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Fikret BaltaoÄ?lu of Laboratoires Expanscience, reveals all on the companyâ??s recent expansion into the Turkish market after acquiring its distribution partner. He also sheds light on how the Turkish healthcare system could benefit from critical products which are not often considered to have strong ties to preventative care.

Can you begin by introducing yourself and Laboratoires Expanscienceâ??s operations in Turkey to our readers?

Laboratoires Expanscience is an independent, French, pharmaceutical and dermo-cosmetics laboratory, which develops and manufactures innovative osteoarthritis and skincare products. We entered Turkey in 2005, although initially our presence in the market was through a distributor. In April 2013, Expanscience absorbed its Turkish distribution partner and established a subsidiary in Turkey, but only with regards to our skin care division. I joined the group later that same year in September. Before coming to Expanscience, I spent 14 years with L'Oréal – nine in Mass Market Channel and five in Pharmacy Operation. Prior to this, I spent five years in Personal Care with Unilever.

What were your goals as a newly appointed manager during a major shift in the company's presence in the market?

When I first joined the company, my mission was to facilitate the transition from a distribution operation to a multinational affiliate. I had to establish the infrastructure for the profitable and sustainable growth of our new regional hub.

Throughout my professional career, I have always been excited by challenges. It is a very satisfying experience to be able to look back after constructing a project from the ground up. I strongly believe in tackling both the philosophical and managerial aspects of business development. During acquisitions, teams are often gutted and replaced – leaving many loose ends and unhappy people. For its part, Expanscience decided to hire its distribution partner employees. In the first two years, we radically redesigned our business model in the country to jump-start operations. I was a newcomer as well – learning alongside my team as I transformed the business. A challenge and success I experienced was implementing changes in a sustainable way, which is not often the industry standard. As an affiliate, I believe we are ambassadors of the Expanscience brand: all our stakeholders from upper management to employees are responsible for representing the company. We wanted to have a smooth transition where everyone could walk away with a level head.

After five years, 75 percent of the original distributor staff still work with us despite the operational and mindset changes we triggered. When I took over the acquisition project, I recognized that our partner had been successful. The operations were not quite at the level of a multinational company, but they had an impressive business structure for a distributor. It was a healthy organization with satisfied stakeholders, so my approach in the shift was to take the aspects that worked well and mold them to align with our corporate vision.

Expanscience has 16 international affiliates overall, entering markets where it sees value. What is your assessment of Expanscience Turkey's performance since fully entering the market in 2013?

Expanscience is the global founder of Mustela, a premium, category-leading product in the mother and baby skincare segment throughout Europe and Turkey. We market our product through a selective channel of distribution in pharmacies. Although there are some brands with higher volume across multilevel distribution channels, in pharmacies our brand holds the largest market share and sell-out rate of the segment – according to IQVIA data.

Referencing the Turkish lira, Expanscience has more than tripled its turnover in the country since 2014, giving the affiliate a compound annual growth rate of over 25 percent. This has been a consistent figure across the years. Comparing our performance in reference to euros, our figures have still nearly doubled since 2013, despite the fall of the Turkish currency.

As a multinational market leader in skin care, how has Expanscience adapted to the needs of the Turkish market?

Turkey is a leader of fertility rates in Europe with 1.3 million live births in 2016 – we are operating in a very strategic market. Even so, as a premium brand, we only reach a certain percentage of the consumer base. This is mostly due to patients’ perception: despite our premium positioning, we still maintain a reasonable market level pricing strategy, while over the last five years we have been working to control costs point and make our products more accessible to consumers from a pricing perspective.

Moving forward, we are looking to expand the reach of our brands. The Expanscience corporate principle is that everyone should be able to care for his or her infants with the best products available. Our goal in the market is to demonstrate that Expanscience brands are reachable without having to compromise our premium status.

Are there any opportunities to discuss regarding social security insurance (SGK) and the reimbursement of Expanscience skin care products?

Currently, there is no reimbursement available for dermo-cosmetics. In this regard, it is often overlooked that the skin is the largest organ of the body. It is a vital organ facing constant exposure; therefore, it must be cared for and protected. When a baby is born, its skin is designed to be in the womb, so it has to adapt to the outside environment and develop special immune cells. For the first two years after birth, a baby’s skin has no immune system and must be supported more than adult skin. During these early stages of life, the skin is rich in stem cells. However, if not protected, the skin can be damaged and the stem cells lost. Based on these rationales, we are pushing the message of the importance of having access to skin care products. For example, melanoma is the most dangerous form of skin cancer. While there are many factors that play into the disease, having adequate protection to the skin helps act as a preventative measure to the disease. Taking preventative measures against melanoma and other skin related diseases could reduce the massive costs they add to the healthcare system.

After a successful beginning for the Turkish affiliate, what are your future goals for Expanscience over the next several years?

One of the primary objectives for Expanscience Turkey is to develop other global activity areas to the same level of success reached by our skincare brands. We want to grow our current operations and add additional product lines to the company portfolio. In terms of partnership ventures, we aim to establish strong ties in both pharma and skin care areas. For example, a current project we are developing is through a partnership with Asepta Laboratories for feet care products.

I also am aiming to solidify the Turkey affiliate as a key operation in reference to Expanscience globally: not only as an export hub for the region along with all CIS countries but also as a source for high-level talent to our overseas operations. Finally, I want to develop the sense of social responsibility across Expanscience Turkey and develop impactful CSR initiatives that will benefit all our stakeholders – consumers, healthcare professionals, partners, and employees.

What final message would you like to share with our international readers on behalf of Expanscience Turkey?

At Expanscience, our philosophy is that corporate responsibilities go beyond industry responsibilities. Applying this belief at the local level, we gather the representatives of our main stakeholders in Turkey — including consumers, employees, suppliers, pharmacists, doctors, nurses, press, Social Media Representatives, nonprofit organizations — for a yearly sustainability roundtable. Despite being a very young operation, we have been putting this initiative into practice for three years already — something we are very proud of. As part of these annual meetings, we share our sustainability outcomes and work together with our stakeholders to find better ways to meet their expectations. I recommend that sustainable growth is the future of business and initiatives like this are necessary.

Expanscience Turkey is very proud to have at least 50 percent gender equality throughout our operations, both on the field force and corporate structural level. This includes our company management committee. In Turkey, 30 percent of women participate in the workforce, so this accomplishment in gender equality is something we hold high value to.

We are also proud to be the first multinational company in Turkey to be a certified B Corporation [benefit corporation], which rewards the companies determined to be the best companies *for* the world rather than the best in the world. In this regard, Expanscience has proudly become the first pharmaceutical and dermo-cosmetics laboratory in the world to be certified at all levels of the organization. This is not just our social responsibility program, but the whole company culture and operational philosophy that are thus rewarded.

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