

# Marco Ruggiero – General Manager, Chiesi Mexico

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*Chiesi Mexico –*

*Marco Ruggiero discusses his initial impressions of the Mexican pharma market, his strategic priorities for the affiliate, and the increasing importance of the company's respiratory portfolio in Mexico.*

**Marco, you came to Mexico at the end of 2017 to assume the position of general manager (GM) for Chiesi's Mexican affiliate. After two years here, what are some of your initial reflections?**

The experience has been an exciting one not only because it is my first GM position with Chiesi but also because Mexico is really a country where you can enjoy the experience and environment from both professional and personal viewpoints. Personally, I moved to Mexico with my family and my first child was actually born in Mexico, so we have a strong link with the country, which will endure even if we leave in the future. Professionally, it has been very interesting because of the changing dynamics of the country.

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2019 was a transitional year due to the arrival of the new government, and there were a lot of changes to understand even before we respond. The challenge was first to understand the changes before we can even try to identify the opportunities that can be extracted from the changes, so in terms of mental agility, flexibility and the ability to adapt, it has been a very interesting exercise.

The GM position is complicated because it requires different perspectives and I credit my previous experience with Chiesi HQ and Chiesi International Division, and also with my previous employer, Nestle Group. which gave me the background and experience to work in different positions and sectors. This was very helpful to understand all the different positions and activities going on in Chiesi Mexico and as a result, my employee attrition rate has been very low. The position is not as easy as it appears, but I have found the adjustment relatively smooth.

### **What were your strategic priorities upon arriving?**

Chiesi Mexico was only incorporated in 2012, which makes us a very young company by Mexican standards because the environment is highly complex and regulatory timelines are long. When I arrived at the end of 2017, about 90 percent of our sales came from the specialty care line, which means hospital neonatology products like CUROSURF® and PEYONA®. Our respiratory line had been launched in 2014 but was still very small and very underdeveloped in terms of the combined business of the organization. The top task was therefore to consolidate our position in neonatology where we were and are still market leaders and invest a lot of attention and resources in the respiratory franchise to drive its growth. In doing so, I also wanted to change the perception of Chiesi as a small and "new" company in Mexico.

Secondly was an organizational issue. I wanted to consolidate the affiliate and disconnect it from its "start-up" phase. This meant creating a structure with key functions in the right place and working as they should.

Luckily, I found a great team here which, while a little reluctant at the beginning, eventually opened the doors to change after they understood the vision. Change management is never easy. As an expat arriving in Mexico, the first thing I had to do was to accept certain cultural behaviours and attitudes that might be foreign to me. It is important to understand the dynamics of the workplace in Mexico in order to relate to my team. Secondly, the local team also had to accept me because as a foreigner, I brought my own workplace culture and habits with me. There was a transition period of about six months during which we learnt to reach common ground. Once that passed, things started to advance.

Ultimately, despite the change in people, structures, reporting lines and overall organization, the team here adapted without any significant issues because they understood that all these changes had been implemented in order to improve and structure the way the affiliate worked. As a result, the organization here became more efficient, proactive and results-oriented and we achieved important results that have since been recognized by the Group internationally.

### **Could you share some of these results?**

It has been a difficult but satisfying journey. First of all, talking about numbers, Chiesi Mexico grew 25 percent in 2018, which really speaks for itself. In 2018, we were the second-fastest-growing affiliate for Chiesi globally.

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In addition, we launched TRIMBOWÂ® successfully in Mexico in 2018, making us the first country outside of Europe to launch this innovative drug, which is the first triple combination inhaler for chronic obstructive pulmonary disorder (COPD). This is extremely noteworthy since Mexico typically receives innovative products after countries like the US and Canada, and the launch of TRIMBOWÂ® drew a lot of attention from the scientific community of Mexico. Chiesi Mexico really displayed great teamwork and efforts across regulatory, marketing, sales and access functions, as well as close collaboration with COFEPRIS, and we are very proud of this, both in terms of its market potential and the significant benefit to patients here, which is of course the most important aspect.

Here we return to the concept of the perception of Chiesi in Mexico. The successful launch of TRIMBOWÂ® raised the profile of Chiesi in the country, and now we are known as an innovative company bringing innovative products to Mexico, which is great. We were able to combine the launch of this new product with the raising of company awareness and voice in the Mexican market.

Of course, in 2019, the external scenario changed with the new government policies. Therefore, within the public sector, we had many new changes, which in themselves are not the problem â?? the problem is the uncertainties generated by the absence of planning. Unfortunately, the public sector seems to be moving under the principle of â??letâ??s change it and see what happensâ??. This is not the right strategy for the pharma industry because the lives of patients might be affected. A shortage of medicines could generate heavy consequences for patients.

Fortunately, due to our size and flexibility, Chiesi Mexico had the chance to wait until the right moment to execute our commercial strategy. We were therefore able to close 2019 in line with our budget expectations and with higher-than-expected growth â?? though of course not as significant as 2018 â?? which made 2019 a rather good year for us as well.

We also took the opportunity to change our organization in response. We reshaped the functions of market access and medical affairs to take advantage of the eventual opportunities created by the anticipated launch of the new national formulary (the *Compendio Nacional*). This means that once a product is included in the national formulary, it can be prescribed throughout the entire country. In response, we would need to invest more resources on scientific communication and medical compliance instead of commercial sales and marketing, which is why we have increased the number of people in these functions as well.

**Compliance is an interesting topic in Mexico because the new Mexican government has attached a stigma of corruption to the pharmaceutical industry here. What is your perspective on this?**

According to the new government, it is a reality, not a stigma, and they have been really tough on the pharmaceutical industry since the first day. I cannot comment on whether this is really such a critical national problem or whether there are other issues in terms of inefficiencies and uncertainties that are far more important.

However, I do have to say that multinational companies like Chiesi are obliged internally to respect certain international codes of practice. We have to comply both with internal code of ethics & compliance and international industry associationsâ?? codes we belong to. In Mexico, compliance within the industry is a little different than in Europe, when you look at the number of samples delivered, congress participants, and so on. We would like to promote the European code of practice in terms of ethics and compliance further in Mexico. It is a work in progress and will take time but sooner or later, we will arrive at this point, which will benefit the entire industry, not just individual companies.

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**You mentioned boosting Chiesi's respiratory portfolio here as a strategic priority too. What are the opportunities and challenges here?**

Firstly, the respiratory market trend is positive in Mexico, growing at an average of six percent annually in terms of volume. The market is mostly private, so the prices are freely set and it has not been affected by the government reforms. In addition, the prevalence of respiratory diseases is growing as a result of lifestyle and environmental factors in Mexico like pollution and smoking. Incidence of respiratory conditions like asthma and chronic obstructive pulmonary disorder (COPD) is also rising. More and more babies are developing allergies, which might develop into respiratory diseases as they grow up.

With respiratory diseases, there is sometimes the erroneous perception that they are not as severe or urgent as other conditions. Nevertheless, COPD is already one of the leading causes of death globally and many countries are increasing their investment in this disease area.

COPD and other chronic respiratory diseases result in the obstruction of airways. People who suffer from these conditions need bronchodilators and anti-inflammatories in order to breathe normally. In Mexico as well as more generally globally, the underdiagnosis rate for COPD is high. Sometimes COPD is confused for other conditions or treated with the wrong type of medication.

This is why the industry needs to do more to engage with medical professionals and patient associations. It goes beyond promoting our products, we need to promote disease awareness in the scientific and medical communities so that they can improve the diagnosis and treatment rates of respiratory conditions. For instance, Chiesi works with other companies on disease awareness campaigns and also provide free spirometry tests to evaluate pulmonary function. Except in the most serious, severe cases, patients do not need in-hospital treatment; they can achieve normal breathing levels with the right medications at home, so there is no reason to wait until their condition deteriorates to the extent that they need to be hospitalized.

**In addition to respiratory diseases, Chiesi also focuses on rare diseases, especially with the recent establishment of the Chiesi Global Rare Diseases unit based in the US. What is the significance of this?**

Rare diseases is the third pillar of Chiesi's global business after neonatology and respiratory, and as a company, we wanted to enter this area to focus on giving patients with rare diseases the treatment options they urgently need to survive and thrive. By definition, the vast majority of patients with rare diseases have no treatment options. According to our philosophy, these patients have the same rights to survive and be healthy as other patients with more "common" diseases. No infirmity or illness is more important than another.

In Mexico, we are currently registering the first product for alpha-mannosidosis, which should hopefully be available in 2021. In the meantime we are already working on patients' identification and recruitment by dealing with the few specialized Mexican centers to increase awareness and diagnosis rates.

Once identified, we have to figure out how the patients can travel sometimes thousands of kilometers to reach and stay at these specialized centers to access the treatment, which must be administered in-center. This is difficult, especially in Mexico, where many patients are not even part of the public healthcare system. As a company, we have to work with the healthcare authorities and

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institutions to encourage them to dedicate a special part of the budget to the diagnosis and treatment of rare diseases, as well as to offer innovative risk-sharing models. This is already in place in many other countries but we need to continue to bring that dialogue and collaboration to Mexico, as we have been doing so far.

### **Looking forward, what can we expect from Chiesi Mexico in the next few years?**

For 2020, the industry in Mexico is generally divided into two camps. One part thinks that 2020 will be another transitional year because there are still a number of unknowns. The other part thinks that 2020 will be better than 2019 for sure because the changes have already been implemented, and we have a better level of ability to understand and react to them.

Personally, I believe that 2020 will be a good year for Chiesi Mexico. The rules for the public sector are almost clear. There are opportunities to be identified and seized. We are not worried about changes; change is a part of life, after all. But to succeed, we need to be able to read the changes and adjust our way to run business accordingly, which is something we have already done and will continue to do.

In the middle term, I hope that over the next few years, Chiesi Mexico will be recognized and respected as a pharmaceutical company specialized in respiratory diseases, a leader in neonatology (as we already are), and also a company of choice for all Mexican talents where people's diversities are respected and their potential is developed. On that note, Chiesi Mexico just received the Great Place to Work certification!

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