MANAGEMENT TRAINING GROUND

BAXTER BREEDS BIOTECH EXECUTIVES

Baxter alumni that have made it in biotech: (top, left to right) Ted Greene of Hybritech, Henry Termeer of Genzyme, and Stephen Chubb of Cytogen; (bottom, left to right) Robert Carpenter of Integrated Genetics, Gabriel Schmorgel of Genetics Institute, and James Glavin of Genetic Systems.

NEW YORK, New York—Although the road to becoming chief executive of a biotech start-up company can be long and indirect, a recent informal survey reveals that a surprising number of these CEOs have put in time at one place: Baxter Travenol Laboratories (Deerfield, IL).

Baxter is by no means a biotechnology company. It produces a diversified line of medical products, including pharmaceuticals. However, its selection, training, and treatment of young executives seems to prepare them for leading start-up health care ventures. Ted Greene, president of Hybritech (San Diego, CA) and former assistant to the president of Baxter, notes that his old firm supplies executives to the health care industry in much the same way that IBM supplies the computer industry.

Henry A. Termeer made the most recent jump from Baxter to biotech last fall when he ended a 10-year stint there to become president of Genzyme Corp. (Boston, MA). His move increases the number of biotech start-ups led by ex-Baxter people to at least six. In addition to Hybritech and Genzyme, the list includes Cytogen, Genetic Systems, Genetics Institute, and Integrated Genetics. The heads of all six firms hold graduate degrees in business, four from Harvard.

Termeer, formerly executive vice president of Baxter's Highland Therapeutics division, notes that Baxter recruits ambitious, self-confident people and puts them in a "considerable entrepreneurial atmosphere." However, he explains, "You reach a point where you either think you could do better on your own, or the pyramid is

too narrow to keep growing as you're used to."

"Historically I've found that Baxter has done a good job of bringing in bright, effective, high-potential people," says Nathan Barry, head of the Boston-based executive search firm that bears his name. "Baxter has been a market-oriented firm, and that's one of the advantages of Baxter people." He lists the company among the top sources of health care executives, along with Becton-Dickinson, Johnson & Johnson, and American Hospital Supply.

"I regard Baxter executives as probably equal or second only to Johnson & Johnson executives," concurs executive recruiter John C. Palmer, himself an ex-Baxter employee. "They are like the Yankees: too deep in bench strength for any one position." While Baxter does grant a lot of responsibility to young executives, he says, its centralized arrangement means that many of the important decisions are still made by the home office.

Baxter is reluctant to comment on its executive brain drain—a natural by-product, it claims, of hiring a large number of top-quality people. However, the company often maintains good relationships with its former executives who have moved on to lead biotech concerns. For example, Baxter was impressed enough with Genetics Institute (Boston, MA) to purchase some 7 percent of its equity, and is now funding R&D there on blood fractions. Also, Baxter set up a joint venture with Hybritech last fall for research on monoclonal antibodies to treat infections. Genzyme's Ter-

meer reports that he hopes Baxter and his firm will collaborate.

"Maybe the same entrepreneurial spirit within Baxter that has people taking risks and succeeding does not exist in other companies," declares Robert J. Carpenter, now president of Integrated Genetics (Framingham, MA), previously president of Baxter's Fenwal Division. "What prepared us was the combination emphasis, which Baxter has always personified, of marketing know-how with a heavy technological bent," he says. "We learned to recognize and seize marketing opportunities," agrees Stephen D. Chubb, who left his position as president of Baxter's Hyland Diagnostics division to become president of Cytogen Corp. (Princeton, NJ).

A number of former Baxter executives do report one drawback of the company: they say its salaries are comparatively low. A Baxter representative argues, however, that its pay scale compares favorably to that of similar companies—but, of course, it cannot compete with the remuneration CEOs receive.

Gabriel Schmorgel, president of Genetics Institute and previously president of Baxter's International division, points out that some ambitious young executives naturally decide to leave after they have tasted the independence and responsibility that Baxter offers, and after they see how successful former employees have been with smaller firms. Still, in rating the overall Baxter experience, this Harvard MBA stresses, "I think that a year at Baxter is better than a year at Harvard Business School."

—Arthur Klausner