

Ferrer: A socially committed pharmaceutical company

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At Ferrer's headquarters, located in the emblematic Illa Diagonal building, the majesty of Barcelona was visible through the windows of the main boardroom. At that moment, the space was the setting for a momentous dialogue. Sergi Ferrer-Salat, the visionary behind the company's systemic approach to philanthropy, was immersed in reports on the social impact of its foundations. Next to him, Estefania Rico, head of philanthropy, and CEO Mario Rovirosa, the architect of Ferrer's economic resilience, awaited the start of a crucial discussion.

"I've always wanted Ferrer to be not only a business, but also a tool for generating positive social change," Ferrer-Salat said, emphasizing his enthusiasm for the recently created foundations linked to social urban gardening and sports. "But I recognize that with the growth and multiplication of our foundations perhaps we need to rethink how we allocate grants."

Rico, always focused on the health of the foundations, spoke up:

You're right, Sergi. The needs of the foundations are growing, especially the one related to community urban horticulture and the sports foundation, but how can we ensure that we're giving adequate resources to maximize their social impact?

Mario Rovirosa, who had led Ferrer to financial stability and was now facing the challenge of its pharmaceutical investments, commented:

I share your passion, Sergi, but we have to keep in mind that our current debt has increased due to our investments in RDI and our expansion abroad. Our commitment to rare and low-prevalence diseases is key to the company's future, but so is ensuring Ferrer's financial stability. Social benefits will always come before company profits, but with the growing number of foundations we also have to structure our endowments and allocations.

This case was prepared by Professor Joan Jané and Ayelén Calderón, MBA 2023. October 2023.
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Last edited: 23/10/23



As the sun began to set, bathing the room in a golden hue, the three leaders realized they were at a crossroads. The need to find a balance between business growth and social responsibility was clear. But the passion and commitment they shared for Ferrer's mission was the light that would illuminate the way forward.

Rico, armed with examples and data, made her case:

Take the Ferrer for Food project, for instance. We're providing a million healthy meals a year, but we don't have a clear idea of the impact we're having. If we could measure the impact in a coherent and consistent way, we could make more informed decisions about how to allocate resources.

After a moment of reflection, Ferrer-Salat admitted:

The truth is, I've always been confident that we're doing the right thing. But, Estefania and Mario, you have a point. It's not just about giving; it's about making sure we're making the biggest difference possible. Maybe it's time to take a more structured approach, without compromising the essence and purpose of what we do.

Rico nodded, gazing out the window at the Barcelona skyline: "This dialogue is just a start. There's a lot we need to discuss and redefine."

The intensity of the discussion reflected Ferrer's deep history and the unique challenges it faced. The conversation didn't come out of nowhere; there was a rich tradition behind every word and concern shared in that room.

Background

In the highly competitive pharmaceutical sector, where profitability and innovation are crucial, Ferrer stands out for its commitment not only to economic profit, but also to generating a positive social impact. Under the leadership of Sergi Ferrer-Salat, and with the collaboration of CEO Mario Rovirosa on strategy, the company has revolutionized its business model to prioritize values such as equity, sustainability and social commitment.

After inheriting the company at the age of 29 following the death of his father, Carlos Ferrer-Salat, Sergi Ferrer-Salat carried the burden of continuing a legacy. But his deep connection to literature and his interest in morality and ethics led him to depart from the conventional path and embark on a mission to transform Ferrer from the inside out. Although he was an agnostic, Ferrer-Salat felt a social commitment that grew out of the lessons and insights he gained from his reading, which led him to recognize the importance of empowering communities and our duty to give back to society.

In 2016, the company had revenues of nearly €600 million, but was facing a difficult situation: a debt of more than €100 million that was the result of pursuing expansion without a clear strategy.

A review of Ferrer's history, from its origins to the 2016 change of management, provides a comprehensive perspective on the company's evolution, which is essential to understanding its trajectory. In 1959, Carlos Ferrer Salat laid the foundations of what would become Ferrer. In its first decade, the firm emerged as a leader in Spain and extended its influence to Europe and Latin America. Subsequent years saw the birth of new divisions that strengthened its structure. A milestone was reached in 1977, when the company consolidated its commitment to research and development with the inauguration of an RDI center in Barcelona.



During the 1980s, Ferrer increased its presence in the market by acquiring companies related to nutritional supplements and chemical products. Later, it created a hospital division specializing in oncology, intensive care medicine and pain management. Starting in 2000, Ferrer positioned itself strongly as a pharmaceutical company focused on research and development, strengthening its reach in Southern Europe and Latin America through new subsidiaries and acquisitions. During this stage, Ferrer diversified its approach within the healthcare system, expanding its range of products, which spanned everything from prescriptions to animal nutrition. At the same time, the company ventured into personalized medicine and cutting-edge technology platforms, embarking on a path of innovation.

The history of Ferrer, from its early days to the change of management, is a testament to the company's unwavering commitment to expansion and evolution, always with an eye to new challenges. Although not focused on a specific product, each stage was permeated by an ambition to explore multiple avenues, though perhaps without a clear focus on investment efficiency.

Under the leadership of Mario Rovirosa as CEO, Ferrer embarked on a new stage of transformation, focusing on prescription drugs, specialty products, internal innovation and progressive advances.

Challenges and transformational vision

The challenge was monumental: to redefine a pharmaceutical company and shift the focus to social benefit in a profit-driven industry. The question was how to balance a commitment to social equity with the need to maintain financial viability.

When Mario Rovirosa joined Ferrer as COO in 2016, he immersed himself in the company's culture and ethics. Over the next two years, Rovirosa focused on getting to know the company in depth and formed a close relationship with the owner, Sergi Ferrer-Salat. Upon taking the helm as CEO, Rovirosa proposed significant changes, including restructuring the organization, promoting internal talent, and making bold decisions about the company's portfolio of businesses in a consistent way.

To achieve this consistency, he first decided to fix all the company's finances by reducing the group's debt. Unprofitable businesses were sold, along with some profitable ones that were not aligned with the company's vision. Ferrer decided to invest in its proprietary products, worked on incremental innovation, and increased internationalization with a more direct commercial strategy. The company also adopted a focus on rare and low-prevalence diseases and increased its investment in RDI.

Today, Ferrer's global influence, directly and in collaboration with partners, extends to 128 countries. Its product portfolio ranges from nervous system products to cardiology, dermatology, gastroenterology and pain relief (see **Exhibit 1**). This transformation, prompted by a change in management, has consolidated sustainable operations, enabling Ferrer to record revenues of €645 million in 2022, with a net profit of nearly €12 million in the same year.

This financial robustness has put Ferrer's initiatives on a firmer footing, giving them a genuine sense of purpose. A cornerstone of this sustainability is the commitment to reinvest a substantial portion of the company's earnings in the worthy missions supported by Ferrer's foundations. In 2022, 46.9% of the group's profits went to social and environmental causes (see **Exhibit 2**).