

BUSINESS EXTRA

CORPORATE PROFILE

Healthy growth

Earning customers' trust has helped pharmaceutical supplier Baxa thrive

By Julie Poppen
ROCKY MOUNTAIN NEWS

Kathy Gura, a clinical pharmacist at Children's Hospital Boston, has a good idea why Baxa Corp. is thriving.

Where one of the pharmaceutical supply firm's competitors shrugged off concerns Gura raised in 1990 about devices being developed to mix critical ratios of nutrients for her tiny patients being fed intravenously, Douglas County-based Baxa listened.

Gura asked that bar coding be integrated into the system for both the patient and the nutrients to minimize the potential for errors. Baxa officials said they would come up with prototypes if she'd be willing to test the product.

Today, even the competition uses bar codes in its product, known in the industry as an automated IV compounder. Gura trusted the device so much that when her own daughter was hospitalized, she was hooked up to a Baxa compounder.

"They do the right thing," Gura said of Baxa, now 30 years old and reporting \$91 million in annual sales. "It may cost money up front, but I think they get it back in loyalty."

Baxa Chairman and CEO Greg Baldwin, 43, said Baxa has always believed in earning the trust of pharmacists working in the trenches. In fact, he said, it's largely those relationships that have helped the company grow from 10 percent to 35 percent every year.

"We view our customer as our boss," he said. "We've been growing organically, listening to customers and building lifetime relationships."

Capturing market share

The privately held and family-run company makes more than 270 medical devices and systems for preparing, handling, packaging and administering liquid medications.

Its best-known product is an oral syringe that doesn't allow a needle to be attached to it. There have been dangerous cases of nurses or doctors mistakenly administering oral medicines intravenously.

More recently, the company has become known for its automated compounder and its accompanying software. Baxa's multi-ingredient solution compounder can take up to 24 source ingredients, such as amino acids, minerals and electrolytes, and mix them in the proper order to create safe IV solutions.

More than 600 hospitals use the Baxa product, representing 70 percent of market share in hospitals with at least 250 beds and 32 percent of Baxa's overall business.

Baxa also makes devices that allow medical professionals to safely administer toxic drugs such as chemotherapy treatments. Another product speeds up the process of filling and labeling syringes.

Twenty percent of Baxa's sales are overseas. Baxa has partnered with heavy industry hitters Abbott Laboratories (now Hospira), Samson Technologies and Fujisawa.

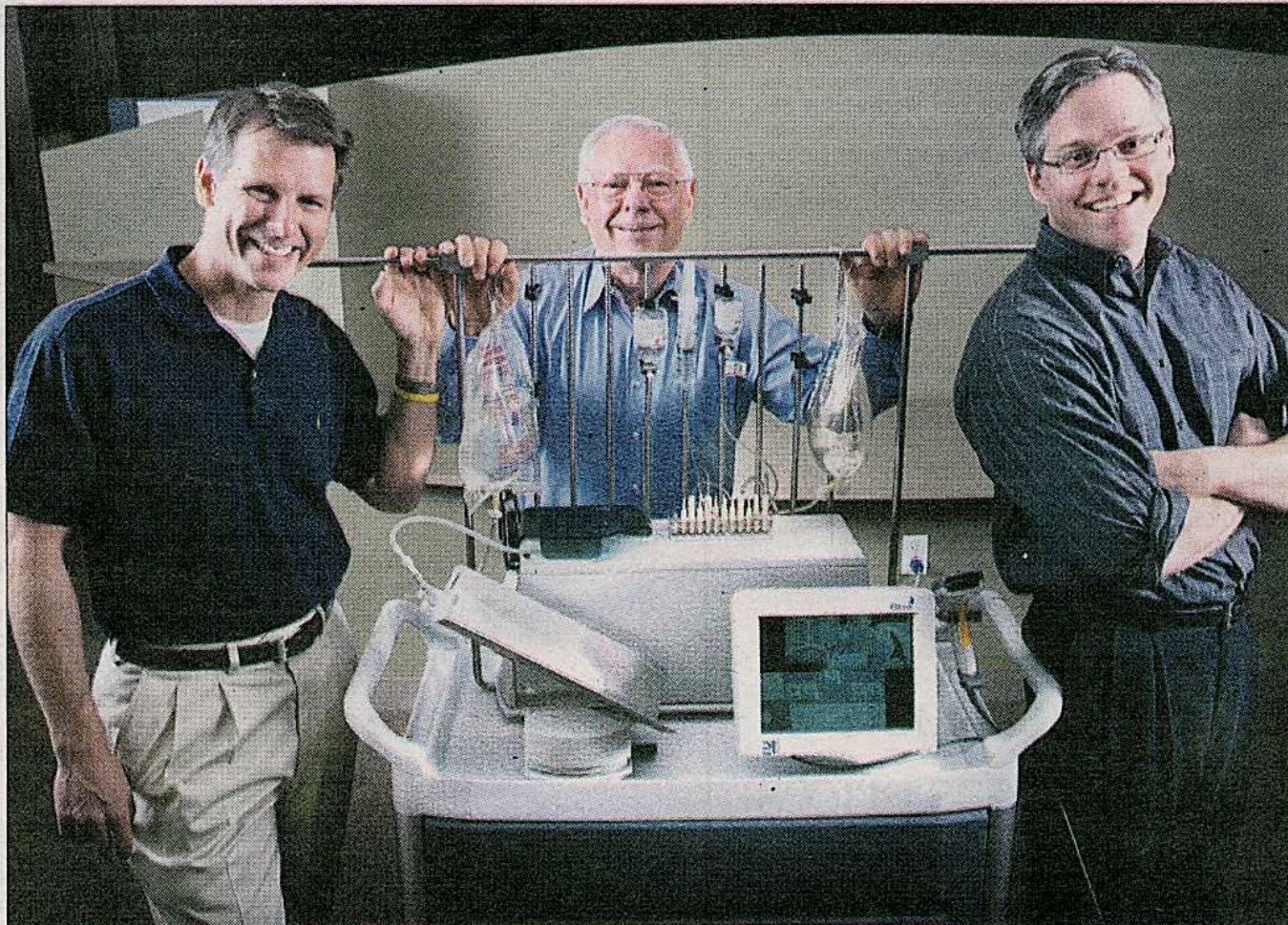
Of course, lucky breaks also have helped the company.

Last year, health care giant Baxter Corp. recalled a line of competing IV mixing products, which created a huge opportunity for Baxa. Fifty new employees were hired to handle the surge in business.

"That took us from a situation where we were growing pretty steadily — 15 to 20 percent (annually) — to this year and last growing at over 30 percent," Baldwin said.

The company plans to hire another 30 to 40 employees this year.

Until recently, though, Baxa operated under the radar in the Denver area. But word is getting out.



Baxa founder Brian Baldwin, center, and his sons, Greg, left, and Jeff, show off an Exacta-Mix 2400, which mixes source ingredients in the proper order to create safe IV solutions for medical patients. Family-run Baxa was founded in 1975 and moved to the Denver area in 1981. Greg Baldwin is Baxa's chairman and CEO, and Jeff Baldwin is its president and COO.

ELLEN JASKOL/
ROCKY MOUNTAIN NEWS

Baxa Corp.

- **Location:** 14445 Grasslands Drive, Douglas County
- **What:** Maker of medical devices and systems for preparing, handling, packaging and administering liquid medications.
- **Employees:** 322 employees worldwide; 300 in Colorado
- **Key executives:** Greg Baldwin, chairman and CEO; Jeff Baldwin, president and COO; Brian Baldwin, founder and vice chairman
- **Annual sales:** \$91 million

Baxa was named an American Business Awards finalist this year in the best sales team category for rallying to support customers during a critical product shortage. In May, Baxa received the Governor's Award for Excellence in Exporting in the large-size manufacturing company category. And Baxa won the 2005 Colorado Top Company award for the manufacturing segment from *coloradobiz* magazine.

Brian Baldwin, the company's vice chairman and founder, was selected as an Ernst & Young 2005 Entrepreneur of the Year in the medical and health sciences category for the Rocky Mountain region. The nine award winners were chosen from nearly 100 nominations. Baldwin holds more than 30 U.S. and international patents, judges noted.

Jerrod Milton, chief pharmacist at Children's Hospital in Denver for years before beginning a job leading the transition to the facility's new Fitzsimons campus, praised Baxa for meeting needs specific to pediatrics.

"In the pediatric realm, the challenges are different than the challenges faced by pharmacists in the adult world," Milton said. "It re-

quires much more specificity when it comes to dosing."

He said Children's Hospital goes through thousands, if not millions, of Baxa's oral syringes each year. Milton also has been pleased with Baxa's automated compounder.

"It's superior to all the other products on the market," Milton said. "It's a much safer way of preparing a very complicated IV solution that otherwise has to be done with a lot of very manual steps."

Greg Baldwin said Baxa products also save pharmacies money. Baxa devices are sold independent of medications, thus allowing pharmacies to buy drugs in bulk and gain cost savings. Some of Baxa's larger competitors offer contracts that include prepackaged nutrients or other medications with their products, which can raise the price and may not be as precise, he said.

"They can settle for something close to what they need, or they can make something patient specific," he said. "Our competitors want to sell you a ready-to-use drug. We don't sell drugs. We don't care where you buy drugs."

Thirty-year history

Brian Baldwin, 74, founded the company in 1975 with colleague Ron Baxa in Northbrook, Ill. Baldwin, who remains a key idea man for Baxa, worked for American Hospital Supply Co. in his younger days after graduating from Northwestern University.

Ron Baxa was looking for a job. With very little investment capital, Baxa the company was born. Its first product was the oral syringe.

The firm moved to Denver in 1981. Five years later, Baxa moved to Inverness with 25 employees. At that point, it expanded its product offerings. The company's second decade was marked by various innovations, including the Repeater Pump — the first such pump designed for accurate prescription filling.

Greg and brother Jeff Baldwin, 38, now run day-to-day operations at Baxa, located in a

93,000-square-foot, state-of-the-art facility complete with a clean room and three-story warehouse in Douglas County.

Jeff Baldwin, Baxa's president and COO, was planning to go to graduate school and study engineering after a stint in the Peace Corps, but the family business beckoned. He was brought on 14 years ago and developed the software that runs the compounder machines.

His father now admits the company was in trouble when he sought his son's help.

"We were in deep doo-doo," Brian Baldwin said. "We paid \$150,000 for a freelance software programmer to write the first program for the compounder process. It simply didn't work very well. I knew Jeff had done a few software projects in school. He came out and took a look at it, wrote a memo and said it was nothing but spaghetti code. He comes in and becomes an overnight hero."

"I made the fatal mistake of saying, 'Even I could do better,'" Jeff Baldwin jokes.

Greg Baldwin worked in telecommunications before joining Baxa. When the head of marketing and sales had a stroke, Baldwin stepped into the role in 1993.

Baldwin said he put together a top-notch management team that has helped him steer Baxa to ongoing growth. The company also has a profit-sharing plan. Last year, employees received checks that equaled more than 20 percent of their base pay. There is also a new cafeteria with hot meals cooked daily and spectacular mountain views, an exercise room and monthly activities.

"It gives everybody a common agenda, from the warehouse to the board room," Greg Baldwin said. "We want to build an organization that is not reliant on us for day-to-day operations."

And even though he'd like to enjoy the perks of owning a business, such as leisurely lunches and holidays off, he's not putting his feet up just yet.

"There is a whole lot more to do to build out our product line to meet the 21st century needs of the marketplace we serve," he said.