

Jason Smith - SVP APACMEA; Gerry Muhle - VP, International Medical Aesthetics; White Wang - President, China, Allergan



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An exclusive interview with Jason Smith, SVP (Asia Pacific, Middle East and Africa); Gerry Muhle, VP (International Medical Aesthetics); and White Wang, China President, of Allergan, at the inauguration ceremony of Allergan's first ever global customer experience centre, the Allergan Beauty Lab, in Chengdu, China, reflects the paramount importance of the China market to Allergan's global medical aesthetics business.

Jason, as SVP of Asia Pacific, Middle East and Africa (APACMEA), how do you prioritize the needs of these diverse markets?

Jason Smith (JS): How we structure ourselves within the International Organization reflects our priorities here. Within the APACMEA region, we have defined three 'must-win' markets - and China is one of them, and indeed, the only one within the Asia region itself. China is already over a quarter of our APACMEA sales and much more disproportionately our APACMEA growth, so it makes sense that China receives focus and investment far beyond other markets in the region, and China reports to me directly. In other markets, we have sub-regional structures with VPs overseeing smaller clusters of markets. This helps me devote the right amount of attention to China.

At the same time, we can transfer learnings between China and other markets. On one hand, China is a fantastic growth market but it is going through the same modernization processes and growing pains that other markets in the region have already experienced. As China seeks to reform, modernize and accelerate regulatory timelines, people that have worked or are currently working in regional markets can share their expertise and support.

The opposite is also true. Looking at the speed, innovation and experimentation occurring within the medical aesthetics market, as well as the ambitions of some of the medical aesthetics hospitals here, there is so much to take away for other markets. I remember some of our initial discussions around this with the China leadership team. When I heard first about medical aesthetics hospitals in China, I said, you must mean clinics, but when I actually came to visit some of our customers in China, I realized that they were actually fully-fledged hospitals!

We structure ourselves in a way that best allows us to focus on China while sharing applicable learnings across the different markets in the region.

Looking at medical aesthetics specifically, Gerry, with your International perspective, what are some of the new and exciting developments you would like to highlight?

Gerry Muhle (GM): What is really exciting about this area is that you see different trends around the world, between cultures – and even within cultures, the trends change too. Keeping on top of these trends is a very important focus for us, as our innovation is driven not only within the product space but also through the techniques and protocols by which you use these products. This is why we conducted the largest medical aesthetics survey of its kind last year, which involved 14,000 consumers around the world (including China), to help us understand the way consumers behave and accordingly, the ways we need to market the products, in different countries.

We have seen very rapid growth in the digital and social media space. What is really interesting is that our customers have very large followings on these platforms, so there is a very strong connection not only between us and our customers but also the end consumers as well. In addition, we have taken bold steps this year to increase the extent of consumer activity that we do.

Coming to the China market specifically, we can see that the medical aesthetics consumer segment has been growing significantly over the past few years, and will continue to grow. These consumers are not only interested in medical aesthetics but increasingly also have the purchasing power. However, at the moment, they are not really clear about what medical aesthetics really is,

and they might not even know how to find the information they need. As a leader within the field of medical aesthetics, we think it is our responsibility to educate these consumers. This is why we have launched initiatives like our Allergan Beauty Lab in China as well as our digital partnership with Ali Health.

China is a significant growth driver for Allergan's International business, particularly in the area of medical aesthetics. What has really been key to Allergan's success in China - and as local and regional leaders, what do you need from each other to support this?

JS: It really comes down to the leadership team. You need to have the right strategy in place but you also need the right leaders to execute that strategy. Over the past eight years, our organization has grown from a small and entrepreneurial entity with fewer than 100 people in China, and now we are at the next stage of growth with expansions in portfolio, programs and partnerships. This is why it is important that we have leadership in place like our China President, White Wang, who is not only someone with a vision and the capability to execute that vision, but also the ability to attract fantastic people around him. That is the most important ingredient, especially in a market like China.

At the global level, it is also very important to bring top leaders to China. Twice a year, we have an R&D meeting centered on China. The global Head of R&D brings his entire leadership team here to discuss our future portfolios and plans. It is important to have those discussions physically in China, so that they are not just talking about something abstract. Allergan is now starting to include China in our global studies. Investing in R&D and bringing our innovative portfolio to China are things that we take very seriously.

White Wang (WW): Throughout my career with various pharma MNCs, I have worked with many foreigners but when I joined Allergan in September 2018, I was truly surprised at how easy it was to communicate with Allergan leaders about the China market. They were already familiar with the China market and they respect the specialties of the China market. You cannot simply take the US model and copy it here. The Allergan culture is really one of respect and understanding.

One thing I frequently hear from my leaders is actually the question, 'what kind of support can we provide you?' They are not simply focused on the kind of numbers we can deliver - which is also important - but the resources we need to accomplish our goals. In addition, this kind of open communication between us and our international leaders also promotes healthy debate. This also helps my Chinese team learn how to interact with our international colleagues. I find that Chinese

executives are often very good at execution and working hard but they still lack broader and more strategic thinking. It is also important for them to understand other markets.

GM: Personally, I have been to China three times this year alone! It really is about people and having the right kinds of interaction between leadership teams at all levels. What we are doing is 'co-creation': we are not talking about my strategy or White's strategy or Jason's strategy but *our* strategy to drive China's growth as one of the focus countries for Allergan internationally.

How does Allergan take an ethical and socially responsible stance within this area, particularly within new markets like China?

GM: This is key to everything we do. Anything that is not socially responsible, be it online or offline, harms our business. We want to make sure patients obtain natural results with our Medical Aesthetics products, we are developing quality products, we are providing the right training, and so on. This is where we can learn from our presence in the pharmaceutical space too. We take a very strong stance when it comes to medical education and regulatory compliance - in both areas.

As an example, we invest significantly in training 60,000 healthcare practitioners (HCP) globally every year. We have dedicated educational programs that take physicians through basic to advanced skills so that they know how to use our products appropriately. I think there are a lot of misconceptions in the public surrounding medical aesthetics, for many reasons, and we see ourselves as needing to take a strong ethical stance.

JS: You can see the strength of our commitment to the science of medical aesthetics. The number of studies we are bringing to China dwarfs that of any other country. We invest in registration and indication studies to change the labels accordingly. As Gerry mentioned, we also train medical professionals in the correct usage.

We also want to provide more information to consumers. This is why we have established our first ever Customer Experience Center (CEC) - the Allergan Beauty Lab - in Chengdu, China. Just one of the tools we offer at the CEC is an app which consumers can download and use to scan the QR codes on their products to check if it is a genuine product. This is something that we have worked on in collaboration with government agencies in China because the prevalence of counterfeit beauty products is a serious issue locally. These are all just examples of the way we promote social and ethical responsibility in the way we do business, in China and globally.

I think it is important to note that the CEC is not a commercial initiative – we do not have a sales target because the CEC is meant to provide information and educate consumers, not increase sales. We will look at metrics like traffic, engagement as well as consumer feedback regarding the CEC and the tools within, to evaluate the success of this initiative, but not at any sales figures. The reason is simply that we have confidence in ourselves and our products. We believe that if we can increase consumer awareness and grow the overall market, we will ultimately benefit from it – as the leading player in medical aesthetics.

Talent is a very big topic in China. Given the importance of the China market to Allergan globally, how do you foster talent within China and also bring that talent out of China to other markets?

JS: We have always had a focus on local talent within the country and this is reflected in our China leadership team. With this focus on local development talent, we also hope that they will cultivate a broader view outside of the China market. This means having their horizons widened by working on projects or assignments outside of the country or with regional and international teams. We certainly look to foster that – and we have a good track record in promoting Chinese talent regionally or internationally.

For instance, one of our marketeers in our international strategic marketing group was a former marketing manager with the China affiliate. This international exposure will certainly serve her well if and when she decides to return to China. At the same time, it helps our international team to have someone that knows the China market well. We do a good job of listening to China when we are here but it is also good to have a permanent voice for the market on our international teams.

In the same vein, we want to expose our international talents to the China market too. When we launched one of our flagship eyecare products in China over a year ago, we brought in a talented woman from Germany, who spent nearly a year in China. She was then able to take that China experience back to the German affiliate. The talent flow goes both ways, as it should.

We do want to promote these talent flows at a more junior level too. When executives reach more senior levels, family considerations can become more relevant. To sum it up, we are certainly open and willing to develop local talents, we are already doing it, and we are committed to doing more.

To begin wrapping up, all of you used to work in conventional pharma companies, where the mission is really treating and/or saving lives. Medical aesthetics is more focused on lifestyle and beauty. What motivated you to make this transition?

JS: The pharma industry brings positive impact to patients, and the medical aesthetics industry brings positive impact to consumers. Both are very exciting, fast-paced and innovative industries. I feel very privileged to work in a company like Allergan that has both businesses, and we are able to bring the high ethical and compliance standards of the pharma industry to the medical aesthetics industry, to deliver science-based, quality solutions to consumers. For instance, our acquisition of ZELTIQ® Aesthetics in 2017 was motivated by our belief in their CoolSculpting® technology, which has been approved by the US FDA as a patented cooling technology for lipolysis and is backed by scientific data. This attitude draws from our Open Science R&D model in our pharmaceutical business, which has helped us build one of the broadest development pipelines in the pharma industry.

WW: I have spent 18 years in the pharmaceutical industry. Pharmaceuticals remain an important part of Allergan's global business. At the end of the day, treating disease, extending lives and improving the way people look – all these are about fulfilling people's dreams and desires. Sick people want to become healthier, while healthy people want to become more beautiful. As a company, Allergan is committed to delivering high-quality products and therapies to meet the needs and wants of society, whether they are patients or consumers.

GM: This is what I tell my teams. Medical aesthetics is about bringing happiness to people. That is an admirable goal.

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