

the Cure

It hasn't been found yet, but they're working on it...a cure for Juvenile Type I diabetes. PBM Products has contributed millions of dollars to find this cure, and Paul Manning himself has given millions more from his own pocket. He has even created the Focus to Cure Diabetes Foundation.

Type I Diabetes occurs when the insulin producing cells in the pancreas, the Islets of Langerhans, fail to do their job producing this hormone that transports sugar into human cells. "It's a huge problem and a lot of people are treated for it," says Paul.

Juvenile diabetes strikes close to the Manning home; Paul and Diane's two eldest children, Brad and Katie have it. "I think its genetics. We don't know where it came from. It's someplace back in the gene pool," he shrugs.

You would never know it to look at them. Well-adjusted, normal, young people, Brad, a graduate of the McIntire School of Business at UVA, works for Bank of America in New York City and Katie is a third-year student at UVA. But both wear small pumps the size of cell phones that



Photo courtesy of PBM Products
Taken in 2002, the Manning family heads out the door to the Virginia Entrepreneur of the Year awards ceremony. Left to right: Brad, Katie, Diane, Paul and Brian.

meter out doses of insulin subcutaneously.

"They've had these things for awhile and they're very adaptive, and they are very astute and smart and capable," smiles Paul. "And it's not something that we or they feel should handicap them in doing pretty much anything they want to do. So we're fortunate that they're able to function extremely well."

Currently, research is focusing on trans-

planting these insulin-producing cells from a cadaver into the patient's liver, thereby fooling it into doing the job of the pancreas. "They are doing that and they are reversing diabetes with it, but it doesn't work for a long enough time," says Paul. "The (other) problem with it is you have to give those anti-rejection drugs so those anti-rejection drugs can cause other issues,

cancer for one." What they so desperately want to find is "a way to block that destruction in the islet cells, so they can regenerate themselves."

Here's another of Paul's passions: Juvenile Macular Degeneration, called Stargardt's, and not related to diabetes, but "another genetic thing, very rare." Paul and Diane's oldest, Brad and their youngest, Brian a junior at Woodberry, have this condition as well. Both are legally blind, although again, you'd never know it to look at them.

Currently there is no cure for this progressive disease. They're trying gene therapy, "where we're taking the gene that the kids are missing in the eye and we're putting it into a viral vector and we're having it injected...doing a clinical study to see if putting the gene into people with Stargardt's regenerates the eye tissue."

Paul Manning gets a determined look on his face. "We're passionate about finding a cure for diabetes and finding a cure for eye disease for everybody. We've spent millions of dollars in research and contributed millions of dollars to help these different causes and issues."

One can only hope they find those cures in time to help, not just Brad, Katie and Brian, but everyone with Type I diabetes and/or Stargardt's.



Photos by Phil Audibert
Paul Manning looks across Main Street Gordonsville at the old Firehouse Building which he has converted into offices for his company, PBM Products. Although the company has grown 20-40 percent per year, he plans to stay and expand in Gordonsville. Below, this is just a sample of the various infant formulas manufactured by PBM Products.

the MAN, the COMPANY, the FORMULA and the CURE

the Man

Sometimes a good way to learn the essence of a man is to ask the people who are close to him. So let's ask Paul Manning's secretary; what does she think about her boss? "He's very down to earth; he's very generous," says Carmen Jenkins, without any hesitation; "he's a wonderful person to work for."

Okay Carmen, you pretty much had to say that. After all, Paul's open-door office is just across the hall. So why do we get the impression that you would say the exact same thing even if you were a million miles away?

It's the same with Paul's wife, Diane, a statuesque blond equestrienne who stands half a head taller than he. She regularly introduces him as "the world's greatest guy," adding, "He's very much a people person, and he's very sensitive to other people's needs."

Let's all bid hello to Paul Manning, founder and CEO of PBM Products a Gordonsville-based baby formula business. He and his company are quite a story.

If you had one word to describe

Paul Manning it might be: Generous. On the first Saturday of November every year, Paul Manning erects a multi-tent complex on the rail at the finish line of the Montpelier Races and invites everybody he knows including all of his employees, and their families, to enjoy the day on him. He pays for everything: parking, entrance fees, gourmet caterer, top-shelf bar. He even provides live entertainment for 200+ kids and adults.

"What we try to do is let all the executives, all of the employees and their families get together and be able to communicate," he explains of this mega party. Besides he adds, "We try to support Montpelier and Orange County."

Here's another word that describes Paul Manning: Impulsive. Take the story of how he and Diane first met. Paul was driving to work through Georgetown on a steaming hot Saturday morning. "She was standing there with her dog on the side of the road at a Caribbean festival. I pulled over and went over and talked to her." Just like that. Diane must have been impressed by this direct approach. "We ended up hanging out and spending time

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Continued, from the front page

together," continues Paul who never did go to work that day. "Six, eight months later, we got married (on a sailboat in the Caribbean) and," he beams, "we've been 24 years together."

One more word to describe Paul Manning and then we'll quit: Hyper. The guy talks fast, walks fast, does fast. Actually Diane asides that Paul may have a touch of Attention Deficit Disorder, "although he'll deny it...but, he has an inability to focus," she says matter-of-factly.

Working for Paul can be a disconcerting experience...not that he's a bad boss, anything but; it's just that he can be a surprising guy to work for. A former employee, who is decidedly NOT disgruntled, once said she came to Paul with an idea, and his response was "Go for it!" Just like that!

"Right!" responds Paul in his own defense as he explains his philosophy regarding employees with wild ideas. "We allow people to make mistakes without letting them feel that their job is in jeopardy by trying something that makes sense and then it not working." That must be the most refreshing thing uttered by the founder and CEO of any company ever.

Paul continues. "In some sense, in the big bureaucratic companies, people are afraid to take a chance because if they keep within the status quo, then their jobs are protected." Sound familiar? "Here we like to initiate new ideas and challenges and go to market with them because it's the only way an entrepreneurial company can be faster to market than the brands. And so we have to take some chances, and we have to not hammer people if their idea does not work, because they don't all work, but if you don't keep trying, you're not going to have any that do."



Photo by Phil Audibert

Born and raised in the Boston area, Paul Manning majored in microbiology in college. He converted that degree into a career... first manufacturing generic drugs and now making infant formula, primarily for Wal-Mart.

Well said.

Born to a middle-class family outside of Boston, Mass., (his dad was a salesman, his mom a nurse) Paul Manning grew up in an environment where, "Education was stressed and ambition was stressed." He graduated from U. Mass. at Amherst in 1977 with a degree in microbiology, and started out in technical sales in the bio-medical field. "I ended up getting into the generic (pharmaceuticals) business and the private label business and then found an opportunity to enter

this business." He looks around his spacious but unpretentious wood-paneled office in Gordonsville. "There was no real generic or store brand formula on the market place and we were able to enter this business and really develop it well. It was a giant need with a giant business."

In some ways, Paul's obvious love of children and family was spurred by the business that he's in. "You grow more and more concerned as you're in this business because you get so many letters from people who are in great need. And you're also very sensitive when the baby is your customer. I'm not sure I was baby-centric when I came in; it was a market and a business, but as you're in it you become very baby-centric."

Ask him what he is passionate about and he'll respond, "I certainly love work. I like competing in sports." Something of a jock, he was a three-letter man in high school, and he played college lacrosse. Trim and fit, he is still today a fiercely competitive golfer and skier. Obviously, he likes the competition of business as well.

But most of all he focuses on his family. "I love to hang out with my wife and kids." Every summer, he and Diane and their two sons and daughter will go fishing on Cape Cod where they have a house near where he grew up. "I'm passionate about my family...we do a lot together as a family."

Here's another thing that Paul Manning is passionate about...Gordonsville. "We came here and certainly love the character, people, quality of life in central Virginia in Charlottesville and Gordonsville. And so we decided when I sold the business in New Jersey, this was a perfect place to come, and it's turned out to be everything we thought it would be."

the Company

And so, Paul and Diane Manning are sitting in a popular watering hole in Georgetown and they strike up a conversation with Duke Merrick and John Edwards of Gordonsville.

The next thing they know, they are being invited to the Meadow Bowl. The Meadow Bowl was a flag football game with real goal posts and a referee in a striped shirt that was played every year at The Meadows outside of Gordonsville on Super Bowl Sunday. One memorable year the game was played in a foot of snow. Another year, yours truly wound up at the bottom of a pile-up in the boxwood bushes and heard a couple of ribs separate from his sternum. Ouch! The game isn't played anymore because most of the participants have grown too rickety and risk-averse.

Anyway, back to the story. Paul and Diane figured "what the heck" and came down to witness this local display of foolhardiness; and something about the people and the area struck them. Paul had just sold his pharmaceutical business in New Jersey and had bought a fledgling baby formula manufacturing company that was growing fast. He was looking for a place to relocate to; had considered California and the desert southwest, until they saw Gordonsville. "And we decided this is a great place to live."

Sitting on a leather couch in his spacious office in the restored old Linney building on Main Street, Paul Manning looks out the window and thinks back to the beginning when all he had was this one little brick building, a handful of employees and a mission. Simply put, that mission stems from his conviction that "the cost of infant formula is too high." And so he set out to develop a quality product that he could sell at half the price the big boys were selling it for.

Paul's secretary, Carmen Jenkins remembers those early days. She has worked for PBM Products for eight years now. She remembers when there were only 20 employees. That number, today, has grown to 100+, spread out in seven buildings in Gordonsville, all interconnected by fiber optic cable, allowing them to video-conference and e-mail from one end of the street to the other end of the world.

The Gordonsville offices host the executive, marketing, public relations, finance, legal, international, logistics and operations departments, plus some research and development and regulatory. "We run most of the corporate functions globally out of Gordonsville. So, everything that is done globally is done out of here," Paul points across Main Street to the old Oaken Bucket and Firehouse buildings.

The manufacturing process, however, the actual making of baby formula, occurs in a

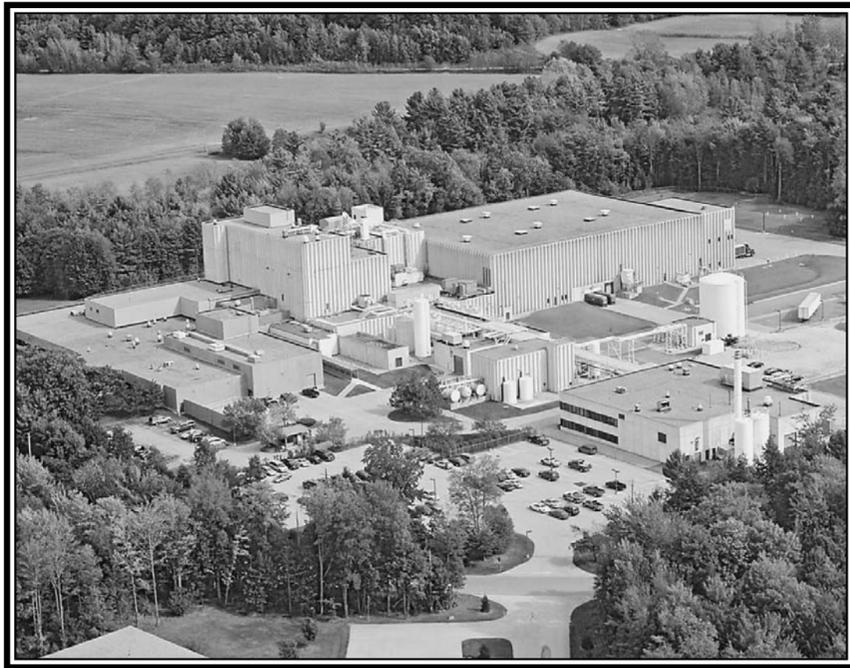


Photo courtesy of PBM Products

PBM's manufacturing process, the actual making of baby formula, occurs in a plant in Georgia, Vermont. PBM produces 30 to 40 million pounds of infant formula annually.

plant in Georgia...Vermont (See The Formula) "Company-wide now we are probably 450 employees." And, in fact, they're hiring both here and in Vermont.

Through it all, PBM has remained true to its mission statement. "It really has taken off over the years, especially in these times with a very tough economy; mothers can save a thousand dollars a year buying our product versus the brand. They can get great value; we've had millions of mothers use our product. We've got great reputations with the mothers, the pediatricians and the retailers. So, it's building on itself."

PBM's largest customer is Wal-Mart. The local company makes Wally's store brand, Parent's Choice. Paul says he has had absolutely no negative experience with the retail giant. "Wal-Mart has been terrific for us. They're very supportive. They're very organized. They've got an extremely efficient system and they've treated us extremely well."

The baby formula business worldwide is huge, "about a \$14 billion industry." It is controlled by four major players: Nestle, the biggest, followed by Abbott Laboratories, Bristol-Myers and Dannon, the people who make yogurt. About six years ago, the big boys noticed this upstart new kid in town, and they started 'dissing' him, even in doctor's offices. "What happened was the major companies were trying desperately to find a way to slow us down because we offer as good a product made under the same FDA standards and we're selling it at half the price. So the big

giant companies were trying ways to mitigate our growth. They put out some advertising that proved not to be true and we ended getting into a fight with Bristol-Myers over it." The lawsuit, settled out of court, reaped PBM Products a windfall that was ploughed right back into the



Photo by Phil Audibert

When Manning moved his company from New Jersey to Gordonsville, he and a handful of employees operated out of just the old brick Charles Linney building on Main Street. Today the company has grown locally to 100+ employees and seven buildings in Gordonsville.

company.

Since then, PBM has grown a staggering 20 to 40 percent per year! "We have very ambitious goals as a company...we'd like to continue that growth pattern," says Paul determinedly.

The question is can Gordonsville handle that kind of growth? "We're going to have to make sure the town understands what our needs are. They've been very supportive... the town has allowed us to grow; they have not put many roadblocks in our way for development. I think over time we are going to have to build or acquire in order to continue to grow. That is going to be a challenge in the next three or four years."

Currently on the books is a new building to be located behind the old Oaken Bucket Hotel, "to house an additional tele-marketing team and a shipping-of-sample building... We communicate with people all over the world and we need a bank of people to do that. We're growing out of the current building."

The main concern is that they might grow out of Gordonsville altogether, but Paul insists he has "no plans," to do that. "We're here right

now and we have no indications, no vision to do anything but stay here. And we're continuing to invest in the community. We're continuing to renovate, build."

For example, not long ago, Paul Manning bought the old Gordon House, "and I spent way more than I should to bring it to the condition that it is currently in. It's taken a lot more time and a lot more money, but I think it is a great building for the community." Asked tongue-in-cheek if Paul Manning wants to take care of us from the cradle to the grave, he just laughs and says "It wasn't that I wanted to be in the assisted-living business. It was just there. It was collapsing, and I had the resources to put behind it."

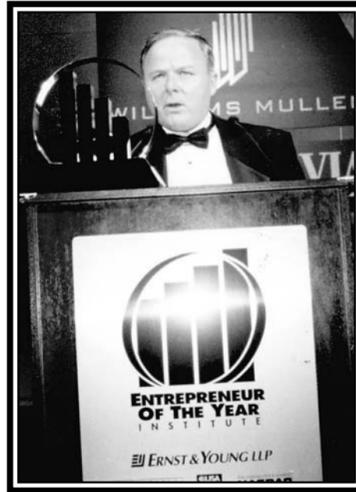


Photo courtesy of PBM Products
Paul Manning accepts Ernst and Young's Virginia Entrepreneur of the Year award in 2002.

Simply put, Paul Manning loves Bruce Gupton (a possible subject for a future Insider) for making Main Street south of the railroad overpass a destination. "I think over the next five, 10 years it's going to continue to be a destination," he says confidently. "I think it's only going to get better, and I think we need to get as many people involved with the revitalization as possible... the infrastructure of the town is here; it certainly needs some tweaks in places, you know, maybe streetscapes etc. but I do believe that in 10 years it will be one of the premier destinations in Virginia for small town Virginia, because it is centrally located to the historic area, to restaurants, to wineries."

But most importantly, Paul Manning's commitment to Gordonsville involves the human factor. "Our people are fantastic. We've been able to attract some unbelievably smart, talented energetic people, young people, people who have experience in the market place. And given enough latitude they're able to do amazing things. We tend not to set limits on what we can do...I'm very happy with the employees. I really think the people who work here are the future."

Just this past summer, PBM Products was named to Entrepreneur magazine's "Hot 500," an annual ranking for the nation's fastest growing businesses. Asked to summarize his company's meteoric success, Paul responded, "Providing high-quality, low-cost alternatives to expensive national brands and adding innovations faster than major brands can, has been the secret to our success."

And, it would seem, it will be the secret to Gordonsville's future as well.

the Formula

Infant formula is very complex; it has a lot of stuff in it, says Paul Manning. On a wall in the Linney building where Paul's office is, hangs a plaque showing all the "stuff" that goes into infant formula... 15 ingredients in all.

But it's still not as much stuff as breast milk. "Everybody tries to copy breast milk," explains Paul. "The FDA writes the recipe to get as close to breast milk as possible. So nobody really can vary much from what's in breast milk. That's the gold standard."

Paul Manning ticks off the various ingredients in mother's milk: "casein and whey, vitamins and minerals and fats and carbohydrates and it's got certain other ingredients like enzymes and antibodies, etc. and that's the distinction." He leans forward to make a point. "Breast milk is what mothers should use instead of infant formula because it does contain things that we don't even know about."

It's interesting that a guy who has made a fortune in infant formula is arguing against it. "We recommend strongly that if mothers can breast feed, they should breast feed. If they can't or they decide not to, infant formula is good, it simulates breast milk but it's not breast milk...It's what babies should do, certainly for the first six or 12 weeks, so they can get all the advan-

tages of what we don't know about." PBM makes several varieties of infant formula, including a soy product for those allergic to milk, an organic product for people who want formula "without pesticides without antibiotics, without added growth hormones."

And, of course, they make a regular milk product. This formula is made in a factory in Georgia, Vermont. They start with liquid or powdered cow's milk. "If we bring in milk powder, non-fat dry milk powder, we'll add water and liquefy it, then we'll add all of the other stuff... because you can mix it better, and then we put it through a heat process to make sure there're no microbial issues and then we spray dry it... we spray the liquid up and it dries the moisture out and it falls back out in powder form...and we put it into cans." All you do is add warm water. A typical 25.7 oz. can of Parent's Choice will yield 187 fluid ounces of formula.

And that's basically it. PBM baby formula can be found in Wal-Marts from one end of this country to the other. It is also marketed in China, Europe, South Africa, Mexico, Canada, Libya, and soon Indonesia.

Besides infant and specialty formulas, the company also makes fruit and veggie snacks for babies, bottle liners, pediatric drinks for kids age 1-10, puffed-grain cereal treats, even a line of pureed baby food. But the lion's share of the busi-



Photo by Phil Audibert

As many as 15 different ingredients are necessary to make infant formula, and even then, says Paul Manning, it is not as complete as natural breast milk.

ness is infant formula... to the tune of 30 to 40 million pounds of it per year.

So why baby formula? Paul thinks about that one and replies, "We like businesses that are big and regulated." In other words, because of FDA standards, infant formulas are basically all the same. In fact, an ad for PBM's Parent's Choice says, "There are no better formulas...just more expensive ones."

"There are no better formulas...just more expensive ones."