Randall Laboratories Mexico – Rodrigo Iturralde, General Manager



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Rodrigo Iturralde, general manager of Randall, walks us through the new plans of the company after a year of difficult yet enriching challenges and the ambitious goals set with an innovative strategy.

Today generics represent 85 percent of the market in terms of volume, making Mexico one of the biggest markets for generic drugs worldwide. Taking in consideration the fierce competition, how did Randall adapt its company strategy since 2012?

Our plans in 2012 were very different in terms of growth. Back then we had the vision for our manufacturing capacities to grow and expand outside of Mexico City. However, we soon came to realize the process was not going to be as easy as we had expected. We therefore decided to partner up with other players to rather grow the distribution division of our company, Itupharma.

Today the Mexican generics market is overcrowded with more than 100 players, which offer products at extremely low prices. We decided to strengthen our product portfolio and started importing products from Europe – mainly Ireland, Spain, Italy and Germany – which enabled our company to expand the pipeline from six products to more than 50. In addition, we created our own brand of pure generics. Consolidating our manufacturing and our distribution greatly facilitated our offer, as we were able to present the same products for both our services.

What were some of the major challenges you had to overcome before finding the right opportunity to grow?

In the past we were manufacturing the generic brand Primer Nivel for the local wholesaler Nadro. As a result, we were contacted by the competitor Casa Saba, as they were planning to develop something similar to what Nadro was doing. This meant that we had found ourselves selling to both Nadro and Saba, which was rare but also flattering for a small company like ours. Unfortunately this turned out to be a complete disaster, as Primer Nivel was sold to Genomma Lab and Casa Saba went bankrupt at the beginning of 2014.

However, we were able to see the bright side of the situation. When Casa Saba went bankrupt, we saw the opportunity to fill in the gap they had left in the distribution to independent pharmacies. This market is huge – according to latest figures of UNEFARM (the Mexican Union of Pharmaceutical Entrepreneurs) we are talking about 23,000 points of sale – and is growing at a double-digit rate year on year, so Randall is definitely standing in the right place.

A recent milestone has been the recognition of COFEPRIS by the PAHO (Pan American Health Organization) as an authority of regional reference, opening the doors for Mexican manufacturers to exports. What impact did it have on local manufacturers and on your operations?

I personally believe Mexican companies are ready to expand abroad and I urge them to invest outside of Mexico by trusting the younger generation and moving beyond traditional business models. At Randall we identified Ecuador as a potential market to start exporting to, also because my brother is managing part of the company there. As a result, we attempted registering a couple of our products for the market. However, the process has been very long and complex. The reason for this delay may be also related to the president Rafael Correa's vision to create a 'pharmaceutical hub' to supply the Ecuadorian market with local companies. As a result, to this day, we are still unsure about when our two products will be ready. Colombia is also a market we are interested in.

What makes Randall a partner of choice for companies interested in expanding in the Mexican market and what experiences helped you the most in your general manager role?

The company was founded by my grandfather back in 1957, so relies on more than 55 years of experience in the market. We have seen generic companies entering and exiting Mexico, but we are here to stay. When I joined Randall, I had the opportunity to know the business from the very

bottom. I made sure I could understand every process, and although I have turned very passionate about it, I have made a lot of mistakes in the journey. Today, I am very glad I have made those mistakes, as I firmly believe it enhances my role as a general manager. Because of all I have learned in the process, I am able to somewhat anticipate those my employees will make.

Of course, it would be impossible to predict everything in detail, but having a good understanding of what can affect a decision is really important. I have recently come to realize that people with years of experience in the pharmaceutical industry do not necessarily translate to the best human capital. In fact, it may often be beneficial to introduce people with no pharmaceutical background or experience as they look at problems with a fresh eye. Randall is a small boutique company, so every employee can make a concrete difference.

What will be the next steps for Randall and where would you like to see the company in the next five years?

The past year has been extremely challenging for Randall. Unpredictable events sadly affected our business structure, which disabled the company to carry out set plans and caused us to start over. We have now divided ourselves into two business units and started to hire people with different professional backgrounds. For the moment we are focusing our efforts on the Mexican market and are strengthening our manufacturing and distribution facilities. We have recently opened an office in Guadalajara to manage the center of Mexico and are planning to open one in Monterrey and one in Cancun to better control the North and South respectively. We have therefore appointed a manager in each of the three regions and allocated ten employees to each office. This should considerably increase our market penetration and sales.

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