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Alamo City leaders expect ripple effect from Medtronic

San Antonio Business Journal - by [W. Scott Bailey](#)

Bexar County Judge Nelson Wolff, who was among those instrumental in convincing **Medtronic** to expand its diabetes operations to San Antonio, says the city needed a win after losing a massive biomedical project to Kansas late last year.

San Antonio Mayor Phil Hardberger says Medtronic's decision to select San Antonio for that expansion could create a significant economic ripple effect in the nation's seventh largest city.

Wolff, still upset that the Department of Homeland Security passed on San Antonio and selected a site in Manhattan, Kan., for its \$450 million National Bio and Agro-Defense Facility, says about Medtronic's site selection process: "We didn't want to lose another fight. It's like sports. You can't lose the momentum, and we were not going to lose this."

Christopher O'Connell is a senior vice president at Medtronic. He is also president of the Minneapolis-based company's diabetes business, which will create some 1,400 new positions in San Antonio over the next five years.

"San Antonio has an impressive vision for its biomedical industry," O'Connell tells the Business Journal. "Everyone, from industry to the government to the civic leaders came together and just surrounded us, made that vision clear."

A spokesman for Medtronic Diabetes says the preliminary employment structure for the San Antonio facility will include teams of trainers and educators who will work with patients and physicians who use the company's products. There will also be an inside sales team marketing Medtronic's diabetes products.

More than one area official has compared the magnitude of Medtronic's decision to expand to San Antonio with Toyota's move a few years ago to build a vehicle assembly plant here.

Says Wolff about Medtronic: "This company is in an industry that, unlike automotive, is going to experience consistent growth."

Creating credibility

The San Antonio Economic Development Foundation (EDF) says Medtronic's Alamo City plans represent one of the largest economic development projects in the U.S. to date this year. Mario Hernandez is president of EDF. He says at full build-out, Medtronic's economic impact on San Antonio and Texas is expected to surpass \$750 million annually.

But the real payoff could be the message Medtronic sends the global biomedical industry, further legitimizing San Antonio as a major industry player.

Founded in 1949, Medtronic now operates more than 250 manufacturing facilities, sales offices, research centers, education centers and administration facilities serving customers and patients in 120 nations.

"There is a great opportunity, if we can be successful with what Medtronic wants to do here, to expand their footprint in San Antonio and to chase after other things," Wolff explains.

Hardberger agrees.

"Medtronic will be a magnet for our biosciences," he says. "When you get a prestigious company like this to come, it tends to create a credibility for a city."

Hardberger says he believes other companies will follow Medtronic to San Antonio.

"This will mean a lot more than the 1,400 or so jobs, which is quite enough in itself," he predicts. "There is a ripple effect that could lead to tens of thousands of jobs and a lot of money."

On target

City, county and state officials created a \$14 million incentive package that was used to lure Medtronic. State officials say \$6 million of that came from the Texas Enterprise Fund.

Medtronic Diabetes selected San Antonio after evaluating more than 950 locations in all 50 U.S. states. The company will initially set up shop inside Overlook at The Rim, a roughly 145,000-square-foot office building located in a mixed-used development along Interstate 10 near Loop 1604.

Local officials hope they can sell Medtronic on the idea of bringing more operations to the Alamo City.

Former San Antonio mayor Henry Cisneros now chairs BioMed SA, an organization created in 2005 as part of an effort to raise the city's biomedical profile nationally and internationally. Cisneros says he believes that Medtronic could ultimately create a "campus-like" setting in the Alamo City.

"They are in the sector that we are trying to grow," says Cisneros about Medtronic. "This has the potential to really blossom."

EDF's Hernandez says he has visited some of Medtronic's facilities.

"We would be a very good match for some of their other operations, such as manufacturing and assembly," he says. "We really feel that after they have been here a while, other divisions at Medtronic will look at San Antonio as a good place to do business."

Says Medtronic's O'Connell about San Antonio: "We want to build something. We've put a five-year plan together. But we expect to grow and we want to grow in San Antonio."

O'Connell adds, "There are other opportunities to expand. We've certainly looked at where we could go beyond this facility, so we have some ideas."

San Antonio City Manager Sheryl Sculley says there is "an opportunity for Medtronic to grow" here. And she says the city "will have the opportunity to impress them with what we can do as a community,"

But Sculley also believes that the presence of Medtronic in San Antonio will attract attention.

"This is a big spoke in the wheel," she says. "It gives us the opportunity now to recruit related companies."

It may send another message.

"There is a dour economy. A lot of cities are really struggling," Hardberger explains. "We're moving ahead."

Sculley says Medtronic's decision "demonstrates the strength" of the economy in San Antonio.

Hernandez says Medtronic represents more than jobs and economic impact. "It's the message this sends that we are a legitimate world health care center," he contends.

Says Cisneros, "If you want to talk about something that is the center of the bulls' eye with our (biomedical) strategy, this is it. I think people all across the country will take note of this. Other companies will take note of this."

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