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Covidien plc

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Introduction

Covidien plc represents a remarkable chapter in the evolution of the American—and global—medical technology industry. Launched as an independent company in 2007, but with roots reaching all the way back to Walpole, Massachusetts, in 1903, Covidien’s journey is one shaped by strategic vision, relentless innovation, and dynamic transformation. This book seeks to tell the story of Covidien plc: how it came to be, how it grew, and what enduring mark it left on healthcare worldwide.

Understanding Covidien means tracing the rich and complex lineage of what was once Tyco Healthcare, a company forged in the crucible of rapid market expansion and acquisition. This history saw more than fifty companies coming together under the Tyco Healthcare umbrella before taking on the Covidien name, bringing a host of products, technologies, and talented people together into a formidable enterprise. Tyco Healthcare’s spin-off into Covidien was not just a change of name, but a pivotal shift that ushered in an era of focus, flexibility, and renewed emphasis on innovation dedicated solely to advancing human health.

At its core, Covidien was defined by its commitment to solving some of the most pressing challenges in medical care. The company’s diverse range of products—including surgical staplers, advanced energy devices, respiratory solutions, and essential medical supplies—found their way into hospitals and clinics in more than 150 countries. But Covidien’s legacy is measured by more than product reach. It is also found in its corporate culture, its investments in global R&D infrastructure, and its efforts to train and empower clinicians throughout the world, particularly in emerging markets.

Moreover, Covidien’s success was inextricably linked to the vision and stewardship of its leadership, and the dedication of its tens of thousands of employees. Navigating a complex and ever-changing regulatory environment, anticipating the needs of global customers, and responding to shifting healthcare economics demanded agility, collaboration, and bold strategic moves—including the decision to spin off its pharmaceutical division and, ultimately, to join forces with Medtronic.

The acquisition by Medtronic in 2015 was the culmination of a long arc of growth and reinvention. This historic transaction combined two industry powerhouses, making Medtronic plc the largest medical technology company in the world and broadening its ability to deliver innovative therapies to even more patients. Covidien’s impact lives on, not just as a legacy brand but through the technologies, training centers, and people who remain at the heart of Medtronic’s ongoing innovation.

As this book unfolds, readers will discover both the detailed timeline and the broader themes that defined Covidien's rise and integration into Medtronic. Through a blend of history, analysis, and insight, the story of Covidien plc offers powerful lessons in how companies can thrive, adapt, and leave a lasting imprint on the world of healthcare.

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CHAPTER ONE: Foundations: Early Beginnings in Walpole, Massachusetts

Every grand structure, no matter how towering, begins with a foundation, often laid long before the final form takes shape. For Covidien plc, a global healthcare products company that would eventually become a cornerstone of Medtronic plc, its story truly began not in the gleaming boardrooms of the 21st century, nor even in the bustling acquisition sprees of the late 20th, but in a small textile mill in Walpole, Massachusetts, in 1903. This seemingly humble origin point, steeped in Yankee enterprise, laid the groundwork for a century of innovation and strategic growth that would profoundly impact the medical world.

In the early years of the 20th century, Walpole was a typical New England town, its industrial life centered around the Neponset River and the mills that harnessed its power. It was here, amidst the whirring of machinery and the scent of cotton, that Henry P. Kendall, a young man with a sharp mind for improvement, took the reins of a struggling textile mill. The business, known locally as the Shoddy Mill, or Lewis Batting Company, was in dire straits—insolvent, saddled with debt, and seemingly on its last legs. It produced cotton batts, carpet linings, and absorbent cotton, but only the crudely-made absorbent cotton showed any profit.

Kendall, fresh from his college days and with a keen eye for efficiency, quickly set about overhauling the operation. He disposed of the unprofitable lines, revamped the plant with some second-hand machinery, and, crucially, added gauze as a new product. The company, renamed Lewis Manufacturing Company, began to carve out a niche for itself in the absorbent cotton and gauze business, competing against larger and more established rivals. This early foray into health and hygienic products, driven by Kendall's "penchant for improving products and the processes used to make them," proved to be a pivotal moment. It was this initial focus on medical-related textiles that would serve as the distant, yet direct, ancestor of Covidien's later empire.

The Kendall Company, as it later became known, would continue to grow and diversify over the decades, consistently pushing the boundaries of what was possible in medical supplies. By 1924, after weathering the storms of early business, the company resumed its growth trajectory, merging its five plants into a new corporation, Kendall Mills, Inc. This period saw further expansion with the acquisition of additional cotton mills in the south, signifying a growing manufacturing footprint and an increasing capacity for production. The emphasis on innovation remained, with continuous modernization of equipment and expansion of facilities to increase output.

While the direct narrative of Covidien plc begins with its spin-off from Tyco International in 2007, understanding its deep-seated American roots is essential to appreciating its journey. The company's origins were not merely in the manufacturing of goods, but in a culture of continuous improvement and adaptation that characterized American industry at its best. Henry P. Kendall's early endeavors in Walpole, transforming a failing textile mill into a burgeoning supplier of medical textiles, laid a foundational stone that, over a century, would support a global leader in healthcare. It was a story of humble beginnings, resourceful ingenuity, and a relentless pursuit of better products for better patient outcomes.

This early history, characterized by the development of surgical dressings and other coarse mesh products, provided the nascent medical products business with invaluable experience in manufacturing, quality control, and distribution within a specialized market. These foundational elements, established in the quiet Massachusetts town, would prove indispensable as the company navigated the complex and rapidly evolving healthcare landscape of the 20th century. The lessons learned in those early years—the importance of product quality, efficient manufacturing, and understanding customer needs—would echo through the various transformations and integrations that ultimately led to Covidien.

As the decades progressed, various innovative medical device companies emerged and, through a series of strategic consolidations, would eventually join the Kendall Company, forming the broader foundation for what would become Covidien. These companies, each with their own unique contributions and pioneering spirit, would collectively build the expertise and product portfolios that characterized Tyco Healthcare and subsequently Covidien. The tapestry of Covidien's early roots is woven with the threads of these individual enterprises, each adding a vital element to the eventual whole.

For instance, consider the history of sutures, a critical component in surgery. In 1909, Charles T. Davis and Fred A. Geck founded the Davis & Geck Company in New York, quickly establishing a reputation as a leading suture manufacturer. At a time when medical facilities often sterilized their own sutures, posing a high risk of infection, Davis & Geck focused on creating innovative and safer options, including Atraumatic needles with pre-attached sutures. This early emphasis on sterile, reliable surgical products would be a recurring theme in Covidien's later focus on patient safety. Davis & Geck would go on to offer over 2,000 different products and was acquired by American Cyanamid in the 1930s, eventually becoming known as Sherwood, Davis & Geck. In 1998, Sherwood, Davis & Geck was acquired by Kendall, further bolstering the future Covidien's capabilities in surgical products.

Another crucial thread in Covidien's foundational tapestry comes from the world of respiratory care. In 1913, Parker B. Francis established the Oxygen Gas Company,

which evolved into Puritan Compressed Gas Corporation by 1931. A significant leap occurred in 1940, when V. Ray Bennett founded V. Ray Bennett and Associates, Inc. in California. Bennett, a visionary, developed a novel gas delivery mechanism and, later, mechanical ventilators that would revolutionize respiratory support, effectively replacing the cumbersome iron lung. In 1956, Puritan acquired Bennett's company, and by 1968, the combined entity reorganized as Puritan-Bennett Corporation. This lineage in respiratory innovation would become a core strength of Covidien.

These early, disparate companies, each focused on their specific areas of medical technology, began to converge in the late 20th century, primarily under the expansive umbrella of Tyco International. The acquisition strategy pursued by Tyco International, particularly in the mid to late 1990s, was aggressive and transformative, laying the immediate foundation for Covidien. In 1994, Tyco acquired Kendall International for \$1.4 billion, integrating its disposable medical products into what would become the disposable and specialty products division, later known as Tyco Healthcare. This was a significant step in centralizing a diverse range of medical product lines.

The acquisition spree continued. In March 1998, Tyco acquired the Sherwood-Davis & Geck division from American Home Products for approximately \$1.8 billion. This move brought in a leading manufacturer of disposable medical products, including surgical sutures, catheters, and feeding tubes, with annual revenues of around \$1 billion. Just a few months later, in October 1998, Tyco further solidified its medical device portfolio by acquiring United States Surgical Corporation (USSC) for about \$3.17 billion in stock. USSC was a significant player, known for its surgical staplers, sutures, and disposable instruments, as well as its laparoscopic, electrosurgical, and ultrasound surgical products, including its Valleylab brand which it had acquired earlier in 1998. These acquisitions positioned Tyco as a major force in the surgical products market.

The year 2000 saw another pivotal acquisition: Mallinckrodt Inc. Tyco International acquired Mallinckrodt Inc. for approximately \$4.2 billion. Mallinckrodt, a global healthcare company, brought with it major positions in respiratory care, diagnostic imaging, and analgesic pharmaceuticals. This acquisition was particularly significant because Mallinckrodt had previously acquired Nellcor Puritan Bennett in 1997 for \$1.9 billion. Nellcor, a leader in pulse oximetry, had itself merged with Puritan-Bennett Corporation in 1995, creating a powerhouse in products for respiratory-impaired patients, including pulse monitors and portable ventilators. This complex lineage meant that Tyco Healthcare now encompassed a vast and integrated array of medical technologies, from surgical instruments to respiratory and monitoring devices.

By the early 2000s, what would become Covidien was a sprawling, multifaceted entity within Tyco International, built on a century of incremental innovations and an aggressive strategy of integrating diverse medical device companies. The thread that connected the small textile mill in Walpole to this global medical conglomerate was a consistent underlying commitment to healthcare products and a continuous drive for

improvement and expansion. While the name Covidien would not emerge until 2007, the fundamental building blocks, the technological expertise, and the global aspirations were firmly in place, forged through a series of strategic decisions that laid the foundation for an American company with a truly international reach.

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