Interview: Andre Buhrlen – Managing Director, Hersol Manufacturing Laboratories, South Africa

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Hersol prides itself on producing high-quality products and is today one of the leading Pharmaceutical Contract Manufacturing Companies (CMOs) within the South African Market. The managing director discusses the development of the company, its current challenges as well as its future ambitions.

Can you please provide our readers with some insight into Hersol's history?

Hersol was founded in 1986 by Laurence Solomons and is today one of the leading pharmaceutical contract manufacturing companies in South Africa, specializing in the development and manufacturing of complementary medicines, nutritional supplements and pharmaceuticals. I joined the company in 2003 and since then its growth has been impressive: at the time we were 85 staff members, today we are nearly 400. Many pharmaceutical companies with or without a plant in South Africa are our customers, or have been in the past.

What has been one of Hersol's most important milestones?

We took a very strategic decision in 2005, when we decided to be very strict about the quality standards of the products we were manufacturing—especially with regards to complementary medicines. The Medicines Control Council (MCC) had legislation in place, but it was never really enforced so most drug manufacturers were not implementing it. Several potential customers

approached us with formulations that did not comply with the authority's regulation, and we decided to dismiss them. We have always told ourselves "we do medicines, not tables & chairs": all compounds need to be tested and analyzed, and if they fail, they are dismissed — that's it. We have always been very strict: sometimes it has caused us troubles, but in the long-term we have gained a reputation of unmatched quality and ethics.

How did the company evolve since then?

We made sure we had capable people on board as the company grew and was setting up the infrastructure. Meanwhile we started taking over customers that were explicitly looking for ethics and quality. We are more expensive than anyone else in the market, but clients know what they can expect. As a joke I always say, "I can sleep at night", which means the customer can do too. Along with manufacture we decided to expand our services to help customers develop products from the concept to the shelf.

What are some of the most pervasive operating challenges afflicting CMOs today?

One of the main challenges companies overall face is power supply, as it is often insufficient to run the manufacturing process. We implemented gas turbine engines to generate our own power and be completely independent from the power supply provider. Water supply is also a problem, so we also installed 5000-liter containers to retain water in case of need.

What value do contract manufacturers as Hersol currently add to South Africa's healthcare industry and system?

We are helping to uplift the community, as we are by far the largest provider of employment in the area and support almost 400 families. We are recruiting people from the surroundings and placing them into training programs. We have very strict HR processes, but we think it's good for the community and the high-quality level we want to maintain. On the other hand, we help drug companies be more competitive on the local market, as they do not have to import products from overseas.

How would you assess the performance of the industry and the company over the last few years?

Over the last three years we have been growing 30 percent year over year, which means we are booming. This has forced us to completely scale up the operation: we are as efficient as we can, but we need to introduce larger manufacturing equipment to move to the next level. I know the industry is growing, but do not think other companies are doing as well. Growth also has a

downside: you need to be able to upgrade and get good people very fast because things start happening very quickly.

Why is Hersol the partner of choice for the life sciences industry?

The quality of pharmaceutical products starts with raw materials, not anywhere else. The motto of the MCC is ‘quality by design’, and we take it very seriously. Our R&D staff has been given the mandate a long time ago to get the best quality. Sometimes it slows down the development process, but in the end it pays out.

What are the main challenges you are facing today?

It’s a challenging market, which has changed significantly. Many drug companies are not willing to invest much in high-quality manufacturing, hence go for cheaper options. A further hindrance has been acquisitions: two of our customers were taken over and after three months the volume they managed with us started dropping. Georen Pharmaceuticals, for instance, was our number one customer with nearly 30 percent of volume. They were taken over and today represent less than 12 percent of our business, so we have to acquire other business which is slowly happening.

What are the fundamental things you’d like to achieve as Managing Director of Hersol over the next five years?

We need to achieve the full GMP accreditation, which is a big task due to our current expansion process. A further focus is film coating: we do sugar coating, a very complex process that only very few companies can do here in South Africa, but volume for film coating increased, so we acquired more coating machines. Expansion is not easy: we have worked to become more efficient, now we need to have effective equipment and see how efficient we can operate. With the GMP accreditation in mind as the ultimate goal, we need to get the capacities to be able to expand and make sure everything is as it should be to cope with increasing demand.

What factors motivated you to join the industry and what has kept you here since then?

I started in the retail segment, as I owned a pharmacy. I enjoyed it very much but it took very long to get paid by customers—60-to-90 days—and after a while I started feeling the frustration of doing the same thing every day. So I joined a South African natural medicine company called Pharma Natura, and left as the Managing director: I enjoyed it very much and learned a lot because I was involved in different functions, from business development to marketing—I had the opportunity to overlook the complete business. However, when the new CEO was appointed, I decided to leave and two weeks later I was here at Hersol. I have been involved in the growth process of the

company since day one and have enjoyed it very much because there is always something new to learn.

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