

Edwards Lifesciences: Maintaining the Balance

Survey, 61 percent of respondents said their companies have manufacturing operations in California, and the majority of those surveyed intend for their capacity to increase (61 percent) or hold steady (31 percent) over the next two years. The majority also expect their workforce within California to increase (50 percent) or remain the same (34 percent) in that period.

California companies currently sustain a healthy balance of in-state and out-of-state manufacturing, and the state is in a strong position to maintain that balance. Several factors contribute to the industry's outlook for keeping a large share of the state's biomedical manufacturing within its borders. One positive factor is Governor Schwarzenegger's notable commitment to enhance the state's infrastructure, as witnessed by his Strategic Growth Plan. This and other initiatives will bolster key facets of California's infrastructure—including improved transportation and greater access to water and energy—critical to the industry's growth and essential to biomedical manufacturing.

Beyond the industry's infrastructure needs, the life sciences industry depends on workers with highly technical skills and specialized training. For their part, California's biomedical companies have stepped up initiatives to build a strong manufacturing talent pool within the state. Many companies work closely with California's schools, universities and academic research institutions and their communities to create programs designed to support math and sciences and to build a more technically trained manufacturing workforce from which to draw talent. Companies also increasingly tap into California's culturally rich and ethnically diverse populations through affinity programs and other initiatives designed to attract, retain and engage diverse employees.

While the state is poised to sustain its in-state and out-of-state manufacturing balance, the allure of direct economic incentives, lower costs, lower taxes, and less restrictive regulations enhance the appeal of building manufacturing capacity beyond California's borders. As the biomedical industry grows, companies that manufacture products in California, or plan to do so in the future, face critical challenges and a key decision point: Do they choose California or do they choose another state or another country as the location for a new or expanded manufacturing site?

Edwards Lifesciences, the Irvine-based global manufacturer of products and technologies to treat advanced cardiovascular disease, finds that the advantages of maintaining manufacturing facilities in California outweigh the disadvantages. But the company carefully tracks new developments that could shift that balance.

To be sure, the company remains vigilant about monitoring the high cost of doing business in California, as well as any regulatory or other changes that could increase the inherently substantial manufacturing costs and harm its competitiveness. Corinne H. Lyle, the company's corporate vice president of global operations, states that Edwards is encouraging the state to increase its research and development (R&D) credits. "The increased credit would make it easier, from a competitive standpoint, for companies to keep their R&D facilities in California. That, in turn, will help to keep manufacturing jobs in the state."

Despite the state's high cost of living, Edwards says that operating in California offers many benefits, including access to a strong community of other biomedical companies, a well-supported infrastructure, good public schools and an overall high quality of life. These benefits continue to offset those higher costs.

"Our headquarters are located in one of the largest medical device company clusters in the world, which is advantageous when collaborating with local suppliers and partners," says Lyle. "The rich local biomedical environment holds promise for creating a larger pool of talent upon which to draw and leverage."

The key workforce issue, however, is Edwards' difficulty finding enough qualified employees from within California. Their solution: develop and train their own employees, recruit talent from outside the state and support the development of the local talent pool by providing grants to educational institutions such as the University of California, Irvine. To attract top talent, the company wants the state to provide greater incentives, such as training grants for younger scientists and engineers to live and work in California. Edwards believes this will enhance workforce training and skill-set development.

As its newer technologies demand more highly skilled manufacturing talent, Edwards has focused on enrichment of the local talent pool. To that end, in 2007, the company made a \$5 million multi-year grant to The Henry Samueli School of Engineering at the University of California, Irvine, to establish The Edwards Lifesciences Center for Advanced Cardiovascular Technology. The program will focus on researching and developing the next generation of cardiovascular devices and providing a training environment in the field of cardiovascular technology.