

BY KIM RIBBINK

WENDELL J. KNOX

has spent his entire career at **Abt Associates**, inspired by its business acumen and socially responsible endeavors. Today he leads what has become a global business research and consulting company that works to help balance the needs of people and society.

Business with

Business success can go hand-in-glove with a social conscience.

It's that mix that attracted Wendell J. Knox to Abt Associates Inc. during his senior year at Harvard University in 1969. This combination keeps Mr. Knox motivated, even after more than 30 years at the company.

Today, Mr. Knox is president and CEO of Abt Associates, having assumed the leadership position in 1992. The company has seven U.S. offices, two foreign corporate offices, and more than 30 project sites worldwide. Mr. Knox thrives on running a global company whose mission and purpose is both to excel as a for-profit organization and to make a difference to people and societies worldwide. Abt Associates' mission is to improve the quality of life and economic well-being of people and societies worldwide.

"What I find rewarding is the company's ability to mobilize people from all over the world behind the company's mission and to be able to carry out this mission in a self-sufficient framework," he says.

Among the international programs that Abt Associates is involved with are problem-solving efforts for many social challenges in developing nations, such as improving agricultural production in underfed nations, promoting AIDS treatment programs in Africa, and advancing childhood immunization in Asia. A recognized leader in international health, the company was recently awarded the

contract for strengthening the health system in post-conflict Iraq.

In its Domestic Social and Economic Policy group, Abt Associates works with a wide range of government agencies, including the Environmental Protection Agency, for whom it helps to improve policies and regulations to reduce pollutants, and the Centers for Disease Control, for whom it conducts the National Immunization Survey, the largest federally sponsored telephone survey.

In the private sector, Abt Associates undertakes data-driven analyses aimed at improving the competitive positions of its clients. Key clients include companies throughout the life-sciences arena, including biotechnology, medical device and diagnostic, and pharmaceutical companies. Among the company's numerous clients are Biomarin, Genzyme, Biopure, Boston Scientific, Mentor, Abiomed, Novartis, Pfizer, Merck, and GlaxoSmithKline.

Abt Associates offers product-development and clinical-research services to the pharmaceutical industry and uses its pharmacoeconomics and market research services to help its clients create value for patients, healthcare providers, and payers. The company also has a full-service contract research organization, called Abt Associates Clinical Trials.

An Easy Fit

Mr. Knox learned about Abt Associates while he was an undergraduate at Harvard majoring in social relations, a combination of psychology, anthropology, and sociology. He says he was somewhat surprised to learn that

there was a business that focused on social concerns and that incorporated many of the skills he was learning at Harvard.

"I didn't know such companies existed or that there were companies that actually worked on social and economic problems that would allow me to make use of that skill base," he says. "I found Abt Associates to be fascinating and as a senior in college I landed a part-time job as a research assistant."

It was 1969 and an exciting time to join the company, Mr. Knox says. Not only was Abt Associates a young company, having been formed just four years earlier in 1965 by Clark Abt, but the country was in social upheaval.

"In 1969 there was the Vietnam War, the women's movement, the black power movement, and the civil rights movement," he explains. "All of these forces were converging and changing the country. Abt was a company that was focusing on trying to understand what was behind those forces. The company also was examining ways to make a difference, by solving urban issues, educational issues, and issues of poverty and civil rights."

To address these issues, Abt began to tackle each in a structured, targeted, and business-savvy way. The company's purpose has been to apply interdisciplinary social sciences and systems analysis methods to the problems of government and industry.

Initially, Abt Associates focused on transferring technology and systems used in the defense industry to civilian application. The company pioneered the use of systems analysis, computer modeling, and simulation methods to evaluate and improve social programs in



INTEGRITY

the areas of criminal justice, education, and housing. Abt later began applying this expertise to improve child care, healthcare, education, and housing in the United States.

“We’ve expanded our purview to work internationally, mostly in the developing world and in middle-income economies,” Mr. Knox says. “In the early 1980s, we started to turn our attention to the private sector and began working with companies on issues that were relevant to their success but that also drew upon the same skill base that we use to design and conduct social experiments or evaluate public-policy programs.”

Growing Gains

Abt Associates initiated the international economic development business in the 1970s as executives looked for opportunities to apply the company’s skills and knowledge base to a broader set of problems. Mr. Knox’s direction over the urban economics practice from 1973 to 1983 spawned the international business.

“We recognized that many of the same issues that we were dealing with domestically — in terms of health, education, the environment, energy, and food and nutrition — also were issues that needed to be dealt with in the developing world,” Mr. Knox says. “Our goal has been to expand our business in directions that are consistent with the mission — to do research and consulting



that improves the economic well-being and welfare of people. So moving into the international arena was a natural step for us.”

Mr. Knox launched the company’s business research and consulting practice in 1983, with services that include quality management and customer satisfaction measurement, strategic research and planning, market research, biostatistics and data management, and workforce management consulting.

He says that business was propelled, in part, by a shrinking domestic public-policy marketplace in the 1980s. The company looked for issues in the private sector that would lend themselves to Abt’s skill base — its statistical, economic, and survey-research capabilities. The company found several industries that were facing complex problems that needed to be addressed. One such U.S. industry was the automotive industry, which was confronting foreign competition and was losing market share.

The company was able to help the automotive industry understand the customer perspective, by showing that Japanese carmakers were being more responsive to consumer demands for economy, safety, quality, and reliability.

Abt Associates has used this same paradigm to help the financial industry deal with competition as a result of deregulation. The company also has directed its research capabilities to the

healthcare industry to help it better understand customer demands.

"It's not always a product-push world," Mr. Knox says. "Even the life-sciences industry, which is oriented to discovery and to product push, has come to understand the consumer-demand side, not only in terms of what people want but also by reacting to intermediary consumers such as hospitals and HMOs that make decisions about what drugs go on a formulary, as well as third-party payers. All of these are customers whose motivations and buying behaviors need to be understood."

In 1998, the company decided to expand its pharmaceutical, biotechnology, and medical-device business, establishing a CRO, now known as Abt Associates Clinical Trials.

The CRO was an offshoot from the business research and consulting practice. The

company had been doing some biometric data management for pharmaceutical and biotechnology companies.

"We became fascinated with that part of the business — the biostatistical studies, the epidemiological studies — and decided to broaden our involvement in that industry," Mr. Knox says.

The company added a clinical-operations component so it could be involved in more of the design and conduct of actual trials. Abt Associates then combined that with two other company divisions — health economics and large-scale survey research.

"Our CRO has a clinical-operations component and a database-management component, both of which are fairly typical in the CRO world, but then we add to that our healthcare economics capability — the phar-

macoeconomics group that does quality-of-life studies and very large registry studies," Mr. Knox explains.

Abt Associates' business diversification has helped it withstand and respond to the various market cycles, and much of that has been thanks to Mr. Knox's visionary leadership.

"I've been a strong advocate of a diverse portfolio and continue to develop a multidisciplinary capability that can be applied to many of these different practices," he says. "Diversification makes for stability as well as growth. It's important that we have stability because we're an employee-owned company and I want to make sure that our employees not only have jobs, but careers, and that they benefit from the company's successes."

This approach has proven to be effective. Mr. Knox says when he took the helm in 1992, the company had annual revenue of around \$60 million. At the end of fiscal year 2002, the company reported revenue of \$184 million.

Transcending Boundaries

While a large chunk of Abt's business is in the life-sciences arena, the company also covers numerous other industries including agriculture, education, environment, financial services, science and technology, and telecommunications. In addition, the company assists governments in a number of areas, including child and family services, community development, criminal justice, economic development, homeland defense, housing, national and community service, substance abuse, urban development, welfare, and workforce development.

The learnings from this diverse portfolio transfers well from one industry to the another, Mr. Knox says.

"For example, we use many of the same survey-research technologies to collect data to evaluate programs of various sorts," he notes. "This translates very nicely into similar types of large-scale data collection efforts to support market research, analyses, and strategic research. In turn, this translates very nicely into the design and conduct of large-scale registries where we can collect data from both a large set of patients and physicians and either analyze the information or make it available to our clients for analysis on a particular area."

On the life-sciences front, Mr. Knox says the company's early work on cost containment and prospective reimbursement — including work done to form the foundation for the DRG system, which is case-based reimbursement by diagnostic related groups — is proving valuable in uncovering the issues that companies face with respect to cost-effectiveness, considerations of new devices or new compounds, and quality-of-life measurement work.

"These problems are complex and multi-

Committed Path

WENDELL J. KNOX — RESUME

1992-PRESENT: President and CEO, Abt Associates, Cambridge, Mass.; responsible for all aspects of strategic leadership, operations management, marketing, and financial performance

1990-1992. Executive VP, Abt Associates

1988-1990. Senior VP and director, Business Research and Consulting Division, Abt Associates

1983-1988. Senior VP and manager, business strategy group, Abt Associates; led corporate initiative to develop the commercial research and consulting practice

1973-1983. VP and manager, economics and resources management, Abt Associates

1971-1973. Deputy area manager and research analyst, economics and regional development, Abt Associates

1969-1971. Research Assistant, Abt Associates

1968-1969. Field Observer, Mayor's Human Relations Task Force, Boston

1966-1969. Assistant Director, Harvard College Work-Study Program, Boston

EDUCATION

1969. B.A., Harvard University, Social Relations, Boston

Late 1970s. Business Management Courses, Boston University

Late 1970s. Special Program in Urban Economics, Massachusetts Institute of Technology

CIVIC AFFAIRS AND BOARD MEMBERSHIPS

- Brigham and Women's Hospital
- The Greater Boston Chamber of Commerce
- The Partnership
- The National Conference for Communities and Justice
- The Biomedical Science Careers Program Inc.
- The Efficacy Institute
- The United Way of Massachusetts Bay
- Board of Directors of Eastern Bank
- The Advisory Board to Commonwealth Capital Ventures
- The Board of Directors of Allmerica Financial Corporation

disciplinary in terms of the skills and techniques needed to really understand the problem before solutions can be devised," he says.

This crossover of innovation into institutional and economic reality is particularly pertinent for the pharmaceutical industry.

"We work on the development of healthcare studies, policies, and delivery systems in the developing world," Mr. Knox says. "How the discoveries and the innovations of the life-sciences industry are adopted and diffused throughout that reality is fascinating to me."

Mr. Knox applauds the innovations and discoveries of pharma companies. Nevertheless, he does point to the challenge of introducing innovative products to the marketplace, particularly in developing societies.

"Take for example HIV/AIDS-related discoveries," he says. "We know that there's an entire institutional component about how the products of the life-sciences industry are brought to bear on the reality of people and societies in Africa and other parts of the developing world. The fact that we work across all of these areas puts Abt in a position to be of assistance in addressing these types of problems, both for the industry as well as for the countries and institutions that are dealing with these issues."

Global Initiatives

Under Mr. Knox's stewardship, Abt Associates has been expanding its international focus. Some of the company's most exciting endeavors are in the developing world, particularly in the healthcare arena. About a third of Abt Associates' revenue reflects its interna-

tional activities, and Mr. Knox predicts that within a year the international practice will grow to where it will account for about half of the work the company does. Healthcare, meanwhile, is the largest segment of the practice and also the fastest growing.

He speaks with enthusiasm about health initiatives, which span central Asia, much of Africa, the Middle East, and Latin America.

"We work all over the developing world on large-scale initiatives to help governments develop and improve upon their healthcare policies, we help them to design and modernize delivery systems," he explains, adding that the company involves everyone from the ministries all the way down to the neighborhood or village level.

Among projects under way are efforts in Kazakhstan, Kyrgyzstan, and Uzbekistan to help those countries improve their healthcare policies and modernize their delivery systems. In Egypt, where Abt has one of its two international corporate offices, the company has been helping the country experiment with new ways of delivering and financing healthcare. Cairo has become the center of many of Abt Associates' other programs in Egypt, including projects to improve local government; to develop, implement, and monitor agricultural reforms; and to promote Egyptian agricultural exports by the country's food-processing companies.

In Jordan, the company has been helping to develop a primary healthcare delivery system, putting in clinics across the country. Work goes on across sub-Saharan Africa, in Rwanda, Senegal, and South Africa.

"We've learned how to work with our local

counterparts in these countries," Mr. Knox says. "We really collaborate with the healthcare establishment and the leadership that exists in these countries to apply some of the knowledge we've gained in various places and to figure out what's appropriate and how to adapt systems and policies to what's going on in their particular situation."

Just recently, Abt Associates was selected by The United States Agency for International Development (USAID) to be the contractor to lead the rebuilding of the healthcare capabilities in Iraq. Under the \$43 million contract, Abt Associates will oversee an extensive team of partners who specialize in all aspects of health services, including emergency relief services and healthcare delivery; health systems assessment, process improvement, and reengineering; procurement and logistics; health planning and economics; disease surveillance; and data collection and information systems.

"First, we have to do a rapid assessment of the current situation, then quickly mobilize services to make sure people are getting assistance, and then help rebuild the institutional infrastructure for the overall healthcare system," Mr. Knox says. "That's a challenging and gratifying opportunity because it is so important."



WENDELL J. KNOX

Committed Pursuits

IN AN EXCLUSIVE INTERVIEW WITH PHARMAVOICE, WENDELL KNOX, PRESIDENT AND CEO OF ABT ASSOCIATES INC., TALKS ABOUT HIS LEADERSHIP STYLE, WHO AND WHAT INSPIRES HIM AND KEEPS HIM MOTIVATED, AND WHAT HE HOPES HIS LEGACY WILL BE.

ARE THERE PEOPLE WHO HAVE INSPIRED YOU AND LED YOU TO WHERE YOU ARE TODAY?

There are any number of people, starting with my parents, who were very hard-working, committed people who made it clear to me that I needed to get an education. I needed to do more with formal education than they had, and I had a responsibility to myself and others to learn as much as I could and then to find a way to apply that knowledge. When I got to Abt Associates, the founder and original CEO of this firm, Clark Abt, was a mentor and a source of inspiration. He

retired from the company in 1986 but he is still on the board and is still someone I turn to for advice. There are any number of staff members in this company who I've worked with over the years who I've found to be quite inspirational. Then I have another driving force, which is my wife and three sons who keep me going. Everybody needs a force, and I have multiple forces. These individuals really make a difference for me.

HOW DO YOU BELIEVE YOU INSPIRE THOSE YOU LEAD, AND HOW WOULD YOU DESCRIBE YOUR STYLE OF LEADERSHIP?

I try to inspire people by example, by try-

ing to be open in communications and by paying the appropriate respect to allow them to have input and to consider their input. Then I

United Approach

Perhaps one significant key to Abt Associates' success in helping countries address such crucial issues as healthcare, education, and agriculture is its own innovative approach to corporate governance.

Abt Associates is an employee-owned business and under Mr. Knox's tutelage, senior management has worked to ensure two-way communication with staff members. A few years ago, Mr. Knox decided to take that a step further by creating a more formal mechanism for staff input to help guide decision making.

"I took a small team of my managers on a tour around the country, and we visited six or seven employee-owned companies that were willing to host us," he says. "We gathered some ideas, brought them home, and working with a group of our staff, came up with a mechanism that we called the Employee Advisory Council."

Employees from all of Abt Associates' locations elected representatives to this council. Today, this is a group of about 10 people, plus liaisons from various offices, who help management foster better communications with the staff.

One outstanding example of this group's capabilities presented itself when the company began to look for ways to cut soaring health-care costs.

"We were able to collaborate with our Employee Advisory Council to design a survey so that we could get staff input about decisions we had to make about changes in our program," Mr. Knox says. "Obviously those changes involved trade offs. We wanted our

employees to be aware of the issues and trade offs we were facing and to have an opportunity to weigh in on what compromises they were willing to make. We got a very high response rate from our staff and we've been able to use the survey results to guide the negotiations and the reconfigurations of our healthcare benefit."

Mr. Knox says he bounces a number of ideas and issues off council members, and the council, in turn, is free to bring issues to the attention of management.

"I'm very happy with this group's accomplishments," Mr. Knox comments. "A lot of people told me I was crazy to organize the employees in this way, but I think these critics were very short-sighted. Our employees handle complex issues in a very responsible and constructive way, which is what I expected, and that is why I did it."

As Abt Associates heads forward under Mr. Knox's guidance, the goal is to continue to expand the company's portfolio and expertise, particularly on the international stage. In addition to the healthcare initiatives, the company also does work that affects agriculture policy, international environmental issues, and urban infrastructure finance and development.

The company is working to launch an international educational program, with particular focus on the education of women and girls, borrowing from the capabilities it has developed on the domestic front.

"We do work in many aspects of public health, including substance abuse and environmental health-related arenas," Mr. Knox says. "We're going to expand this focus to include more clinical-trial work for the National Institutes of Health (NIH)."

And, given the current political climate, Abt Associates also is paying increasing attention to the issue of homeland security.

A Social Conscience

On the domestic front, one area that Mr. Knox devotes a good deal of his attention to, both in his capacity as president and CEO of Abt Associates and through his civic connections, is the issue of encouraging minority business expansion and employment and workforce development.

Abt Associates has studied why some federally funded and foundation-funded programs that target those issues do or don't work, and the company investigates the effectiveness of various sorts of programs.

Mr. Knox also works with the Biomedical Science Careers Program Inc., which was founded by a pediatrician from the Harvard Medical School and which receives support from Abt Associates and other businesses in the greater Boston area. The program's mission is to open the world of biomedical sciences careers to young people of color by helping them identify what the opportunities are, how to access scholarships and grants, and provide them with mentors from within industry.

In addition, Mr. Knox works with a greater Boston-based organization called The Partnership, whose mission is to help companies not only recruit people of color, but also to retain those individuals. ♦

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defer to their expertise when their expertise or their knowledge is superior to mine. I can't possibly know everything there is to know about everything this company does, and I don't pretend to. I like to get input. I like to drive consensus when that's possible. Given the diverse range of things that Abt Associates does and the diverse range of people who we hire, it's really important to avail myself of their knowledge and expertise, as well as the opinions and the preferences of the people who work here. After all, they also are the owners of the company.

My job is to make sure we mobilize and retain the best experts and create and reinforce a value system so that they can do what they do well and within a work environment that is conducive to collaboration, to teamwork, and to doing good things for people.

YOU ARE ON THE BOARD OF SEVERAL ORGANIZATIONS, INCLUDING BRIGHAM

AND WOMEN'S HOSPITAL, THE BIOMEDICAL SCIENCE CAREERS PROGRAM INC., AND UNITED WAY OF MASSACHUSETTS BAY. DO YOU FIND BEING INVOLVED ON SEVERAL BOARDS HELPFUL IN UNDERSTANDING THE NEEDS OF YOUR CLIENTS?

Most of the civic work that I do is either in the field of healthcare or education or some aspects of social justice. Those are all of the same things that we work on here at Abt Associates. My civic work is an opportunity for me to be personally involved in the actual execution of initiatives on those topics, to apply some of what I've learned at the company through our research and consulting activities, and to work with other really smart people in the community who are as committed to those objectives as I am.

It's a little bit of a diversification of my activities, it's an opportunity to apply knowl-

edge that Abt Associates gains through its research, and it's an opportunity to work with a broader group of people on something we all care about, which is our community.

IF YOU COULD DEFINE YOUR LEGACY, WHAT WOULD IT BE?

I would like to be remembered as a person who created an environment and an opportunity for people to make a difference. I can't make the whole difference myself, but I very much believe in leveraging the energies and talents and commitments of other people.

So if through my work at Abt Associates or with civic organizations, I can help mobilize people and help generate the resources and the opportunities for them to use their talents, then I think I've done something.