

DePuy, a Johnson & Johnson Company

Founded: 1895

Location: Hays Hotel, Warsaw (1895–1901); moved to Niles, Michigan (1901–4); corner of Columbia and Center Streets (1904–25); 407 West Market Street, Warsaw (1925, 1949); 110–112 South Columbia Street (1963–75); 700 Orthopaedic Drive, U.S. 30 East (1975–)

The world's first commercial manufacturer of orthopedic appliances began in a small room in the Hays Hotel in 1895. Revra DePuy, the founder for whom the company is named, was born in Michigan and grew up in Canada and Illinois. His family moved to Canada shortly after his birth, returning to the United States after his father died.

DePuy attended the University of Toronto, graduating with a chemistry degree before launching his company. He decided to make Warsaw the place for his new business after visiting the town as a traveling salesman. He briefly moved the manufacturing site to Niles, Michigan, after some leading citizens offered him some incentives to do so. Sales slumped in Michigan, however, and DePuy moved back to Warsaw in 1904.

By 1919 sales of “fracture appliances” required sixteen full-time employees, including six traveling salesmen. A 1926 company catalog came complete with diagrams, photographs showing the proper way to set a splint, and proof, by way of actual pictures, that DePuy devices would not interfere with X-ray technology. DePuy died in 1925, leaving his wife, Winifred, in control of the business. She continued to run the firm until 1930 when her second husband, Harry Herschel Leiter, general manager since 1927, assumed the presidency. J. O. Zimmer, DePuy's first sales representative, who made several attempts to buy the company in the 1920s, left to form Zimmer Manufacturing, a competing orthopedic manufacturer.

Leiter was a native of Kosciusko County and a World War I veteran. He had worked as a salesman for the DePuy Company in the early 1920s, leaving to join the sales team of the Home Life Insurance Company in 1922. After becoming the general manager of DePuy he helped form a nationwide sales network and also created several new devices for the company. In 1949 Winifred DePuy Leiter died, and Leiter married Amrette Webb Ailes. Leiter presided over the company for twenty years before passing the business to his second wife in 1950. By 1950 DePuy was an industry leader, with sales of \$3.2 million and more than fifty employees. Amrette, with the help of her second husband and J. Keaton Landis, the executive vice president, ran the company until 1965.

In the mid-1960s Amrette sold the business to a group of investors headed by Landis. Landis made Robert J. Williams his vice president. In 1968 the company faced several changes and gained some exciting opportunities. DePuy became a multistate company after it purchased Michigan-based Kellogg Industries, a soft goods manufacturing company, making such products as braces and splints. After acquiring Kellogg, the partners sold their interest in DePuy to an Indianapolis-based firm, Bio-Dynamics Corporation. Throughout all the changes in that fateful year, DePuy remained an industry leader. The company received the exclusive marketing rights to the first replacement hip, developed by Maurice E. Muller. The Kellogg purchase freed up space in Warsaw for the manufacture of the Muller hip prostheses. The Kellogg plant was closed in the late 1990s, and its operations moved to the DePuy Ortho Tech facility in Tracy, California.

Leadership in the company remained stable throughout the 1960s. Landis retained his position as president until 1969 when he was elevated to the presidency of Bio-Dynamics. Williams became president of DePuy that same year, overseeing the operation of the company until the mid-1980s.

The pace of change quickened for the company in the 1970s. Company leaders moved the factory from downtown Warsaw to the city's outskirts on U.S. 30. In 1974 Boehringer Mannheim, a German pharmaceutical firm, purchased Bio-Dynamics. Technological and scientific progress allowed the company to continue growing. By the late 1970s DePuy scientists had created the AML® Total Hip System, a method that allows for tissue bonding to the artificial hip.

Landis retired in 1981, followed four years later by Williams. James Lent took the helm of DePuy after Williams left. Lent was a graduate of Rutgers and Harvard Universities and spent eighteen years with Johnson & Johnson. DePuy continued to offer advances to the medical field. In 1984 the company introduced its LCS® Total Knee System—implants designed to closely duplicate the biomechanics of a normal knee. As the industry moved toward partnerships with closely related manufacturers, DePuy entered into a working relationship with DuPont, forming DePuy Dupont Orthopedics. The alliance proved beneficial. By 1987 the joint venture had produced ultra-lightweight-bearing materials used in hip, knee, and shoulder replacement surgery and glove liners to protect health-care workers from possible infection due to needle pricks and tears. The company also teamed with the Rotek Company of Albuquerque, New Mexico, to manufacture DePuy's environmental protection line of products.

Growth and success continued for the firm in the 1990s. Boehringer Mannheim purchased Charles F. Thackray Limited of Leeds, England, at the dawn of the decade. Thackray was a leader in cement fixation hip replacement, a method significantly different from the biofixation method used by DePuy. Thackray's name was changed to DePuy International and the company's site chosen as the European and Asian headquarters for the firm. DePuy also acquired the Rotek Company in 1991 after the company's owner retired. Partnerships with Genentech, Inc., and Biedermann Motech produced studies on natural tissue and bone growth, using bioengineered products and spinal implants. The Indiana plant doubled in size in the early 1990s with more growth expected. The company also began a partnership with Indiana colleges and universities to develop cooperative programs, as well as funding summer internships and scholarships.

Growth became epidemic in the mid- to late 1990s. In 1994 DePuy's parent company acquired ACE Medical Company, a manufacturer of orthopaedic trauma products sold primarily in the United States and Japan. ACE became a subsidiary of DePuy. Two years later the company purchased Orthopedic Technology, Inc., a sports medicine business that produces arthroscopy instruments, braces, and other soft goods products. Throughout this time of growth James Lent remained the chairman and chief executive officer while several other men were appointed to the presidency of DePuy. In 1997 the company again grew by acquiring a majority share of Landanger-Camus, the leading French manufacturer of hip replacement implants and a distributor of other orthopedic devices.

The dizzying pace of mergers and acquisitions touched DePuy itself in 1998. Roche, a company based in Basel, Switzerland, became the parent company of DePuy and Boehringer Mannheim after an \$11 billion transaction. DePuy then bought Cleveland-based AcroMed for \$325 million, making DePuy Motech the second largest spinal implant maker in the world. In an unusual move Roche sold DePuy to Johnson & Johnson for approximately \$3.5 billion in July 1998. DePuy's designation remained the same, but the attachment "a Johnson & Johnson Company" was added after the merger was approved by United States and European government authorities. The headquarters of the new company remained in Warsaw. Lent was moved to the head of Johnson & Johnson Professional, and Michael J. Dormer became president and chief operating officer of DePuy, a Johnson & Johnson Company. Before joining DePuy, Dormer had spent sixteen years at Johnson & Johnson.

In 1998 DePuy commanded 15 percent of the world's market in reconstructive products and is only surpassed by Bristol-Myers Squibb in the United States. It produced and marketed a wide range of products, including hip, knee, shoulder, and spinal implants, mending products for bone fractures, and soft goods for sports-related injuries. In 1997 the company employed 3,220 people and enjoyed sales of \$770.2 million. Sales for DePuy, a Johnson & Johnson company, were expected to be \$1.4 billion in 1998.