Interview: Jarosław Król – President, Polfa Tarchomin, Poland



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Jarosław Król, president of Polfa Tarchomin, highlights the strategic moves he has made to stabilise the company and the need to deliver a new, fresh portfolio to drive forward profit. Furthermore, he highlights the company's future path of being a EU certified API supplier and the importance of an economic background in the world of generics.

You have been recently appointed president of Polfa Tarchomin. What are current priorities on your agenda?

I have a banking background, and I have constructed strong expertise in restructuring and fine-tuning companies; therefore, recently taking up the president role at Polfa Tarchomin was right up my alley.

Polfa Tarchomin is a state-owned company, so the entire process of restructuring is quite delicate and requires short and long-term strategic thinking, and thus far I see positive signs for the future.

What have been the strategic moves you have made so far to return stability to the company?

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The top management of Polfa Tarchomin agreed on two distinct strategies. Short term, that is two to three years, which focuses on operational improvements and the optimization of processes. For

example, the company owns about 80 hectares of land and pay real estate tax on the entire property, yet we only utilize around a quarter of it. Therefore, we will look to sell this off, and next month we will sell close to eight hectares, kick starting the company's widespread optimization plan.

Furthermore, in the short term, we want to continue focusing on our main areas: antibiotics, CNS, insulin, dermatology. Additionally, we are strengthening our R&D team to freshen up our generics portfolio as it is not so enticing for many of our customers. The aim is to introduce at least one new product in each of the four-aforementioned pillar therapeutic areas.

The long-term objective is to grow our market share, which stands at less than one percent, and this new vibrant portfolio has the capabilities of helping us achieve this. All in all, it is an exciting challenge ahead and is one of the chief reasons I took up this position.

One way to increase a presence in the market is building relationships. How does Polfa Tarchomin interact with the medical community?

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First and foremost, in order to catalyse a sale's increase, we must be active in bringing new products to the market. We have 120 sales staff on the ground, who are meeting doctors and pharmacists face to face, and we have excellent relationships with them. Nevertheless, selling the same products is the challenge we must overcome for success.

For example, the world of antibiotics has not shifted for decades, so we must find new ways of attracting the interest of our consumers. If we want to grow we must focus on what is profitable, while being decisive and thinking in a sustainable manner.

In the field of generics many key players are facing pricing pressures. What do you view as the major challenge for a generics company in Poland?

Michael Porter of Harvard university constructed a very well-known business analysis tool known as the Porter's five forces analysis. In this model there is a central point, known as industry rivalries, and four forces act upon this central system: threat of new entrants, threat of substitutes, bargaining power of buyers and bargaining power of suppliers.

For this example, the generics market sits as the central point, and companies are fighting and scraping to generate market share, and many are falling and eventually become bankrupt. What we notice is that the supplier market in the pharmaceutical world is less saturated and they have

the power in terms of pricing, especially in regard to active pharmaceutical ingredients (APIs).

In fact, in the past Polfa Tarchomin was producing penicillin and receiving APIs. We noticed that a large number of the suppliers were coming from eastern nations, like China and India. Therefore, the market of API producers with European certification is low, and this is a niche we are looking to expand into moving forward.

How do you plan to move into this API supplier space?

We have been producing certain APIs for ourselves for many years, so we have the knowledge and resources to manufacture APIs for European partners. We have a brand-new facility for this process and we hope this strategy will allow us to better navigate the market as a certified western world API supplier, which will in turn allow us to be more profitable.

The company has recently partnered with the University of Warsaw. How does this fit into your R&D strategy?

We want to enrich further our API production expertise and the University of Warsaw has excellent competencies in the area of chemical and biological processes engineering. In the past, in Poland, there was a missing link between the public universities and commercial sector. Though for us, being a public, state-owned company, we can easily make this connection, and this creates a win-win for the government as either us, the universities, or both parties can achieve excellent results.

Current prime minister, Mateusz Morawiecki mentioned the great potential of the company. Why do you believe this is the case?

For 50 years, prior to the fall of the iron curtain in the early 90’s, Poland was under communist rule. When we became liberated, there was chaos as the companies and government had no experience in the free external market and we all had to adjust quickly.

Poland can take example from other nations, such as Germany, on how the government has the potential of propping up the industry and providing support, before allowing companies to become completely independent.

How important is it to have an economics background in the world of pharmaceuticals today?

Doctors are experts in what they do, but that does not mean they are the best hospital managers. The same is true in the world of pharmaceuticals with my economy past, and it is important for us to be realistic and have short and long-term goals.

Where do you want to see the company in the next four years?

I would like to invest further into our production site, ensuring at all times our products are achieving the best possible quality. Furthermore, we want to deliver new, fresh products to kick-start our portfolio.

It is important that Poland has its own manufacturers who can also provide a working space for young Poles in the field of chemistry and pharmacy. This is another reason we are motivated to drive forward Polfa Tarchomin.

After the first eight months in your role, what excites you most about the life sciences industry?

It is always exciting to help a company grow, and it is an intellectual challenge that keeps me on my toes and interested. Businesses and industries are not so different, and skills can be applied in other sectors, and I hope to bring this knowledge to the world of pharmaceuticals and Polfa Tarchomin.

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