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Ricerca looking to its new plan with restructuring

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The executive chairman of Ricerca Biosciences LLC has spent much of the last year "putting together an exhaustive business plan" for the contract drug discovery and development company in Concord Township.

On Thursday, R. Ian Lennox, a veteran bioscience executive and investor, announced a nearly \$50 million financial restructuring for Ricerca - about \$15 million of which is equity that could be used to put the company's new business plan into action.

The plan, completed by Lennox and Ricerca managers in July, "called for fairly bold plans for new investment" in the company's biology and chemistry laboratories, instruments and training for 249 employees, Lennox said Friday by telephone.

These moves "sound like natural things a company should do," said Lennox, who previously turned around another contract pharmaceutical developer. Despite a lot of time and money from majority investor Cowen Capital Partners LLC, Ricerca had been financially challenged for five years, Lennox said.

Cowen Capital, which bought Ricerca in 2000 with Venture Catalysts Inc., didn't have any more money to invest in the company, Lennox said. So Cowen Capital asked Lennox to help determine Ricerca's future direction and strategy.

"I got involved with the company in late 2005" and was appointed Ricerca's executive chairman in March, he said.

Lennox said that after Ricerca's board and employees endorsed the business plan, he began looking for new investors.

He found two venture-capital firms, which he has not named.

Investment from these firms recapitalized Ricerca, reducing Cowen Capital's ownership to about one-third, he said. Meanwhile, the unnamed firms each now own about one-third of Ricerca, he said.

During the recent restructuring, Ricerca refinanced more than \$20 million in Cowen Capital debt with a third-party lender and paid more than \$10 million to buy its Concord property, Lennox said.

In the meantime, Tom Bradshaw, who became Ricerca's interim CEO in 2003 and its permanent chief a year later, left the company on Feb. 23, citing disagreement with the company's new majority owners.

Bradshaw led Ricerca to its first annual profit in 2006. "I thank the employees at Ricerca for making that happen," said Bradshaw, who plans to stay in Northeast Ohio to develop biotech and fuel cell startups that he helped found.

Lennox said Ricerca will serve its nearly 300 pharmaceutical, biotechnology and agricultural clients, located largely in the United States, with contract development services, adding employees along the way.

"In order to grow, this is the type of business where you need to bring people into it," he said.

Ricerca's pharmaceutical and biotech clients have grown substantially in the last 15 years, relying more and more on outside firms, such as Ricerca, to do their research and development.

Though Ricerca has two spinoff companies in which it retains ownership stakes - Great Lakes Pharmaceuticals and Auburn Pharmaceuticals - the Concord developer will keep its eyes on its service business.

"The spinoffs are not strategic to Ricerca," Lennox said.

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