

27 Sep 2016 | Analysis

James Mazzo: Growing Giant Zeiss With A Small Company Mentality

by Tina Tan

Having worked in the ophthalmic device industry for more than 35 years in both multinationals and start-ups, James Mazzo's latest port of call is at Carl Zeiss Meditec as head of the group's ophthalmology business. He discusses what he views to be the strengths and weaknesses of the global business, which he says has the broadest product offering in the ophthalmic industry, and how he plans to help a market giant grow even bigger.

Start-ups often look to market leaders for strategic guidance, but there are lessons that industry Goliaths can learn from their smaller, more nimble counterparts, believes medtech industry veteran James V. Mazzo.

Big multinationals may have the advantage of bulk, but unless this growth is properly controlled and leveraged, the organization – specifically the sales and marketing function – can get unwieldy and lose its focus, explains Mazzo, whose 35-plus years' experience in the ophthalmology industry includes two decades at Allergan's eye-care business before leading the unit's spin-out in 2002 and becoming CEO of Advanced Medical Optics. Abbott acquired AMO in 2009 and Mazzo went on to head start-ups such as corneal-inlay developer AcuFocus.

Small companies like AcuFocus, where Mazzo was CEO until this August when he took on his current role as *Carl Zeiss Meditec AG*'s global president of ophthalmology, have a "laser focus" when it comes to driving their message to the customer. And it is this "small company mentality of focusing, educating and sticking to a consistent message" that Mazzo is intent on bringing to Zeiss' ophthalmology business and implementing across the German company's global structure.

While Zeiss boasts the broadest product offering in the ophthalmic industry, the company has not leveraged its capabilities as well as it should, he believes. This, though, is not a problem

unique to Zeiss, says Mazzo. “I was chairman of AdvaMed and I’ve seen that this is actually a problem of all major global companies. The bigger you are, the more difficult this gets.”

Zeiss' portfolio of products covers diagnosis and treatment of eye diseases, serving opticians, optometrists, ophthalmologists and ophthalmic surgeons across the globe. So getting a strong, consistent message across the organization and across the customer base will not be an easy task, Mazzo acknowledges.

However, as a man who confesses he likes things to move fast, Mazzo has already set the wheels in motion. Just a month after he moved into his role at Zeiss, the company has tapped a senior executive from one of the ophthalmic market leaders, Bausch & Lomb, to lead global sales for ophthalmic devices. Andrew Ihan Chang was general manager and senior VP for B&L Surgical, where he led sales, marketing, operations and business development for the US. Chang's appointment is part of Mazzo's broader strategy to realign Zeiss' internal structure, sharpen the company's focus and make it conducive for collaboration across the different product lines.



"I want to take that small company mentality of focusing, educating and sticking to a consistent message, and use Zeiss' global structure to implement that."

Carl Zeiss Meditec

In the Q&A below, Mazzo discusses this strategy in more detail and the objectives he has set for the business.

Q Tina Tan: You've been in this business for a very long time. How different or similar is Carl Zeiss' ophthalmology business compared with, say, Advanced Medical Optics?

A James Mazzo: It's a great question because obviously I helped start AMO from its spin-out from Allergan, so it's a really good comparison. The similarities are that they have the same type of customer base. Not to the same degree though – AMO really wasn't in retina or glaucoma, but they both have ophthalmologists and refractive surgeons as their customers. There's also the similar geographic spread – AMO was a global company, Zeiss is a global company.

But I think that's probably where the similarities stop because one of the reasons that I decided to join [Zeiss] and one of the greatest opportunities as well as the biggest trait is the company's diversity of its product line. Zeiss takes care of the patient from diagnostic properties to treatment properties; no other entity, no other competitor does that.

So if you're a patient who walks into the physician's office, the physician needs to first diagnose what your issue is and we lead in diagnostic equipment across retina, glaucoma, cataract, etc. Then once we understand what your issue is, the physician treats you and of course, that's where Zeiss comes in with intraocular lenses and other types of therapies. So [the breadth of its offering is] where Zeiss has the greatest power. It's not without its issues, of course, in terms of where we meet gaps, but it is the most diverse product line from the doctor to his or her patient. And it's not only versus AMO, but versus Alcon, versus Bausch & Lomb, versus every other ophthalmic company.

Q During your time at AMO, you saw Zeiss as a competitor. But did you view it as a peer or a company to aspire to?

A I admired Zeiss for a couple of reasons; number one is its history. I think in our industry we have a lot of young companies. Sometimes that youngness is great but you don't have that history of technology that helps you know how to continue to innovate. Zeiss has been around for about 170, 180 years so that's very powerful; it speaks to the company's commitment to this space.

Number two, I admired and have a lot of respect for the global reach of this company, they really are in most of the major countries with presence and AMO and other companies don't have some of that same geographic presence.

What I believe Zeiss can do better is leverage its competitive advantage. No company is perfect so we all have our strengths and areas of improvement, and one of the areas that we need to improve on is to leverage this. When you have a diverse product line sometimes what occurs is that each individual takes care of that product line but the customer could care less how you organize. The customer wants you to meet his or

her requirements no matter what technology you have. So we became a bit siloed in that and as a competitor I noticed that it wasn't being leveraged.

You're going to see that change dramatically over the next months. There is going to be a strong leverage that we're going to take it from the customer inside to Zeiss. So I don't care where you are, if you're a diagnostic specialist you're going to make sure that your refractive colleague is as powerful as you are in that office. That's one area when I was on the other side of the fence that I'd never felt was leveraged. And now I'm glad I'm on this side of the fence because that is going to be very powerful.

So I was always admiring Zeiss' history, I was always admiring the strong fundamental business, I was admiring the geographic presence, but I never was overly concerned [as a one-time competitor of Zeiss] on the leverage capabilities, but now we're going to unlock that and take advantage of that.

Q Could you elaborate more on your strategy for improving Zeiss' leverage capabilities?

A Let me break it down into various components. First off, before you can even leverage externally you need to be leveraged internally, because if we're not structured accordingly, you're never going to implement it successfully.

One of the things we're doing now is that we are improving the accountability of the organization by articulating the following. I just hired our head of sales – Andy Chang is coming from Bausch & Lomb and he will have global responsibility for the sales structure. So all the sales structure across all product lines will report under Andy for the ophthalmology/optometry business. That's very important; you've got that collaborative effort.

When you go down the direct level though you will still have [sales] specialists, because when you have this many product lines you can't just have someone opening up his bag and saying, "Which product would you like?" You'd never sell that way. But it starts to tone at the top and then you move down collectively. And when you move down collectively, you're ensuring that the representatives are trained and have a

good understanding of the other product lines. So when Dr. Mazzo says to the retina specialist, "Oh, I understand you have a glaucoma product line," instead of the retina specialist looking at Dr. Mazzo with question marks, he'll say, "Of course we do," and then refer him to his colleague who handles glaucoma, or vice versa. They'll know who their colleagues are in the different fields, that's very important.

Another thing is you need to align service-wise. Think of yourself as a consumer – when you walk into a retail outlet, you want to make sure it doesn't matter what department you're in, that you have the same service across all products so that one department is not better in service than the others. We're aligning and coordinating our service component at Zeiss, so that when someone comes to fix your machines or upgrade or whatever the requirement is, it's across the collective product lines and you're not being handled by different service people.

Then I think that other very important component is how we speak to our physicians. We have some inconsistencies across the globe in the messaging of our product lines, but we're going to make sure that is consistent. I'm going to be hiring a chief medical officer, who will ensure we're aligned across our collective messaging, so that when we're talking to an ophthalmologist, an optometrist or an optician, the message is consistent across the globe.

So to answer your overarching question, we need to get internally aligned then when we do that, which we're getting close to, we will roll this out so that when we're talking to an optometrist who is co-managing a retina or glaucoma patient with an ophthalmologist in the US, representatives will have the same training, they will have the same understanding of our product line, so thus we have continuity across our businesses by continuity across our customer lines.

We'll never take away the speciality of the sales rep or the speciality of the physician, but when a patient is co-managed, which happens across the globe, we're going to ensure that we have alignment from a service component, from an education component and from a scientific messaging component.

Q What sort of time lines are you thinking of for rolling out this plan?

A It's not that we're going to have to completely turn the ship around; the ship is already moving in the right direction. We just need to get everybody on the ship understanding their roles and responsibilities, and to do that you get the people toned at the top. I now have Andy [Chang] running sales, I'm going to get a CMO, we've got the three heads of our business sectors in line already, so it's not really having to make a total restructuring, it's really a philosophical discussion and clear measurable goals. If you know what at the end of the day your responsibility is then you're going to act against that.

Zeiss works on an October to October time frame, so we're going to start this October 1st with these new goals that are aligned all the way from the bottom to the top and top to the bottom – from sales rep to management.

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Q Earlier on when talking about Zeiss' extremely broad portfolio being a strength, you said there were some gaps that you've identified. What would those gaps be?

A Again, there's not one company out there that has everything, so I would say we're going to spend more time in the following areas: glaucoma, dry eye, retina and presbyopia. Now I don't want to sit there and say that cataracts are not important, they're very important. Cataracts are still the leading cause of blindness outside of

the US, the number-one surgical procedure done in the US, so we're not going to neglect it, we're really strong there. But if you look at those four categories, they are the four leading categories because they're chronic, and no one has nailed it yet. So let's speak about dry eye. I'm talking devices here – we're a device company, not a drug company, at least in the foreseeable future. We have some product lines but really not anything that I would say is at the leading edge to help diagnose dry eye from a diagnostic standpoint than to a point of some more treatment, so that's one.

With presbyopia, we're just getting in. We already have a refractive IOL offering with our trifocal, which is a great product, and we obviously have the SMILE, which is our [small incision lenticule extraction] corneal refractive procedure to rid you of glasses, but there are also other refractive procedures.

Glaucoma, we have a great diagnostic but as you know there're devices out there that can actually help in the treatment of glaucoma. And then, as I just said, retina, really one of our most severe diseases today: age-related macular degeneration, orphan diseases like MacTel [macular telangiectasia]. We can diagnose, but we can do a better job of helping any potential treatments as well from a device standpoint.

So those will be the four areas where you're going to see a greater concentration, both internally and externally. We're not going to have the “not invented here” syndrome. There are a lot of bright people that don't work for Zeiss who are entrepreneurs and have great technologies, so if we can't do it internally, we have the resources – which are another benefit of Zeiss – to acquire it externally.

Q You stressed that Zeiss is very much a device company, but first-line treatments for conditions like dry eye and retinal diseases are still very much pharmaceuticals. To achieve your objective of making the company a one-stop shop for eye care, do you think that Zeiss would diversify into pharmaceuticals?

A First off – I'll never say never – but I think what you do before you really start to expand into one area is make sure you know that one area really well. And I'll

challenge the thought process a bit; let me talk about retinal disease. The only way to treat this terrible disease is by getting to the site, and the site is in the back of the eye. Injections use a device but we all know that injections are costly, they're not patient-compliant, and we also know that after a period of time the patients are coming back. So can we get a device that is implantable and then releases a drug? Why not? So that to me is a [device-based therapy], and devices will actually play a greater role in retina than pharmaceutical preparations.

If you think about glaucoma, it's really no longer drugs to a grand degree. You still use prostaglandins and things of that nature, but what's the greatest thing in glaucoma today? Glaucoma implants. And if you think about dry eye, you've got a diagnosis and a lot of devices are actually working on the meibomian glands. When the meibomian glands become clogged that could actually induce dry eye, so now you have a device that potentially will open up that gland and allow the natural function of your eye apparatus to work on a consistent basis.

Devices can actually be synergistic, if we can say such a word, or can actually substitute where drugs aren't effective because they can't get to the site or they can't maintain it. I believe we have more than enough products to go after in devices [for these four disease categories] before I have to think of pharma.

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Q Let's say it's a year from now. How would you like to see Carl Zeiss Meditec's ophthalmology business?

A I would say there are a couple of basic principles, and again it would all come from our doctors. I think the doctors would say the following, that a) we did not change the culture of Zeiss. I love the culture of Carl Zeiss, which is dedicated to treating severe diseases with a strong heritage and a commitment to technology. One thing I don't want to do is change things that are strengths. That would be number one. So I don't want anybody to come back to me and say, "Hey, you did things really well but you screwed up the culture." I don't ever want to interrupt this strong culture that I really respect.

Number two, that the pace of our actions is faster and the doctor can feel it. That when he or she makes a call or needs a service that it is done within the appropriate amount of time; we're a little slow, so I would have feedback, and we're going to measure this, that our pace of service, our pace of receptivity, our pace of acknowledgment of technologies is quicker.

And then number three – and I think this is the most critical component – that we see in our productivity for generating new technologies, improvements in our existing technology about every 18 to 24 months, through software upgrades or better designs. And then about every 36 months we come out with a new design across all of our product lines. We have some strengths in some [product lines]; we don't have that consistently across. And then I will add one more thing: I think in a year you're going to see us in a couple of those four categories that I just talked about, probably through acquisitions.

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