Fendy Yanhui Feng – President, Eisai China



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Fendy Yanhui Feng,

vice president of Eisai Co., Ltd. and president of Eisai China Holdings Ltd. and Eisai China Inc., shares the significant improvements she has made to Eisai's China Region operations over the past five years across; the affiliate's exciting launch of LENVIMA® in 2018 and more upcoming launches to look forward to; the strategic significance of China as Eisai's third-largest market; and the importance of reacting quickly to the changing market dynamics in China.

Fendy, what have been the key milestones for you as President of Eisai China over the past five years?

Globally, Eisai devised a ten-year plan in 2015 called EWAY 2025. Having been with Eisai for five years now, a rather long time in the Chinese pharma industry, I am able to focus on moving forward with this long-term plan for Eisai China. Accordingly, in the past five years, I have had three major priorities.

Firstly, I wanted to change the culture of Eisai China. Prior to joining Eisai China, I went to Eisai global headquarters for a management training program. Eisai's global corporate culture is centred on this '*hhc*' (human health care) philosophy. When I first came to China, I realized that '*hhc*' is not about charity, it is about true awareness of patients' unmet medical needs. I emphasized the importance of listening to the patient's voice.

Secondly, I also wanted to emphasize the importance of performance. As a Japanese company, our organization in China used to be very stable, so the tendency has been to respond slowly to market changes. It can be difficult to quickly assess the situation and take fast decisions. Therefore, I introduced a culture of performance in Eisai China. I defined clear KPIs for financial compensation and internal promotion. Good performance brings rewards, training opportunities and career progression, while poor performance is penalized. This also helps to build employee loyalty and skill development. We want to help our best people grow together with Eisai China.

Last but not least, I focused on our product portfolio. I wanted to establish the right expectations about our products and performance. For instance, when I first arrived four years ago, there was the mindset that since some of our products are already category leaders, it was normal that their growth rates are much lower than the industry average. I immediately questioned this assumption. China is such a huge market, it is not possible that we cannot find more growth opportunities! It is our responsibility to search for as many growth opportunities as we can find, even for our mature brands. This involved changing the management team's mindset also. If sales managers cannot see potential avenues for growth, they will not be able to guide their sales teams either! This negative mindset will stay in Eisai China from top to bottom. Going back to clear KPIs, we implemented the right incentive structure for people.

I am very proud of all the great efforts from Eisai China. Since all these changes have been implemented, we have grown faster than the industry average – and certainly much faster than other Japanese pharma affiliates in China! This is even more impressive considering the fact that before the November 2018 launch of LENVIMA®, all the products in our portfolio in China had already been on the market for many years.

Surpassing industry average growth with a portfolio of mature products is definitely remarkable. How did Eisai China accomplish this?

We really focused on looking for new business opportunities. The first priority was to grow our coverage. Many other MNCs have been recruiting more medical reps (MRs) to increase their coverage, particularly in lower-tier areas. Instead of doing this, we focused on generating and maximizing synergies between different teams. We decided to restructure our MR teams to focus on our key therapeutic areas in China, which are oncology, neurology and GI.

Next, to expand our lower-tier market penetration, we worked with a distributor and dedicated our own efforts to key provinces, cities and hospitals on more value-added activities like academic and

medical promotion.

Eisai is a mid-sized company so we need to be judicious about our spending. For instance, based on our analysis of other companies' experiences with e-marketing, we decided not to invest a lot in this area for now. In terms of cost investment, we will be more cautious, choose effective inputs and work hard to make the investment more efficient. Even in terms of customer relation management (CRM) technologies, some companies spend a lot on this area. But we must consider what the purpose of the data is and whether the data or the technology will actually help our MRs.

Going back to your first priority of the organization culture and operational development, this is a huge topic for the industry since we are seeing this 'revolving door' in companies, where people change jobs very quickly. Firstly, how have you developed the right Eisai culture in China?

In addition to our global '*hhc'* philosophy, I also wanted to introduce another '*hhc*': the feeling of a 'happy, healthy company' to ensure that Eisai employees want to stay with us and can work in a happy and healthy environment.

For Eisai China, we defined five core values: Excellency, Integrity, Ownership, Team Work and Innovation. I have placed a particular focus on 'Ownership'. It is very important that our employees take full ownership of their work. This means making decisions, taking full responsibility for their roles and actions, and being proactive. I want them to treat Eisai China as if it were their own company, and ask themselves daily, 'what would you do differently and better?'

I have also implemented simple policies to cultivate a safe and open working environment. For instance, I invite all my employees to send me anonymous emails if they have any questions or issues. If I can, I will answer them; if I cannot, I will forward the questions to the relevant people. All answers are published publicly. This ensures that any issue can be resolved fairly and transparently. This helps to foster a more efficient working environment.

In terms of HR, how is Eisai China managing the high employee turnover rate in China?

Firstly, we must recognize that part of the turnover rate also include poor performers. Of course, for high performers, we do our best to retain them.

There are many reasons for employee turnover, including a negative working relationship with their direct reports, a lack of internal promotion opportunities, or personal issues. We try to find solutions for all these issues. For instance, in terms of poor working relationships with line managers, we recognize that more junior managers may lack management experience or skills so we will organize management training for key executives.

The lack of internal promotion opportunities is particularly relevant for salespeople, especially since Eisai China has not focused on expanding our MR teams in recent years. This is why we have been very active in offering internal mobility programs, which provides people with new and exciting work opportunities. This includes moving to other business departments or to other affiliates or even our Tokyo HQ! We have offered many such internal promotional and movement opportunities in the past few years. Eisai HQ is rather interesting in this respect because senior management, regardless of their function, all started their careers in MR. We cannot do this as easily in Eisai China but we do try to offer internal rotation and also HQ mentorship opportunities where possible.

Coming to your last priority of mature product growth and new product launches, with all the changing market dynamics for drug approvals and reimbursement, how is Eisai China staying ahead of the game?

Our November 2018 launch of LENVIMA®, for unresectable hepatocellular carcinoma (HCC), was a big milestone for Eisai China. LENVIMA® is one of Eisai's flagship products and this is the first new product launched in China for a number of years. In addition, our successful application used global Phase III study results including China, and the NDA in China was filed nearly simultaneously with those in Japan (four months after), the US and Europe (three months after)!

I am very proud to say that the performance of LENVIMA® has already exceeded HQ expectations! We are also working towards listing on the National Reimbursement Drug List (NRDL) and once that happens, we expect to see huge benefits to HCC patients in China.

Later this year, we aim to launch our other two flagships, Halaven® and Fycompa®, our antiepileptic drug. Fycompa® has already been designated for priority review by NMPA. Our strategy is to focus on the growth of our key products, which align with our capabilities, and to reach the patients with as deep and wide a network as possible. We make all our decisions based on key product metrics and unmet medical needs of Chinese patients.

In such a changing environment, some companies respond quickly and some respond slowly. If a company is not agile enough to respond to changing market dynamics, their growth rate will be low. At Eisai China, we focus on responding quickly to changes. For me personally, my background is in sales and marketing, compared to other country managers, who may only have one or two years in sales and marketing. They have to rely on other people's expertise and analysis. For me, I can read the market changes and make quick decisions.

The biggest challenge for us at the moment is the generics quality consistency evaluation (GQCE). We have been considering this issue for two years now but prior to LENVIMA®, we did not actually have new products on the market. In 2019, we have started to shift some resources from our mature products to our new products. We will still include our mature products in the GCQE process with low but reasonable prices to win the government tenders but we will stop all promotional and marketing investments. Not many people know that we also have a generics business in China called Eisai (Liaoning) Pharmaceutical Co., Ltd, and here we have the same strategy of offering high-quality products at low prices through distributors, without any promotional activities.

We are also looking to expand our innovative portfolio here by in-licensing products from European or Japanese companies. We can help them distribute their innovative products in China.

How would you say the brand image of Eisai is evolving in China?

I am happy to say that our reputation has grown steadily in the past years. Five years ago, Eisai China was rather low-profile in the Chinese pharmaceutical industry. However, we have since invested in a number of CSR, public health and charitable programs to support the overall health of Chinese society. For instance, since 2000, our Eisai China Scholarships Program has contributed nearly CNY 7.9 million (USD 1.2 million) to support over 1,800 students. Eisai China was also invited to attend the 'Health to Countryside' activity by the National Committee for Education, Science, Culture, Health and Sports of the Chinese People's Political Consultative Conference (CPPCC), and has donated medicines worth CNY 450,000, CNY 490,000, CNY 500,000, CNY 540,000 and CNY 510,000 respectively to this project from the years 2014 to 2018, with the total worth of medicines reaching approximately CNY 2.5 million (USD 370,000).

For instance, we have been involved in the 'Remember I Love You' project in support of dementia awareness. As part of this project, we entered into a partnership with the China Population Welfare Foundation (CPWF) and launched an official WeChat account called 'Yellow Wristband'.

For our own employees, we also ask them to spend 1 percent of their total working time each year with patients. We organize visits to elderly homes where our employees can interact with elderly patients. The purpose is to help our employees understand what patients truly need, how they feel about their conditions, and how to improve their lives. This helps to inform the work we do at Eisai China, because ultimately we are focused on helping patients live better. It is not just about providing medicines.

What is the strategic significance of China to Eisai globally?

In terms of numbers, Eisai China represents 10 percent of Eisai's global business – double of what it was five years ago! We are currently the third-largest affiliate for Eisai globally, after Japan and the US. My vision for Eisai China for the next five years is to become the second-largest affiliate for Eisai globally! This is very ambitious but we have consistently exceeded our targets in the past few years and I hope we will continue to do so. Eisai HQ certainly sees huge potential within the Chinese market.

In November 2018, we also inaugurated our new Suzhou manufacturing facility, and global Eisai CEO Dr. Haruo Naito personally attended the ceremony. This surely demonstrates the importance that Eisai HQ gives to China. The new manufacturing facility will help Eisai China support our increasing sales growth as well as supply 23 countries and regions globally.

On a more personal note, you are rather exceptional as one of the only non-Japanese general manager of a Japanese affiliate in China, a great vote of confidence. How did the trust develop between Eisai China, Eisai global and you?

I think the fact that I am Chinese or even a woman is irrelevant. What has built trust between HQ and us is the fact that we have exceeded our targets every year. I deliver performance and results to HQ. That is the most important thing.

The Chinese market is so complex; it is very difficult for foreigners to understand. Having someone local with extensive on-the-ground experience that is able to assess the situation and make decisions quickly is an asset, and Eisai China's performance demonstrates this. Of course, we also have Japanese colleagues at Eisai China and we communicate very well. I always involve our HQ in our decisions and activities. For instance, they are always invited to listen in on our strategy meetings.

Eisai is the top Japanese pharmaceutical company in China and our growth has surpassed our Japanese peers in China over the past few years. I believe this demonstrates that we have the right approach and attitude, and also showcases our commitment to the continued growth of Eisai China!

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