



“PARANOVA  
has propelled  
**competition** in the  
pharmaceutical  
market”.

# BUSINESS CASE



Creating a High-Performing Organisation with PLI

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## CHALLENGE

Taking on the CEO position of Paranova in 2010, Martin Glesner was faced with a company in need of an immediate turnaround. The organisation was unable to react sufficiently fast on the ever-changing market and required too much time to obtain and act on acquired knowledge. As a result Paranova had experienced several years of negative bottom-line results. Martin concluded that a restructuring of the organisation was paramount for future success and a key tool in this process was the implementation of psychometric assessment tools in the recruitment process.

## PARANOVA

Founded in 1989, Paranova's business is parallel distribution of pharmaceuticals. The business drivers are similar to a traditional trading business although with an extra level of complexity due to dealing with pharmaceuticals. Obtaining and acting on multiple streams of information is a key driver to success.

## HIGHLIGHTS

- Paranova's turnover has grown from DKK 273 MM in 2010 to DKK 787 MM in 2012 – further growth expected in 2013
- Paranova turned an operating loss of DKK 29 MM in 2010 into a profit of DKK 27 MM DKK in 2012
- Paranova had 132 employees in 2010. As of September 2013 this number is 45.

## A NEW ORGANISATION

The turnaround required an organization able and willing to change quickly, without compromising on quality. Martin Glesner knew that he needed the right people on board in a more agile team to succeed.

## THE PROCESS

Paranova has a relatively complex business model with many 'moving parts'. "One of my key strategies has been to ensure that every single employee is able to absorb and act correctly on information – largely de-centralising the responsibility to act on information to increase speed," Martin says, "Many decisions are still made centrally by me, but my role is largely the spider in the web. The web needs to be efficient in succinctly passing on the right information as fast as possible. Most of my operational decisions (even very significant ones) are made extremely fast (within seconds or minutes), as I am constantly fed with high quality information", Martin says. A certain type of 'DNA' in the team was essential and this could be identified by the use of psychometric tools. "PLI – in combination with other psychometric assessment tools – was introduced in all recruiting as one of the first steps in my path to restructuring Paranova".

## THE RESTRUCTURING

*2/3 of the current employees have been hired since 2010, and three were promoted from the "old organisation". Existing employees were only assessed if they were considered for a different position or at their own request. Moreover, instead of focusing on experienced hires, Martin focused on hiring the best graduates from pharmacist and business programs: "By focusing on the right 'DNA', we employ people who are quickly up to speed, and each employee contributes significantly above average with an innovative, unbiased mindset".*

## DNA VS. CV

A combination of the **RIGHT DNA AND WILL** results in the ability to quickly attain necessary skills, independent of a long background in the pharmaceutical sector. Another great advantage is that "unbiased" employees have an innovative mindset.



# IMPACT

## A SIGNIFICANTLY REDUCED HEADCOUNT

resulted in a very thinly staffed organisation, and the demands on new (and existing) employees increased significantly in terms of:

- ✓ Ability to acquire knowledge fast
- ✓ Ability to act as back-up for others and adjust to constantly changing demands

## MEASURABLE RESULTS

### Quality Department Reduced from 16 to 3 Employees

Before the turnaround, the period to become authorised to 'release products' was 12 months – it is now reduced to 3 months, and the period required to be authorised to 'prepare and approve instructions' was reduced from 6 months to 3 months. The workforce now consists of employees with capacities to participate in or manage several internal projects at the same time. Multiple changes and initiatives were implemented concurrently – most processes were altered and new IT systems designed and to some extent developed by the staff.

### Purchasing Department

In the purchasing department, a team of 4 purchasers was built, each member of which was up to speed with complex routines within 6-8 weeks, and the team has the ability to absorb and act on large quantities of data quickly. "As a leader, having a lean organisation with carefully selected employees with high PLI scores allows me to act quickly when it comes to adjusting strategy, developing and implementing new processes or IT. There is little need to explain things and I often get better results than initially hoped for, as they are able to develop ideas further than originally conceived", Martin Glesner says.

PLI was used (in combination with other relevant analyses) to build a 'pipeline' of employees in the form of student assistants. Over 50 % were later hired in full-time positions such as analysts, purchasers and pharmacists. "Interestingly, this resulted in a larger diversity among employees. Arguably, the use of psychometric assessment tools facilitate a broader and more diverse recruiting as you have a set of facts to compare with – reducing the potential tendency to favor same culture/background –it levels the playing field!", Martin says.

The average PLI score in Paranova has increased, and currently represent an average 50% higher than the global average. This enables Paranova to act quickly without compromising on quality.

