

Biotech Health and Life Products

Company Profile

Welcome to Biotech!

The assessment projects for this class will examine different facets of the leadership of Biotech Health and Life Products, Inc. You will be exploring leadership within Biotech with the driving question of “what skills does a Biotech leader need to lead the company now and in the future?”

History

Wilford Barney was a young apprentice working for Peter Ulan, owner of a small apothecary shop in Yonkers, New York. During his apprenticeship, Barney created a general energy elixir that was based on a home remedy of his mother’s back in Ireland. The elixir was produced specifically for many of Ulan’s special customers. Made of all natural ingredients the elixir provided B12 and other vitamins to promote a healthy immune system. The energy boost was noticeable after only a week’s use. The reputation of the elixir grew.

In 1922, Barney took over Ulan’s apothecary shop renaming the business, Barney’s Apothecary. At that time, Barney decided to bottle his elixir and sell the formula to everyone rather than selected customers. Barney also gave bottles of the elixir to local peddlers who sold the product along with their wares receiving a commission on each bottle they sold. By 1929, the product was well known in Yonkers. Encouraged by the success in Yonkers Barney decided to branch out to New York City.

In 1932, Barney built a small manufacturing plant near the store where he mixed and bottled the elixir for sale. By 1934, Barney expanded sales by putting the elixir in a quarter of the apothecary shops in New York City. Sales were booming and customers inquired about other products that Barney’s had.

In 1936, Barney started a new product called Night Relief, another of his mother’s recipes. This product offered relief from night sweats and anxiety caused by menopausal symptoms or nerves. When this product proved a “secret success” with the ladies, Barney decided to bring his mother, Irene, from Ireland, and put her to work making new natural products. With his mother’s help, Barney grew the business into a small but successful manufacturer of natural “life products”. Barney coined “life products” because the products tracked natural life events in the human body and attempted to improve the customer’s discomfort in dealing with them.

The name of the company was changed to Barney’s Elixir and Life Products. The business continued to grow and with his mother’s death in 1938 the company had a gross revenue of \$178,000 a year. The depression took a toll on company profits but people

still needed the boosts to their health and were able to afford Barney's products as opposed to the medicine offered by doctors and hospitals. During World War II the company supplied the troops with a natural caffeine (Stay Clear) product that would keep soldiers awake for long periods of time and heighten their mental alertness. Government contracts derived from Stay Clear boosted the revenue of the company considerably and ushered in a new wave of interest of natural products.

By 1950 Barney turned over the reins of the daily operations of the business to his children but remained on the Board of his family owned company. By this time, the company had expanded its manufacturing plants and sales nationally to include Detroit, Michigan, Los Lunas, New Mexico, Chicago, Illinois and Atlanta, Georgia. The revenue of the company was now close to 2.5 million dollars.

In the 1960's the social climate in America had changed and pharmaceutical companies took on greater importance in the treatment of people's health. The discovery of new drugs and better health care shifted the confidence in the American perspective away from natural products to traditional western medicine. Although the counter culture of America still supported natural supplements, popularity for Barney's products waned.

In 1965, Wilford's granddaughter, Geraldine, took over the Research and Development Department (R&D) after receiving a degree in chemistry from Harvard. She had been trained as a child by her grandmother, Wilford's mother, and knew how the recipes should look. However, she had new ideas and with the approach of the 1970's, was ready to join the "Anjolie perfume commercial" lifestyle depiction of a 70's women that "they could bring home the bacon and fry it up too."

Due to the downturn in sales by 1970, the company turned to other countries for its sales base. Starting in Germany and other European countries where natural products are highly credible, Barney began to license the sale of the company's products to local manufacturers. The name recognition grew and by the 1980's the company was grossing over 4 million dollars in gross sales. The company moved to overseas operations and manufactured in Germany. Wilford Barney died in 1981 shortly after seeing his first grandchild, Maximillian Barney, take over the President's position of the company.

Studying the trends in the 1990's about the resurgence of natural health products "Max" as he liked to be called, decided it was time for Barney's to focus on the new interest in homeopathic and natural products especially at home in America where sales were static. In 1996, Max, wanting to get a sleeker and more modern feel to the company's products changed the company name and logo. No longer was Barney's a mom and pop operation but now were part of the Biotech nutraceutical market. Barney's Elixir and Life Products was now Biotech Health and Life Products. While the products would continue to show the old Barney logo, for name recognition the new logo would take prominence on the packaging.

By 2000 the company was grossing about 1.1 billion in sales with an increase in market share. By 2012, Biotech had a 20% market share of the supplement business with

approximately \$20 billion in sales. The growing interest in the bio-nutraceutical marketplace was catching the attention of the big pharmaceutical companies. Glaxo, Merke and Dupont began a massive shift to the new biotech business products.

Currently sales for the company are at \$35 billion. Maximillian Barney is still President and CEO. The stock is still held by the family and all senior management positions are held by family members.

Current Company Vision: *To help provide everyone with the healthiest life possible in the most natural of ways.*

Current Mission: *To develop products that are safe, effective, affordable and natural with the customer's health always their primary goal.*

Current Fact Sheet

Headquarters	Yonkers, New York
Worldwide web address	www.biotechlife.com
President	Maximillian Barney
2016 Gross Sales	US\$ 35 billion
Employees	35,000 in 6 countries worldwide

Manufacturer Operations

United States	Detroit, Michigan, Los Lunas, New Mexico, Chicago, Illinois and Atlanta, Georgia
Europe	Wittlch, Germany, Baltimore, Ireland
Asia Pacific	Melbourne, Australia
Latin America and Caribbean	Sao Paulo, Brazil
Canada	Alberta, Canada

Product Lines	Protein and Fitness; Personal Care, Nutraceuticals, Vitamins and Food Supplements
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Major Competitors	Protein and Fitness-GNC, Personal Care- Nestle Skin Care- Galderma, SA; Glaxo, Merke, General Mills. Vitamins and Food Supplements- GNC, Natures Plus, Natrol, Nature's Way, Nature's Bounty, Hain Celestial Group, Inc, Schiff Nutrition International, Nestle, General Mills, Now Foods and New Chapter
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Current Business Philosophy

Biotech has determined its long-term goal planning pattern should be no longer than 3 years. Three years seems more flexible than the seven year planning pattern previously used as change in the business climate is making it imperative to be more flexible. The need for innovation and competitive advantage ideas are the main focus for the next two years along with the company's commitment to becoming a triple bottom line company. Sustainability both for profit and planet is foremost in the minds of the leadership. The development of a triple bottom line company is in the best interest of the company because of the need to keep a strong natural product image link to the community and the desire for the company to be socially responsible. Protection of the suppliers and control over product quality is critical to the development of a sound "life product."

Current Growth Plans

Business and Sales

Biotech is looking to expand to Saudi Arabia in the next year. Currently products sold through European division but demand is great in the Arab countries. Although the company would like to sell in Israel as well, Arab countries are seen as a more lucrative expansion opportunity. Expansion of the production capacity in Sao Paulo is being considered as company can no longer keep up with sales projections.

Product Development

Biotech is looking to develop its cosmetic and food lines. The company currently has lip balms but seeks to make a line of lipsticks, foundation, powder, eye makeup and cleaners made from natural ingredients. Development of natural flavorings and whey products are under consideration.

Current Eco Sustainability Commitments

Currently, Biotech has commitments to build housing for several communities in Brazil and India where natural pharmaceutical ingredients are produced. The program reflects the company's strong commitment to making the company a triple bottom line company by the year 2021.

Innovation and Adaptability

Development of organizational structure and culture changes are being made to introduce more collaborative decision making as well as bringing the divisions closer together in the area of shared resources and communication. The emphasis is to encourage the exchange of ideas, create an environment that fosters new ideas and makes change easier in their implementation. Biotech is concerned that the stateside organization is driving the other overseas divisions and that new ideas are being encouraged because of the cultural differences in staff. Customer innovation workshops run by the various divisions have highlighted that R&D in Europe and Australia see differences in customer preferences from US customer preferences. It is believed that US controlled resources

are ignoring these product preferences and are thus impeding sales overseas. Corporate leaders are trying to examine how to answer this cultural gap.

Current Corporate Culture

Being a family owned business, Barney's new image has made the family a little less cohesive since it seeks to be a sleeker less clan like organization. Still the family leaders are committed to keeping the family history as a symbol for the company. It is believed that the family cultural connection gives support to collaborative decision making something company has been successful in promoting throughout the organization. It is also seen by the owners that their family his helping the family that makes up their customers. The family wants to encourage a customer centric culture, one which allows employees to see everything through the perspective of the customer and to make decisions with the customer's view always paramount. Further, there would be a companywide accountability to the customer in all departments. The want a workforce that gives an extraordinary customer experience in every product it makes.

Current Organizational Structure

This company has a geographical division structure. However, within each division is a functional structure with production and sales at the hub. R&D, HR, IT and Finance have small staff in each division whose primary job is to liaison with headquarters to implement the decisions made by them.

**Above all the Divisions is the President and CEO Maximillian Barney
Housed in headquarters is the R&D, HR, IT, and Finance Divisions**

