterile medicines. Last year, we also opened a new biotechnology lab in Gdansk and we expect our team of scientists there to give us an edge with biosimilars.

To keep up with the ongoing price pressure we are facing, we are always looking for new ways to optimize our costs and prices. Given that Poland has some of the lowest generics prices in Europe, our margins are tight and this means we have to constantly optimize our costs. Organizing our production factories by specialty area and building synergies between our different facilities is already improving our production efficiency rates. The development of our export business should also help us in that quest.

What can we expect from Polpharma in 2014?

Our plans for 2014 will follow the strategy that we have already been executing for a few years. We believe that with our strengths from our product portfolio, production, organization, and R&D, we have the tools to continue on this level of commercial excellence. We want to expand our portfolio up to our beliefs and physical possibilities. In terms of international growth, in 2011 we incorporated two organizations, Akrikhin in Russia and Chimpharm in Kazakhstan, and we are increasing our presence in these regions, but we still have to improve our production facilities, pipelines, business processes and team development programs, if we want to one day have the same success there as we have now in Poland.

We still believe that we have plenty of room to grow so we have to be smart enough to succeed. In the past, we have developed possibly the most effective branded generics commercial organization, even though there was not much of a branded generics market in this part of the world. We believe that our marketing and communication strategy, which has been tailor-made for doctors, nurses, pharmacies, distributors, payers, government and patients, has made Polpharma what it is today.

We provide our sales and marketing teams with appropriate tools and training programs, which enable them to constantly improve their effectiveness. Ethical principles are fundamental for our sales and marketing activities, and guarantee the highest standards of our work and conduct.

The awards Polpharma has received as an innovation, manufacturing and employment leader give the company a competitive edge when it comes to international expansion. Where is there still room for improvement?

We certainly are proud of receiving these awards, but there is always room for improvement.

Being a branded generics company, we cannot differentiate ourselves solely based on our products. The generics business does not work in the same way as other segments: in OTC, for instance, it is possible to bring added value to our products; this is not really the case for Rx generics.

In Poland and in our markets abroad, we support still developing healthcare systems with our experience and expertise, participating in various screenings, broad epidemiological trials, investing largely in prophylactic campaigns for the public and providing scientific centers and healthcare professionals with the recent information. In 2002, we established Polpharma's scientific foundation, the largest private foundation supporting scientific projects in Poland.

How would you qualify the strengths of Polpharma abroad, and what is your strategy for continued international growth? Will you continue acquiring other companies abroad?

Our first competitive advantage is building brands and our second is to develop efficient market strategies. As a Polish company, it is easier for us to understand the expectations of CEE and CIS markets, which share many historical milestones and market trends. Even though Poland can be considered as more advanced in some aspects than many of these countries, we still need to thoroughly analyze the different markets to see how we can implement the best strategy in every country where there is potential.

We decided to enter markets with similar healthcare systems and business models as Poland. The companies we have acquired in Poland in recent years already had strong connections with CEE and CIS markets, so this is a good starting point for us and we plan to capitalize on this heritage.

Our international expansion is not only a question of mergers and acquisitions. For instance, in Ukraine we decided to build our business from scratch. We believe that an efficient B2B strategy is key for mid and long-term expansion abroad, and therefore we have been selling our APIs (active pharmaceutical ingredients) to other producers. We have also decided to license our products out, and provide contract-manufacturing services.

How will you ensure that Polpharma is no longer regarded as a local flagship company but as an international success story?

Instead of presenting ourselves as an international company, fundamentally we need to be recognized as a trustful, reliable partner in business. I would be highly satisfied if Polpharma could be perceived as the benchmark for developing business and key relationships with society. For

obvious reasons, we shall never be as big as the largest multinational companies.

Polpharma is aiming to be the best and most trustworthy development and production partner. By showing others our effective supply chain, with the most advanced equipment, other companies will come to us to create business partnerships. Polpharma’s main shareholder Jerzy Starak is the most visionary man I have ever met, and with his business experience and courage, Polpharma has intensive development ahead.

In the next five years, Polpharma will be the fastest growing regional branded generics player. We will build an ever stronger and more balanced portfolio based on prescription, hospital and OTC (supplements, and dietary with Herbapol). We want to be able to provide our customers and clients with the highest quality medicines at reasonable prices. We will develop new niche products, to complement our recent niches in gynecology, ophthalmology and allergology.

Polpharma remains open to partnerships all over the world, as long as these partnerships have mutual benefits, give us competitive edge and enable us to have a sustainable growing business. Collaboration is key in business and at Polpharma we understand this better than anyone.

You have been working at Polpharma for the last eight years, holding various strategic functions, and today you are the President of the Management Board of Polpharma Trade Office. How did these experiences help you to become the right leader?

Leadership is a function of experience, maturity and mental construction. After 20 years in the industry, I have met different business leadership styles and attitudes, which have helped me understand what best suits my personality. I approach leadership in a very pragmatic way, and this means that I value fair relationships with all internal and external stakeholders. This implies high levels of ethics, interpersonal attitudes, transparent rules and business management practices.

As a medical physician, I have been able to better understand the real unmet medical needs of the healthcare system, and this has helped me guide my team and find common ground in the industry. It has most importantly helped me get as close as possible to the needs of patients.

My natural leadership is all about showing people opportunities and presenting them with different opinions so they can choose for themselves. Good managers need to be independent and although I am leading them to help them maximize their performances at their job, they can only reach great potential if they are as independent and self-sufficient as possible.

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