Interview with Luis Ricciardulli, Regional Manager, Nycomed Latin America

21.02.2012

Tags:

Nycomed Latin America

The executive management of Nycomed said in an interview that â??the tremendous growth of the pharmaceutical industry will not occur in either Europe or the United States, but in emerging economies such as Latin America.â?? What is the relative importance of Nycomed Latin America for the company from a global perspective, and to what extent is Latin America a priority for the group?

Latin America is a priority for the Nycomed group, and the company is always looking to invest here. The markets in Latin America are very diverse: some are more volatile than others, from an institutional point of view. The company has been in Argentina for many years, with a presence through Altana (Nycomedâ??s predecessors), and the company is very happy to be here. We believe in Argentinaâ??s potential, if a reasonable opportunity for investment were to arise here, it would be evaluated.

However, it is in other Latin American countries like Mexico and Venezuela that Nycomed is more actively seeking expansion. The company opened the office in Venezuela last year, and operations started in January 2009. In Mexico, Nycomed is growing quite well: itâ??s a big operation, and we are currently 16th in the pharmaceutical industry rankings. The company is still investing in Argentina, but not through acquisitions at this point. We did a product swap last year with a local company, and we expect to see growth through the launch of new corporate products, and some line extensions. One of the key areas where we are investing is OTC, an area that Nycomed Argentina hopes to grow in the future. Hepatalgina is our big trademark here, and it is one of the most well recognized trademarks in the country. We did a survey in 2005: all of the people interviewed, regardless of gender or age, remembered the trademark and what the product was for.

The company is very receptive to any investment proposal for Latin America, which shows how much of a priority the region is. Nycomed has an advantage in this market by being a very lean company. Communication is very open between the regional offices and the key decision-makers, which helps the company take advantage of opportunities.

The Argentinean market is growing steadily for Nycomed. What do you think have been the major recent growth drivers, and how have they affected the current positioning of Nycomed in Argentina?

Current growth is mainly a result of pricing structures. The market is growing in volume, as the rate of unemployment has dropped in the last five years. More people are coming into the economy, there are more people covered by social security and health insurance, and this is very healthy for the pharmaceutical industry. The market is growing at a rate of 20%, and the biggest factor in this is pricing, because the growth rate is set at around 15%. Line extensions have also helped growth â??

this is a market for line extensions, especially for national companies, who use umbrella trademarks to launch other products under a successful name.

Nycomed is renowned for its strengths in OTC, respiratory and gastroenterology. What are you bringing to the Argentinean market in terms of line extensions and innovations?

This year, we are launching innovative products in the respiratory and pain relief areas of our business.

What are your expectations for Nycomed Argentinaâ??s future growth?

Nycomed Argentina should outperform the market in the next three years. Growth has been steady for some years because of the crisis, and also the change of ownership. This growth will be due to new launches, and focusing on the main franchises that we have.

Looking at the Argentinean market, local companies play a much larger role here than in the rest of Latin America. Why do you think this is, and what are your strategies to compete in this market?

The market has changed a lot in the last six to seven years, when multinationals accounted for around 52 of the market in value. National laboratories have always had the leadership in terms of units, but during these last few years the market has changed to give a 60% share to the local companies in values. This is the result of their continuous presence in the market complemented by in-licensing products from multinationals leaving in time of crisis and the aggressive strategy to launch line extensions under a trademark umbrella.

Talking about strategies in the Latin American market, Mr. Violland of Nycomed Brazil spoke about licensing opportunities. How large a part of Nycomed Argentinaâ??s business model are strategic local alliances?

Our strategy for the near future is to focus on launching new products. Our growth will be a result of this or through line extensions. However, there is great potential in Argentina for licensing agreement with multinationals who need manufacturing operations here. That is one of the reasons why the national companies are growing so quickly â?? it is because in times of crisis multinationals usually shrink their operations. The national companies know that these crises never last for very long, and so they keep investing. In 1989, many multinational companies left Argentina. I saw companies that left in 1989, return again in or before 2001 when another crisis hit, and the pharmaceutical market dropped 30% in units.

How would you describe your management style?

My management style is very transparent. The key to good management is trust. I do not have anybody in the organisation that I do not trust in. In the same way, I would never work for anyone that does not trust me. You should always respect people regardless of their position.

Communication is also important. I enjoy talking to our staff and customers. When I was General Manager in Argentina, I used to go with the sales representatives to see physicians and pharmacists in order to understand the needs of the sales reps and the needs of the customers. At the end of the day, all the people in the company are also customers of the general manager.

What do you think are the skills that a manager needs in order to be successful in Argentina?

The key skill is trust, which is difficult to gain in Argentina because people do not trust one another easily here. It is important to be simple and clear in your aims, and not to complicate issues. One of the problems with the Argentinean market is that it lacks institutional seriousness. Intellectual property law is an example of this. Even though products are patented here, they are still copied, and I believe this is a result of a lack of respect for the patents and the institutions that enforce patent law. This is something that is very hard to adjust to as an international manager, who has worked in markets where patents are more respected, and overcoming this challenge is vital to success here. Argentina is a good school for managers, because we are forced to become creative. You have to pay attention to so many things here.

If we think about the future of Nycomed in Argentina and Latin America as a whole, where do you expect to be in five years time?

In five years time, Nycomed Argentina should have moved at least three positions in the rankings, having outperformed the market consistently during this time.

Latin America, as a whole, will grow much faster. Venezuela is growing, as is Mexico. The smaller markets are also promising. Nycomed should grow at least 10% more per year over the next five years. In its first year, Nycomed Venezuela will sell as much as Argentina, with just one product. I am proud, and admire our local management there, and the faith they had in Nycomed. We were able to attract very good people to the company without having any history in the country. Nycomed was not a recognized name in the Latin American countries where were not present, and despite this, we managed to attract excellent staff to our Venezuelan operation, and hope to make around â?¬15 million turnover this year.

Our Latin American operations have the full support of the company management. Nycomed is an European company, and this is clear from the values they have: they are open to looking into new markets, and they always respect the local situation.

Nycomed will continue to grow above the market in Argentina and Latin America, always using ethical strategies and tools. Our message is to bring medicines that make a difference, firstly to the patient, but also to all stakeholders in the healthcare industry.

See more interviews