

Interview with Marcelo Figueiras, President, Laboratorios Richmond

20.02.2012

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What have been the recent major milestones for Richmond?

One of the milestones for Laboratorios Richmond was to have developed the first branded oncological generic in the world. For Laboratorios Richmond to be developing combinations of different molecules from different originator laboratories is very important as well, as it provides patients with the opportunity to receive their current treatments at a lower price. This process was achieved through the cooperation and support of major physicians. Recently, we have also started testing and certifying the bioequivalence of our products, beginning with our HIV line, which represents another crucial milestone. Finally, our latest achievement and the starting point for a new development of the company is our new facility, acquired from Altana in 2007, which is certified by EMEA.

What is your current positioning in the Argentinean market?

Here in Argentina, Laboratorios Richmond specialize in HIV products, in oncology and the central nervous system. Although the laboratory also caters for hospitals with products such as antibiotics, our main focus remains in HIV, where we work alongside physicians. In this specific market, we are the leaders, due to the fact that we possess almost every molecule required for treatment.

As for the oncological area, we have been working on developing new non-infringing processes, in order to launch our own products. These processes were developed alongside the University of Buenos Aires as well as with the help of international players.

After a 2006 growth rate of 60%, you made it clear that you wanted to push the company towards more sustainable growth. What has Richmond's growth looked like since this time?

This year the company is expecting large growth, partly due to winning the governmental contract for the production of Oseltamivir. With a turnover of 100 million pesos for Richmond as a whole, the sales of Oseltamivir on its own during the product's first month of production were worth 40 million pesos, representing 40% of our total sales. However, it is crucial to recognize though that this was a unique event: an opportunity on the one hand, and a duty on the other, necessary to support our government at a crucial point in history. Only four national laboratories had the access and license to produce the raw material for Oseltamivir, and Richmond was lucky to be one of them.

What is the right balance between being partner of choice for the government, and diversifying your business?

The fact that we sell our products not only to the Ministry of Health but also as prescribed medicines is a unique position in the country. We have to recognize that the government health plan is very good, in the sense that the program gives all patients free access to medications, which directly affects the HIV market and is in turn beneficial for Richmond.

But for Richmond Laboratorios the focus is now towards the international development of non-infringing processes, bioequivalence studies and production; and directing these assets to higher regulated markets like Europe.

You mentioned in 2006 that you hoped to have 20% of your production going to foreign markets by 2008, and 50% by 2011. How is this plan progressing so far?

Export-wise, Richmond is doing very well; the company has signed contracts with Brazil, Colombia, Spain, Russia and countries in North Africa. On top of that, the above numbers and dates mentioned (20% of production directed to foreign markets by 2008 and 50% by 2011) represent forecasts of future incomes of the contracts that we already signed.

There is a great advantage to being an Argentine pharmaceutical company in the foreign market: the Argentine pharmaceutical sector is very well respected worldwide. Companies like Roemmers and BagÃ³ led the way in setting high standards for Argentina. Richmond is lucky to be able to capitalize on this reputation, establishing a new niche for itself in the HIV market.

What is your vision for the future growth of the company? Where do you want to lead Laboratorios Richmond in the years to come?

I want Richmond to be focused on the local market as well as international ones, keeping an even balance between the two. The business's future growth will be driven by an increase in exports as well as developing new products that we currently have in the pipeline, to be launched within the next five years. These new products will be created with our own processes and developments.

The total income this year will grow by 13%. As of 2010 we are predicting it to be 30 or 40% for three to four years. After this period, we plan on stabilizing the company's rate of growth. In the past, the company had approached the London Stock Exchange, since part of it was dedicated to pharmaceutical companies in emerging countries. This was a great opportunity for Laboratorios Richmond, but unfortunately the crisis delayed this process. The company then decided to incorporate new partners alongside with bank credit in order to fund the finalization of the new facility. This gave the business a boost, and hence the predictions of such high growth and to later be able to successfully stabilize it.

The demand for pharmaceutical products in the international market is growing and the production capabilities of companies worldwide are limited because the regulations are getting stricter year by year. For example, a company which used to produce ten different products in one facility now has to concentrate in only two or three products. Throughout the world the demand is growing as people are more considerate about their wellbeing, and the production is lagging behind. This is why pharmaceutical companies are of great interest to investors.

How would you describe your management style? What are the keys skills needed to succeed as a manager in the Argentinean market?

My personal management style is centered on empowerment. I created a very strong operational and scientific staff here at Richmond. As I deal mainly with the public relations side of the business, I am completely reliant on my managerial staff for the day-to-day operations and running of the business. This staff is very well qualified for their positions: for example, the General Manager has a

background working in hospitals, and the Operations Director comes from a multinational company. Attracting diverse backgrounds and most importantly new minds from the industry is crucial for me. My responsibility is to plan the future of the company, and where we are moving to, but how we get there on a daily basis is up to them, and so I depend on my team. In order to succeed in Argentina, the fundamental attributes of any management style are dedication, hard work and empowerment of the people.

Although in general, the national Argentinean laboratories have the upper hand over the multinational companies, your chosen therapeutic areas put you in direct competition with the MNCs. How does Lab Richmond compete successfully in this market?

It is crucial for Richmond's objective to always be first to market with our generics: every time a patent goes off we have to be ready to be the first to react and enter this particular market. We can now challenge the originator more effectively as we have developed the expertise of supporting our own non-infringing processes. This gives Richmond an edge, as other national companies do not want to upset multinationals. By challenging them it forces Laboratorios Richmond to work more closely with physicians in order for them to familiarize themselves with our brand, ultimately creating a unique positioning for Laboratorios Richmond.

On top of that, we make valid bioequivalence studies of our products in Argentina, with the eventual goal of entering the European markets. Our goal is to validate our studies for international markets as well as developing own patents, and finally we even develop clinical trials. All these activities make us a highly competitive company.

How do you use Argentina's high level of academic excellence to Lab Richmond's advantage?

Argentina is home to some excellent minds, and although some might have left the country, we host exceptional universities and our professionals are very qualified. Argentine professionals operating outside Argentina compete head to head with leading international players. At Richmond we are dedicated to our people and encourage participation. Richmond for a long time was a school for professionals, where people were trained and then went off to bigger laboratories. Today this is no longer the case; Richmond has invested in retaining its staff and is growing at a great rate.

If we came back to Lab Richmond in five years, what would you like to have achieved?

In the coming five years, Laboratorios Richmond plans to have achieved its own production plant for Europe, to have developed a broader international market, as well as having launched new products that are currently in the pipeline. Finally Richmond will also deliver non-infringing products with their own respective patents.

In order to achieve all of these mentioned objectives, Richmond will keep working hard and stay confident in its key areas.

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