



THE
BUSINESS
OF **saving**
LIVES

words by **Janine S. Pouliot**
photography by **Brett Patterson**

MEDTRONIC CEO ART COLLINS
FINDS HIS REWARDS IN HEART WORK



If that rocking chair in the corner of his office gives the impression that Art Collins, CEO of Medtronic—the world's leading medical technology company—spends his time daydreaming, nothing could be further from the truth. By his own admission, he's one heck of a competitive guy. "I don't like to lose," he readily admits. And with Medtronic, losing likely isn't something he needs to worry about—the company demonstrates the kind of consistent growth that induces other businesses to drool.

During the last decade, Medtronic's revenue has increased at a rate of 17 percent compounded annually. Earnings per share have grown 22 percent. Stock prices have risen 38.5 percent. The workforce has expanded from 7,500 to 27,000 in more than 120 countries. Current fiscal year revenue is running at an annualized rate of more than \$6 billion. Medtronic is on just about everyone's "best dressed" list, from *Forbes* to *Fortune* to *Worth*.

But there's more to the company than just the numbers. It is, after all, a business for saving lives. With a mission statement that strives to "alleviate pain, restore health and extend life," Medtronic transcends the paramount objective of making money. "As I said at our recent shareholders meeting," Collins points out, "while we track a number of different measurement criteria for success, the

I went into health care in the first place."

A Wharton MBA, Collins joined Medtronic in 1992 from Abbott Laboratories, where he was Corporate Vice President with responsibility for Abbott's worldwide medical diagnostic business units. He'd been there for 14 years. For Collins, it was the right move at the right time. "I became involved with Abbott when its medical diagnostics franchise was a relatively small business of \$200 million," Collins says. "By the time I left, the diagnostics business had grown to over \$2 billion. What attracted me to Medtronic was the opportunity for rapid growth, and I had been through that experience at Abbott. I thought there was the opportunity for me to add value in many areas to which I had been exposed at Abbott."

There was that—and the opportunity of promotion. "Also, at that time, the then-new CEO Bill George had not made a decision to fill the position of Chief Operations Officer. There was the expectation that if I performed well, I would be a leading candidate for that position. And that did happen a year and a half after I arrived."

While Collins may characterize his focus on the Next Big Thing as competition, his best friend sees it differently. "Art is very goal oriented," notes Gordon Stofer, President of Cherry Tree Investments,

"The *most* important fact is that every 12 seconds, the life of someone is improved by one of our products."

single most important one is the fact that every 12 seconds, the life of someone is improved by one of our products or therapies."

Founded in 1949 in a Minneapolis garage by Earl Bakken, an electrical engineer, and his brother-in-law Palmer Hermundsli, Medtronic began by repairing electronic hospital equipment. Later, it developed the world's first implantable heart pacemaker. From there, Medtronic broke new ground in the world of ultra-high tech medical devices: tiny contraptions placed under the skin that are so sophisticated, they can read the body even before its owner knows something's wrong and bring him or her back to life. It's the stuff of sci-fi movies that challenges viewers to suspend belief. Only this is real and the living proof is walking around today.

Newly installed as CEO last spring, Collins, 54, now mans the helm of a company that transforms biomedical engineering, research and design into the manufacture and sale of modern miracle devices. And he's an ideal person for the job. "I grew up in a medical family," Collins says. "My mother was a registered nurse and my father was a physician. I used to tag around with him when he made rounds at the hospital. I've always been interested in medicine since I was a young boy. It's one of the reasons

a venture capital firm in Minneapolis, who has known Collins since high school. "He's more disciplined in pursuing his goals than most people. He sets up a five-year plan of where he'd like to be, and then he accomplishes it. But he has personal goals, too, like spending time with his family. He strives for balance."

So it seems there's a softer side to this hard-driving executive, and he demonstrates it in his recounting of a story. "When I first joined Medtronic," says Collins, "I attended our holiday program at year-end when we ask patients and their families and physicians to talk about the impact our products have had on their lives. I sat down with the head of Human Resources, who inquired whether I had a handkerchief. I said 'No. Why, do I need one?' She commented that these stories are pretty heart-wrenching. I thought to myself, 'Listen, I've been around business a long time....'

"The first individual who spoke thanked our employees for allowing him to be able to attend his granddaughter's wedding. I leaned over and asked my coworker for that handkerchief. And I'd bet my next paycheck that if you asked all our employees what is the most important meeting we hold during the year, they'd say it was this one."



IS-1
DDDR



Medtronic

InSync®

Model 8040

An interest in human well-being is a definite plus in a company that sets the standard in medical solutions. Medtronic's business breaks down into several major categories: products to treat electrical problems in the heart; coronary artery disease; neurological and spinal disorders; ear, nose and throat problems; and diabetes. The company dominates most markets in which it participates, including the pacemaker industry, where Medtronic has more than 50 percent of market share.

The pacemaker is made up of three parts: a small metal case that contains electronic circuitry and a battery; an insulated wire that carries the tiny electrical pulse to the heart to correct a too-slow heart rate; and a programmer which is kept in a hospital or clinic. Medical personnel use this specialized computer to see how the pacemaker is working and, if necessary, to adjust the settings.

Medtronic also makes defibrillators to regulate a too-fast or uneven heartbeat that can lead to sudden cardiac arrest. This is the device received by Vice President Dick Cheney. It has the ability to guard against both too rapid or too sluggish a heartbeat, as well as to shock the muscle if it starts contracting erratically. It also provides valuable data to doctors that can be downloaded.

Medtronic already has *more than two million* miniature computers whirling away inside folks.

Just another day in the life of Medtronic? Well, yes and no. "I had the opportunity to visit with the Vice President at the White House to present a replica of his device which our employees had put together on a small plaque," Collins says with pride. "I can tell you he was a very knowledgeable patient. And a very happy customer."

In this rapidly changing industry, innovation is the name of the game. Thus, about two-thirds of Medtronic's sales are generated by products introduced within the last two years. Medtronic devotes more than 10 percent of its revenue to research and development, but it also actively pursues a policy of acquisition. "Our main focus is on growth internally developed through R&D, and leveraging our technology to come up with new products," says Collins. "However, we don't have a 'Not Invented Here' syndrome. We understand that there will be times we have to go outside to access a particular technology, product line, intellectual property or company that will extend our reach into an area we're already in or where we believe we can leverage some existing capability.

"What we don't do is look for acquisitions that are so far afield that we can't add any value," he says. "We don't acquire to get larger. There has to be an important strategic fit. We are here for

the long term. We are not an acquirer, we are the acquirer."

New ideas come from a number of directions, not the least of which is the actual end user. "Physicians say, 'It would be really nice for my patients if this was available,'" Collins says. "Then we go to work."

And getting down to the nitty gritty is one aspect of the job Collins especially enjoys. That means scrubbing up, stepping into the surgical room and seeing blood and organs up close and personal. "When I'm in the operating room and see the product being used on a person, that customer is no longer a statistic, but an individual," he says. "It reinforces the need for quality in our business."

One futuristic application that's in the works is an implantable patient monitor that has more computing power than a Pentium 2 chip. Medtronic already has more than two million miniature computers whirling away inside folks. At the time of implant, these devices are programmed to set proper parameters and then are periodically checked at the doctor's office. "What we're doing now," he says, "is recognizing that we have the ability to monitor the condition of that patient on an ongoing basis. That information can be downloaded, sent over a modem to a server and captured by a physician in a completely secure format using the Internet."

Sci-fi stuff, for sure.

So what is that rocking chair doing in Collins' office, anyway? Well, for him, it's a sort of reminder of his role in all of this. "If I fast-forward myself to a time when I'm no longer working, it would be wonderful to sit back in that rocking chair on a deck in Colorado," Collins says. "And when my grandchildren ask me what it was all about, I'll look back and think of the impact Medtronic had on a lot of individuals. There's a tremendous psychic reward that goes beyond money."

But for now, he rarely makes use of that meaningful piece of furniture. Today, he is "high energy, results driven with high expectations of himself and others," says Janet Fiola, Medtronic Senior Vice President of Human Resources and long-time associate of Collins. "Art is very decisive, a problem solver. But he's also very calm, consistent and even."

And what would be the ultimate goal for a seriously goal-oriented CEO? For Collins, the answer is easy. "That the statistic of helping someone every 12 seconds is significantly improved." ☺

Janine S. Pouliot writes for several publications, including Parade, Ladies' Home Journal and Men's Health.