



Thurston Howes / David Landis

CEO and President Craig Smith (center) review company blueprints with Senior Vice President and Head Cheerleader Hugh Gouldthorpe (left) and Senior Vice President of Human Resources Erika Davis (right) while (second row l to r) Lois Hill, Perot Applications Specialist; Sara Terrell, tax accountant, and Aric Corbett, mail center coordinator look on.

A BLUEPRINT FOR EXCELLENCE

As Owens & Minor celebrates a milestone of business success, the company is poised to embrace the future.

by Deb Childs

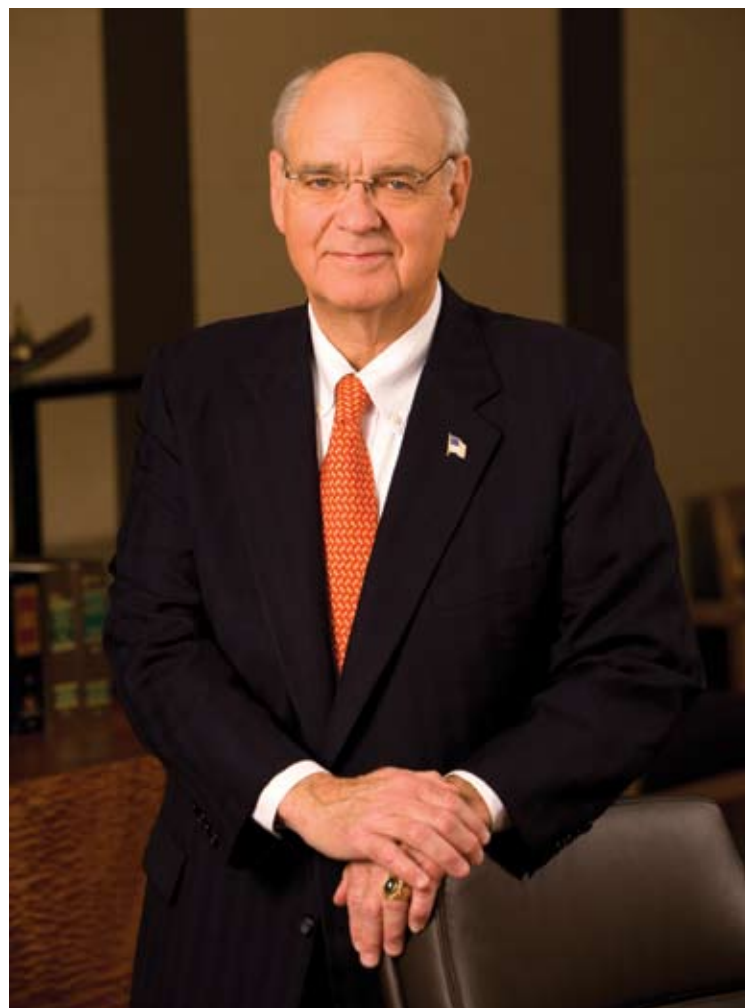
People are curious when a company that has been around for more than a century seems to be picking up the pace rather than settling comfortably into the niche it has created for itself. But those familiar with the team culture at Owens & Minor know that this company is as much about creating change to meet new opportunities as it is about caring for the people responsible for its success. In fact, these core qualities of its corporate mission are considered paramount to the longevity it has enjoyed thus far.

Few companies can say they have even been around long enough to weather two economic depressions and two world wars, much less become known, after 125 years in existence, as one of the strongest family-run Fortune 500 companies in the United States. It's certain that when rival drug salesmen Otho O. Owens and George Gilmer Minor opened the Owens & Minor Drug Company in January 1882, they could not have imagined that their partnership would garner such historical significance. Drug wholesaling was big business in the South during that time, and Richmond was at the center of it all. These two visionaries recognized the potential of the industry and how a company could grow within it, so they joined forces and got down to business.

Their first priority was to set company values based on the golden rule and make honesty and integrity key ingredients of both their personal and corporate standards. They treated their teammates with respect and caring, just the way they wanted those teammates to treat the company's customers and the communities in which they operated. That simple philosophy worked then, and it still works today. Exceptional customer and community service are team commitments at Owens & Minor.

With a few well-heeled investors, Owens & Minor stocked the business with a variety of items required in those days, everything from headlamp wicks to a balm for horses' hooves, as well as patent medicines and prepared prescriptions. Hailed as a "first class drug store," their reputation became widely known as they served such Richmond companies as Retreat Hospital, A.H. Robins and the Richmond Fire Department.

As the company grew, it became a limited partnership of 30 investors who included the likes of Lewis Ginter and T.C. Williams. By 1911, when both the original founders had died, the foundation of Owens & Minor had been firmly established with a strength that would carry the company name into future generations.



Chairman G. Gilmer Minor III

Fast-forward to 1947, through times of economic depression and global unrest to a new era. The wholesale drug business had undergone a significant transformation in the 65 years since the founding of Owens & Minor. With the end of war, domestic use of medicine accelerated sharply and manufacturers were investing millions in the development of new drugs. This was a period of huge growth for the company, and the competition in Richmond boiled down to three.

In 1981, present-day Chairman G. Gilmer Minor III, great-grandson of the founder, became the seventh president of Owens & Minor. In nine years' time Owens & Minor acquired 10 companies, including a large West Coast distributor of medical supplies. During this time, the company gained national attention as it formed a relationship with Voluntary Hospitals of America, the largest group-purchasing organization for the nonprofit-hospital system.

Sensing that the medical/surgical marketplace would be the best avenue for future growth, Owens & Minor redirected its focus and sold off its wholesale drug assets in 1992, a wise decision considering that today, Owens & Minor is the nation's largest distributor of brand-name medical/surgical supplies.

Minor pursued its "follow the patient" strategy by tapping the direct- to-consumer health-care market.

Always mindful of the core values that the company cut its teeth on 125 years ago, Craig Smith, current president and CEO, reiterated their significance. "Owens & Minor and the world have experienced many changes...in the markets where we compete, the products that we sell, the complexity of our customers and suppliers, the emergence of new leaders, and amazing advancements in the field of technology," he says. "The one thing, however, that has not changed at Owens & Minor is the values established by Mr. Owens and Mr. Minor."

Understanding the vital role its teammates play in its success, the company introduced Owens & Minor University (OMU)

"Owens & Minor and the world have experienced many changes... in the markets where we compete, the products that we sell, the complexity of our customers and suppliers, the emergence of new leaders, and amazing advancements in the field of technology."

Every company's rise to greatness suffers a setback or two on the journey upward. In 1998, Owens & Minor lost the Hospital Corporation of America contract to fellow competitor McKesson. That annual sales loss was significant at \$380 million. With determination in overdrive and maintaining the highest levels of integrity, the entire loss in revenue was regained within five months' time. This would not be the last time these competitors crossed paths. The stars seemed to be aligned for Owens & Minor to strengthen its foothold in the medical/surgical industry, and the pace quickened at a time of great advancement through innovation and acquisition.

Perot Systems was hired in 1998 to leverage the technological capabilities already established at Owens & Minor, which was now touted as "the most innovative user of technology in its field," according to Information Week magazine. A private medical label line was introduced in 2002, and with the acquisition of a diabetic supply distributor in 2005, Owens &

in 2002 to ensure that the company maintains the best-trained workforce in the industry. A respected pillar in the business community, the company has been recognized for its support of minority- and women-owned businesses and was awarded the prestigious 2005 International Torch Award for Marketplace Ethics by the Better Business Bureau. Volunteerism in the Richmond region's nonprofit sector is given high priority at Owens & Minor.

As destiny would have it, 2006 produced another pivotal opportunity when the company acquired the acute-care medical and surgical distribution business from competitor McKesson—worth an estimated \$1 billion in revenue.

In this special year when Owens & Minor reflects on its past and looks to the future, the words of Chairman Minor poetically ring true: "History is a record of the past and a blueprint for the future."

And what an excellent blueprint it is.