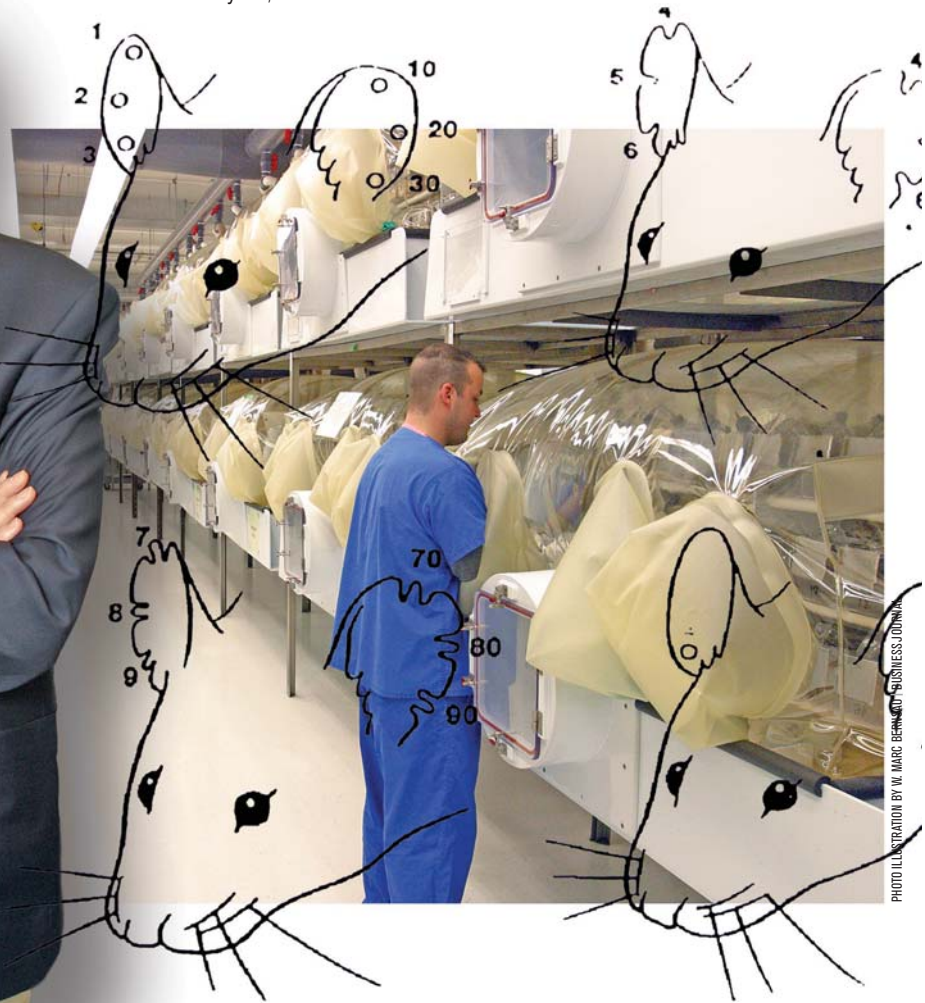


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## Company of the Year

James Foster transformed Charles River Labs from a provider of lab mice into a clinical testing powerhouse.

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# The mice that roared

Charles River Laboratories grows into a global player in the medical trials field

BY MARK HOLLMER  
 JOURNAL STAFF

**W**ILMINGTON — **James Foster** was a junior high school student when white mice first scurried into his professional life. Back then, his father, Henry Foster, helmed his fledgling company, known initially as Charles River Breeding Laboratories. And during vacations, the younger Foster helped care for its signature product — mice. Among his tasks were weighing and packing the live creatures for shipping to various research clients. Interacting so closely with the rodents, James Foster recalls today, was no big deal.

“It was just a place to work during vacations,” Foster said. “It was a natural thing to do.”

Now 55, James Foster is in his 14th year as head of what is now known as **Charles River Laboratories International Inc.** (NYSE: CRL). He has transformed the small enterprise his veterinarian father founded from a widely respected, regional company into a global player with more than \$1.1 billion in revenue last year and more than 8,500 employees around the world, leading to its designation as this year’s Boston Business Journal Company of The Year.

Charles River became a global player by building on its initial market base of supplying rodents for scientific researchers and expanding its services into development and execution of lab research protocols for clients. To accomplish this, Charles River has focused its expansion on pharmaceutical and biopharmaceutical company clients seeking to save money by outsourcing the testing of potential new treatments.

“Except for maybe six huge ones, all the other biotechs are net outsourcers, and there is this enormous opportunity to service these clients,” Foster said. “And these big pharmaceutical companies, while always doing clinical trials internally, are always working to improve their cost structure and move more quickly. Strategic outsourcing is a way to do that.”

Analysts who follow the company say they are impressed by Foster’s strategy that led to Charles River’s growth.

“This has been exactly the right strategy for them,” said John Sullivan, a Boston-

purchased Inveresk Research for \$1.5 billion.

Seven years ago, the company employed 2,500 people. That number has more than tripled, with 1,200 people at multiple locations in Massachusetts alone. Charles River plans to keep hiring in Massachusetts, and is spending millions of dollars to renovate a Shrewsbury building that will house expanded, state-of-the-art operations to be relocated from Worcester.

Foster himself says that growing the company “has been a fun, invigorating and essential process” timed well to take



W. MARC BERNSAU / BUSINESS JOURNAL

**Charles River Laboratories Chairman and CEO James Foster grew the company by shifting its focus from products to services.**

based stock analyst with Leerink Swann & Co. “He’s turned this from a small company into a large, multinational corporation.”

Beyond that, the expansion was also necessary because the company’s original business raising mice, rats and other rodents for use in the lab had much less room to grow on its own, said David Windley, an analyst with New York-based Jefferies & Co.

“It was important for them to find new avenues of growth and places to deploy their investment cash,” Windley said.

Foster has pursued that growth vigorously — Charles River has acquired 25 companies of varying size since 1994, most dramatically in 2005 when it

advantage of drug companies’ plans to shift testing of potential compounds to outside contractors as their development costs continued to skyrocket.

Charles River’s business focus reflects the growth of that trend. Almost seven years ago, when Foster led a management buyout of the company from corporate parent Bausch & Lomb Inc., 95 percent of the company’s business was product-focused and five percent service-oriented. Now, 70 percent of the company’s business comes from the services it offers.

Charles River began in small offices in Cambridge back in 1947, moving to larger space in Wilmington by 1955 and

expanding regionally through the 1970s until Bausch & Lomb (NYSE: BOL) acquired the company in 1984.

Although Foster worked in his father's company when he was a schoolboy, he went to the Boston University School of Law before joining the company as its first general counsel, a position he held for 10 years.

A law degree, he said, gave him "something to bring to the party besides the fact I was related to the founder."

Though he left the company for a year to attend the Sloan School of Management at the Massachusetts Institute of Technology, he returned to assume various executive positions, even after his father sold the company to Bausch & Lomb.

Foster won acclaim in 1999 when he led a \$470 million leveraged management

buyout to take Charles River private, only to go public again in 2000 at \$16 a share. In 2003, Forbes Magazine named Foster "Entrepreneur of the Year." Company stock is now comfortably ensconced in the high \$30s.

Foster travels regularly to the company's more than 100 locations around the world — he said he tries to visit every site every two years. He holds meetings with employees at each site, hosts award luncheons for employees and tries to talk with as many of them as he can, he said, to "keep the finger on the pulse of the organization and be visible and accessible."

Running a company that uses animals in drug testing means Foster cannot ignore the controversy that has grown around the practice over the past 20 years, and he

said Charles River has stepped up its commitment to the company's Humane Care Initiative.

"We spend a lot of time and attention and money and focus on practicing extraordinary animal welfare," Foster said. "And we support the notion that if there are valid alternatives to animals, if and as they develop, that we are OK with that."

To illustrate his point, Foster mentions a non-animal test kit Charles River sells that helps make sure drugs are not contaminated following their manufacture. The test is an evolution from a more controversial method practiced in the past.

"It used to be done using rabbits years ago," he said.

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