Interview: Luis Abel Zerecero Mañon – General Director, Laboratorios Keton – Mexico



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Founded back in 1956, Laboratorios Keton is a small 100 percent Mexican company committed to provide high-quality contract manufacturing services to local as well as international drug makers. With more than 50 years of experience in the pharmaceutical industry, the founder discusses the company's most important milestones, achieved under the concepts of stability and predictability.

Could you walk our readers through the most important milestones of the company since its creation?

Laboratorios Keton was established in 1956, mainly focusing on the production of antibiotics. Fifteen years ago, along with two other local companies, we were selected by the Ministry of Health as a national laboratory to represent and emblazon excellent Mexican manufacture practices for antibiotics. Because of the nature of antibiotic drug production, which requires a high level of isolation, many large and international companies prefer to outsource production to third parties and started coming to us to manufacture their products. The volume increased so much that in 2005 we decided to stop producing own-labelled drugs to only focus on manufacturing for third parties. Today we are a small, yet qualified Mexican company 100 percent dedicated to offer contract-manufacturing services.

In the past few years large pharmacy chains have dramatically reshaped the product offer available on the market with their own store brands. Did you venture into this

segment?

At first, we did; however, many of our multinational clients did not like the fact that we were producing the same products for the competition, so we decided to stop and rather consolidate the business relationships with the clients we had been working together for the past ten years. We have a strong sense of confidentiality with them to avoid any kind of information leakage, as intellectual property is extremely important within the pharmaceutical industry.

Keton added a further production plant back in 2011 to increase its manufacturing capacity. How does the company's footprint look like today?

When Keton started we had a plant where we manufactured every kind of medical and pharmaceutical products; over time the Federal Commission for the Protection against Sanitary Risk (Cofepris) imposed restrictions on the manufacturing of antibiotics, which lead us to open a plant entirely dedicated to this category of drugs. After a while, we decided to close the pharmaceutical plant and only keep the antibiotics one.

Presently we have two plants in Mexico City and we are planning to open a third one within the next few years; although our production standards are of the highest quality, we are a small Mexican company with limited capital and currently do not have any financial partners, so we first need to raise the necessary investment to purchase new equipment and machinery, and unfortunately the current unfavorable exchange rate is not helping.

When we met Hector Carrillo at Apotex back in 2012 he told us that "supplying on time is becoming increasingly important. When it comes to timely and high quality product delivery, clients know we can do it." What are the competitive advantages, which make Keton the partner of choice for local as well as international companies interested in outsourcing their local production?

In my way of thinking, experience plays a huge role. We rely on extremely high-qualified personnel; we have people in the production and quality control departments that have worked with us for more than 30 years. At big pharmas most people do not stay longer than ten years; at Keton we like to keep continuity, and this also applies to our staff, which is mainly made up of women. The same applies to our pricing strategy: we increase prices only once a year; this gives our clients both a sense of stability and predictability.

You offer hosting services to foreign companies. What do you think makes them decide to enter the highly competitive Mexican market and how do you choose the partners

you work with?

With its almost 120 million population and a high level of out-of-pocket expense for healthcare, Mexico is a very interesting market for any company operating in the pharmaceutical marketplace. Today we represent ten different international companies, spanning from Austria to Italy, Spain, France, and Germany. We never choose a partner without knowing that it has an excellent reputation or knowing their production; we must know their main polices before doing any business so we know if there are common interests; we should share the same codes of professional ethics in order to generate a fruitful and trustworthy business relationship. I personally attend several pharmaceutical fairs each year to identify new laboratories and developments; sometimes this proves to have positive results because there is a lot of business potential at those events.

What are your personal ambitions for Laboratorios Keton for the future?

The future seems bright for us because there are a lot of market niches that are yet to be explored. We would love to enter the South and Central American markets by generating business partners in 'tough to enter' countries such as Argentina, even though we already have a couple of business relationships there, as well as in other regions that present difficulties in terms of market positioning. To stay competitive it's mandatory for us to increase our production capacity, so we are planning to open new plants as well as to invest in new equipment and machinery; by doing so we could be able to easily triple our gross sales and make the company grow.

You have been working in the pharmaceutical industry for more than 50 years. What has been your 'golden rule' to manage the business in such an ever-changing market as Mexico?

If your projects are rather new, the best thing to do is to look for the protection of a well-established company. People naively believe that the pharmaceutical industry is not complex; but, with all the modernization, things are changing at a quick pace, so it is not easy to keep up with what is going on. There are many great consultants here in Mexico that can help with processes and estimates, so it is better to invest a little more before anything undesirable happens. Most international companies that come to Mexico have a great success rate. Personally, in the mid term I plan to become a pharmaceutical industry consultant to help inexperienced entrepreneurs as well as international companies with the Mexican market and all its intricacies.

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