Mohamed Mazen Batterjee – Managing Director, Batterjee Pharma



The future is rosy. [Saudi Arabia] has good capabilities, the economy is growing, and the people are young, energetic, and well educated

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Mohamed Mazen Batterjee, managing director of Batterjee Pharma, explains how he has turned the business around since joining in 2014, the interplay between the firm's contract and proprietary manufacturing operations, and how it differentiates itself in the competitive Saudi market.

Can you begin by introducing Batterjee Holdings and the business principles guiding the company?

Batterjee Holdings is a continuation of Ibrahim Batterjee and Sons, established in 1908, and today operates in three main areas. The first is manufacturing, under which is pharma and health products, medical equipment, cosmetics, baby care, wipes and diapers, foodstuff, construction materials, packaging and plastics. The second area is service and retail, working across polyclinics and pharmacies in healthcare and some trading distribution for other products. The final is hospitality and real estate.

In terms of guiding principles, we mostly work in areas where we believe we can contribute to the diversification of the economy, job creation, and improving local content. As for our main values, we have four. The first is honesty; with our customers, our team, the community, and the regulators. Secondly, we are prudent and understand the importance of the products and services we provide to patients, the community, and the economy. Thirdly, we are very entrepreneurial and

maintain a transgenerational entrepreneurial spirit within the organization. We believe that this is essential to address the challenges of the dynamic and sometimes uncertain environment in which we operate today. Fourthly, we are safe. We encourage people to speak up and proactively seek the feedback of our team. This is crucial for the sustainability of the company.

What is your role within Batterjee today and how integrated is healthcare with the holding group's other arms?

I am a board member of Batterjee Holdings as well as head of the Investment and Development Committee. All new investments go through this committee. However, over the last two years, we have had an agreement within the board to reduce the role of the holding company to give more autonomy to the subsidiaries, be faster in addressing challenges, and reduce the costs at the Holding level.

The various companies work almost independently with the board on top; I am involved on the boards of a number of different companies, including as chairman of the board at a few companies, but the business that I deal with on a day-to-day basis is pharma manufacturing with Batterjee Pharma. Having suffered ten years of losses, I was brought in in 2014 to turn things around. I was lucky to be given the opportunity at the right time with the right team, and business has picked up significantly since then.

What game-changing actions did you take to turn around the company after this decade of struggle?

The main thing was basic human values: mutual trust, transparency, and accountability; nothing particularly revolutionary or magical. We have a great team, people who really like working here and who understand and believe in our values.

What is the level of interplay between Batterjee Pharma's proprietary and contract manufacturing operations and where are resources focused today?

We place equal focus on both aspects because we believe that they interplay very well and add a lot to our organization. In contract manufacturing, partnerships with international companies have brought in a lot of knowledge, enabling us to improve our systems. For example, environment,

health, and safety (EHS) has been a recent area of focus, and one in which we have now made a lot of advances and are incorporating into all our activities.

Additionally, collaboration with international companies opens additional avenues in terms of business. For example, until recently, we did not have a line to fill and produce in sachets. An international company came with a sachet product for which a new line needed to be created. This project will initially only utilise around ten percent of the new line capacity, allowing Batterjee to develop our own sachet-based products in future, utilising the remaining capacity. We have another similar scenario with spray products that are currently under discussion.

Our own products allow us to develop our brand. We have developed many important in-house capabilities in R&D and RA, which will enable us to build even better collaborations with international companies in the co-development of products together. Having these two aspects enable us to develop capabilities in production as well as other areas and provide services in a better way. For example, we now have top-notch R&D, quality, and regulatory teams.

Given the competitiveness of the contract manufacturing field in Saudi Arabia, how has Batterjee Pharma manged to differentiate itself, win, and keep contracts with international pharma? What is the future of this type of business?

There are a lot of challenges in this area, including a huge pressure on pricing while at the same time costs are increasing. The pressure on pricing is happening because the regulator and purchasers are trying to push the prices down and the increased cost is due to supply chain issues and is also affecting the costs of employment.

In terms of winning these contracts, different companies have different strengths. In the uncertain environment in which we live today, with changes in the market, regulation, supply, and prices, we pride ourselves on being very dynamic and responsive, helping multinational companies address those challenges with minimum effort. In a highly regulated industry, this is not easy, but we manage to make decisions and invest quickly and decisively.

Are you looking to add more contract manufacturing partners, building on the company’s existing client list of international mid-caps and Big Pharma?

We are looking to grow this area, whether with additional products or additional markets from existing customers. Batterjee also has a significant interest in working with other companies and is actively seeking other partners at the same time as many other potential partners are approaching us for this service. We try to focus on those potential partners with which there is a good synergy as, at the end of the day, these are long-term partnerships and areas where we are investing a lot of resources, time, money, and focus.

What is the positioning of the Batterjee Pharma brand in Saudi Arabia and how well regarded is it with Saudi HCPs and consumers?

The Batterjee Pharma brand has developed year after year. We have seen around 40 percent growth in the past year, and over 30 percent the year before that, which gives a good indication of how well appreciated it is by patients and physicians.

In addition, our brand is being delivered to NUPCO and the various public hospitals and institutes. Moreover, we have many new products in the pipeline, meaning that we expect this growth to continue. Last year, we decided to rebrand for some of our new products, although the branding for the existing products will remain as is.

Finally, we are working to re-focus our therapeutic areas. Historically, we developed products across a range of therapeutic areas without much thought for the future, but now we are looking five and ten years ahead with a greater degree of focus. This is an exercise that must be done regularly to create a clear focus and direction.

Family-run businesses in every geography must consider continuity and heritage in their business decisions. At Batterjee, how does this play into your long-term planning?

It is very important to keep the family business entrepreneurial because things are continuously changing. To have the structure or the governance itself is not enough. Continuously reviewing ourselves and redefining our business and its dynamics is also crucial. We need to review every five years, not just what we are doing as a business but what we are doing as a family.

In general, family businesses are good at surviving, redefining themselves, and facing down uncertain business environments. Therefore, it is very important to work closely on long-term planning and reviewing and checking this long-term plan continuously.

Part of this is looking at the new generation, how we can attract them to join the family business, but also make them understand the responsibilities of joining the family business. Once this is understood, they start at the bottom of the ladder with a clear task and responsibility, as well as the right mentor.

Vision 2030 is an overarching transformation of Saudi Arabia's economy and society which includes the entry of women into the labour force in greater numbers than ever before. Do you foresee the country's first generation of female CEOs coming out of family businesses like Batterjee?

Definitely! In fact, the first leader of Batterjee Pharma, almost 20 years ago, was my aunt, who has a doctorate in biochemistry. As a family, we have been blessed by a strong female influence for a very long time. This is perhaps influenced by my grandmother, who did not have the chance to obtain a formal education until she had her third child, but then went on to obtain a PhD. Women have historically had a strong role in our family, which will continue.

Batterjee Pharma has had a 'Future Female' initiative for some time which attempts to address the fact that although we have a high percentage of women within our organization, top management is still predominantly male. Therefore, we had some goals to achieve by 2023, such as having a female board member and female department managers, many of which have already been achieved.

We believe in diversity in all aspects, not only between men and women but also different cultures, backgrounds, and education. This kind of diversity adds a lot to our organization as it has to our city, region and community. Jeddah has been the gateway to Mecca for 1500 years, meaning that people have come here from all over the world and decided to settle here; many people that today are Saudis originally came from Asia, Africa, or Europe, thereby enriching our community.

How do you see the booming Saudi pharma market developing over the coming years, and what will foreign firms looking to partner up with local companies need to consider?

The future is rosy. The country has good capabilities, the economy is growing, and the people are young, energetic, and well educated. There is a lot of uncertainty all over the world, which is one of the most challenging aspects that we face, especially in pharma, where today's investments do not bear fruit for several years.

However, we believe in the economy, as shown in the fact that we have not stopped any of our investments, even in the middle of the pandemic. Our board has decided that, regardless of the bottom line, we need to proceed with our investments and projects; this is a sign that we as a local company believe and know that things are moving forward.

For international companies that are interested in entering the Saudi market, the most important thing is finding a partner with whom they can have discussions and solve challenges collaboratively as they arise. Local firms that are well established and well connected are crucial to solving these challenges.

Do you have a final message for our international audience on Batterjee Group?

As an organization, we are dynamic, entrepreneurial, and responsive. This is how we build relationships with our customers, whether international firms, local customers, or our distributors across the region. These traits have enabled us to provide the best support in critical and uncertain times.

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