

Interview: Rafael Fernández, Alfredo Fernández, Cesar Muñecas, Mitel Distributing, Puerto Rico



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Mitel Distributing Corp is one of Puerto Rico's leading distributors for weights and scales in the life science industry. The executive team speaks about the challenges of Puerto Rico's recession and ways that the company has adapted as a result.



What have been the biggest opportunities and challenges over the last 5 years for Mitel?

Mitel was founded in 1961. We are a family-owned business and have been in Puerto Rico for over 50 years. While the initial aim was to become the sole distributor for Toledo Scales we rapidly established ourselves as a leading supplier for the then growing manufacturing and pharmaceutical

industry. Throughout history, we have seen various trends and changes in the sector, both positive and negative. Equally, Mitel as a company has been forced to adapt and evolve to stay up-to-date with industry developments, including the biotech and medical device sectors, which have been growing significantly recently. Especially in the last five to ten years, with the end of the federal tax exemption in 2008 and a resulting wave of plant closures and consolidations, this has had a major impact on our company.

While we initially focused on manufacturing, the service component in day-to-day pharmaceutical operations is just as important, if not even more so, both from a regulatory and production standpoint. Thus we have expanded our product and service offerings over the last seven to ten years to serve our clients' needs.

In life as in business, crisis can be an opportunity. Despite closures and consolidation in the pharmaceutical industry we have continued to invest a lot in our technicians, specifically in regards, to the training and certifications that our customer require and allow us to maintain our competitive edge. We've also had to make big investments in order to keep up with industry standards. One of the major internal evolutions was the move into the laboratory area. As a result we are now able to deliver complete solutions from the manufacturing floor to the laboratory.

We saw the crisis as an opportunity to expand our products and services. Thus, we are a growing company despite problems at the government level. We invested a lot of time and money in our business in tough economic times but we managed to grow in an unstable economy, employing more people and expanding our products and services.

What challenges do you find in terms of educating your staff and making sure that they are up-to-date with cutting-edge technology in the life science industry?

Staying up-to-date with the latest industry developments has been the key to our success in the last few years. We really believe in investing in and education our people in order to provide high-quality service and technical support. This has been our competitive advantage over other players in the industry. Whereas other companies have gone through the crisis unfocused, we have maintained a positive mentality and invested in our workforce.

The challenge of running a business in general is to be conscious of our priorities and how we spend our time. While a lot of time and energy is devoted to our core, namely solving our customers' problems, we also have to look beyond that to educate our employees and ourselves.

You have to look at the forest, not the trees. Despite Puerto Rico's current economic situation, we are still among the top five pharmaceutical hubs in the world with a solid base that allows our company to grow and invest. To stay on top of developments and trends in the industry and to find out who the major players are that need a company like Mitel, we sometimes have to take a step back and be strategic to find time to go to conferences and seminars.

Finally, it's not just about time and energy; it's also about money. In a challenging economy like this you have to go out and invest despite your natural instinct telling you to do the opposite. Sometimes you have to take a leap of faith. At Mitel, we have an optimist mentality and see crisis as an opportunity. Technology and customer demands are constantly changing. We have to work closely with our suppliers to stay on top of new developments. This is currently done, for example, through online educational platforms. We are also investing in an applications laboratory in order to become proficient in new areas in the long-term.

Overall, we feel very confident about the island. There is an opportunity to take this company forward not only for the family but also as a contributor to economic recovery. We have been growing not only in terms of sales volume but also in terms of employees, which really allowed us to make an impact. We are proud of the fact that we didn't have to have any layoffs or reduction of benefits. However, we want the government to do more for local companies like ours. While we have been able to benefit from some tax advantages, as a local SME it is difficult for us to have access to the same fiscal advantages like the major players in the healthcare and life science industry. Companies like Mitel allow the top players to perform and being the backbone of an important economic sector; we need continuity and certainty guaranteed from the government.

What is your market share for weights and instrumentation?

Naturally, we serve different markets and cover different business areas. In industrial manufacturing we are probably the market leader, while in instrumentation we are in the top five. This makes us very proud because we are competing against multinationals that have economies of scale, better access to infrastructure and online platforms. Despite being a local company, we are one of the most competitive ones in the industry. This really demonstrates the global competitive of the strength and capacity of Puerto Rico based knowledge.

In terms of your business offering to the healthcare & life science industry, which of your products and services are most requested?

Most of our pharmaceutical clients approach us for weighing and instrumentation solutions since we really understand the needs and regulations of the life science industry. We know how to make

sure our clients are compliant with FDA, state and local regulations. As a local company, this knowledge is a major advantage for us. We have been here for over 50 years and know how to work hand in hand with our customers. It is not just about selling our products and services but really about supporting our customers and understanding their requirements. We really believe and breathe the consultative sales approach. We have very unique relationships with our customers that we value, for example last year we provided on-site seminars to our customers regarding USP regulatory and administrative updates. Moreover, many clients need our service quickly. As a local company, we are able to provide fast service compared to other suppliers that are based in the US or Germany. Mitel covers the needs of pharmaceutical manufacturers from the beginning until the end. We assist our clients in manufacturing, maintenance as well as validation and quality control of instruments and weighing systems.

Is Mitel planning to distribute its products and services beyond Puerto Rico to other place in the Caribbean or Latin America?

At the moment we are exploring opportunities to take our resources elsewhere in the Caribbean. However, these plans are in the early stages and logistics at the moment is the most challenging aspect. While we are exploring beyond Puerto Rico, we are very conscious that our base is here and we still feel that there is a lot of space for local growth. We see the opportunity to expand but we also want to be careful to protect ourselves against potential risks. We are also investing in the R&D coming from the universities in Puerto Rico.

We have good relationships with the University of Puerto Rico and have been developing a program in collaboration with the university to hold special seminars and educational opportunities for its students. We also donate our services to educate students in different types of applications. Whereas years ago we didn't think about expanding or selling our services to medical schools, this has become a major pillar in our business. We definitely see space for companies like Mitel to closely collaborate with academia in the future because we want to ensure that young chemists and scientists have access to state-of-the-art instrumentation in order to be successful in the pharmaceutical industry.

Looking ahead to the future, what are your expectations in terms of growth and where would you like this company to be in the next 5 years?

We want to continue to be professional and improve our services. We want to grow in areas where our customers need us. A lot of products or services have emerged through active communication with our clients, for example USP and regulatory compliance. We see a lot of growth working

closely with our customers and we believe that we can grow our company ten percent per year in the next five years, which is very reasonable. We want to continue to develop trust with our customers that they have already valued throughout the last few years. We want them to see that we can still support them with anything they need whether that is at the manufacturing floor or in the lab in order for us to be a trusted supplier.

We aim to be a facilitator in the growth of the biopharma and medical devices industry. Industry growth will allow us to grow as a company and subsequently add more jobs. We also see the opportunity to improve our commitment in CSR as well as reduce our ecological footprint. The possibilities in Puerto Rico to grow and prosper are endless.

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