Interview: Karel Fucikovsky – General Director PFM Latin America, Pierre Fabre, Mexico



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18.10.2016

Tags: Mexico, Pierre Fabre, Strategy, Pharma, Pharmaceuticals, Oncology

Karel Fucikovsky, general director PFM Latin America at Pierre Fabre, on the strategic focus of the company on operational and commercial excellence in Mexico and Latin America, which both stand as strategic areas for the international growth of the group. He also highlights the main growth opportunities and market challenges the company will have to overcome to pursue its ascending trajectory in Mexico, a country that recently became the largest contributor to both the global oncology sales of the group and to the global sales of Fabroven

®, the company's flagship product developed and launched by Mr. Pierre Fabre himself.

When we met you in 2014, we truly had the feeling that the Mexican affiliate was on the right tracks to pursue its ascendant trajectory in Mexico, with an optimized operational structure, strong commercial partnerships, and increasing brand recognition. How has the affiliate been doing over the last two years?

Mexico indisputably remains a vitally important country for the company, whose local development continues to rely on the main pillars you just mentioned. We are, for example, particularly focused on portfolio management and financial discipline, steadily integrating key metrics within the organizational structure of our affiliate to better measure our performance and determine what are our remaining rooms for improvement. In the meantime, developing strategic partnerships for distribution or co-promotion remains at the core of our growth strategy in the region. In Mexico, we for instance have bound very interesting co-promotion partnerships with Ferring and Janssen, and

we are currently in discussion with a Swiss for some of their products.

Our objective is truly to remain an agile company with a limited level of bureaucracy, which allows us to more rapidly analyze market opportunities and be more responsive to the growth perspectives we identify. This aspect is particularly important from an internal perspective, but also vis-à-vis our partners, as it makes easier for them to understand our value proposition and the competitive advantage they can benefit from by partnering with Pierre Fabre Mexico.

Mexico stands in the top ten largest international market for Pierre Fabre, a company that strives to position itself as a fast-moving and fast-growing player in key international markets. What is the growth outlook for 2016?

Unfortunately, 2016 has been a rather difficult year in Mexico, mainly due to external factors that will decrease in importance in the coming years. The first reason relates to our dependence on public tenders for some specific products., The public market represents around 45 percent of our total sales, and, due to budget constraints, IMSS and ISSSTE have also been reducing their purchasing volume over the past years. The second rationale relates to the increasing generic competition faced by our main oncology treatment for breast and lung cancer, Navelbine®.

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This tough context leaves us with no choice but to adapt and strengthen our market approach: find strategic alliances with other pharmaceutical companies, becoming more integrated within the top management of the country’s main industry associations, and work more closely than ever with the public and regulatory partners of Mexico.

On the other end, we will have to remain careful about the evolution of the distribution sector. Two years after the bankruptcy of Casa Saba, which it used to be one of the most important distribution companies in Mexico, the distribution landscape is still under consolidation.

You mentioned the importance of close strategic partnerships. What are the strategic partnerships you are currently considering?

Over the past decade, many Big Pharma companies have decided to concentrate their investments on R&D and the essential part of their efforts on the highest end of their portfolio. These expensive treatments however mainly target the most sophisticated markets in the world, such as the US, Europe, and Japan, where market access for expensive, cutting-edge products may be less complex than in other international markets.

As a result, a few years after this industry transition started, Big Pharma seemed to realize the importance of their mature business, which continues to contribute to the bulk of their sales in most international and pharmerging markets. Nevertheless, these companies are losing market share in this segment, facing increased competition from patented generics and new market entrants. As part of their focus transition, Big Pharma companies still hold very robust mature brands, but they don't have anymore the human resources to promote these products. As a result, they look for medium-size companies that display the proven capacity to support their products and drive them to new heights.

Looking at upcoming partnerships, we will remain focused on complementing our current portfolio. Pierre Fabre is particularly strong in women's health for example, with our flagship product Fabroven®, which remains one of the favorite products of GPs and gynecologists more than 50 years after it was initially launched in the French market, and later worldwide.

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Despite generic competition, we also want to maintain a strong footprint in oncology. In November 2015 Array BioPharma and Pierre Fabre announced a global development and commercialization collaboration for two novel oncology products and other developments, Binimetinib and Encorafenib, and we are already working on the next steps of this project in Mexico.

How do you ensure Pierre Fabre remains an appealing partner to these Big Pharma companies?

In these competitive therapeutics areas, continuously developing our internal organizational strength is absolutely crucial. At Pierre Fabre, it is clear every single employee within the company is relevant to drive our affiliate's growth and the company's improvement. We stand as a company that strives to make our people feel they belong to a company, and not only work for it. This people-centered approach was particularly important to our company's founder, Mr. Pierre Fabre, and I truly believe it has a positive impact on our business approach and sales results. When it comes to negotiating with partners for instance, I am proud to see our people are really committed to their mission, as this negotiation is more of a personal objective than a corporate target.

From a global perspective, Pierre Fabre has been globally evolving toward a more structured company over the past years. R&D investments have for instance been rationalized, and other key other segments have critically gained in importance, such as quality management and pharmacovigilence.

We have also maintained our unique shareholding structure, with the majority shareholder being a foundation. Pierre Fabre isn't a public company whose results are scrutinized quarterly. In this regard, we are not a short-term organization, and our people hold more time and more opportunities to build sound business relationships and commercial strategies than most of our competitors. Pierre Fabre is a company essentially focused on operational and commercial excellence, and we don't have to comply with all the time-consuming, quarterly analysis and presentations that public companies have to produce. While it doesn't prevent us from being extremely strict and rigorous on our financial management, it allows our people not to waste their time because of an overwhelming bureaucracy and stock market requirements.

As regional director for Latin America, how has Pierre Fabre's regional footprint been evolving in this strategic area for the group?

Mexico will remain the reference country in our regional development over the next five years. Argentina also still stands as our second most important market in Latin America, a positioning that has been further reinforced by the recent success we had there in our two main portfolio categories, women's health and oncology. Our third most important growth spot in the region is Central America and the Caribbean region, where we are evaluating a new model of distribution and supply via Panama. We will also soon launch our oncology portfolio, in some specific countries like Panama and the Dominican Republic.

Brazil stands as our fourth largest market, but unfortunately, we are particularly cautious about how to further invest in this country, more because of recent market developments than our current performance capabilities. As a result, we are currently assessing what could be the best ways to accelerate our sales growth in this country, especially for our oncology portfolio. In this regard, we have recently created a very promising joint venture with EMS, the biggest domestic pharmaceutical company in Brazil.

Finally, we have recently closed an exclusive and substantial licensing-out partnership with Grupo BioToscana in Chile, Peru, Colombia, and Ecuador. We will look at increasing our business penetration in Colombia within the next two years and we are already negotiating with well-implanted companies that could help us develop our footprint in this market.

When developing this region, our approach is to take the best practices of the company that have been implemented all over the region and to adapt them to the local specificities of each market. In Latin America, market dynamics can vary a lot from one country to another, so understanding the success factors relative to each market is particularly crucial.

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As Mexico is your reference market in the region, what are some of the successful, local initiatives that you would like to replicate and adapt to other countries of the region?

In Mexico, we have been particularly innovative in the management of our human resources and our talent development: we notably created Escuela de Gerentes (management school), an intensive two-year program aimed at training our top sales performers to become the best district managers. Thanks to this program, we can internally develop our middle management capacity throughout the region, relying on a large basis of collaborators who have been trained to become the new leaders in the countries where we are consolidating our business.

In terms of branding and marketing planning, we have also been honing a strong expertise in each of our business units. In this regard, we are probably the only Pierre Fabre affiliate that is building its marketing or territory plans by fully leveraging two fundamental elements: the voice of the market (physicians and patients) and our sales teams' insights. We really design our strategic development based on the views gleaned from our teams on the field, while this bottom-up approach objectively is rarely used within the industry. Usually, marketing and sales teams are mostly seen as the operators that will have to implement a given strategy, but not necessarily as contributors to the design of this development path. This approach helps us to ensure our sales team fully understand and embrace our commercial strategy, which thus becomes a real action plan – and not only a useless 100-page business plan that nobody in the affiliate actually reads.

You have been at Pierre Fabre for almost five years, first as general manager of the Mexican affiliate and now as head of the Latin American region in which Mexico holds a crucial importance. What have been some of the most significant achievements realized by the Mexican affiliate over these five years?

First, Pierre Fabre Mexico has made tremendous progresses in the professionalization of its operative structure, while becoming a much more ethical, compliant and financially robust organization. The latter is also due to the impressive sales results that the affiliate has been displaying over the past years, which is an outcome all our employees have greatly contributed to.

Over the last two years, Pierre Fabre Mexico has proudly become the largest contributor to the global oncology sales of the group, before even France, which is Pierre Fabre's domestic, historical and largest market overall.

Furthermore, Pierre Fabre Mexico also established itself as the number one affiliate in the group for the sales of Fabroven®, a product Mr. Pierre Fabre himself launched in France more than fifty years ago. To see that the Mexican affiliate is now the largest contributor to both the global sales of this flagship product and to our oncology portfolio indisputably stands as a great symbol. To achieve such milestones, it has been critical that all collaborators and employees of the affiliate feel they can contribute to the local and global success of this company. Although we cannot allow ourselves to rest on our laurels, having been able to foster such a team spirit within the affiliate will stand as an inestimable asset to reach our next development steps.

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