

Frédéric Bengold – General Manager, Servier Portugal



Despite our size, Servier Portugal has a significant impact and contribution to the company's global value

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Speaking from Servier's new open-plan office in Lisbon, a space aimed at promoting cross-functional integration and "collective intelligence," experienced industry executive Frédéric Bengold looks back on three successful years at the helm of Servier Portugal and outlines his goals for the future. With a refreshed global visual identity and corporate strategy to draw from, Frédéric Bengold is hugely optimistic about the impact that Servier Portugal – an overperforming affiliate that places among the top 10 companies in the market – can continue to have for the global group, and most importantly for Portuguese healthcare professionals and patients.

Can you tell us about your background and experience at Servier, particularly how your formative years in European mid-markets led you to eventually work in Portugal?

Certainly. I joined Servier in 2006, already in my late 30s, and at that time, I didn't have a purely pharmaceutical background. I had previously worked in medical diagnostics, with ten years at Biomerieux and a brief stint in biotech with a company called Sangstat, which later became part of Genzyme, now under Sanofi. My career took me through different paths, but I eventually returned to medical diagnostics, managing the French affiliate for Tosoh Bioscience, a Japanese group.

However, I received an offer from a headhunter to enter the pharmaceutical market, which intrigued me. The pharmaceutical industry was at that time a new dimension for me, moving from a B to B business model to a direct HCP relation, closer to the patients. I knew some people who were very pleased of working at Servier, and the opportunity to join the company was appealing. After a rigorous integration process, I was initially appointed as an operational assistant working between the Paris headquarters and Germany.

Over the years, I held positions in Germany, Austria, Switzerland, and finally Slovakia, however I desired new challenges and was looking for a different business culture. In 2019, I expressed my interest in taking on a role in Southern Europe, with Portugal being a primary target. The previous General Manager had spent nearly two decades here, making the transition a significant managerial challenge. My goal was to swiftly establish effective leadership within the team, continue business development, and introduce innovations.

So, my journey at Servier has been marked by diverse experiences, transitions between countries, and the satisfaction of overcoming management and cultural challenges.

Was it a deliberate choice in your career to become a country manager?

Yes, it was very intentional. I have a genuine passion for the operational aspects of being a General Manager. The role may seem routine at times, but the beauty of it lies in the constant change as you move from one country to another. Each transition brings new environments, teams, and cultures to explore. This ongoing discovery and adaptation are incredibly motivating for me. Additionally, it's not just about work; it also offers a unique opportunity for your family, especially your children, to experience different countries and cultures. It's a way to broaden horizons beyond the professional realm.

On top, despite being operational at subsidiary level, you can participate to some transversal projects or process to support the whole group at international level.

You've taken on the role of a country manager twice, replacing long-serving leaders. Could you share the advantages and disadvantages of such a transition?

Replacing a long-serving leader comes with its own set of challenges and opportunities. In the past, the main indicator of success was often the level of turnover. Even if you performed exceptionally well or poorly, it took time for your actions to impact sales due to inertia within the team that is well oiled. However, Servier has now introduced Gallup surveys to measure employee engagement, which provides a more immediate feedback loop. When I took on the role in Portugal in October 2020, I knew that achieving a good score in this survey would be critical, and I'm pleased that we maintained stability.

The advantages of stepping into the shoes of a long-serving leader include bringing a fresh perspective, a new vision, and the experience gained from working in different regions. This experience equips you with a toolbox that allows for a more rapid diagnosis of issues and the ability to close any gaps you identify.

For instance, during my time in Switzerland, I focused on talent management and introduced a tool to measure employee preferences, similar to MBTI. Later, in Slovakia, I proposed a leadership development program, incorporating this tool, with the support of the management team. The impact

was so significant that we decided to implement it company-wide. I've continued this approach in Portugal. While it might seem risky, it's a proactive way to influence leadership development and ensure a higher return on investment compared to external consultancy.

In summary, I prefer taking on the responsibility of growth and development, as it allows me to have a deeper understanding of the challenges and directly support the team's behaviors and processes. It's a more economical and, in my view, more effective approach.

When you arrived in Portugal, how did you perceive the dynamics in the healthcare and pharmaceutical sector here, especially considering the European context?

I found Servier Portugal to be a highly established affiliate, with a history of being consistently among the top ten companies in the pharma market. In fact, around a decade ago, it was in the top five, and today it holds a position in the top 10. Servier Portugal is not only respected for its performance but also for its unique character. First Servier is a Foundation, which is a key differentiator and allows to attract talents. . This singular identity gives us a long-term vision and a strong focus on recruiting loyal employees.

Servier Portugal has a reputation for innovation and excellence within the Servier group, often serving as a pilot for new programs and initiatives. It's not just a question of market openness but also a specific mentality and attitude that is prevalent in Portugal. Portuguese colleagues are known for their courage, a willingness to embrace challenges without immediately requesting additional resources, and a strong sense of duty. There is a sense of positivity and optimism that helps drive the success of projects. Additionally, there's a level of humility here, a genuine one, which sets the Portuguese people apart. Resilience here is not a concept but a true incarnation.

However, there were some challenges in terms of office space, as the previous setup was quite segmented and did not promote cross-collaboration. In recent years, there has been a significant shift towards integration and transparency, with marketing, sales, medical affairs, market access, and all other departments working together in a more unified manner. This integration and the emphasis on collective intelligence have become key focuses for us in recent years. : Beyond the focus on excellence we added a focus on collective intelligence to foster a more integrated and cooperative work environment.

Given Servier's strong emphasis on building relationships with HCPs, is the Portuguese market still reliant on sales representatives and in-person interactions?

The pharmaceutical market in Portugal still places a significant emphasis on sales representatives and in-person interactions with healthcare professionals. This approach aligns with the DNA of Servier, as we believe strongly in evidence-based medicine. Our primary mission is to ensure that healthcare professionals can perceive the medical value of our products and services, as well as the medical value of our company. We aim for long-term partnerships with HCPs, and face-to-face interactions remain the most effective way to achieve this, even though we have made some changes.

It's worth noting that when I arrived in Portugal, the COVID-19 pandemic had a paradoxical effect on our activities. While it was a global crisis with negative impacts on many aspects of life, including the economy and family life, for Servier Portugal, it was a unique opportunity. During the initial phase of the pandemic, there was very little activity in terms of presential promotion. Healthcare

professionals returned to their beliefs and sought security. Servier's image as a reliable and solid partner with quality products played a crucial role during this time.

In fact, during the COVID-19 pandemic, among the top 30 pharmaceutical companies, only two or three saw a positive development, and Servier was one of them, with a 14 percent growth rate, above the market trend. This experience highlighted the value of long-term relationships and the importance of being a trusted partner, even during challenging times.

The resilience of Portugal is also remarkable, considering the impact of crises such as the 2008-2012 financial crisis. Despite challenges, the country has shown incredible resilience, with the ability to rebuild and maintain a clear vision for the future. This resilience has played a crucial role in the country's ability to adapt and overcome difficult circumstances.

Post-COVID European Recovery & Resilience Funding is catering to countries that have been negatively impacted like Greece, Portugal, and Spain, with significant proportions dedicated to enhancing healthcare system resilience and digitalization. What progress has been made on these fronts so far in Portugal, and where is there still room for improvement?

Portugal has made remarkable progress in terms of digitalization, particularly in response to COVID-19. When I compare the management of COVID-19 here in Portugal to my experiences in Slovakia and France, I am genuinely impressed. Portugal's digitalization efforts have played a crucial role in managing the pandemic effectively and Servier Portugal has registered significant digital evolution during this period, which we keep developing into the future, as a pillar of our 2030 strategy.

However, this advancement also poses a unique challenge for the pharmaceutical industry. If a pharmaceutical company cannot ensure the supply of its products, it must inform INFARMED (the Portuguese National Authority of Medicines and Health Products). It can result in the removal of the company's products from the list of prescription options for doctors. In essence, companies must be transparent about their ability to provide products. If they cannot, they are excluded from the prescription list, which can potentially open opportunities for other pharmaceutical products to replace them.

This environment demands transparency and reliability from pharmaceutical companies, as any lapse could affect their presence in the market. It's an interesting dynamic, as it compels pharmaceutical companies to maintain consistency and integrity in their supply chains.

And here again we can speak about resilience and strong development of INFARMED in what concerns digitalization: the use of modern platforms, digital communication, useful apps and a re-invented site

Brand loyalty in Portugal, especially in the pharmaceutical market, is quite strong, and generic penetration remains relatively low. Could you elaborate on the factors that drive this brand fidelity, despite it being a country with one of the lower GDPs per capita in the EU?

Brand fidelity in the pharmaceutical market in Portugal can be attributed to several factors. Firstly, Portuguese people highly value healthcare, and they are willing to make an extra effort to access quality healthcare. This strong emphasis on healthcare contributes to brand loyalty, particularly for trusted pharmaceutical companies like Servier.

Servier's products have made pricing adjustments to remain in a competitive range that is still affordable for patients. Even for products that have lost patent protection, we can retain a portion of sales, often around 30-60 percent, despite prescriptions being done using the International Nonproprietary Name (INN), supported by the competitive price and the perception of value from medical doctors to pharmacies and ultimately to the patients. This value includes medical effectiveness as well as quality, which motivates patients to pay out-of-pocket costs.

However, it's essential to note that the out-of-pocket costs in Portugal are relatively high, at around 30 percent of the total healthcare expenditure, compared to the European average of 15 percent. This extra financial burden on patients is a challenge, especially considering the average salary in Portugal. The cost of living, and real estate in particular, has risen due to, first, the interest rates and also due to the increased international interest to live in Portugal, further impacting the affordability of healthcare for Portuguese people.

As a result, we have observed that patients are becoming less active in seeking medical care, and this economic pressure on patients is having a notable impact on the pharmaceutical business in Portugal. Despite the perceived value of pharmaceutical products, patients are increasingly constrained by their financial capacity, which influences their healthcare decisions. For instance, even a moderately priced pharmaceutical product can be a significant expense for someone with an average monthly income of around 800-900 euros.

The Portuguese market is characterized by lengthy and challenging pricing and reimbursement negotiations for pharmaceutical products. How do these negotiations affect the market, and are there any potential solutions to streamline this process?

The pricing and reimbursement negotiations in Portugal are indeed complex, time-consuming, and often challenging. On average, it takes 700 days to achieve price and reimbursement approval for a pharmaceutical product in Portugal. In the case of oncology and rare diseases, this timeline can extend even further. This protracted process, combined with a low success rate for product approvals (only 31 percent of products succeed), creates a significant barrier to market access.

From an academic standpoint, it is apparent that the quality of healthcare professionals in Portugal is high, but 40 percent of these professionals leave the country in search of better income prospects. To address this issue, the government's priority is to improve healthcare professional retention rather than to significantly change the market dynamics of pharmaceutical products.

While the data does not necessarily point to an increase in pharmaceutical products as the solution to Portugal's healthcare challenges, it's important to note that the door remains open for discussions and negotiations with pharmaceutical companies. The government tends to scrutinize every aspect of pricing and budget impact before making a decision. This process is often opaque, lengthy, and generator of inequities. The very recent political crisis will delay for sure the needed transformation.

Streamlining the pricing and reimbursement process could benefit patients, pharmaceutical companies and the healthcare system. However, currently, the complexity and duration of negotiations, along with budget constraints, pose significant obstacles to achieving a more efficient system.

How is the Servier 2030 strategy filtering down to the Portugal affiliate?

Servier 2030 represents a strategic vision for the company, aiming to guide our path until 2030. It encompasses several key objectives, including ambitious business growth, expansion into new markets, a strong commitment to corporate social responsibility (CSR), digital transformation, and a focus on eco-responsibility. This vision was presented in October 2022, and its goal is to engage all 21.400 employees through a well-organized communications program. It emphasizes the need for clear communication, alignment of values, and consistent behaviors. While significant changes have occurred, the core of Servier remains its dedicated and energetic people, regardless of seniority.

The acquisition of the oncology assets indeed posed financial obligation, given its one-time cost. As a foundation, Servier doesn't rely on the stock market but does have obligations and financial performance goals. Despite these challenges, Servier is committed to maintaining a balance between mature and innovative products, exploring new markets, and advancing CSR initiatives. Servier 2030 is about guiding the company towards a dynamic, modern, and socially responsible future while acknowledging the need to maintain financial stability.

Given Servier's newly acquired oncology assets, how would you characterize the patient access ecosystem in this space?

It's a complex situation. The market size for specific oncology treatments in Portugal can be quite small, sometimes involving only a limited number of specialized centers. The challenge is to strike a balance between providing patients access to these innovative drugs and mobilizing resources for their management in smaller countries. Servier is committed to a patient-first approach and is implementing access programs to ensure patients can benefit from these drugs. Additionally, upcoming European regulations will require companies to seek marketing authorization in multiple countries, creating a broader impact. This situation might lead to opportunities in terms of in-licensing and co-marketing, but it also involves negotiation complexities, which may further extend the timelines for market access.

What else would you like to share with Pharmaboardroom's audience?

Servier Portugal may be smaller in terms of country size and market turnover, but within Servier's subsidiary network, we're among the top 15, surpassing even some larger countries. We punch above our weight, with a factor of three between our potential and performance. We're a pilot subsidiary and a source of innovative projects that sometimes become global initiatives for the company. Despite our size, Servier Portugal has a significant impact and contribution to the company's global value.

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