Zhu ZhiYun – General Manager, Zambon China



China is today becoming a major driver of business growth for the company globally

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Zhu ZhiYun, general manager of Zambon China, shares the growth of Zambon China from a manufacturing facility - when he joined in 2005 - to the fully-fledged commercial affiliate it is today, the contributions of Zambon China to the Group's overall growth, the importance of people and organization development, renewable talent chain development in the competitive HR environment in China, and the fundamental importance of quality to Zambon as an Italian family-owned company.

ZhiYun, you have been a longstanding member of Zambon China since joining in 2005. What have been the top milestones for you as general manager of Zambon China for over a decade?

To speak firstly about a global milestone for Zambon it was Roberto Tascione, when in 2016 he became the CEO of Zambon Pharma, which was a turning point for Zambon: it is an important milestone to transform from an Italian family-owned company to multinational company. Since then, the leadership team has focused a lot on the China market, meaning that China is today becoming a major driver of business growth for the company globally. For instance, in 2018, 80 percent of Zambon's overall increase in revenues came from China and in the last three years China has brought a huge contribution to Zambon's total results. This really shows the importance of Zambon China. We have established a very positive and good relationship with HQ, sharing our

experiences and strategy openly. We also help to explain the idiosyncrasies of the Chinese market so that everyone is on the same page about the best approach for the China affiliate to take. In fact, we have discussions with the HQ almost weekly.

Looking at Zambon China, when I joined as GM in 2005, I was actually also *de facto* plant manager, overseeing Zambon's manufacturing facility in Haikou on Hainan Island. I was actually a hepatologist for a few years before joining the industry through the company, Aventis, in sales and marketing, so I did not have manufacturing experience, but I invested a year to understand industrial manufacturing operations and worked on a strategy to improve the capabilities of the facility. Up until that point, Zambon was only manufacturing in China, with sales and distribution handled by a third party.

I was convinced that there was a lot of commercial potential for Zambon in China so I presented a business case to HQ about the development of Zambon's own sales team in China. At the beginning of 2007, HQ approved the establishment of a commercial presence in China and I recruited an in-house sales team to manage our innovative Rx portfolio. Our generics products remained distributed by a third party. Two years later, I saw another great opportunity for Zambon in the OTC market as the country was starting to talk about establishing standalone pharmacies independent from public hospitals.

Today, Zambon continues to run both Rx and OTC sales operations in China. I am proud of how much Zambon has grown. In 2007, our Rx team saw CNY 10 million (USD 150,000) in sales. Over the past decade, however, our CAGR has averaged 35 percent – albeit from a small base – which is testament to the hard work our team has put in.

Zambon is working across several therapeutic areas in China, namely respiratory, women's health, and pain management. How well do your products meet the needs for the Chinese patients?

Over the past 10 years, we have invested significantly into our pulmonology portfolio, introducing innovative products, including our flagship product Fluimucil®, which also comes in many delivery forms: ampoules, tablets, sachets, etc. This is what we have focused on at the hospital level, to introduce and educate doctors about our products, as well as collaborating with them on many different projects.

In 2014, we launched our Fluimucil® ampoules, which truly helped to accelerate Zambon's growth. In the past few years, we can proudly say that this has been the most successful product launched in China. After only a few years, it has reached CNY 400 million (USD 59.5 million) in total sales.

Due to the success of this product, as driven by significant market needs, in November 2018, we decided to collaborate with AstraZeneca in order to leverage on their extensive sales network throughout China. They have a 3000-strong sales team in the area of respiratory alone. Through this strategic cooperation, we will expand Chinese patients' access to the rest of our innovative and rich portfolio s and commit to deliver more quality treatment options.

Our OTC team currently is focused on our pain management portfolio. In China, it is quite challenging to promote pain medication in the hospital segment because we face strong competition from conventional Western medications as well as traditional Chinese medicines for pain alleviation. Therefore, we decided to focus strategically on just the OTC market.

We launched Spedifen® in the OTC market around eight years ago in cooperation with a well-established drug store chain in China. Through strategic initiatives like providing pharmacist education and focusing on customer service, we have managed to increase organic sales of our product by 30 to 40 percent annually. We are now ranked within the top three in the OTC painkiller segment, despite the very little investment in consumer advertisement, therefore it is a quite impressive achievement.

How do you see Zambon's future growth potential in China?

As we are coming to the end of our current five-year plan, we are now in the process of outlining the next five-year strategy. Our headline objectives are to double the size of our salesforce and to reach EUR 100 million in revenues through our own portfolio and sales force. Through our partnership with AstraZeneca, we expect our Fluimucil® portfolio to reach CNY 4 billion (USD 590 million) in five years.

What is very exciting is that over the next few years, we are looking to register and launch several new and very important Zambon's products. The first will be another pulmonary product, as early as 2022. We will also enter the CNS space in China, a new segment for us locally, with our Parkinson Disease's treatment. This is the only new treatment approved by FDA in the past decade and will be launched in China in the coming few years.

This is also another reason we are looking to expand our salesforce, probably to up to 1000 people within five years.

As you know, the HR environment within China's pharmaceutical industry is fierce competitive. Having built Zambon's salesforce from scratch, what are your tips for building and training a stable and productive salesforce?

As we all know, China's labour market is developing very fast with China's booming economic development, therefore talent management becomes a very hot topic especially in the Pharma industry. While we mention talent, we are actually talking about the set of skills and capabilities that our people need to have in order to become great assets for the company. With an average turnover of 30 percent within the industry in China, selecting, motivating and retaining the right talents for Zambon as-is and Zambon to-be are certainly challenging. We definitely have to establish the fundamentals such as the Zambon Competency Model as the most preliminary and solid basic for Zambon's talent structure, and then setting up Talent Attraction Programs, Total Rewards Strategy, Performance Motivation Programs, Learning &Development opportunities, as well as talent retain mechanism to ensure the talents keep driving the business in excellence. At the same time, we provide employees internal development opportunities to make sure they see that they do have a clear and sustainable career path within Zambon.

A very good example could be every year, we incentivize our salesforce in China by selecting the top 50 salespeople to send to HQ in Milan, both as a reward and an opportunity to work with HQ in order to exchange experiences and learn about the Zambon culture.

Italian companies, especially family-owned companies, are often very brand-conscious. How would you like to define the brand of Zambon here in China?

As you said, Zambon is Italian. Our Italian roots are well-regarded globally and associated with high level quality. We focus on quality in all aspects: manufacturing, sales and marketing, knowledge, service and professionalism.

I often say, in order to have the quality, we must have the quantity. What does this mean in our context? This means that if we want to establish and build up the brand of Zambon in China, we need to ensure that our products are widely available, that doctors are aware of Zambon products, and many patients use our products. Only if more doctors and patients use our products can we truly establish the quality and brand of Zambon.

Zambon recently developed a new company tagline, 'Life Enhanced'. This simple statement showcases our commitment to improving the quality of life for patients globally and underlines the

commitment we take at all levels to put people at the center of what we do. As I always say to Chinese sales team, we are not only a pharmaceutical company or do not only provide medicines, most of all we are a multinational company delivering our Zambon's core values to our clients via promotion of medicines.

In light of Zambon's vision – "Innovating cure and care to make patients' lives better". Zambon is aiming to deliver medicines and modern healthcare solutions that allow people to get the most out of their time.

We will continue to cooperate closely with doctors and to work on initiatives that will positively affect our brand building. This is a very important part of Zambon's social responsibilities.

Through all these efforts with patients, doctors, associations as well as other industry stakeholders, we hope to continue to build the positive image and brand of Zambon in China.

On a more personal note, you have now been with Zambon for 14 years. What keeps you with the organization?

Personally, since I joined Zambon China at the beginning, I have witnessed the whole affiliate being established, from just a manufacturing site to the fully-fledged commercial affiliate we have today. I have hired all the employees here and Zambon China works very well as a team. In a way, I also feel that I have a responsibility to support their career development and aspirations.

Zambon is a great company with very good products responding to patients' needs, and I am excited about the upcoming pipeline we can bring to China. This is also another motivator. The working environment is very positive and encouraging, and Zambon China has great relations with HQ as well, which really supports us in our mission to bring innovative healthcare solutions to the Chinese market.

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