Interview: Charles Grubsztajn – COO, Neopharm Labs, Canada



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23.02.2018

Tags: Canada, Neopharm Labs, Québec, Laboratory, Service Provider

Speaking about the transformation from a pure service provider to true partner, Charles Grubsztajn of Neopharm Labs in Canada highlights the importance of thinking for clients rather than just with clients. He excitedly shares the aggressive growth period the company is undergoing and how he aims to get a stronger foothold in the US market.

Having secured two financial aid packages worth $1.8 million by Canada Economic Development for Québec Regions (CED), how does this set the stage for Neopharm Labs' development path?

Our relationship with CED has been ongoing over a long time and it is actually rather unusual to be granted two packages, as they normally prefer to spread their investments. However, they were very attracted by the opportunity with Neopharm Labs because of the aggressive pace of job creation that is taking place here, our ability to acquire equipment as well as our capacity to expand physically. During 2017 alone, we hired 50 new people.

The capital is allocated towards two main elements. Firstly, we are investing in HPLC (high performance liquid chromatography machines), which we use for analytical research, on the one side and on the other side we will be making investments into LIMSs (laboratory information management system), which allows us to track our workflow.

You have just been appointed as COO this August. What will be the main priorities for your tenure?

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My responsibilities are threefold. Firstly, the company is experiencing rapid growth already and I am looking to put in place the systems that allow the company to scale to become even larger. Ensuring that we have the appropriate physical and human assets is key in order to be able to do that. Secondly, we are on the verge of changing our business model, away from purely providing a service towards a partnership model, which naturally requires a different level of customer experience. We aim to become integrated in the supply chain of our clients.

Lastly, my background has been in business development. Thus it is my responsibility to also bring my acumen to bear to propel the business further. Previously, our company has not had a formal sales group and as we are growing at a rate much higher than the industry average, we believe we can even increase the speed of our expansion. Under my leadership, we have brought in a very experienced pharmaceutical executive to lead our sales and marketing efforts, and we are aiming to understand our accounts in even more depth.

Finally, we have created educational events around certain topics of interest where we invite our clients, prospects and the community in general. We bring in guest speakers either from around North America or our own scientists to give short presentations on the topic at hand, working on establishing a reputation as being a scientifically driven firm.

We believe that a more informed client is actually a better client for us. A less informed client may need us more but a more informed client is easier to work with as they really appreciate our level of service. And if we can help our clients to be more informed we will ultimately be able to serve them better.

What steps does Neopharm Labs need to take to become a true and trusted partner to your clients?

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The company needs to transform itself away from a service provider to become a true partner, supporting our clients’ goals rather just satisfying their immediate needs. It is my responsibility to ensure that everyone in my organization understands what the world of clients looks like, what their goals, constraints and challenges are. Only if we understand those matters we can actually take the appropriate steps to help them. Our goal is to become part of a project at the beginning

and see it through to the very end instead of just playing a minor role in the middle.

We want to become part of our clients' supply chain that is usually exceptionally complicated. Our senior executives all hail from the pharmaceutical industry so they have an in-depth understanding of the pharma supply chain. Now, as we are able to speak our client's language, we are able to provide significantly more value to them.

Finally, and a true differentiation point will be that we have to think *for* our clients, which is not a mindset that is very obvious. Usually, we have to think *with* our clients but thinking *for* them really means to anticipate their needs, explain to them what you think they ought to do and to do it in an appropriate fashion that benefits everyone.

This naturally takes us far away from the daily operations of the company and to a whole different level of strategic thinking in order to ultimately engage our clients at a different level and set us apart from other service providers in the future.

Looking at the portfolio of services you offer, where do you see most of the demand coming from these days?

Broadly speaking, we are seeing demand coming from our entire client base, which is centered mainly around innovative pharmaceuticals, generics and cosmetics that contain APIs. Within our offering, these clients seek a multitude of services, whether that is standard testing for finished products or, new testing services due to changing regulations such as elemental impurity testing. Our lab is near capacity currently and expanding. On top, we are also experiencing a huge demand for research services. In fact, our research department has been growing at 100 percent year-on-year.

Some of our clients are even asking us to provide people on-site in their own labs to review work procedures or optimize their own operations.

Geographically, where do most of your clients come from?

Most of our clients are Canadian; we have over twenty clients in the US and some clients in Australia, Israel, Brazil, Mexico and other countries. As we are approved by Health Canada, who has an MRA (Mutual Recognition Agreement) with the EU Member sates, we can release products that are meant for both the Canadian and European markets. Further, we are also approved by the FDA, which widens our coverage area to the US market as well. Overall, there are a lot of CMO and CDMO's in Canada that are producing products on a global basis and we are able to do the testing to release said products.

Looking beyond Canadian borders – you acquired Averica in the Boston area a year ago. How does this help you in your expansion into the US?

We actually have the ambition to expand more into the US market and this is exactly why we acquired Averica. This move also allowed us to access more clients for services that we offer here in Canada. Averica has a very interesting service offering on the research side and we are very attracted to this service line.

We are currently working with the Averica team to expand the number of services that can be offered at their site and thus moved into a much larger facility at the end of November, which means that they now have a truly world class labs to grow inside of. Averica's client base is the who is who of the innovative pharmaceutical companies; they have the very finest customer base. It is only natural that we would want to tap into that. The plan is for Averica to expand on the research side the US while the GMP work continues to be executed in Canada.

In fact, our main function we play in the Canadian ecosystem is that the quality control release testing of products. A pharmaceutical product is granted approval by Health Canada based on a certain set of specifications and those need to be verified with every manufactured lot. We do these testing exercises because we can do it more efficiently than the pharmaceutical companies can in their own labs because of multiple reasons: we have the highest quality systems, which are very expensive to implement, because our people are trained, and because have the best equipment.

How do you ensure you attract, retain and develop the right team at Neopharm Labs?

Human Resources is a very important issue, especially in the service business and the technical service business. The quality of your service stands in direct relation to the quality of your people. So we spend a tremendous amount of time on hiring and training our staff. We use both formal and informal networks to identify the most fitting candidates and sometimes, we even hire people that we think are very smart without even necessarily having an open position for them. This company is the most aggressive I have ever seen at chasing people down that they want.

What keeps you fascinated about the HCLS industry?

I originally went to law school but was not quite satisfied with my experience within this industry. Through one of my university professors I got a job in the pharmaceutical industry and have been in this space ever since. It is the most fascinating and intellectually stimulating industry that I have ever come across. The level of education of the people and their creativity is so high. They are so motivated by the science and desire to help people, that they work harder and go the extra mile.

The impact of our work is really profound.

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