Interview: Nenad Djordjevic – Managing Director, Esensa, Serbia

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Nenad Djordjevic, managing director of Esensa, introduces the Belgrade company's 200-strong portfolio of medical devices, food supplements, cosmetics and general use items; how it is now exporting its 'made in Serbia' products to geographies as diverse as Kazakhstan and Hong Kong; and how Esensa is breaking down stereotypes of what a Serbian company can be through its young and innovative team.

Can you begin by giving an introduction to Esensa?

Our slogan is 'nature and health' and we are a company focused on producing natural products. We do not produce any pharmaceuticals that contain Rx substances; meaning we are not in the business of OTC products. We produce medical devices, food supplements, cosmetics and general use products, a specific category in Serbia.

We were founded in 2002 as the manufacturing arm of Farmalogist and have operated since 2007 as an independent, 100 percent privately owned company. 2009, Esensa attained a license for the manufacture of medical devices and in 2011 we obtained a permit to be a wholesaler of pharmaceuticals, medical devices and raw materials and to produce galenic and magisterial drugs in the original packaging. Our medical device product, the saline nasal spray Marisol, has certification to allow it to be exported to the European market and worldwide.

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Our pallet contains over 200 products, developed for the needs of our customers, based on our own knowledge and experience and combined with proven technologies. Our wide product portfolio is now allowing us to expand towards the global market. Our ambition is, of course, customer satisfaction and exceeding the expectations of customers, as well as all other interested participants through maintaining strength and competency in both domestic and foreign markets with top quality products. Our vision is to be a leading company in our region in terms of production and in creating safe products for our users.

Esensa really stands out as a Serbian company with genuinely international horizons; which countries are you currently exporting to and in which geographies do you see further opportunities for growth?

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We export to three distinct groups of countries. The first is the non-EU CEFTA countries in our region such as Montenegro, Macedonia, Bosnia & Herzegovina and Albania. The second is the European markets of the Czech Republic, Slovakia, Poland, Bulgaria, Lithuania, and Latvia, as well as the Scandinavian countries. The third group is truly global and includes Kazakhstan, Azerbaijan, Saudi Arabia, Ethiopia, Hong Kong and Singapore among others.

How has a Serbian company like Esensa been able to grow such an impressive global footprint?

Having a 200-strong product portfolio has actually been a big help in this regard. Every country is shaped by its regulatory standards, so we decided to find out which global markets were suited for the product documentation that we were already in possession of. That is how we discovered that many of our cosmetics could freely be exported to Hong Kong without additional documentation, as it has comparatively low import barriers. In Europe, each cosmetic product needs a Product Information File (PIF) whereas in Hong Kong it does not. For food supplements, all that is required in Hong Kong is the nutritional information on the label, so we are expanding the HK portfolio to 15 products.

Azerbaijan and Kazakhstan, on the other hand, have very restrictive regulations. The Kazakh Ministry of Health came and inspected our facility in Belgrade fully in order to obtain a permit. We have short-term plans for the countries for which we already have full documentation ready and long-term plans for the Middle East, Africa, and other complicated markets where it takes over two years to register a product. Generally, it takes around 18 months to register the production site and eight months per product.

Another significant country for us is Saudi Arabia. We have contracts signed and are ready to make the first order soon. This process has been arduous as Saudi Arabia requires a lot of documentation that has to be verified by various Ministries. Additionally, as Serbia does not have a Saudi Arabian Embassy, we had to go to Sarajevo to do all the paperwork. This process took almost two years to complete

How many employees do you have here in Serbia and what specific skills does your team bring to the table?

We have about 175 employees, 100 of which are highly-educated. The average age of an Esensa employee is 35. We are a young company with education, professionalism and youth as our advantages. These elements are helping to establish us as a relevant and competitive manufacturer worldwide.

Which of your brands are the most successful?

We have many well-known and quality products. Marisol is our best-known and best-selling brand, used for everyday nasal hygiene. This product won the ‘Best from Serbia’ prize in 2011 from the National Chamber of Commerce. Last year we received, as a company, a prize for ‘Best European Development Project.’

We have a huge portfolio, a big development team and innovative formulations. We are growing in terms of sales of our products to Europe and we are planning to grow 50 percent in 2018 through exports; building on the 30 percent growth we achieved from 2016 to 2017.

How have you managed to grow so rapidly in the last two years?

We have been steadily growing since the company was founded, but the last two years, orienting our exports to the global market, can be captured with the phrase ‘success occurs when opportunity meets preparation.’ Our other strength is our quality to price ratio. This is important for Serbia, which has a lot of high expertise and skilled labor.

Our strategic plan for the next three years is for the export part of our business to become the major contributor to our turnover.

As Esensa become more and more internationalized, how important will the Serbian market remain to your business?

The Serbian market is also growing, albeit slowly. The market is quite complicated, as it is not standardized in the way that the Croatian, Romanian or Italian markets are. Each pharmacy can build their own margins according to their own will, setting prices, competing and opening pharmacies across each other.

Marisol is the best of Serbia, so maintaining the presence of our own brands on the market is also crucial to staying relevant. People know our products, use them and love them.

How long have you been with the company? What have been the main milestones in this period?

I have worked in Esensa for six years, and have been in this position for four years. Achieving technical documentation for foreign markets was a significant milestone, as was increasing the production capacity, the medical device certification, and re-focusing as a team-oriented company.

We are constantly looking not only at the regulations in Serbia, but also those of the EU, which are then implemented in Serbia at a later date. New trends are coming and we need to follow them, however, our strength is also that we are not currently in the EU with regards to regulations, allowing us to produce at a lower cost than the EU and export abroad. This has nothing to do with a cheap labor market, but a different set of skills that are present here.

What will be the main challenges and opportunities for Esensa in the next five years?

One of our strategic plan for the coming years is to level a large part of our product portfolio with EU standards and fill in the gaps in our current product documentation. Currently, we have finished all the technical files for medical device products in our portfolio and are now focusing on finalizing the PIFs for our cosmetics portfolio. Since Serbian law does not require this, this has been a significant challenge. With these PIFs in place, we predict that our export capacity will triple by 2020.

Serbian companies are still not trusted as much as they should be; we are not in the EU and potential international partners sometimes do not understand what is happening here and what the standards are. When they do come, they see that there are great opportunities here to lower costs.

As Serbia is sometimes misunderstood internationally, what would be your message to potential international investors in the country and future partners?

At Esensa, we want to be an example of a company that can break the stereotypes of we are perceived as a country. We have a young team with a lot of expertise that is finding new ways to work with international partners and find success. In the former Yugoslavia the model of working was quite stale, where all companies were publicly owned. There was a generation who were still working in this way even after the fall of Communism, then a gap, and now this new generation is coming out of the universities – especially in pharmacy which is highly competitive here – and bringing a lot of new and innovative ideas to the table. By taking on the best and brightest of this generation at Esensa we can provide an example to the world of how Serbia can potentially grow.

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