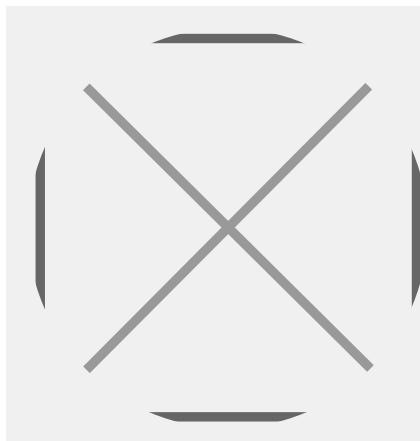


Interview: Francisco P. Sales - President & CEO, Vizcarra Pharmaceuticals, Philippines



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Francisco Sales provides the inspiring story behind the family owned Filipino distributor, which has grown exponentially since its humble beginnings of a single product and ten employees. Vizcarra has diversified its product lines, entering new segments and maintaining the entrepreneurial spirit that empowers employees to aim higher and reach further.

Vizcarra was inspired by a personal family story and has since flourished, a fact made evident even by the grandeur of your headquarters. Could you elaborate on the history of Vizcarra for our international readers?

The story of Vizcarra is preceded by the story of my mother-in-law, of whom the business is named after. This story is about her business, which was started in 1925. My wife's mother was not well educated, only finishing second grade, but she had immense talent for embroidery. One day a matron gifted her 500 pesos to begin an embroidery business, a significant amount of money at that time. My mother-in-law gathered her friends to start the business. In 1927, she began selling to Americans when she was given a concession inside the previous US military base, popularly known as the Clarke Air Base. She then expanded her product line and her clientele; most notably she embroidered the gift from the Philippine government to Princess Elizabeth of England for her wedding. Queen Elizabeth was so thankful that she even wrote a letter. My father-in-law was a sculptor, and together they ran stores for handcrafted items and this company continues up to the present creating products made by hand, focusing on hand weaving of leather and natural fiber

handbags. I tell this story because my mother-in-law's entrepreneurial spirit and her core values remain an inspiration and guidance for all of us in serving the needs of our customers.

Our pharmaceutical company, Vizcarra, began in 1988 after Korea Green Cross gave us exclusive distribution of its hepatitis B vaccine in the Philippines. We started with just 10 employees and since then have increased it to 110 employees, expanding greatly our product portfolio as well. As a distributor we need to be selective of our products to assure there is a clear distinction between our products and the competitors.

In terms of Vizcarra's diverse portfolio, which includes cosmetics, blood derivatives, and vaccines, which segment is driving the most growth right now?

We have been active in blood derivatives since the early 1990s and we are considered a market leader. I could see growth within this segment if it were to be given more support from the government. These products are very expensive, and out of reach to many people. Through the years the market has grown, and Vizcarra has a policy of socialized pricing where we lower prices for patient's that are too poor to afford it. Sometimes it comes to the point where we have to donate our product just to help patients who are in dire need.

You have mentioned the influence that the government has on the market and your business. How much collaboration does Vizcarra have with the government?

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At the moment we supply the government with vaccines and other blood derivative products. Two years ago we won a bid to supply the government with 7 million doses of just one of our vaccines. However, there are other ways for the Philippine government to be involved and a prime example is through local manufacturing of blood derivative products. Local manufacturing could lead large cost savings and accordingly help many people.

You mentioned that cost is one of the prohibitive aspects in reaching all of the Filipino population. How has PhilHealth affected your business?

In terms of PhilHealth and other similar plans, the amount of spending on a certain illness is regulated as well as which products can be used. If products are expensive, they are usually not included in the plan or not covered for reimbursement. It is unusual to incorporate a high value item in the plan for all people throughout the country. They are able to include some of our lower value products, but our high value items are not included as of yet. Therefore, on our particular business we have not felt major impacts from PhilHealth.

In addition to the products you supply, could you tell us more about the new diagnostics center? What were the motivations for opening this center?

The location of this building is surrounded by many recruitment and travel agencies of which require their new hires to have medical examinations and vaccination. Thus, we decided to leverage our location and provide this service within our facilities. We have our personnel at the diagnostics center doing outreach program to schools and other private institutions covering medical examinations, administering vaccines, and even doing drug testing.

How does the fact that Vizcarra is a family run, Filipino business affect your ability to adapt to the needs of your partners?

Being family owned has its own advantages and disadvantages because the talents that are retained are often based more on loyalty and term of service than capability. Our company is different from many family owned businesses because we simplified our decision-making process in doing business rather than the usual consensual process. We are less hierarchical than most companies, decreasing the decision making time. I encourage anyone in the company regardless of their rank to see me anytime to discuss concerns and issues that need immediate attention. We inculcate in our employees to have a strong sense of ownership in the company because they will perform better, and love their jobs and duties. We pride ourselves on our ability to make our employees stay longer with the company some people have been here for nearly 20 years.

How do you foster this sense of ownership?

We think about the employees' growth. We focus on how we can develop our people by creating a secure work environment that allows some room for mistakes for them to learn. We allow our employees to seek long-term benefits that are often associated in actually owning a company.

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Vizcarra has been growing and continues to grow. You have mentioned local manufacturing as a possible future step, what are some goals or strategies for which you see this growth taking shape?

We have gained invaluable expertise as a distributor, but at a certain point when the products that the market needs or that we desire are not available, we reconsider the idea of manufacturing. There is intense competition in the market, coming from India and China products. Their prices are very low and it is difficult to compete with them. We always have to be one step ahead of them, and we see growth through diversification. We have grown from 10 to 110 employees through

product diversification. If we were to go into local manufacturing, we would need external partners that could provide the technology and know-how.

Over your tenure here, what has been your proudest accomplishment?

I told you the history of our business, and this is our proudest accomplishment. We started from nearly zero experience and since then we have diversified, grown, and become successful. At the outset, we were totally unprepared to venture into this business since it presupposes general medical and marketing knowledge. We had to learn them and seek out alternative ways to gain enough aptitude on both disciplines. If we had the opportunity to do it over again, we may have to rethink before entering this business especially under the present business trends and conditions.

Do you have any messages or advice for people entering the pharmaceutical industry?

There must be passion when one is entering the industry since it is an important ingredient to success. Passionate people can accomplish many and big things especially when hurdling obstacles and difficulties along the way.

Where will we see this Vizcarra in 2020, what is your vision for the future?

It is my hope that you will see Vizcarra with a manufacturing plant, but also hope that our size will be more than double by then as well. Many local companies fail to look far beyond the horizon and set their goals to reach. We have imbibed in our culture that everyone should always aim for higher goal particularly in serving the needs of our customers. That is why we are the “partner” of choice.

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