Mauricio Bravo Berentsen – President & CEO, Laboratorios Tornel, Mexico

24.03.2015

Tags: biotech, animal health

As in human health, innovation is key in the animal health industry. The CEO and second generation at the head of Tornel presents the company's most important milestones since its establishment back in 1976, how the Group started export operations to the Middle East as well as how it is collaborating with leading research institutions in Mexico to tailor its products to the needs of the country and stay ahead of competition.

Tornel is a 100 percent Mexican company dedicated to animal health. Could you please walk us through its most important milestones so far?

My parents founded the company back in 1976 and it has been privately owned ever since. We started in a 200sqm manufacturing facility in Mexico City to later move to a new plant in Naucalpan, in the State of Mexico, where we remained for fourteen years. However, the growing demand for our products forced us to build a new production site, which was financed by Bancomext, the Mexican state-owned bank and export credit agency created to promote and finance small and medium exporting Mexican companies.

Today you successfully export your products to the Caribbean, Central and South America as well as to the Middle East. How did you start your internationalization process and how did you get involved in it?

We started export operations back in 1987 in the Dominican Republic. It’s hilarious because the company’s mindset back in the 1980s actually was not to export, as my father was very focused on developing the national market. Nonetheless, people from different countries started contacting us, as they were interested in our products. Also, my parents loved travelling and used to attend fairs and events all over the world to promote the company and its products. In 1997 they attended the Dubai World Equine Exhibition, an event organized by the sheikh of Dubai, and were approached by several distributors from Africa and the Middle East. That’s how Tornel’s adventure in this region started, and actually also how I got involved in the company. My father was not very fluent in English and I was cursing my master’s degree in the US, so I started taking care of the communication – still per fax— with the distributors.

Back then, the only thing Egypt and Mexico had in common were the pyramids, so I visited the country to get a better grasp of how the animal health business worked in the market. We started registering our products with the local health authorities in 1998 and by the year 2000 had already five products approved. Today we participate with success in Dubai, Kuwait, Oman, Jordan and Bahrain, and are in the process of registration in several countries of the region to enhance our exposure in these very interesting and large markets. Of course there are challenges in terms of language, business culture and the registration process is very slow – it can take up to two years—, but over the years the export business has grown nicely and continues to grow share of our total output.

The animal health industry in Mexico has had a significant boost in revenues over the past few years, triggered by the escalating occurrence of zoonotic diseases, growing consumer focus on animal health and food safety as well as increasing pet ownership. How does the landscape look today and how did you adapt your sales and marketing strategy to stay competitive?

Today in the Mexican market there are more than 100 animal health companies. Competition is intense, as it’s not easy to contend with international players like Bayer, Novartis, MSD and Zoetis. We are a 100 percent Mexican company and sometimes customers doubt the quality of our products, so you have to even work harder to demonstrate it. It’s interesting to realize that our products sometimes have more acceptance in export markets. Mexico is seen as a reference in Central and South America –and even in the Middle East and in the Philippines—, while here we always look at the US and Europe. Also, sales have become much more technical, because large livestock producing farms, which have thousands of animals, require very technical advisory service.

Back in the days Tornel only distributed pharmaceuticals, which were sold through a network of small, medium and large veterinary pharmacies. This was our core business, as we did not sell to the large livestock farms. In 2008 we acquired Laboratorios Nova Litton, a company that manufactured veterinary biological products and pet products, so had to adapt to the completely new sales model. We are still learning, as it's a different way of doing business, but our main differentiators towards the competition are innovative products, service, quality and fair pricing.

Your product portfolio encompasses veterinary solutions for racehorses, small species, pigs and ruminants. What product segments have been growing most and why?

Our best growing products are vaccines, because our brand is very well known in the market, the products are of high quality and we are witnessing a shift in the industry. As it is the case for human health, whereas in the past the focus was on treating animals, today we are seeing an increasing trend towards prevention, and vaccines are perfectly tailored to this. Also, Mexico is a very good country to produce vaccines, as it is free from many diseases. On the other hand, we also produce vitamins, reconstituents and supplements, which complement perfectly our preventive product offer.

Tornel is an excellent example of 'triple helix', as you work very closely with institutions such as the National Institute of Forestry, Agricultural and Fishing Research (INIFAP) and the Faculty of Veterinary Medicine at the National Autonomous University of Mexico (UNAM). How did this collaboration start and on what new product developments are you currently working on?

Two years ago we wanted to develop a vaccine with viruses isolated here in Mexico for cattle and sheep. It represented a very interesting innovation for the national market, as the virus strains are usually imported from Europe or the US. We knew the National Council of Science and Technology (CONACYT) was willing to allocate funds for such an initiative, so decided to involve the two prestigious research institutions. Each is in charge of a different step of the process: INIFAP took care of recollecting animal tissues across the country, UNAM isolated the different viruses, while we finish the research, develop and manufacture the new vaccine. We will patent this product and hopefully strive to get the registration in the short term.

A further project we developed with INIFAP targeted brucellosis in goats and sheep, a bacterial infection affecting dairy cattle that can be spread from animals to humans and is part of a government campaign. Today we are the exclusive manufacturers for RB51 strain vaccine here in Mexico and scientifically proved that this virus strain is also effective on other species, such as

goats and sheep, which also present a risk of transmission to humans.

Today we have a very strong pipeline of more than ten new products and hope to continue the collaboration with the research institutions, as it will allow us to innovate and improve the efficacy and effectiveness of our products, and, of course, tailor it to the needs of our markets.

How does Tornel's footprint look like today?

We currently rely on three production plants, each dedicated to a specific product category: injectable drugs, antibiotics and biological products. This year we are going to build a new facility in Ciudad Sahagún, in the State of Hidalgo, where we plan to move all our production in a 10-year timespan. We also offer contract-manufacturing services to local and international companies, so strive to offer the highest quality standards, as we are audited several times a year. The transition will take place step by step, but we want to concentrate all manufacturing in one site to enhance our logistics and avoid redundancies in our operation.

You want to become "Mexico's fastest growing animal health company by 2020". How do you plan to get to this objective?

By innovating in the domestic market and growing the export markets, where we see a lot of potential. The Mexican animal health market is starting to consolidate and has been growing around 4.5 percent because, despite a rising demand for meat and dairy products fueled by a growing population, the number of protein-producing animals is not growing in the country – livestock farms are being more efficient in increasing production with the same number of animals. An industry growing at a higher rate is the pet division; an interesting segment all companies are aggressively targeting and many of our projects are steered towards this niche. We are very optimistic: in 2014 we had a double-digit growth, almost doubled our exports and see 2015 and the following years with very good eyes.

To read more articles and interviews from Mexico and to download the latest free report on the country, click here.

See more interviews