Interview: Romeo Carbonel, President & CEO, and Minerva Carbonel, COO, RBC-MDC, Philippines

15.01.2014

Tags: Generics, MNCs, RBC-MDC

Romeo Carbonel, President & CEO of RBC-MDC Philippines, and Minerva Carbonel, COO of RBC-MDC, speak about how RBC-MDC was founded, its path to success since its founding, and whether or not it will be bought up by an MNC or passed down through the family in the future.

As the main shareholders of RBC-MDC, what is your background and history with this company?

Romeo: Both of us started our careers with Astra Pharmaceuticals in the Philippines, before it merged into present-day AstraZeneca. I personally joined Astra in 1977 as a professional medical representative and was assigned to Davao, a city in the South. A few years later I climbed the corporate ladder all the way up as Vice President for Sales and Marketing and as General Manager for Multicare the then generic division of AstraZeneca.

After serving AstraZeneca for 23 years I opted for an early retirement, after which I decided to set up the company RBC-MDC Corporation. Minerva (‘Minnie’) joined the company a few years later, also upon her retirement in 2004 from her own career at AstraZeneca. In Astra, she was handling the distribution operations under Zuellig and up to her last position as Vice President for Sales and Distribution. This combination also explained why RBC-MDC, as a company, went into sales, marketing and distribution.

In 2000, there was a significant opportunity to enter the growing dispensing business. Around

1997-1998, we started recognizing that there was a growing number of doctors with the desire to increase the financial side of their profession, by handling their diagnosis and 'business of dispensing products' under one roof. Because the top distributor would not handle Astra's dispensing business at that time RBC took on Astra as its first principal.

Minerva: In general, the Philippine pharmaceutical industry differentiates itself from other countries because of its strong dispensing market. The Philippines is a poor country, which had no government subsidy for Medicare until very recently. Before going to a hospital, most patients will see a family doctor first for a small amount of money who will also dispense the medicines themselves. Today, there are roughly four to five active distribution companies that cater to the dispensing market. Within this market, the oncology area is one of the first focal areas, as oncologists prefer to dispense the medicines themselves.

What have been the most important contributing factors to the company's success over the years?

Romeo: On July 1st, 2013, RBC-MDC celebrated its 13th anniversary. The growth of RBC as a company is a success story in itself, especially if we look at the fact that we grew from Astra Pharmaceuticals as our sole principal to 39 principals today, for whom we conduct various distribution services. We see ourselves as more than a distribution company alone. RBC's sales and marketing expertise is an important edge that many of our new international principals are looking for when they seek to enter the Philippine pharmaceutical market. We talk the same language and certainly understand their needs better. We cannot consider ourselves a big company in distribution volume, but our success parameter is the number of principals joining us.

Minerva: While many of RBC's principals consist of companies that decided to enter the Philippines only recently, we are also proud to take on new principals that already have a strong and dominant presence in the country. Despite their existing agreements with other distributors, they partner with RBC for specific sales channels like the special accounts, industrial accounts and the government. They can also partner with RBC for the so-called opportunity lists. Traditional distributors are more into key accounts management; RBC-MDC tries to go out of its way to reach those other little drugstores.

Romeo: As a national company, one of our challenges is the way we enter into our agreements with the multinational companies (MNCs). All too often, decisions on distribution partnerships within MNCs will come from regional headquarters, in Asia, Europe and the USA. In these offices, RBC-MDC is not known. Our challenge is how to address the total distribution of all products across the Philippine territory. However, we are progressing in terms of our recognition and permits, and we have to get our ISO certification in June 2014.

Our potential partners need to be aware of the fact that we are a national company with certified

quality standards. Five out of our six executives come from former Astra Pharmaceuticals. The combined professional experience in marketing, sales and distribution of our Management Team exceeds 175 years. Today we served top quality companies, including the Philippines' number one: Unilab. Additionally, RBC serves Abbott, Cathay and lately India's top companies like Zydus, Sun Pharma and Brown & Burk (Micro Labs)

How do you prioritize your efforts to grow the business now: larger and longer contracts with existing principals or acquiring new principals?

Romeo: Our 39 principals are very important to us and we certainly want to grow our business with them. While doing so, we are also looking into getting new principals. Of course, we can think of a triangular model where we first cover more channels with small revenues. Over time, however, we can think of moving up and capturing the other MNC's, which gets a significant share of the total pharma business. We are committed to strengthening RBC's key accounts management competencies.

With only 110 employees today, we do our own distribution in Metro Manila—with 60 percent of the total business—while others outsource theirs. The headquarters of retail chains, the large private hospitals, the big government hospitals, the Department of Health, etc. are all located in Metro Manila.

Minerva: We guarantee next day delivery for cities whereto daily flights exist. At RBC-MDC we have tried to solve some of the problems we saw at other distributors in our past career. We are very good at what we do. We have the reach, the speed and the efficiency to deliver our promise. We have the benefit that as a small company, we have the agility to move fast.

Romeo: Our mandate as a distribution partner is to have speed-to-market, ensure product availability, placement, frequency of visits, and so forth. Every month, when we do business reviews, we see that the managers of our principals are pleased with us. They appreciate our attending these meetings ourselves.

If we look at the future of the company, do you see yourself selling to a competitor like Zuellig, or would you perhaps rather see it in the hands of your children?

Romeo: It is a pertinent topic to think of since there have already been two multinational companies which offered to establish a joint venture with us. At a later stage, these intentions changed into proposals to buy us out. The generous offers of up to ten times the value of our company resulted in many sleepless nights for us. Such offers are very tempting, but we also came to the conclusion that we are still very healthy and we love and enjoy what we do. We would like to see ourselves continuing this business in the short term, while we train, develop and put in place succession.

Moreover, while we appreciate multinational presence in the Philippines, a product of an MNC

ourselves, there should be a national company that can help both small and large companies in this market. Thirteen years ago we started with seven employees, the magnificent seven as we called them, and now we are a 110 people company and continuously growing in numbers. As a national company, we have the passion to serve both national and multinational companies, a truly global plus local approach to business.

We still have big dreams and we want to see these become a reality. If there is a national pharmaceutical company controlling 22 percent of the total pharmaceutical industry, why shouldn't there be one company in the distribution industry.

We are currently investing in a new warehouse that will double our existing capacity. Our volumes are increasing and our organic growth is tremendous. At the same time, we have a new principal with oncology products that will require cold storage very soon. We are expecting to sell one million vials by next year. More and more companies are getting us to serve special channels too. At the same time, we do promotional kitting. These are examples of more value added services that we provide our principals.

You seem like a true power couple in the Philippine distribution business with great successes booked already and even greater ambitions for the future. At the end of the day, however, you still live together and have a family to manage. How do you ensure to succeed at both?

Yes. That is what most people in the industry say, having worked in the same company (Astra) with each of us growing & rising in our individual professional careers in complementing fields of operations: RBC in sales and marketing and Mini in Sales and distribution.

Each of us worked very hard for the same company goal and that was to grow Astra. With focus, passion and commitment, we as a couple had little time left for our personal/family life, hence the extra effort to spend quality time with our children. And Yes we were right in doing this, because today we see our children following our footsteps, in fact doing better than we did each time and in their own ways, both are proving themselves worthy to be called the "The new breed" that the pharma industry has.

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