Christoffer Lorenzen – CEO, Karo Pharma, Sweden



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Karo Pharma is a Swedish specialty pharma company that develops and markets products to pharmacies and healthcare providers. CEO Christoffer Lorenzen discusses the company's growth strategy through acquisitions of trusted well-positioned brands, the challenge of incorporating two similar-sized companies, and his high ambitions for the future of Karo Pharma.

You worked for more than 11 years for Chr. Hansen, also in a leading position. What has motivated you to take on the role of CEO at Karo Pharma?

When I first joined Chr. Hansen, I had been working for five years at Lundbeck, which is a Danish specialty pharma company, and had seen all the operations, from R&D, operations, production, sales and marketing, and really quite enjoyed it. Chr. Hansen was in a transition period after being acquired by a private equity firm. I grew to like that ownership model and what it can do. I enjoyed my time at Chr. Hansen very much, however, when the opportunity came up to work in that private equity setting again, I thought it was worth exploring.

Could you introduce Karo Pharma and its business model to our audience?

The business model of Karo Pharma has developed over time. We have our origins at Karo Bio, which was an R&D-based company. Then, a few years ago, the business model was changed into a

company that took ownership of and commercialized trusted OTC and Rx brands. A set of senior executives and a new board came in and pivoted the business model. Today, we are a Nordic leader in providing branded and trusted medicines and healthcare products to consumers and patients. We do that with a model in which we focus on what we do best and have partners that do the majority of the production for us, we also partner with companies for R&D in new products.

You took over as CEO a couple of months ago, what has been your priorities?

Any CEO would say that the beginning is all about listening and understanding the business in-depth. The situation in Karo is unique because we announced the acquisition of another Swedish company called Trimb in late June. One of my immediate priorities is to secure that we close that transactions and we integrate the two companies with a clear direction for employees and the market in terms of how the entity will operate. It’s all about integration right now.

Trimb is a consumer healthcare company, how does it fit into Karo Pharma’s strategy?

The acquisition provides us with a couple of different things: first of all, scale in the Nordic region to solidify our position, and, secondly, access to a full portfolio of exciting and trusted brands with a strong track record. The transaction also provides us with steppingstones into more markets to gain mass outside of the Nordics. The Trimb organization really impressed us throughout all our interactions and I think we will get access to great people on all levels and form a good team.

OTC is one of your business segments, but your recent growth was through the Rx segment. Can you tell us what your main growth drivers are?

We try not to differentiate too much between Rx and OTC. We offer high-quality, branded products with a common aim to improve health and well-being for patients and consumers. This relates to both our Rx and OTC products. We have several growth levers: first, we are very focused on channel partners; our position in the Nordics in providing a great partnership to pharmacies is one. We also have expanded our global reach, establishing the Karo business directly in more markets. And then, of course, there are unique bets on specific products where we think we can do well. That is both in products that have been under-invested or opportunities in terms of line extensions or new launches.

What is your global expansion strategy and are you looking for partners for the distribution of your products or are you building a commercial unit in each country?

Once a country has critical mass, then our ambition changes from having a country partner to establishing our own operations there. We will always rely on partners for distribution into the pharmacy chains, but I'm referring to a team of people on the ground to promote our products. Some of the previous acquisitions gave us access to more markets and step one is to have a local partner that takes care of the products in a market.

What is the strategy behind finding the best partners outside the Nordic region?

We are about being a partner company in many dimensions. Our business model is one where we don't own a lot of production, we don't have deep R&D, so the whole thinking is that Karo is easy to partner with. We are thinking how to become a better partner for people looking for better homes for their products or looking at our sales and marketing competence in the Nordic region. We want to guarantee a dedicated effort for our partners.

Karo Pharma was recently acquired by EQT, a Swedish equity firm. Considering your portfolio, how important is it to be a Swedish company?

Sweden has a long tradition in the pharmaceutical space. It has legacy companies like Astra and Pharmacia with strong hubs in Lund and in Stockholm. It also has a strong educational system with very high-quality standards; therefore, our location in Sweden provides us with access to talented employees with rich experience within the pharmaceutical sector. The society here also has high trust levels, which reduces transaction costs. It is easy to build relations and do business.

Although we have our origins at the Karolinska Institute, we only leverage the connection indirectly at the moment.

Being based in Sweden also has significance in terms of doing business in other countries. Sweden has a strong reputation in Europe and EQT provides us with a tremendous network, know-how and access to capital.

You mentioned that Karo Pharma was a research-based company. You have a few research products and a partnership with Pfizer. What is the direction for the future?

We are going to focus our efforts on additional acquisitions of trusted well-positioned brands. We are not going to do a lot of stand-alone R&D activities. That is not the type of risk we will take on. However, we are happy to commercialize innovation in collaboration with partners. It's a combination of taking well-established brands and also using our capabilities to help companies wanting to access the Nordics.

The acquisition of part of LEO Pharma's portfolio last year essentially doubled your revenue. Are you concerned with not being able to keep up with that pace of growth?

That has been the trajectory of both Karo and Trimb, both companies have seen rapid growth. We have to make sure we combine both organizations to build a really robust platform that will allow us to take on the next initiatives. Integrating and making sure we have a solid platform is incredible.

What is your approach to finding the right balance?

If we reach a steady-state, then it would be a sign that we are not moving fast enough. What I can say is that we try to move relatively quickly. Commercially, it's about moving when you think the decision is right. We don't spend a lot of time over-analyzing. Karo Pharma is about moving things forward.

What is your vision for the company looking towards the next few years?

Karo Pharma will be double the size, it will be a company that has proud employees, that engages its employees and stakeholders and that is committed to providing choice and great products to solve patient and consumer needs in everyday categories.

Having been two months in the CEO position, how have you had to adapt your management style to fit a Swedish company?

As a leader, you should always have some level of authenticity regardless of what situation you are in and be true to yourself. Adapting to Sweden means entering a consensus culture, where you can spend more time discussing the best way forward and reaching consensus, but then you can move faster. The speed is as high as any other country. More efforts are put into the initial discussions. In terms of my personal management style, it’s very transparent, direct, with high levels of trust and empowerment, but also focused on outcomes. We want to move the company forward and that means that everybody has to focus. It’s an entrepreneurial company, even though we have been around for a few years, we are still quite young in our present form. I like to label it a startup in terms of how we operate, we like to move fast and maintain the entrepreneurial spirit. We like the sense of teamwork, joining forces to build something.

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