

Interview

Understanding Battelle

An Interview with Jeffrey Wadsworth,
President and Chief Executive Officer, Battelle



Jeffrey Wadsworth

EDITORS' NOTE Jeff Wadsworth assumed his current post in January of 2009. Previously, Wadsworth led Battelle's Global Laboratory Operations, where he oversaw the management or co-management of six major laboratories for the U.S. Department of Energy and one for the U.S. Department of Homeland Security. Wadsworth came to the United States in 1976 and has worked at Stanford University, Lockheed Missiles and Space Company, and Lawrence Livermore National Laboratory. He joined Battelle in 2002 and served as a member of the White House Transition Planning Office for the U.S. Department of Homeland Security. From 2003 to 2007, Wadsworth was Director of Oak Ridge National Laboratory. He was elected to the National Academy of Engineering in 2005. Wadsworth earned B.S. and Ph.D. degrees from Sheffield University in England. He was awarded a Doctor of Metallurgy Degree for his published work and also received an honorary Doctor of Engineering Degree from Sheffield University. He has authored or co-authored more than 285 papers in open scientific literature and one book, and also holds four U.S. patents.

ORGANIZATION BRIEF Headquartered in Columbus, Ohio, Battelle (www.battelle.org) is the world's largest nonprofit independent research and development organization, providing innovative solutions to the world's most pressing science and technology needs through its four global businesses: Laboratory Management, National Security, Energy Technology, and

Health and Life Sciences. It advances scientific discovery and application by conducting \$5.6 billion in global R&D annually through contract research, laboratory management, and technology commercialization. Battelle oversees 20,400 employees in more than 130 locations worldwide, including seven national laboratories that Battelle manages or co-manages for the U.S. Department of Energy and the U.S. Department of Homeland Security.

Is there an effective understanding today of the size and scope of Battelle and its range of activities?

This is a version of the "quiet company." When I first became CEO a year ago, I asked various CEOs and local community leaders about Battelle. They said, "We like you, but we don't know why." That comment has its roots in several different things.

When the company was first founded in 1929, there was a very strong tradition at that time of excellence being something you didn't advertise about yourself. It was a word-of-mouth thing.

We also do some sensitive government work, and we do a lot of work for the private sector, where it's important to protect customers' proprietary business information. Even the fact that we're working for them is sometimes something they don't want advertised.

Having said that, with \$5.6 billion of R&D a year, we should step up and make sure people know we're available to them. So we have made a decision to try to promote ourselves in the right way for the right purposes and to become more visible than we have been before.

Can you give an overview of the range of solutions Battelle offers, and what markets you are specifically focused on?

What we do can be categorized into low, medium, and high-risk categories.

High-risk is something like having our own venture fund. We made significant income seven or eight years ago on an invention, and we took that money and coupled it with money from another private fund to create Battelle Ventures, which is worth about \$250 million; that is high risk. We've spun out or created a number of companies. As with all venture funds, some are doing better than others, but some of them have great promise, so that is what I would consider a high-risk piece of our business.

Another high-risk piece is when we elect to manufacture. When there's a product that we've helped develop where the parts needed might number in the hundreds to a thousand, we can set up a manufacturing division to do that.

Medium-risk is the contract research we do. We do about \$1 billion in Columbus, and that work has deliverables, the time frame of which is typically one to three years, and the customers can switch on and off very quickly. Something goes wrong either in the private sector with cash flow, or in the federal government with changing direction, and we're suddenly without a program. There are surprises, but on average, we're constantly building a customer base.

Our low-risk piece is running laboratories for others. On the whole, these tend to be 10-year contracts or longer. Once you've won them, if you perform well, you should be able to sustain the contract for 10 to 20 years. In that sense, it's low risk.

The directional shift is that we would like to increase our net income without reducing any markets. We want to grow all the sectors we're in, but we'd like to advance the commercial sector more rapidly to distribute the risk from being very heavily federal government-focused to a broader base of customers, and we've been somewhat successful in doing that.

You also have a leadership focus around education programs.

We're a philanthropic organization – technically, we're a 501(c)(3). We reinvest our profit in R&D to ensure we can sustain growth in revenue, and we invest in philanthropic purposes. The major philanthropic purpose we currently have is education, focused on STEM – science, technology, engineering, and math. It's largely focused on K through 12. It's in the will of Gordon Battelle, our founder, that we should invest some of our profits back into education.

Your transition to CEO was done in a very constructive and planned way. Has it been an easy evolution within this role?

Yes. I had an overlap of several months with our previous CEO, Carl Kohrt. We both knew our roles and responsibilities, so I was named as his successor in May 2008 and I became CEO in January 2009. We worked very closely together. He is a very honest, genuine man. At midnight on December 31, 2008, he sent me an e-mail saying, "Best of luck to you." ●