“In spite of the challenges, Warsaw remains the undisputed center of the orthopedic world and we have many strengths to build on that would be the envy of other communities, states and nations”

What were the considerations that led you to accept the top job at OrthoWorx?

I had actually been involved with OrthoWorx for some time before I accepted the CEO position.

Because of my background in orthopedics, I was asked to work on the early feasibility studies for an initiative we now call the Orthopedic Capital Clinic, which would create a new entity in Warsaw dedicated to collaborative orthopedic clinical research, medical education and innovation, with a focused specialty orthopedic treatment clinic.

Unlike many senior executives in orthopedics, I grew up in the Warsaw area and much of my family, including a new grandson, resides here. The orthopedic industry has been my career and a big part of my life, so for personal and professional reasons, I’m very committed to the work OrthoWorx does to maintain and expand our region as the orthopedic capital of the world.

OrthoWorx is committed to creating a community environment in which the significant orthopedic device cluster in and around Warsaw can thrive. Is there fragility to the cluster’s future in Warsaw?
There are many threats to the orthopedic industry generally and to the cluster in Warsaw, so we don’t feel we can take anything for granted.

Some of the issues are more macro in nature, such as the struggles at the FDA to provide clear-cut regulatory pathways or the new medical-device excise tax. But there are issues specific to our location — the lack of strong connections to our state’s universities, the need for a stronger environment around innovation, the perception that Warsaw is too rural to attract top talent. All those are issues that we’re working to address.

In spite of the challenges, Warsaw remains the undisputed center of the orthopedic world and we have many strengths to build on that would be the envy of other communities, states and nations.

**Can you elaborate on the threats or challenges?**

Issues with regulatory clearances are difficult and it’s causing many companies to do their initial product launches in other countries, not because those countries are more lax, but because their regulatory processes are more straightforward and predictable.

Meanwhile, the medical-device excise tax that’s part of the Affordable Care Act may have been well intentioned, but it will siphon funds away from R&D and expansions that companies might otherwise make. And it’s hardest on small companies that are not yet profitable, because it’s a tax on sales, not income.

In addition, the expansion in coverage for patients who previously were uninsured is not expected to expand access for patients who need common orthopedic treatments. Most of the newly insured are expected to be younger and not likely to need hip and knee replacements, for example.

Beyond that are issues related to growing international markets and competition, especially in countries that have cost advantages or don’t protect intellectual property as well as we do here.

And finally, an enormous challenge for society is the growing number of joint replacement procedures that will be required by an aging, increasingly obese population. Today, we don’t know exactly where the funding will come from to treat all those patients and we’re not training orthopedic surgeons fast enough to keep up with expected demand.

**OrthoWorx has spearheaded a number of community enhancement initiatives. What are some of those initiatives and what is their current status?**

I mentioned that we deal with a perception that Warsaw is too rural to provide many amenities.

After a community attributes study, we launched a comprehensive community Web portal that highlights both the attractiveness of the community, including how affordable and great quality of life is here, as well as all of the attractions and events that make this an interesting place to live.

We’ve also helped fund expansion of the regional bike/pedestrian trail network and partnered with the Wagon Wheel Theatre to offer new youth educational programming.

We currently have under way studies regarding day care and the feasibility of a new community arts/cultural center as additional community enhancements. And those are just our dedicated initiatives. We’re involved with many collaborative city and regional efforts focused on quality of place.
How much money has OrthoWorx contributed to the initiatives to date?

A generous grant from Lilly Endowment Inc. to the Kosciusko County Community Foundation that led to the creation of OrthoWorx in 2009 was for $7 million. We’re coming to the end of the grant period, so nearly all of those funds have been invested to support community initiatives, which relate to education, work force, innovation, community enhancement, transportation and branding.

We recently calculated how much “co-investment” we believe we’ve stimulated in local projects and it’s substantial — more than $4.5 million in community investment.

Where will you get funds now?

Our funding going forward will continue to be a mix of philanthropic support from foundations and corporations, as well as member dues. In the future, we may develop revenue-generating services that will further support our ongoing sustainability.

What other kinds of initiatives might be pursued in the future?

We hope to continue to execute on the initiatives we’ve started, and I would particularly highlight the Orthopedic Capital Clinic and an incubator/accelerator that we believe the community will create in the next year.

We believe the clinic initiative can distinguish Warsaw as a center for innovation to advance orthopedic patient treatment in addition to its existing reputation for world-class research, product design and manufacturing. This can be a true centerpiece project for our region by facilitating collaboration among our state’s resources and the strengths of regional health-care providers.

We also expect to play a greater role in advancing innovation in our region, both through better alignment with the strengths and technologies represented in the state’s universities, as well as in working to create an environment that better supports entrepreneurs and inventors. There is a vast reservoir of knowledge and skill in our area that we believe, if harnessed and aligned, can make a big difference to patients while stimulating growth in technologies and the orthopedic economic ecosystem.

What do you like most about the career path you’ve chosen?

In some ways, I think my career path has chosen me.

I started out at Zimmer more than 25 years ago in the scientific area, and since then I’ve had tremendous opportunities: to lead teams developing industry-leading joint replacement brands; to leave Warsaw for a bit to run Zimmer Canada; to be in charge of the U.S. and global reconstructive joint business and chief marketing officer; and now, I’ve come full circle in a way.

It’s very gratifying to be in a position to have an opportunity to combine my orthopedic industry experience and my desire to contribute to our community. I think I’m proof that someone from our area can have an incredibly interesting and rewarding career right here in northern Indiana.

By Rick Farrant. To suggest an idea for “Career Path,” email news@fwbusiness.com or call (260) 426-2640.
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People on the move (published April 19, 2013)
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“I believe when we take the leap toward what we love and are passionate for, opportunities will present themselves”

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