# Interview: Petros Petrou – Executive Director, George Petrou Limited, Cyprus



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*Petros Petrou, executive director at George Petrou and son of the founder, tells us the unique story of this local distribution company and the key strategies they had put in place to overcome some of the main Cypriot challenges. He also explains his vision and his next investment plans to further grow the company.*

**Established in 1965, George Petrou Limited has a long history as a dynamic pharmaceutical distributor in the island. What have been the key milestones for the company over the years?**

At the time, my father, George Petrou was a medical representative working for the American company, Winthrop. He was the one to introduce Panadol to the island and after its very successful result on the market, the company offered him a position in Greece. However, he refused it as he believed it was the moment for him to start his own company in Cyprus and in 1965, George Petrou Limited was established. We started as an agent and distributor working mainly with pharmaceutical companies which represented 90 percent of our business. One of our most solid partners was Bristol-Myers Squibb whose portfolio allowed us to maintain a double-digit growth year on year.

Unfortunately, in 1991, we parted ways with Bristol-Myers Squibb as they decided to establish their own offices in Cyprus. Considering that we lost 75 percent of our business overnight, it led to an

important crisis for our company and there was a need to redefine our business strategy or George Petrou Ltd would close down. Therefore, I joined the company during this period after graduating from an English University. With my father, we decided to invest and managed to retain all of our employees who believed that the business will grow again. We never thought we would have to worry about losing our partner, so it was an important milestone that made us think about our business model and its relevance in Cyprus. Indeed, as Cyprus is a small market, a company needs to consider a lot of factors to be able to survive in such environment including the products and the market know-how. Therefore, based on our strong sales knowledge in Cyprus, my father and I decided that the best solutions would be to diversify our product portfolio. Starting from 1991, we started looking at everything that could be sold in pharmacies to establish other business lines. Over the years, we have developed a nutritional department, a medical devices department and more recently a cosmetic department.

**Since this important shift in 1991, how has George Petrou been performing?**

Following the 2012 crisis, the past few years have been a little difficult. It hit us strongly by stopping our growth. However, we have managed to get back on our feet and for the first time since then, our 2017 closing had a positive balance with an increase of two percent of our sales and new capital to invest. At the moment, we have 65 employees against 15 employees in 1991 and our revenues each year are around EUR eight million with one third coming from pharmaceuticals. The aim now is to invest again and especially in pharmaceuticals as after the crisis, financial institutions were reticent in granting loans for investments. To do so, we are planning to extent our portfolio with our current partners and to find new products for Cypriot patients. Another upcoming investment that we are looking forward to will be dedicated to the establishment of our own line of products. As we do not have the capabilities to manufacture ourselves, we would like to find a European partner that will respect our values.

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**What are the current challenges the distribution ecosystem is currently facing in Cyprus?**

There is a lot of uncertainty regarding the Falsified Medicines Directive (FMD) to be implemented next year due to two main reasons. First, the final cost of the system is unclear despite being one of the most important aspect for all key stakeholders. Therefore, we cannot start planning for the next years and we will all have to face this challenge when it will happen. We are currently counting on our regulatory department who is in charge of closely following the FMD discussions

and they are very much involved in this topic.

The other challenge is the size of the Cypriot market and its strategic location close to very different markets who can offer less quality products but with cheaper prices. Indeed, to ensure the growth of our company, we have to internationalize our activities but the competition is strong. At the moment, we are distributing one product in Greece and we are planning to expand our presence there. However, due to the Greek economic crisis and their own business characteristics, it has become a difficult market. For example, we managed to register a food for special medical purposes product in Greece after five years while it usually takes around two or three months in other European countries. As a next step, we are extending our international presence agreements with the Middle East area.

**How does George Petrou remain competitive in this market and continue to grow?**

Our key differentiating factor is that George Petrou is doing everything by itself. Indeed, we are equipped with licensed warehouse and repackaging facilities, a regulatory and quality assurance department who can release products as well as developed partnerships which can help us support our client's requests. For example, we can ensure our own distribution passing through our warehouse, but we also have a cooperation with another wholesaler in Cyprus to help our distribution department and ensure we cover the entire island. Thanks to these assets, we can offer extra services to Cypriot clients such as regulatory services and batch releases in compliance with Cypriot regulations. Therefore, we are the one-stop shop for companies eager to enter the market with a new medicine that is produced in a batch that will require repackaging, releasing, distribution and marketing. George Petrou's repackaging line is a rather new offering that is bringing less revenues than others for now but according to my father who is still chairing the company and I, this is a very promising services that should experience an interesting growth.

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**As it is the first time we portray George Petrou on PharmaBoardroom.com, what image of the company would you like our international readers to remember?**

George Petrou has a long experience in the Cypriot industry and we always strive during challenges to ensure we can be successful. George Petrou is also a family business, so my father and I consider our employees as part of our own family. As we continuously invest in people, we are proud to see area managers working with us for more than 30 years and not a lot of employees are leaving us. It can be explained by the fact that we always ensure they are satisfied economically and that we consistently invest in their education and training to ensure they can

provide the best and highest-quality services to our clients. It is important for us to build and maintain the right business mentality.

Moreover, George Petrou is also looking forward and our strategic plan is to go back to a double-digit growth as we have been stuck on a lower level for too many years. In my opinion, opportunities lie in every challenges and looking at Cyprus, it has always been and it will always be a good place to invest even with the challenges GeSY will raise in the upcoming years. In every crisis, there is always ten percent of players that are successfully navigating the challenges and George Petrou is one of them.

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