Beckman Coulter Iberia – José Antonio Crespo, General Manager – Spain



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José Antonio Crespo became general manager for Beckman Coulter Iberia in July 2013, following an extensive career at Siemens. He discusses the structural changes associated with the company's acquisition by Danaher, and outlines targets for growth in the coming years.

What initial challenges did you face at the beginning of this tenure?

During the last ten years, Beckman Coulter operated through a distributor in Iberia. Transforming an organization driven by a distributor towards manufacturing is a challenge and represents a complete change of culture. The Danaher culture, to which Beckman Coulter belongs, is unique. There are challenges in terms of going market, managing customers, logistics, quality, etc. These changes took place in January 2013, and I joined Beckman Coulter in July 2013. My major priority was to stabilize the business, particularly with logistics, and to change some roles within the organization. During my first 100 days I visited many customers to understand their thinking, perceptions of the company, main concerns, and strengths and weaknesses. Danaher has five values, one of which is listening to the customer; I have already visited all of my Level 1 customers and some Level 2 customers in Spain and Portugal. Based on this experience, I have made some changes in the organization, mainly focused on becoming truly customer-driven.

Many companies with presence in Iberia have removed sales & marketing and used a distributor, but Beckman Coulter seems to have done the reverse.

The situation in Spain and Portugal has been exceptional. Revenue here was high, and it was one of the only markets in Western Europe that did not have a direct-to-market system. It is logical to have distributors in emerging markets, but not in top countries with significant market size. As such, I think the decision was very well received. Danaher acquired Beckman Coulter because they believed they could improve the company's management. They have implemented the Danaher Business System (DBS), which involves the application of lean management to all organization processes. Danaher's share performance has been incredible over the last ten years, and has increased at a much higher rate than its creditor, S&P 500. This is largely due to the company's business mantras: never relax, daily management, problem-solving processes, voice of the customer, improving transactional processes, kaizen, etc. All of the core value drivers of Beckman Coulter between 2011 and 2013 have improved and will continue improving over time. If you want to grow in the Iberia market, you have to do it directly.

How applicable is the Danaher business system in the Iberian market?

Spain has the highest growth in Europe for Beckman Coulter in 2014, more than the rest of Western Europe. The Danaher Business System can be applied very easily in companies that are only transactional. For example, we have a policy deployment in retention where we have to retain our customers and this is measured weekly. We measure how to win new competitive customers monthly. We measure sales daily, and this daily management is a key tool of this system. We implement our technical service on the field, measuring how many hours are we with Levels 1, 2, and 3 customers, and how many calls can we solve from the technical service here. Regarding logistics, we have 98 percent on-time delivery in Iberia, the best region in Western Europe for this. We can implement improvements easily without having manufacturing facilities in Iberia.

How can Beckman Coulter take advantage of Spain's new innovative public procurement policy?

In my former posting, I was very much involved with new innovative approaches of public tenders, but within the lab. According to the tender process there is not much innovation. We perceive a process of price and market erosion. We hope that this finishes soon for in vitro diagnostics because price erosion harms manufacturing companies. But we understand that this is a process driven by the macroeconomic situation and healthcare must contribute as well. Regarding new innovation processes in a tender, where there are different approaches to buying reagents, we try

to align with new ways of buying for customers. Ultimately, when you are competing in this arena, there are not many competitive advantages among the four major companies competing in the industry. You have to differentiate yourself primarily by how you make tenders or how you approach these tenders. This is driven by the talent that you have. In that sense, the best team wins, and this is a key focus for Danaher. We try to approach the tender business uniquely, through very united teams sharing information, preparing the best possible solution for the customer.

How do you ensure you have the best team?

The legacy of this company is excellent in terms of talent. The customers and market tell you that you are well-stocked for talented individuals. You can also see that as a Managing Director but it is the market that ultimately dictates the winners and losers. Beckman Coulter Iberia hired 11 people in the past year to strengthen our team.

What issues do you face in terms of creating a specific strategy for each autonomous community?

In the public sector we have 17 different customers with 17 different approaches. In Spain, you really have to think “glocally”. While we are a global manufacturer, most of the regions are preparing regional plans for their laboratories. Comparing the plans of País Vasco and Andalusia is useless; you have to adapt and understand that without the key levers for each region, you cannot offer what each region really needs. There are many similarities but you still have to tailor your strategy to each community. Ultimately, there are 17 ways of purchasing procurement for our reagents.

How would the centralization of purchasing power affect you?

When you are selling a simple commodity, the central procurement model might apply. But if you are selling innovation with more differentiated reagents than others, the centralized model does not apply so well. The centralized system is moving forward, and for some commodities in healthcare like prosthesis, it is easy to centralize. Nevertheless, the regions are establishing central procurement units to procure for their own regions.

This can be more interesting for competitiveness, allowing smaller players to make regional strategies.

It also forces you to have a more decentralized sales organization and a higher headcount.

How do you ensure that Beckman Coulter says ahead of the disruptive curve?

This is an issue in FENIN, and has an impact when there is an investment, not an operational expenditure at the hospital. The way that the public and private sectors procure is based on reagents. In that sense, Beckman Coulter is not affected as much as the rest of FENIN's members. We are running tests in our platforms and when we have a better platform to run the test that improves the workflow of the customer, we renew it ourselves. Sometimes it is driven by the customer, sometimes by us. When you acquire an MRI or CT, the hospital has to make an investment. Given the current situation that is not so easy. But this issue is encountered more frequently by companies like GE or Siemens.

What is the balance between diagnostics and life sciences?

The entire portfolio is represented here. Diagnostics is seven times bigger than life sciences. Life sciences mainly cover flow cytometry, and we also cover biochemistry, immunoassay, hematology, urine analysis and Molecular. We also cover IT with Werfen. Generally speaking, we leverage synergies between Danaher companies. In Q4 2014, Beckman Coulter will launch its new Molecular platform VERIS, with greater emphasis on R&D. Finally, with the acquisition of the Microbiology business from Siemens, we will enter the infectious disease area in 2015. Therefore, our portfolio is growing organically and inorganically.

What opportunities exist in Spain for a local acquisition?

Acquisitions are driven by Danaher. There is money for acquisitions in Danaher based on cash flow generated in the past. The organization steers the market in the five verticals they have. One is diagnostics and life sciences & diagnostics, test & measurement, environmental, industrial technologies and finally dental, and they look for opportunities. We can propose ideas for acquisitions to management in California, but ultimately they decide.

How important is Spain as a market for acquisitions?

As an example, Spain has the highest sales for Siemens' Microbiology business in Europe. Therefore, this country is to the group for growth. We invest to make even more investments and continue growing. Danaher does not invest to sell afterwards, but rather to apply its business model when we see potential to manage businesses better and contribute to their growth.

How do you feel about the health authorities' support, given the level of commitment to Spain by companies like Beckman Coulter?

As the healthcare system is decentralized, there are essentially 17 ministries of health looking for you to invest in their regions. One of the key assets for these ministries is how you implement

yourself in each region. Therefore regional ministries are a more important driver than the central government. You have to demonstrate that you have the right headcount, right sales skills, and proper applications for training for physicians, and adequate field service engineers to make the correct maintenance of your platforms. Of course, every region would love to have manufacturing sites, but for Beckman Coulter this is not the case.

What is your plan for the future?

We have an ambitious plan for growth in Spain. Thanks to the launch of new assays like Vitamin D or AMH, we are connecting our systems to make a much faster workflow. Our new urine analysis platform and new molecular platform, as well as our recent microbiology business acquisition provide a great landscape for growth. Beyond that you have to demonstrate that you are good with your current portfolio. You have to win and retain large accounts. Overall, even in a market in recession, we will close with strong growth for 2014 and we are ready for growth in 2015.

A customer recently told me that Beckman Coulter looks like a new company. With our acquisition by Danaher, we are thinking more globally and no longer work through a distributor. There is generally new, fresh approach to the company, and Beckman Coulter is the only organization exclusively devoted to the lab. We have no pharmaceutical or in vivo diagnostics branches. Our entire R&D is exclusively focused on moving the lab forward. We see the future optimistically in Spain & Portugal.

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