

LESSONS LEARNED FROM JERRY MCGINNIS

By: William Kaigler

JERRY'S BEGINNING

- Mechanical engineer from University of Illinois
- Moved to Pittsburgh to work for Westinghouse – Westinghouse was a powerhouse. Jerry once told me that, after joining Westinghouse he realized that he had to get much better at his craft, so he went back to Pitt and got his master's in mechanical engineering.

Lesson 1: DEVELOP YOUR CORE TALENT AND BE WORLD CLASS AT IT.

- While at Westinghouse, he quickly progressed to be manager for the biomedical team but felt like he was too far from the patients that he was designing products to help, so he left and took a job at Allegheny General Hospital to head their biomedical research group working on an artificial heart.

Lesson 2: INNOVATION IS NOT AN ACADEMIC EXERCISE. GET HANDS ON WITH THE PEOPLE THAT YOU ARE TRYING TO HELP. KNOW YOUR CUSTOMER!

While he worked at AGH, he was looking for something that he could commercialize, and that opportunity had to meet 2 important criteria

1. Had to be a big enough problem with an acute pain
2. Had to be something that he could actually execute / solve thereby generating real value.

Lesson 3: SOLVE A BIG ENOUGH PROBLEM WHERE YOU CAN MAKE A SIGNIFICANT IMPACT

He finally found his first opportunity when he worked with Dr. George McGovern, an extremely well known and respected heart surgeon. You see, when a patient went under anesthesia, they needed to be intubated and ventilated. This required that a tube be inserted to the patient's throat and a air-filled cuff inflated to create a seal so that the patient could be ventilated during surgery.

Well, that cuff pushed on the tissue in the airway and, because that seal applied pressure, it also restricted airflow in the airway and damaged the tissue. Well, Jerry invented a device that he later called Pressure Easy, that inflated when the ventilator was inflating the lungs and relaxed during exhalation, when a seal was not as important. This allowed the blood to flow back into the tissue and dramatically reduce the damage to the patient's airway during surgery.

That was the birth of Lanz Medical. He called the company Lanz medical because that was Audrey, his wife's, maiden name and he wanted Audrey to always remember that he would be thinking of her during all those long hours and late nights.

Lesson 4: ENTREPRENEURSHIP DEMANDS COMMITMENT AND MANY LONG HOURS OF WORK, SO DO SOMETHING THAT YOU LOVE, SOMETHING THAT YOU ARE PASSIONATE ABOUT. NEVER LOSE SIGN OF YOUR "WHY". YOU SEE IF BUILDING A COMPANY IS JUST ABOUT THE MONEY, YOU CAN MAKE PLENTY OF MONEY WORKING FOR SOME BIG COMPANY. YOUR "WHY" HAS TO BE ABOUT MORE THAN JUST MONEY

A few years later, Jerry's company burned to the ground...and I mean to ashes, but he never gave up, and rebuilt the company, ultimately naming the rebirthed company Respiroics.

Lesson 5: NEVER QUIT! EVERY COMPANY HAS A MOMENT LIKE THIS. SUCCESSFUL ENTREPRENEURS LOOK FOR SOLUTIONS AND ARE ALWAYS OPTIMISTIC. THEY SEE PROBLEMS AS OPPORTUNITIES. IN FACT JERRY COINED THE PHASE PROBLEMTUNITY AND LIVED BY THAT PHILOSOPHY

Respiroics, eventually grew to a multi-billion-dollar company and was sold to Philips in 2007 for more than \$5B. That endo-tracheal product led Jerry to develop the first disposable anesthesia mask in the world...used in every operation requiring anesthesia to this day.

This same interest, in solving the problem of intubation, motivated Jerry to try to eliminate the need to intubate so many patients and that effort led him to discover this, at that time not well-known sleep disorder being worked on by a clinician working out of Presbyterian University hospital at Pitt.

That obscure condition was obstructive sleep apnea. We now know that this disease impacts more than 1/10 people in the world and contributes to degraded or impaired quality of life for millions, not to mention that it makes you more susceptible to heart attack, high blood pressure and greatly increased accidents.

His solution, CPAP, was the first treatment in the world for obstructive sleep apnea and, as we stand here today, his creation has helped upwards to 50 million people in the world change their lives.

Lesson 6: KEEP YOUR MIND AND YOUR EYES OPEN TO THE UNEXPECTED OPPORTUNITIES. AS AN ENTREPRENEUR, YOU RARELY KNOW LAND WHERE YOU THOUGHT YOU WOULD AND THAT IS OK, IN FACT IS PART OF THE INNOVATION PROCESS.

Jerry, on the other hand would want me to finish without telling you how he ended every single one of the conversations that he and I had. You see his last words to me were always, **"KEEP SMILING"**. Which leads me to my last lesson from Jerry that I have time to share today.

Lesson 7: HAVE FUN! ENTREPRENEURSHIP IS ABOUT SOLVING PROBLEMS, MAKING A DIFFERENCE AND FOLLOWING YOUR PASSION. IF THAT IS NOT FUN TO YOU, WELL THEN YOU ARE DOING IT WRONG.

I feel so incredibly lucky to have known this man. He played an important role in molding who I am professionally and personally, and I hope that some of what I have learned from having him in my life can help the young, aspiring entrepreneurs in this room as well.

That would be one legacy that would make Jerry proud.