

Bottling up recession: Tough times mean prosperous times for chemicals company

Unlike many of us, Regis Duffy, president of Diagnostic Chemicals Ltd., Charlottetown, Prince Edward Island is afraid of neither hospitals nor difficult economic times. While many companies are ailing nowadays, Diagnostic Chemicals has remained healthy by offering numerous lines of medical diagnostic kits to hospitals and laboratories.

"The diagnostic kit market has grown very rapidly over the past ten years and, recession or not, there is still a growth rate of about eight to ten per cent a year," says Mr. Duffy. "Approximately 50 to 60 million diagnostic tests are carried out in Canadian hospitals and laboratories every year."

The kits are used in a variety of tests — manually or computer-controlled — on the many thousands of blood samples taken daily in hospitals and laboratories from coast to coast. Today, machines are set up to do 300 tests every hour and they are in operation eight hours a day. With such data in mind, Mr. Duffy does not hesitate to add that he is unafraid of the big multinationals and that there is room for everybody.

Exports

The main diagnostic kit thrust is in Canada, but exports are playing a vital role in the company's success. Diagnostic kits are sold in most parts of the world through distributors located in the United States, Britain, Greece, and countries of the Pacific Rim. Diagnostic Chemicals also manufactures enzymes and specialty chemicals, 95 per cent of which are sold outside Canada. For the past two years, the company has been insuring all its foreign sales through the Export Development Corporation.

So far, the company has not been selling its products directly to hospitals and laboratories in foreign countries. Its specialty chemicals are packaged or its kits relabelled by multinationals. "However, we are presently rethinking our marketing strategy by investigating the US market," says Mr. Duffy. "That's where the money is, with the total value of the chemistry market more than doubling in the past four years, from \$400 million to \$1 billion."

In Canada, the marketing strategy of the company has been paying dividends, since Canadian hospitals and laboratories have realized that they can buy a truly

Canadian kit, competitive in both price and quality. With its own marketing agency in Toronto and distributors in Montreal, Quebec and Weston, Ontario, Diagnostic Chemicals has all the tools to give the big American, European, and Japanese conglomerates a run for their money.

How it began

Founded in 1970, the company has benefited not only from Regis Duffy's instinct for business, but also from his academic background. While Dean of Science at the University of Prince Edward Island, he set up a laboratory in the proverbial garage. In 1975 he moved the company to the West Royalty Industrial Park, close to Charlottetown, to manufacture five or six highvalue chemicals, and he soon realized that the same chemicals could be used in analytical systems for blood tests.

At the end of 1981, the company added a second production building with the aid of the federal Department of Regional Economic Expansion. As a result, 12 new lines of diagnostic kits were to enlarge the company's fast-growing

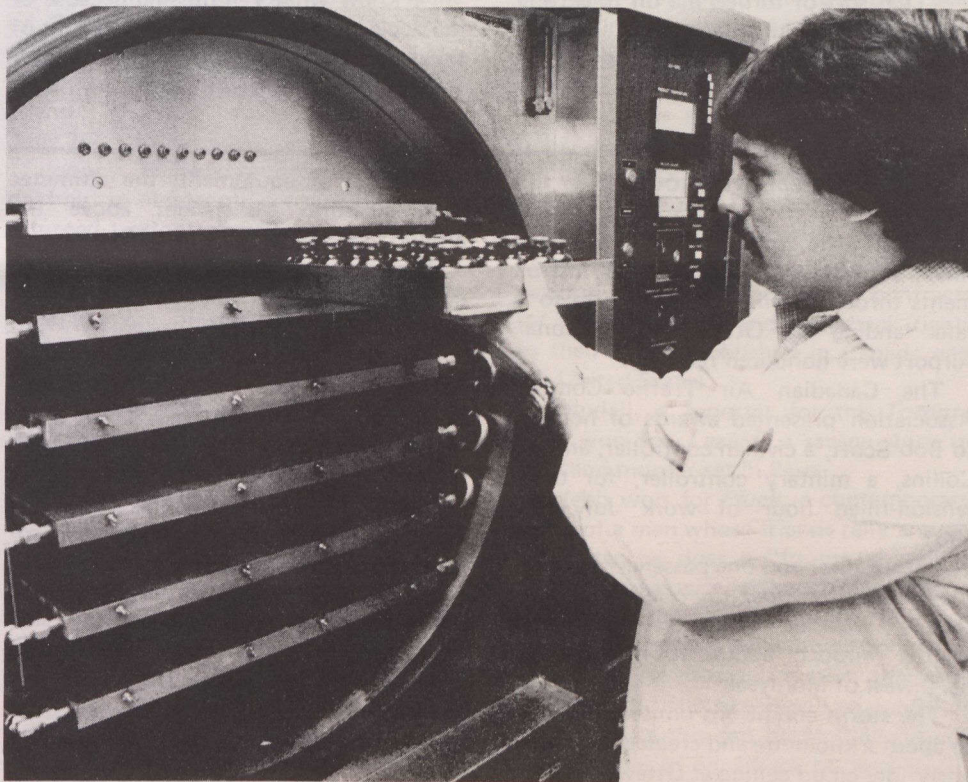
catalogue and six new employees increased the permanent staff to 22. The federal Department of Industry, Trade and Commerce also contributed through its Enterprise Development Program and assistance was received from the National Research Council's Industrial Research Assistance Program.

Academic co-operation

Co-operation from the academic community has also been invaluable. During the summer, the company employs six or seven students from the University of P.E.I. and can therefore recruit its permanent employees from proven candidates. Mr. Duffy is also considering involving the company in the chemistry co-operative programs of universities such as Waterloo and Dalhousie.

With a total of 26 lines of kits and an expected 20 per cent increase in the number of employees in 1983, Diagnostic Chemicals has clearly withstood the test of the recession and is continuing to grow steadily.

Asked for his secret, Mr. Duffy concludes that, ironically, the recession may have had something to do with his company's success: "In hard times our business picks up because people tend to be sick more often."



Garry Birt of Diagnostic Chemicals Ltd. slides a rack of small bottles containing a cholesterol reagent into a freeze-dryer. With the temperature set at -50 degrees C, the bottles will remain in the freeze-dryer for 24 hours.