

INTERVIEW

“We believe in our capacity to maintain our leadership and create innovative products”

MANUEL GARCÍA GARRIDO

CEO of Boehringer Spain

Manuel García Garrido, Spanish CEO at the pharmaceutical company Boehringer, started at the company's birthplace in Ingelheim 28 years ago. After a ten year break, he returned 9 years ago to become CEO of Spanish operations. In an interview with *El Punt*, García Garrido spoke about the company's success.

Unlike many company's in the pharmaceutical sector, Boehringer has avoided takeovers and mergers, maintaining its independence intact by choosing not to trade on the stock market. According to García Garrido, this line is part of a strategy adopted by the family shareholders. As one of the top twenty pharmaceutical firms in the world there has been no shortage of bids which the family firm has always rejected. “We believe in depending on our own resources,” he states. “We believe in our capacity to create innovative products and maintain our leadership in a variety of therapeutic areas.”

Neither is García Garrido convinced by the benefit of mergers, such as that of the recent Glaxo-Novartis, insisting they create insecurities, do not always equal a gain in marketshare and often fail in marrying two very different business cultures. “The results of some mergers in the last few years show that they are not necessarily more productive,” he says. Much more in keeping with his opinion is the line taken by Boehringer, which prefers to specialise and lead in specific areas rather than aim at maximising size. “Our company's mission is to research and develop drugs in areas so far not covered, such as cancer, degenerative diseases and those of the nervous system,” he says.

Boehringer is also different from others in the pharmaceutical sector in that the introduction of generic products into the market has affected them little, something that can be explained by their ability to keep prices competitive. García Garrido cites Nolutil as an example of a product managing to hold its own against the onslaught of generic competitors: “It's a well-established brand that doctors prescribe automatically,” he says, adding: “Consider that Nolutil came on the market for less than two euros. It costs less than a packet of cigarettes.” Still, no pharmaceutical company is free of the external pressures of patent and

safety legislation, and Boehringer has spent its time in the wilderness when the national health service withdrew products such as Bisolvon and Dulc-laxo. “The loss of business really hit us hard then,” admits García Garrido.

That was then, this is now and Boehringer's new lease of life can be seen in the pharmaceutical plant in Sant Cugat and the chemical plant in Malgrat de Mar. Both plants came in for an investment of 15 million euros in 2003, which looks to be repeated this year. In an age of relocating, the company is also planning to transfer production of bottles from Mexico and Argentina to Sant Cugat. “In Sant Cugat we want to have the biggest factory of injectable products in the group and if possible the only one,” he says. Meanwhile the Malgrat de Mar plant produces raw materials for making medicines, mainly for the company's own use but also increasingly for third parties.

Yet García Garrido says that expanding the Sant Cugat plant is not necessary because it can increase its production substantially without any additional changes.

While Boehringer is giving importance to investment and expansion of production, it is in the area of R & D where the pressure to be competitive is really felt. Most companies in the sector have a high level of re-investment in this area and currently the firm re-invests up to 16% of revenue in research. “We have a good level of sales in prescriptions and this serves to fund research,” explains García Garrido. Receiving most benefit from this clinical research are the cardiovascular and respiratory areas. Testing of Micardis, which not only controls blood pressure but also helps to prevent heart seizures, is described by García Garrido as, “an ambitious world-wide project.” Another medicine undergoing testing is Espiriva, which in treating respiratory disease helps to lengthen life expectancy.

While profits from prescription drugs go towards research, those of non-prescription medicines are usually diverted towards investment in marketing. Although it is the less well-known medicines given on prescription that make up most of the sales, Boehringer is more likely to be recognised for its non-prescription medicines like Nolutil,



The pharmaceutical industry is rife with mergers and takeovers. Just because a company is here today does not mean that it will be here next year, next month or even next week. One company that has been able to avoid this trend is Boehringer which has stayed independent and does not even trade on the stock market. Spanish CEO Manuel García Garrido explains how his company has managed to remain one of the most respected in the world and what sort of research it will be doing in the near future.

Pharmaton or Lizipaina. García Garrido says that this shows how seriously promotion is taken in the company, claiming: “We have made it so when a customer goes into a chemist he doesn't ask for a medicine for a sore throat, he asks for Lizipaina.”

Boehringer's success goes beyond the all-important interests in production, research and sales. The company was recently selected as one of the top 25 best employers in the country. For a firm that has based its future on innovation, García Garrido considers it vital that

they have qualified, motivated staff working in a pleasant environment. Boehringer also has a reputation for building links with local communities wherever they have a factory, and in Sant Cugat the group sponsors the town's symphonic orchestra. In the wider world too, Boehringer appear interested in making a contribution. García Garrido can't help singing his company's praises when he explains, “We donate medicines in a programme against AIDS in pregnant women in order to prevent transmission of the disease at the moment of birth.”

PHOTOGRAPHIC INDUSTRY

Fotoprix invests in lab

Fotoprix has recently invested 3 million euros in a new digital laboratory in Barcelona in response to the growing demand for digital cameras in Spain. The company says the new laboratory will be the most modern in the world with the capacity for developing more than one million photos per day. The laboratory, manufactured by Agfa, has only been put into operation in Germany, Japan and will soon begin operation in the United States. A company spokesman said that one-third of the photos it processes currently are in digital format and they expect that percentage to soon jump to 50%.

TELECOMMUNICATIONS

Auna to expand cable network

The Auna group plans to invest 93 million euros to expand its cable network in Barcelona, with the aim of making high bandwidth fibre optic technology available to more than 60% of homes and businesses in Barcelona by 2006.

TOURISM

Costa Daurada's business down

Tourism industry officials in the Costa Daurada are complaining of a downturn in hotel occupancy rates, which are 8-10% lower than the same period last year. What is even more worrisome is the turnover figures could turn out to be 12 per cent lower if current trends continue. With current trends, the peak months of July and August will undoubtedly be disappointing as well, according to Josep Graset, president of the Association of Tourist Apartments of the Costa Daurada. “It is not just a problem for us, but one that is occurring in all Spanish tourist destinations”, he says.

OLIVE OIL

Catalan company to export to US

The olive oil co-operative Soldebre has been in negotiations with an American company interested in distributing its oil and hopes the United States will become an important market for olive oil from Baix Ebre i Montsià. The co-operative expects to ship 1,000 glass bottles of Terres de l'Ebre oil within the next ten days. It will be sold under the brand name Aureum. The company is now busy producing a special label in English for the American market.

FAMILY ECONOMY

Making ends meet more difficult

More than half of Catalan households (about 52%) are having difficulties making ends meet at the end of the month, according to figures published by the National Statistics Office for Spain. In addition, two-thirds say they are not able to save any part of their income.