

Strength in numbers

Phoenix UK's CEO Paul Smith has had a rough start to the New Year – following the suicide of the parent company's boss there were rumours of a takeover. In an exclusive interview with Pharmacy Business, Smith dismisses sale talks – although not entirely convincingly – and presents the financially healthy side of the business...

Phoenix UK last month dismissed rumours of a takeover. Has anything changed since?

Nothing has changed. We have just gone through our year-end and have produced some fantastic figures. We remain in a strong financial position and are in no need to sell the business. Our German parent company continues to discuss our positive future with the banks. We are not for sale and the UK business will not be sold.

Would it be fair to say that the future of Phoenix UK is secure for a long time?

The Merckle family issues as well as the financing problems are well documented. Bearing that in mind, all that happens is that the family starts looking at selling some assets in order to strengthen its financial position. Ratiopharm is being mentioned as one of the companies and they have made it public that a purchaser is being sought for the company.

Phoenix, may or may not, possibly in the future, change hands. I do not know that for sure. Having said that, it could have changed hands in the past just like any other business can. That does not affect our financial position. We operate in 23 countries and we are not selling off assets anywhere. We have not felt the need to sell because it is a very successful business as a whole group. So if anything is sold, it will be the group [as a whole]. I don't think it will be broken up for sale because that just won't make any sense.

Did the takeover reports affect the business and its employees?

I don't think the takeover reports in particular affected us or the employees that much. There may have been some uncertainty because of the prevailing downturn that was felt by the entire industry. We have a great staff but the unfounded claims and the financial issues created by our founder obviously led some employees and customers to be unsettled. However, we have a great relationship with our customers. Some of them asked if they could help the company at the time. On our part, we believed it was important to spend time talking to our customers and employees and give them the confidence that we are in a strong position.

Did the Ratiopharm and suicide news affect business in the UK?

It did not have a direct impact from a customer and customer service point of view. You



Paul Smith remains convinced that the future of Phoenix UK remains secure

do spend more time than you normally would talking to people about the events and reassuring them. So there is a slight impact, certainly at a higher level. We place a special emphasis on relationships and obviously people want to talk to you in such times.

Besides the rumours, did the recession and credit crunch affect business?

The healthcare business in itself is fairly recession proof. Although the world is not in a healthy financial state, there are still the same amount of fun well people out there and they all need caring for. This sector is similar to hospitals: you don't see less admissions due to recession or fewer visits to the doctor because of it. It does impact people's health and that is what we're involved with. Although OTC products may not be sold in a great quantity, the stress of daily life in such times is harsher and hence the tendency to visit GPs is higher.

Did the credit crunch result in any large-scale redundancies?

No, not any more than during the normal course of business. We did have a warehouse move in Glasgow last year and unfortunately, we lost some

people then. However, we also re-employed a lot of people after the move. We're opening a new depot in the south-east; that will create a few jobs.

What is Phoenix's stand on the single distributor system?

Phoenix will not be involved in a sole distribution model simply because I don't think it is a place where we should be. I can understand two or three or even multiples, but I don't see the single distribution as being beneficial. I think even the OTC were fairly scathing of a single distribution channel and for reasons of patient choice and safety, the single channel isn't where we should be.

I don't believe that the integrity of the business is at risk by having more than one partner. We have formed some good partnerships recently, we expect other people to join us. I'm surprised the government doesn't see this as a health issue. That is why people will make decisions on how that supply gets to pharmacies. We're very involved from our side and are playing our part in the process by ensuring that patients are served. I firmly believe in competition, so I'd say a minimum of two because then you have comparisons as well as backup.