

Interview with Pascal Prigent, General Manager, GSK Romania

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After an international career of 15 years with Eli Lilly, you are quite new to both the country as well as the company. Looking back at these first 7 months, how did you experience this possibly challenging transition?

First of all, the cultures between the two organizations are not that different. In a way, this helped a lot with the transition. I changed company, country and job at the same time, which may indeed be an overwhelming switch. What really helped with the transition is the fact that the management team in Romania is quite strong. When you know that you have a team that is extremely capable and that can take care of most of the issues, it creates more space for a manager to focus on aspects such as general leadership, people development and the engagement of the organization.

From a cultural standpoint, Romania – being a Latin country- was also not such a big step. I have lived in Canada, the US, Chile and Asia Pacific, so Romania was not the biggest change for me personally.

It does remain an unpredictable environment. How did you set your strategic objectives?

It is indeed a volatile and somewhat unpredictable environment, but it is also an environment where there are a lot of unmet medical needs. There is a lot of potential for growth here. In a way, this unpredictability also goes hand in hand with tremendous growth potential. You have to be bullish about the long term future. Looking at some key indicators in Romania, such as the 3.8% from GDP spend on healthcare, clearly shows that there is a certain level of underinvestment. However, seen the population base of roughly 21.5 million people and the fact that Romania is now a member of the EU, one would hope that the situation can only improve.

Of course it is not only about investments, but also about outcomes. However, if you look at the key health indicators, this is the country with the lowest life expectancy rate of the European Union. Romania further has the highest infant mortality rate and obviously wants to improve on all these levels. For this reason, it is important to be here for the long term.

This is really also what GSK has done in the Romanian market. It is obvious that we have a long term commitment to this market when you look at the size of our local operations. We have over 1,000 employees and manage a very diversified business here. This also includes production and distribution operations, as well as a consumer healthcare business. Obviously, we have made more local investments than most other major international pharma companies. In our factory in Brasov alone, we have invested about USD 100 million, since 1998. This also makes us a significant contributor to state taxes. We clearly do believe in a long term positioning in Romania.

To come back on the unmet medical needs and the tragically low life expectancy rates in Romania, we understand that GSK focuses on 9 therapeutic areas globally, but what does the GSK focus look like in Romania?

First of all, every product that GSK sells anywhere in the world is also available in Romania. We do not have an approach that maintains a different offering in the Romanian market, because we believe that if we have life-saving medicines, we should as well make them available in Romania.

That said, we have a large portfolio with a number of more established products, such as Augmentin and Zinnat. We also have products that I personally believe are well suited for this particular environment. When you look at the economics of vaccines for example, it makes a lot of sense to bring a large vaccines portfolio to a place where the resources constraints are significant. Obviously, vaccines can prevent unnecessary spending and can increase the cost-effectiveness of the system.

How did you go about the fact that the Reimbursement List has not been updated since 2008?

Access remains an issue. There are certain products available in Romania that are potentially life-saving or may have a significant impact on the quality of life, but that certain Romanian patients still cannot afford. Such situation is obviously unacceptable. Two things can then be done.

The first thing is having a short-term approach, such as finding new ways to provide patient access by offering our medicines at reduced costs. More importantly, we try to explain to all key stakeholders that GSK is very willing to partner. We want to be part of the solution rather than the issue. The business model of the pharma industry is evolving and the old model - where you automatically introduce new products at a high price- is no longer applicable.

Today, we have to think of how we can demonstrate product value. It is not because a product is new that it is automatically good. Secondly, we need to find creative ways to help with the financing of these new medicines. Risk-sharing agreements are only one example of potential tools to address such issues. There is no one-size-fits all, and true creativity can only be discovered through discussions with the payers.

On the R&D front, and what we are now also seeing in Romania, is the tendency towards customization. The era of the blockbusters is now gone. With more customization and personalized medicine, we should be - theoretically- able to provide more effective products.

To some extent, early access to medicines can also be provided through clinical trials. To what extent has GSK been able to conduct such research in Romania, and how attractive do you deem the local environment for such activities?

GSK indeed conducts clinical trials in Romania, and considers such research as an important part of the discovery process. We have conducted a significant number of trials in Romania, but I would however be more careful with the argument that such trials create earlier access to innovation.

To come back to the role of the Europharm acquisition in Romania, we see that GSK as has been investing quite significantly into the Brasov manufacturing facilities. It has allowed you to attract the manufacturing transfers of products such as SEROXAT and RETROVIR. What arguments can you bring to the table and how can you convince your headquarters to move such production to Romania in the first place?

It is quite an interesting story. The Brasov site started as a generic site, and has now evolved into one of the most recognized GMP certified facilities within GSK. Key advantages of this site are the fact that the cost is very low, while the people are extremely skilled. They have the tendency to look at issues in innovative ways and actively come up with new solutions.

As a result, they have been able to obtain many awards from a quality point of view, while maintaining very low costs. The combination of this skilled workforce and low cost is an important argument we can bring forward to the headquarters.

What makes this plant very attractive for our internal operations makes it also very attractive externally. On top of the quality and the cost, the responsiveness of our operations has been very good, while the customer service has been excellent for activities such as contract manufacturing.

Europharm now means having more than manufacturing alone, as the acquisition also gave GSK its own distribution chain. And after sitting with Robert Popescu of A&D, Focus Reports understood that distribution is not an easy game in a country the size of Romania. What has been the advantage for you to keep control over distribution in Romania?

Honestly speaking, this is quite a unique set-up that we do not have in many other countries. At first, I think GSK was cautious about such activities, but I mainly see three important aspects about having distribution as a part of our Romanian operations.

First of all, we get a fresh outlook and a new attitude. It is a very interesting aspect from a cultural point of view. As you mentioned, the distribution market in Romania is extremely challenging and requires its actors to operate on some of the smallest margins. It is a very lean business where you really need to look for efficiency. While it cannot be said of many distributors in Romania, Europharm actually manages a profitable distribution business. I am always impressed by this unit's resiliency and capacity to find new solutions. Our Pharma business can learn a lot from those characteristics.

The second aspect is that distributors are customers of ours. Having a distribution unit in-house therefore provides us invaluable insights. Our indirect customers, their customers, bring us knowledge that we typically do not have.

On a regular basis I have already mentioned to our people at Europharm that we have never had such a good understanding of pharmacies. They bring this specific knowledge which is quite useful.

How do you go about attracting the right people in an environment where the attrition rates are fairly high?

People go to work for companies that are perceived to be successful and are of considerable size because they will have more opportunities. People go where they feel they can be valued and where they can stay for a long time. If I look at our competitors, GSK is already one of the largest organizations in Romania and have won the prize of Best Employer in the country just last year. We have a very strong focus on performance and developing people. We try to attract and retain the best, as well as develop them.

We have many Romanian staff members today, but also export Romanian talent abroad. Many international companies are mainly importing talent to come to work in Romania and use this market as a learning platform. At GSK however, the reverse is true as well. More and more, we are seeing that Romanian talent has gained a stronger place on GSK's international employability map.

Having won the prize of best employer clearly gives you an â??Aâ?• on your scorecard. Will it not be a challenge to live up to such achievement in the future?

It is definitely challenge, but it is a good one to have. To be honest, I am not worried if we do not have the exact same level of engagement next year. While the recognition is a nice thing to have, we need to be able to focus on the longer term. The journey that we have ahead of us is one of a world

class organization. We want to get the best and retain them. People stay as long as they receive the recognition they deserve and as long as they receive sufficient opportunities for development.

Apart from talking business, it has clearly been very important for GSK to give back to society. The company has maintained a very active CSR agenda in Romania, with programs such as “Every child matters” and “Habitat for Humanity”. Yet, in a country where 10 million inhabitants – roughly half the population – does not yet have access to medicines and where life expectancy is tragically low, how do you go about setting your priorities to be a good corporate citizen?

As a company and organization, you are part of the community. You cannot simply come to the country, sell your products and enjoy a certain return. We want to give back both in terms of money as well as employee engagement. It is always important to give back, and even more so if you are present in a country like Romania.

We have therefore supported a number of NGOs and initiatives – as Save the Children on reducing infant mortality, Hospice “Casa Sperantei” in palliative care and United Way in diverse social causes. It is not only the right thing to do, but it is also a great way for our employees to have a direct impact. It is frustrating to work in health in a country where life expectancy is the lowest in Europe. Making a difference starts with individual efforts.

Where do you now want to take the Romanian operations in the next 3 to 5 years?

As an organization, we want to be the best we can be. We are convinced that we bring products that make a difference, and see all the barriers with regards to the use of these products. Success will therefore be defined as increasing the access for Romanian patients to our products. We want to accelerate our journey to provide a better healthcare environment for the people of Romania.

What is your final message to the readers of Pharmaceutical Executive worldwide?

Overall, Romania is a volatile environment that remains full of opportunities because of its unmet medical needs. I would therefore encourage the readers to come to Romania and participate in the market.

For the payer, our message is that GSK is here to partner. They should no longer consider the healthcare sector as a cost center, but rather a partner in finding future solutions.

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