

# Luis Rodriguez â?? General Director, Gador, Argentina

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*Gadorâ??s first general director from outside of the family discusses his mission, Gadorâ??s key to success, and his method for successfully leading a company in Argentinaâ??s unpredictable and volatile market.*

## **What was the mission that you were given when you were made the general director?**

This is the first time in the 75 years of this companyâ??s history that the family has completely given up day-to-day control of the business. However, they have always made it a priority to hire and develop good professionals throughout the business, and my priority is to continue to find and develop great people who together give this company its excellence. I always say itâ??s impossible to accomplish a project without the appropriate people, and since we are working on several extremely challenging and ambitious projects, we need a lot of appropriately excellent people.

Strategically, the familyâ??s vision, meaning the shareholderâ??s vision, which I have been tasked with carrying out, is for the company to expand to the rest of the region. We are already active in several other countries, but the goal is to eventually rival Roemmers or BagÃ³ in terms of Latin American activity.

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My most important mission wasn't given or discussed however, it is engrained in the position I was given; as the general director it is my responsibility to give clear direction to the company, and to make sure decisions are made efficiently and effectively. This is in many ways a big step for Gador, because before I was made general director there were five family members in the company, and they each had their own opinions. As a result, there was a lot of indecision and hesitation from the employees because they didn't want to upset anyone by following one family member's direction and not the others. Now, everyone takes their direction from me so our priorities are much better aligned and our actions are more in sync.

### **What have been the main growth drivers for Gador over the last few years?**

There have been a few different dynamics that have come together to push us a bit closer to the top of the rankings in the last few years. First, we have always had a chemical facility, which while not particularly unique now, was a competitive advantage for many years. For example, we were able to launch our fluoxetine product before Lilly launched Prozac here in Argentina.

In more recent years, our success is really attributable to our people; we have the best people. We need the best to maintain growth, and we are the most exciting firm to work for, so it's easy to attract the best.

### **Given the volatile inflation rate and other challenges surrounding the use of business statistics, what are the KPIs that you usually rely on?**

Well, as you suggest financial figures are somewhat lacking in meaning seeing as their value could be cut by more than in USD terms overnight by the next devaluation. As such, we focus on volumes when assessing our performance, and our sales relative to those of our competitors. One target is to maintain a growth rate higher than that of any of our competitors, especially in our core areas like cardiology and CNS products.

### **What strategies does your company take to minimize local risk?**

Managing a company effectively in this environment of uncertainty can be exhausting, as doing so requires one to continuously ask or suppose "what if?" Right now we are negotiating a new agreement, and in doing so we much consider how it would be affected by a possible devaluation, new price change agreements (or lack thereof), variation in volumes sold by ourselves and our competitors, and so on. Spending time and resources on analyzing all of these different scenarios puts a lot of pressure on our company.

For example, a friend of mine at a French multinational pharma company was telling me that "in Argentina I have no predictability." That sums up the issue exactly. If someone asks what we might expect in terms of currency devaluations over the next year, it is impossible to say because we don't even know what to expect over the next week. We have to be prepared for all of the above, and thus must be quite conservative, but we also expend a lot of effort on planning contingencies.

### **Gador distributes several products licensed from multinational partners like Gilead, Merck, Lilly and a few others. What proportion of sales do these products account for?**

In Argentina, nearly 40 percent of our sales are licensed products at this point. Operationally, much of our business is divided in two, as the marketing processes and commercialization models for these licensed products are entirely different from our own. Whether this proportion increases or decreases will depend largely on the success of our own R&D.

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The significance of this side of our business is only one of the ways that sets us apart from the other big Argentinian labs; the success of our R&D program is the other. I love being involved in the development of new products, especially those that aren't direct copies of the originals but include incremental innovations in galenical composition or delivery methods. We take a lot more time and invest more energy on the development process than our competitors, who tend to focus more on the regulatory issues.

This investment in development pays off; for example, our risperidone product Risperin outsells Risperdal, the original product from Janssen, by a significant margin. This is not only because our prices are lower, but also because our product is preferred due to the better optimized galenical formulation. Similarly, our zolpidem product Somit outsells Sanofi's Ambien, partially because it is released and absorbed more quickly and causes less indigestion.

**Gador's entrance into the export market has come a bit later than the other top Argentinian pharma companies. How significant is the export market to Gador currently?**

Today, our Argentinian sales are roughly USD 250 million, USD 40 million in Chile, USD 15 million in Uruguay, and our sales in Peru and Colombia are still very low. We also have partners in the Dominican Republic that we export roughly USD 12 million to per year. So in total, nearly 20 percent of our sales are from exports, and we would like to increase this number further.

Our international growth strategy is supporting the decentralization and autonomy of our affiliates. Like in Argentina, every country has its own risks and challenges and we are trying to give the affiliates the freedom they need to manage these risks effectively while building a strong business. As such, selecting the right people to manage these affiliates has been a critical challenge. Necessity is the other factor that motivated this strategy, as considering the challenges we face purchasing foreign currency, we are unable to provide financial support to our affiliates.

**What's your history with Gador and the pharmaceutical industry?**

I began working in the pharmaceutical industry on the same day that I got my degree in business administration, meaning my entire career. My first position was with Bag<sup>3</sup>, and I never actually changed employers in the sense that I never quit; Bag<sup>3</sup> owned a subsidiary that was eventually sold to Gador some years later and I was a part of the deal. This took place quite some time ago, as next year will actually be my 30<sup>th</sup> year with the company.

Unlike many managers in this industry I did not come from the operational side, but the finance department. I really love analysing different scenarios and finding solutions to make exciting projects and developments feasible. These projects can range from new product development or launches, to early stage research, to acquisition activity or capital expenditures on manufacturing technology. I am a doer, and always need a problem in front of me to try to solve; even in my free time I am very active.

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