

Interview: Martin Minarovič - Managing Director, Janssen Czech Republic



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Janssen Czech Republic's MD reviews his longstanding career within the company and highlights how founder Dr. Paul Janssen's legacy still influences operations today. He also compares the Czech regulatory environment with those of its regional neighbors and finds that there is little ground for fair comparison.

You have been with Janssen for 25 years, where does this commitment to your employer come from and what have been the most valuable lessons learned during this time?

I have been lucky enough to be allowed to change locations within Janssen's global operations. Within my career, I have worked and lived in Belgium, Czech Republic, Slovakia and Russia (twice); however never for longer than five years. I believe this is one of the reasons—besides that Janssen is simply a great employer—that I am still part of this organization.

As I have been allowed to live in all these countries, rather than just visit them, I have learned to be open-minded and adjusted myself and my management style to the culture surrounding me. I witness among my colleagues, some of which have been relocated for the first time, that the first thing they need to learn and adjust to is the different culture and business environment.

Moreover, this experience allowed me to fine-tune my leadership skills. There are textbooks that tell you how to lead, but theory is just one side of the coin; the other is practice. Leadership skills come with experience, and I am all about what I call 'natural or genuine leadership'. Especially in former Soviet Union countries there were cultural remains of strong hierarchical systems and one can witness non-natural styles of leadership, where directions are given but are often not followed through. I have learned that it's about walking the walk in addition to talking the talk. This establishes trust between yourself and your employees, which is the most important aspect of any successful relationship.

In your career within Janssen, you've worked in numerous positions in numerous markets in the region. What does the Czech market have to offer over its regional neighbours?

All of these countries have many similarities in terms of economies and healthcare environments but at the same time are very different and are not genuinely comparable. In this context, I would argue that the Czech Republic, Slovenia and potentially Slovakia and Hungary are analogue and the threshold of the region; effective measurements that allow the full control of investments, economic and political stability, and sound economic development are just a few of the assets these countries offer. These countries, especially the Czech Republic and Slovenia, border western European standards in healthcare, and their markets are growing; low single digit number growth, but steady growth!

Janssen is one of the most innovative pharmaceutical companies in the world; to what extent does the Czech market environment appreciate innovative treatment?

It depends. Generally speaking, I would say that innovative treatments are used, patients in need are given access and there are even possibilities of single patient access through individual approvals. However, especially in terms of timing, the access to innovative treatments has to be improved and the overall market penetration could be better as well. Due to the efforts of the regulator to maintain control of the healthcare spending, we currently experience negative implications in these dimensions. Nonetheless, the overall appreciation of innovative treatments by the regulatory authorities is decent, with room for improvement.

Could you elaborate on these negative implications?

When I mentioned the timing, I specifically meant the speed of reimbursement where the Czech Republic lacks efficiency, ranking in overall time needed to bring treatment to the patient behind Slovenia and Slovakia for instance; and it is not fair to compare it to countries like Romania or

Bulgaria. Secondly, although reimbursement here is highly sophisticated, there are certain shortcomings in the complete process from reimbursement to patient. After the reimbursement process, the procedures to get treatment to patients are further slowed down by health insurance companies' and hospitals' restricted budgets; resulting in a three phase time limitation, reducing market attractiveness significantly.

In western European countries, the time taken for an innovative treatment to reach the patient is typically significantly shorter. Furthermore, in the Czech Republic we have established specialized care centres for certain therapeutic areas. These specialized care centres provide benefits as centres of highly specialized care where patients get European standards of treatment. However, this system limits access to innovative treatments to a smaller proportion of patients and thus a smaller number of patients can benefit from the latest drug therapies.

The way Czech reference methods are combined is unique in Europe, resulting in some of the lowest drug prices in the region. How do you navigate through this price pressure?

Again, I am reluctant to compare all these countries as the basis for comparison is not given. For instance, all of these countries reference in-between each other, all striving for low drug prices; therefore it is inconclusive to argue that one has the lowest price when this price in fact was referenced to the one it is compared against. What we witness is a downward price spiral due to this cross country referencing process; meaning that sometimes it seems like countries are competing to have the lowest price. This could be good for the system eventually, but the consequence is that countries are facing a problem with availability of certain medicines due to exports.

Not only as Janssen, but as an industry, I can confidently say that we all do our best to navigate through regional price pressure, in order to bring the best treatments available to the patients. We do so by trying to adjust to the individual purchasing power of the country; it is therefore quite paradoxical that referencing often doesn't allow us to do so! It is critical to balance access to treatment with transparency of the system, when transparency goes against access and affordability, there should be ways to implement local agreements, which are kept locally.

You mentioned that you have met Dr. Paul Janssen a few times throughout your career, and that his legacy is still influencing Janssen today. How does this legacy influence Janssen's operations?

I was indeed very lucky to meet Dr. Janssen, more collegial known as “Dr. Paul”, several times and this had significant impact on my work and leadership today. He was known to walk into the laboratories and ask, “What’s new? The patients are waiting!” This still influences everything we do at Janssen. In some ways it is motivating, as it reminds us of the greater purpose we are fulfilling: enhancing the live of patients and contributing to a better world.

How do you translate the atmosphere of his legacy into your affiliate?

There is no other industry in the world that can contribute more to better the world we live in than ours. Improving the lives of patients through innovation is the industry-wide core essence and I have personally experienced the benefits the industry provides. Some time ago, I was diagnosed with a serious disease and my chances of curing it were not that high. I had the chance to take part in a clinical trial and thus gain early access to innovative treatment. I took the opportunity and am sitting here today in great health! This is just a minor demonstration of what the pharmaceutical industry and people such as Dr. Paul Janssen do for humanity. We thoroughly realize this in our affiliate and strive every day to better the lives of Czech patients.

Where does Janssen help patients the most?

Psychiatry is our heritage and this is still one of the largest therapeutic areas we’re working on improving the lives of patients. More generally speaking, as a company we currently have a focus on resistant diseases, trying to find innovation that can treat and cure patients in the most need. Especially in oncology and hematology we have introduced some products that extend live expectancy not by months – but years – for patients in different stages of their respective cancer diseases. Janssen is also strong in biologics and our pipeline is considered to be one of the best in the industry by leading analysts.

At Janssen, as part of Johnson & Johnson, we try to exceed the exceptional effort of the whole industry to help the patients. As part of Johnson & Johnson, we currently have projects in place to find treatments for neglected diseases. These may not necessarily make any economic sense; nonetheless they are of utmost significance. Frankly speaking, it makes me proud to be part of an operation that contributes and acts the way it does!

At Johnson & Johnson, in which Janssen is the biggest division, we have a credo that aligns our activities according to our values—in which we place all relevant stakeholders. Our first responsibility is first our Patients, Nurses and Doctors, then our employees, then communities we operate in and—of course—our financial stakeholders. For me personally, keeping the right balance of these values is what it is all about and our credo is helping us to make decisions that balance our

responsibilities right, not purely focusing on just financials.

What is your ambition for the future of the Czech affiliate?

We are one of the top ten pharmaceutical companies globally and in Europe. However, we are not yet in the Czech top ten—and this is where we need to be. My predecessor aimed at double digit growth, unfortunately this didn't happen. Market growth has been flat in the Czech Republic, I am however confident that the new wave of innovation we introduce to markets around the world will result in appropriate growth for us as an affiliate! We already experienced growth of close to ten percent in 2015 and we aspire to grow strong single digit or double digits in years to come. Having said this, I would like to highlight that it is not only the sales growth I am so excited about. The other part of excitement lies within the prospect of having even more impact on health of Czech patients. This will be the result of our global focus on innovation. We at Janssen aim to become the leading transformational, innovation-driven pharmaceutical company in the world!

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