Interview with Rodrigo Iturralde, Director, Randall Laboratories

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Tags: Randall Laboratories

When we saw you in 2008 we had read a little bit about the major milestones in the company, how your grandfather came to Mexico in the 1950s and how you used to come to work in the company every day after high school when you were a teenager. Randall has grown a lot in the last four years, so please can you tell us about the biggest achievements and challenges that the company has seen in that time?

Over the last four or five years, Randall has been branching out and looking for better markets to work in trying to find what is for us in a generics market, have the potential to be the best opportunities.

We have found incredible competition, principally with the rise of the Private Labels being pushed by huge supermarket chains, which has attracted the attention of large multi-national pharmaceutical companies in order to participate in this market. Such huge brands have appeared in the generics market that it has led us to look for commercial partnerships with other companies in order to grow our market share. You could say that for a family company like Randall, it has been tough finding ourselves competing against companies so big they are on the stock market; international companies that run the entire supply chain. So lately we have found ourselves in the interesting position of partnering with others to find niche markets, where we can successfully compete against such large companies.

What kind of opportunities have you seen through partnering, and what qualities do you need to make it successful?

We found ourselves an opportunity in the distribution network that we had not explored before: in 2008 we opened a distribution company that focuses on companies just arriving in Mexico. The rise of Seguro Popular made this opportunity clear for us, because many of the products that they needed were no longer produced by national companies due to the new drug registration laws, which encouraged the entrance of international companies who brought their entire portfolio to Mexico. We began to do business with these companies in terms of distribution. We also formed other partnership as contract manufacturers- large companies were approaching us and asking us to manufacture on their behalf. Even though we are a small company, we are able to manufacture certain products for them, meeting their needs at a specific point in time. Some similar sized laboratories took the same opportunity; we produce injectable medicine, others produce tablets, and some are experts in solutions so overall we have created an expansive catalogue of generics that is able to compete with larger generics companies in the market.

What qualities does Randall have to encourage foreign companies to choose you to manufacture and distribute their products?

We have been almost 60 years in the business, with the winning combination of experience and youth. I am 31 years old and have been working in the company for eight years, which for me has been a great learning experience from the very beginning. I've learnt how to package medicine, how to sell it, how to talk with doctors, providers and distributors, and my whole family has always dedicated itself to the pharmaceutical industry. Our employees have previously worked in companies ranging from very small to large multi-nationals which means the experience and talent they bring to the company is invaluable, and truly helps me to understand how best to work with our customers, and how to operate in the market. In Randall, we are always looking for something better in the markets that correspond to our strengths as an organization. We know that we sell generics, not patented drugs or brands, and nor do we want to. We search for generics that are not currently available on the Mexican market, which we can make available to Mexican patients.

How much of your business model is actually based on partnerships, and is it growing?

Around 30% of our business is based on partnerships and commercial alliances. I want to grow this to more than 50%, and base the other 50% of our business on our own manufacturing.

How do you think the change in the perception of generics, and the introduction of private labels has shaped the future of generics and their future place in the Mexican market?

Last time we talked, I saw a much divided market: the innovative patented medicines, the regular generics, and the fast-growing private labels. Now generics from all over the world are arriving in Mexico and the multi-national companies are even splitting their companies up to have a generics division through which they can generate more revenue. The Mexican market is a very interesting one because it has this split and it also has a population with the purchasing power to buy both generics, and expensive innovative medicine. We also have a fast growing health system buying medications in large quantities. But I think the moment will come when the market is saturated, it cannot stay this attractive for very long and it will stabilize soon, forcing some companies to disappear either through acquisitions, or altogether. We are entering an age where people are starting to understand what they should be able to have and there is a lot of information about generics in Mexico that is enabling this. We are also responsible as companies for giving patients what they deserve in this respect: that is where I believe the market is heading.

Going back to your point on the growing Mexican healthcare system, you mentioned in 2008 that Randall was focused on Seguro Popular in the states of Distrito Federal and Veracruz. How have you tried to capitalize on other areas of the system, given that it now covers 50 million Mexicans?

Obviously there is not one company that can cover the whole of Seguro Popular, and we at Randall are currently working with Seguro Popular in the areas we are capable of, but with a lot of care. Seguro Popular is a very noble program for Mexican patients, but not for the pharmaceutical companies. It is difficult to work with the government, and we are careful to only do business with them in the areas that we are able to deliver, because it is complicated. The process of accounts receivable takes a lot of time, and sometimes the prices they demand on the products are don’t even match the cost of producing them. In terms of the population, there are more and more people affiliating themselves with the system because it has money and coverage, but there are areas that they do not cover at all- for example different types of cancer. We don’t have these types of products for Seguro Popular but we do distribute them to different hospitals. Eventually the system will cover all of these diseases.

You mentioned earlier that Randall can distribute, but not manufacture everything. How would you summarize Randall’s development in the changing Mexican landscape?

What we have been doing is to segment the market, and to grow our profit in areas with more opportunity. Some time ago we were focusing on the government, but now we want to grow in the private market on the back of three or four products, associating ourselves with bigger players in the industry. This is with the aim of gaining the trust of both Mexican patients and the good reputation with international companies when it comes to Randall products.

You mentioned talent and looking for the right people. Is this a challenge in Mexico?

Yes, it is often difficult to find the right people. There has been a culture created in Mexico that has encouraged a lot of people to go out and get an MBA or a Master's degree, but in reality I do not believe it's necessary. I agree that it is good to do them, but it is not a replacement for hard-earned experience. There is a lot of talent in the pharmaceutical industry as it is a very specialized sector, but I usually look elsewhere in other industries for talent; I really believe that the people make the company.

Here in Randall people can get to where they want to, as long as they are doing what they love to do- there are no limitations. Randall is a great company to work for and one in which to develop yourself both professionally and personally.

Where will Randall be positioned in five years' time?

We have to be careful because five years go by very quickly! I would like to consolidate the company towards being a group; to be more self-sufficient; and to find a way of becoming an international company. In Mexico we can all learn from observing other pharmaceutical markets in the world. Maybe Mexico is an emerging market that has been growing, but with a consequence that other companies come, settle and stay here. We should be doing the opposite, and establishing ourselves in other markets. I would like Randall to establish itself in other markets, and we still young enough to do it. I think the first priority will be South America.

What is your final message for the readers of Pharmaceutical Executive?

I would like to say that Mexico has a huge potential in its pharmaceutical industry and that although in terms of manufacturing it is thought of by international companies as not being quite as good as them, in reality we do it just as well as, and in some cases better than them!

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