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Karim Harchaoui, country manager of Novartis Algeria, explains the rationale behind the recent restructuring of the Algerian affiliate, the evolution of the companyâ??s local manufacturing footprint, and the strategic importance of Algeria to Novartis within the Africa and Middle East region.

Novartis has undergone an extensive restructuring of the affiliate in Algeria over the past four years. What was the rationale behind this?

Novartis has decided five years ago to proceed with a big change in its business model in Algeria. This change was a response to the Algerian authoritiesâ?? wish list and recommendations; mainly focusing on increasing the ratio of local manufacturing Vs importation to reach 70 percent, promoting generics and exploring exportation opportunities.

In 2015, despite the oil price crisis, Novartis decided to appoint its local affiliate Sandoz as its sole importer and distributor of medicines dedicated to the private market.

2015 was a difficult year, import programs were delivered late, provoking stock outs and loss of business.

So what type of new structure did you transition to?

In 2017, due to the success of the reforms, we have been able to initiate new recruitments and we are so proud we were elected in 2017 as the third best employer in Algeria. In 2018, we moved one-step ahead to the second place, and obviously one of our key objectives is to become the best employer in 2019.

This means that even though we encountered restructurings, we keep investing in people and ensure we offer a safe working environment.

Tell us about the evolution of your local manufacturing footprint as a way of future-proofing your business?

Indeed, our strategy is to develop local manufacturing. We realized the fragility of being too reliant on imports and hence, in 2015, we decided to accelerate production of more products locally.

In which case, Novartis is aligning very closely with the aspirations of the Algerian government to nurture a local pharma industry base, arenâ??t you?

We are proud to say that currently more than 70 percent of our business (private market) is locally manufactured.

Novartis Technical Operations (NTO) in Oued Smar centrally manages our manufacturing operations across our Innovative Medicines and Sandoz Divisions, with the goal of further improving efficiency.

Nowadays, we locally manufacture a wide range of products in the area of cardio-metabolic therapy area such as: TaregÂ®/DiovanÂ®, GalvusÂ® and ExforgeÂ® ranges.

Moreover, we have placed a big-ticket investment in the value of 35 million dollars to revamp NTO plant to expand production capacity using latest top-of-the-art technologies and equipment, using brand new, latest-generation equipment. We firmly believe there are possibilities to manufacture more Innovative Medicines in our brand-new plant.

One of the biggest challenges we face today is bringing the products to the market. It requires a competitive price, and very often, the authorities want to see local manufacturing. Our products are considered expensive, so when local production is not possible, we must find alternative solutions to bring these products to Algerian patients.

When we consider your expanding manufacturing footprint, is that uniquely for local market consumption, or do you envisage, one day, exporting too?

Over the past couple of years or so, many entities have been contemplating the potential for Algeria to become a pharma export platform in light of the growing manufacturing capacity. We already started to explore the market inside Africa. There are factors that complicate the process, for example, gaining market authorization in these countries, etcâ?¦ Export could help the Algerian economy and maximize the benefit of the current existing capacity we have in the country.

How strategically important is the Algerian market to Novartis?

When I joined the company, Novartis was one of the few multinational companies without clear manufacturing footprint and legal entity in Algeria. Things have changed dramatically today. One of our goals is to become one of the top five leaders in the pharma market.

This will be difficult; nevertheless, we are on the right path and catching up.

We remain quite confident about the potential of this market. Algeria is one of the biggest markets for Novartis in Africa and the Middle East.

Given the fact it is a â??VUCAâ?? market, how easy is it to persuade the global management board to continue to invest on the ground in your affiliate?

We understand that Algeria has always been considered as a difficult market. Many local managers believe that the most difficult part of our job is to explain the local situation to executives. Having said that, they are already convinced of the merits of Algerian pharma market. Best proof, is the infrastructural investments that they have already committed to.

What is your top priority for the next two to three years?

1st, to launch in the next few years our innovative medicines like Cosentyx and Entresto

and when possible, produce them locally.

Secondly, we want Novartis to become the best employer in Algeria, thus attracting the best talents.

Thirdly, over the next 5 years, we want Novartis to compete with the top five pharma companies in Algeria.

Finally, what would be your advice to international entrepreneurs that are considering operating in Algeria?

First of all, they need to choose the right people, partners and associates. It is critical to choose people who understand the market and have experience and vision. They also need to have a long-term strategy. If you have only a short-term strategy and expect results in two years, you will fail. The most important personal quality for success in Algeria is all about resilience.

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