

# Interview: Gabriele Baccelli - Country Manager, Orion Italy

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*Gabriele Baccelli shares his journey of setting up a lean organization at a time of crisis, the management decisions he took in order to navigate this environment and how he set the company in a strong position moving forward.*

**Mr. Baccelli, you founded the Italian subsidiary in 2009, entering a mature market at a time of crisis. What was your initial market entry strategy at the time, and how did you implement it to achieve success?**

Our biggest challenge at the founding of Orion Italy was to build up a solid, sustainable portfolio and to introduce the company culture to my team here, which is centered around a realistic and profit-oriented attitude. It was important that we implemented our strategy for achieving this incrementally, rather than trying to complete everything as quickly as possible which would have led to failure.

When I looked at our portfolio, it became clear that of Orion's two main business areas, generics and proprietary medicines developed by our R&D department, I decided that Orion's own range of patented products were more interesting for the Italian market. I decided to follow the differentiation strategy because we have very high-quality drugs which can be introduced to patients in a market with less intense competition. So it was crucial to identify that these drugs

were of extremely high quality and sustainable in terms of price, and that despite that they were also quite separate from the real areas of competition in the wider Italian pharmaceutical market. Our priority became identifying those products with the highest potential in our market, and launching them in an intelligent and sustainable manner.

To achieve this, we have set ourselves up as a lean company, and this is crucial for us. The first number on our balance sheet is our expenditure for human resources, showing how we put the person in the center of the project and consider them our most important marketing resource. This works if you take a somewhat unusual approach in launching products. For example, we are now launching our new Easyhaler product through a partner rather than trying to do it ourselves. In this way we can continue to focus on our hospital products ourselves, and our partner will launch, market and support our new product in Italy following our directions, but with very little waste of effort from our side .

### **How have you had to adapt your operations to the Italian market?**

In Italy if you want to be active in the hospital market, you need to know the territory very well. We have 20 different regions, with 20 independent healthcare systems, and this is different to what Nordic companies are used to. Here in Italy everything can be completely different from hospital to hospital so we had to communicate to our management that it was possible to operate effectively and profitably using a heterogeneous strategy, as long as we had the right team to implement it. As an example, I am used to market access issues from my experience working at Schering Plough, however for this company at the time, market access only meant the registration and launch of the product. So it has been a challenge to help them to understand that in Italy this process is significantly more complicated, and we had to communicate the fact that market access here is a local issue, rather than one which can be solved at a national level.

### **How did you manage this clash of cultures?**

This is interesting, I managed it through our daily business. We are a matrix company, which means the only way to manage it is by being strong in your communication and making it clear that every process needs to be adapted. Besides this we also need to demonstrate proper results to back this up of course. It was clear to me that it was only going to be feasible to successfully start up the company in Italy if I had the right team, one which shared my vision and which was passionate about succeeding.

Today we have achieved success, and are Orion's most profitable subsidiary as a percentage of our turnover, but getting there was not easy. It is clear now that this was achieved by combining the

strategy of our company, the vision for the local market and our determination at every level to set the company on a path to sustainable, long-term growth in Italy.

**Considering your background in sales, how did you develop an effective marketing strategy to communicate the value of Orion's hospital products to Italian healthcare professionals?**

It is important to be close to them, not only in terms of promoting your products, but also in your understanding of their environment. Right now, our customers are not only taking care of patients, they also need to organize their department, manage budgets, reorganize their operations on the territories and perform many other tasks. This means it is important to not only communicate the value of the drug directly, but also to talk about the patients they are managing and how they do this. If in that environment you can show that your drugs are sustainable and add value to the entire organization, rather than only the patient and the customer in an isolated fashion, you can succeed.

This is what makes the hospital market completely different from the territory market. In the respiratory sector for example your main competence is to find the time and the people to get as much contact as you can. This is because in these crowded markets the only added value is contact. That is not true for the hospital market, and it is why many companies which tried to face the hospital and territory market with the same strategy failed utterly.

**One challenge all innovators face, and which you are familiar with, is obtaining market access approval for new drugs. How has this affected your operations in the country and what has your strategy been to counter this?**

Obtaining local market access is certainly a challenge. I think that what we need to do here is give our market access clear procedures for companies to follow so that we can introduce some certainty to our operations and market-launch scenarios. In Italy right now this is something which needs to be evaluated on a monthly basis. It can be unclear who your stakeholders are, regions are organized differently, and there are economic differences to consider as well.

The only thing I have done as manager is to take one person in my organization, give them the "ownership" of market access operations and be sure all actions were coordinated with our pure sales and marketing people, working together as a true team. This decision has played a critical role by identifying and bringing together all the different stakeholders and pushing our drugs through the necessary procedures.

Now, in two years we have completed 75% of the rollout of our drugs to the Italian regions which means that in some hospitals the patient has had access to our drugs for almost two years and in some other hospitals they are not yet available. There is a missing procedure here, and that is the result of an overly complicated regulatory environment at the regional level. We need to change these procedures and bring stakeholders together so that they can find a way to create a more homogenous system in terms of quality at least. If we can do that it will be to the benefit of both our patients and the industry.

**Sales of Orion's flagship Easyhaler product line have been very promising at a European level, growing 22% in 2014. After market approval has been granted, how do you see its launch impacting your activities here in Italy?**

The entire respiratory segment has a value of around 1 billion euros and of course AIFA is quite reluctant to introduce new drugs which could add the expense of this segment. However, our product does add value. As I mentioned earlier we are launching this product via a partner, who we have selected with great care. They are extremely knowledgeable about the territory, and are launching with the right field force capacity to compete on a GM to GM basis, and as this is where our strengths lie, I am confident.

**How do you go about choosing a partner who you believe will fit your needs?**

I worked on making this selection for more than two years. My first challenge was in finding the right partner, my second one was convincing global management of that fact. We met more than 10 companies, and I realized early on that finding a partner of the right size was going to be crucial. It could not be a large multinational company with their own portfolio to market. For this product we wanted a classic Italian company who treated Easyhaler as own R&D product, able to give it the support it needs. There are many such companies in Italy, and in the end I selected one based on the outcome of our negotiations. In all, it took just over a year to settle on a contract, but today I see a lot of optimism both amongst our own global management as well as in our partner, which is a good sign.

This model, in which we form partnerships to launch products, has proven very successful so far. It is not something that could be done without adapting it to local requirements, but for Italy it is certainly the optimal solution.

**Having led the company for almost seven years, how would you define your management style?**

I am someone who knows the market through my background starting at the bottom and working my way up. I have a management style in which I place my trust in key people and to do this, selecting the right team is crucial, as is providing feedback when they do not return your trust. I think that the right leadership style for this company is to not only communicate the vision for the local affiliate very clearly, but to also communicate the global vision so that everyone is in sync on their individual efforts. I also like people who act. When managing a lean organization you limit your own control, you cannot manage everyone all the time, so you need to trust that your people will fulfill their role and let them do their job. It is not complicated, but it needs to be followed consistently. Today I would say that my team is in a position to be almost entirely self-sufficient, and that is very gratifying to see.

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