

# Interview: Alan Smithers - CEO, IFA Celtics, Mexico

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*Alan Smithers, CEO at IFA Celtics, highlights the obesity as a national healthcare challenge and explains the company's strategy to enlarge its capabilities to cope with the increasing needs of the patients' and physicians' communities.*

## **Could you please introduce yourself to our international as well as the main activities and responsibilities of IFA Celtics?**

My father, Mr. James Smithers, founded IFA Celtics back in 1965 and since its inception it has been a family-owned Mexican company. The company has grown positively and it is currently positioned as a key participant within the pharmaceutical industry providing health solutions targeted to four main therapeutic areas: metabolic health, women's health, mental health and nutraceuticals.

Before joining IFA Celtics, I had been working within the financial industry for more than 25 years. Nevertheless, in 2011 I decided to move into the pharmaceutical sector joining "Investigación Farmacéutica" (IFA Celtics) because it needed greater attention. Since my move to the company, I have been leading its operations and I am quite proud about the business results obtained so far. Indeed, we have managed to improve the company's profitability ratios as well as enlarged the national patients' market access to our drugs. This success has obviously leveraged on our outstanding and committed team, of which I am highly proud to be part of it. Despite of our size, we have managed to maintain a horizontal structure to be highly flexible in our operations.

**Looking at your figures it looks like the results can talk by themselves being considered as one of the 50 biggest pharmaceutical companies in national the industry, the 16<sup>th</sup>**

**most important local laboratory in Mexico and leader in obesity and overweight treatment while obtaining the fourth highest growth of the industry in April 2016 (26.9% vs. 7.7% average of the industry). What has been the strategy to ensure such success considering the dynamism of the industry?**

Our culture has always fostered hard teamwork. We do not believe in magic formulas or special talents but attitude has been our main driver. Our positioning in the industry rankings is a consequence of the effort from every single integrant of IFA Celtics. Other factor that explains our success is that we have a fully capable, motivated and coordinated team that enables us to take advantage of the existing opportunities in the market.

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Preparation is also crucial in our industry and, consequently, we design an action plan before jumping into any new opportunity. Our success can be, in few words, explained by the following variables: capable and coordinated team, workplace attitude, deciphering market opportunities and preparation. I strongly believe that these aforementioned factors have been the ones fueling our growth during the last five years.

**You were appointed as CEO of IFA Celtics in 2011 coming from a totally different industry, what have been your biggest accomplishments so far?**

Before my arrival in 2011, IFA Celtics was performing well, but we believed that the company was not taking advantage of its full potential since it had the capacity to grow at higher rates.

My landing in the company was not an easy process and my learning curve was quite steep but I developed a growing passion about the pharmaceutical industry and I am happy to say that I am still learning every day.

I am quite proud of the business results obtained so far, since we have managed to improve the profitability ratios of the company, as well as strongly enlarge the market access to our drugs and solutions.

**IFA Celtics has four different business lines: metabolic health, women health, nutraceuticals and recently mental health. What is your mix of revenues and where do you foresee more growth coming from in the next five years?**

The women and metabolic health segments are the mayor contributors to our mix of revenues representing respectively 43 percent and 46 percent of our turnover. Mental health represents 7

percent and nutraceuticals contributes to 4 percent of our total income.

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We have great expectations for mental health, which is our most recent business segment. Mental diseases such as depression have been growing its footprint in México but also globally and I strongly believe that the high quality of our products will enable us to address the increasing need for such therapies.

In general, we are highly satisfied with the different therapeutic areas that we are currently stepping into and I foresee high growth in all of them during the next five years.

**Considering that the government has recently announced budget cuts in the healthcare sector for 2017, what is your action plan to overcome such challenge?**

The existing demographic and epidemiologic transition with an ageing population and increasing penetration of chronic diseases in Mexico is showcasing the necessity of high innovative products in our therapeutic areas such as mental and metabolic health.

This gives us an advantage: IFA Celtics provides health solutions mainly to the private sector and only around 8 percent of our total sales come from the government tenders. Therefore, despite de announced cuts in the healthcare budget for 2017, we have perceived a growing demand of our products in the institutional market. It looks quite obvious that the growing patients' needs are compensating any reduction in the public healthcare budget. In this sense, we are strengthening our network and relationships with the medical community to ensure that more patients have access to our medicines.

In addition, even though the announced budget cuts, the awareness of obesity and overweight is increasing in Mexico because of the urgency and the penetration of such diseases with the national population. Indeed 7 out of 10 Mexicans suffer any type of overweight and therefore the footprint of obesity treatment is increasing in the public market where there are no self-elaborated solutions or even drugs.

Consequently, I believe budget cuts are not going to have any significant impact in our operations and overall performance.

**Obesity is a widespread challenge with more than 2.5 million annual death globally and strong impact in Mexico. Moreover, women obesity is one of the most important public health issue in Mexico with 70% of women suffering obesity or overweight and the**

**volume is increasing every year. How is IFA Celtics addressing this national challenge?**

We have developed technologies targeted to support health professionals in their private practices around obesity treatments. In these sense, we are able to provide different solutions for doctors in order to improve the monitoring of their patients' health indicators.

Such initiative also enhances the patients' market access as well as facilitates the treatments' follow-up. However, such program has been quite challenging to develop because it has had to fully comply with the new pharmacological requirements and behavior-modification interventions.

We are also engaged in supporting different education initiatives to raise awareness in Mexico of the costs and drawbacks of these growing diseases. Part of those education initiatives are carried out in the form of backing medical congresses and conventions on the topics as well as actively working jointly with opinion leaders, who help to raise the consciousness of the risks and challenges of these health problems at a national level.

**Some of the factors that trigger the obesity can be minimized through having a healthier lifestyle, which is a big challenge in Mexico. How is IFA Celtics collaborating with other industry stakeholders such as physicians to enhance the prevention of obesity?**

IFA Celtics is totally committed to support any preventive measure that the Health Ministry may be leading. In addition, we are also building alliances with several industry stakeholders to develop technological platforms for patients and physicians that will improve the lifestyle of the Mexican population.

I strongly believe that those alliances and our interest in making available all the key information to patients demonstrates our commitment to enhancing those preventative measures. We cannot forget that our focus has to be on developing therapeutic solutions.

In my opinion, there is still a long way to go but the combination of our preventive initiatives with our therapeutic solutions is a great mix to help fighting overweight and obesity in Mexico.

**Cancer and Diabetes are top five cause of death in Mexico and around 40 percent of the cases could be attributable to obesity. Thus, obesity represents a cost of around 67 billion pesos to the government (from direct treatment and indirect factors such as productivity). Its growingly importance, how have you felt supported by the rest of the industry stakeholders to enlarge patient's national market access of your products?**

Government highly values pharmaceutical companies that are specialized in ethical treatments targeted to cure obesity or any other chronic diseases with strong footprint in Mexico.

Nonetheless, the private and public sector of México, despite its growing efforts to combat the aforementioned health issues, is far from offering yet the right solutions to obesity patients at the national level.

We believe we will get there, as local governments are already designing obesity campaigns to foster prevention and healthier lifestyle, IFA Celtics is currently unifying its efforts with different states along México.

**Do you have any investment plans to continue maintaining such outstanding performance to enlarge your market share?**

We have a well-defined strategic plan with clear goals for the upcoming few years. In this regard, we have been always investing in developing our portfolio as well as in enlarging our production and commercial capabilities.

We have invested year after year to develop new products, to give improved tools to our sales forces and to increase our production capacity.

Just to give you an example, we have increased our production capacity by 50 percent during the last four years moving from 11 million units in 2012 to 18 million units in 2016; and we expect to continue enlarging our production capacity up to 27 million units by 2018.

**What are your competitive advantages that differentiate IFA Celtics from any of your competitors?**

As aforementioned, IFA Celtics' key competitive advantages are our highly committed workforce and our well-tuned working methodology. In addition, what truly differentiates IFA Celtics from any other player in the industry is the way we are addressing the existing business opportunities through a fully flexible organization. Team, leadership and organizational structures are the factors that have ensured the growth and the profitability of IFA Celtics.

In addition, we are also very proud of being a consistent player both in what we do and in what we deliver. Growth and profitability are the result of a collective effort, more than anything.

**What are the key objectives that you would like to achieve in the upcoming three years?**

The key priority in my agenda is to increase our production capabilities, continue strengthening our drug portfolio and develop comprehensive solutions for the Mexican market.

In addition, we are trying to get much closer to physicians and patients to better understand their needs and therefore develop a fully targeted offering. This is what we have been doing so far and I aim to double our efforts moving forward while maintaining our IFA Celtics essence: “A Team for Life”.

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