

June 14, 2015 02:30 AM

Entrepreneur Randy Theken's next step is as hectic as ever

CHUCK SODER



Clockwise from top: A rendering of the manufacturing plant Randy Theken is building in Akron, which is estimated to cost \$12 million; the new Arcam 3-D printer; a hip implant that NextStep Arthropedics hopes to release next year (at left) and a competitor's version (on the right).

Selling three spinal implant companies for \$200 million just wasn't enough for Randy Theken.

So he started three new companies, hired 25 people and bought a 3-D printer that can make things out of titanium. Now he's about to start building a highly automated manufacturing plant in Akron. It'll be right next to the Theken Terminal — a former airport terminal that houses the so-called “NextStep” family of companies. The \$12 million plant will serve as the center of operations for one of his new companies, NextStep AM, which stands for “additive manufacturing.” That company already is making 3-D printed titanium parts for Theken's new medical implant company, NextStep Arthropedics, but it's also talking to other potential customers, including SpaceX, which designs, manufactures and launches advanced rockets and spacecraft. NextStep Arthropedics plans to make some parts for the ultra-ambitious spacecraft manufacturing company, which is led by PayPal cofounder Elon Musk, but it has yet to finalize a formal agreement.

Theken (pronounced “taken”) spent \$1.2 million on his new Arcam 3-D printer. Why? Through laser sintering, it can create titanium objects in almost any shape. For example, Theken held up a hip implant that NextStep Arthropedics plans to release early next year, assuming it wins approval from federal regulators. The top of the dome-shape device looks like a metal honeycomb. That scaffolding helps the patient's existing bone grow into the device. “It's impossible to machine this cup using standard, conventional machining equipment. Cannot be done,” said Theken, who added that the company also plans to make other joint implants. His third new company is a business accelerator called NextStep Ideas. Like other accelerators, the company would provide office space and mentoring to startup companies in exchange for a “small equity stake” in those businesses, Theken said. NextStep Ideas has already had conversations with about a half dozen companies, including a few that were not in the medical industry. It has yet to accept applicants, Theken said, adding that the company is still developing its evaluation method. Theken believes that he and his team — half of whom have previously worked for him — can provide young companies with a lot of advice and services. They certainly have some experience.

Theken formed his first medical company, a mechanical testing and regulatory consulting firm called Theken Orthopaedic, in 1992. In the late-1990s, he started making his own medical implants: First he developed spine fixation screw systems through a company called Theken Spine, and a few years later he started Theken Disc, which developed discs designed to be implanted in the spine. In 2005, he bought another company, Therics, which made synthetic bone products. All that work paid off big time: In 2008, he sold the three product companies to Integra Life Sciences for \$200 million. He stayed on board with Integra's spine division for two years. Afterward, he took a three-year hiatus from the medical industry. Theken kept busy, though. He bought a 40% stake in a Chicago-based acne-treatment company called Neaclear, and he bought a similar stake in another business in the assisted living industry. And he attended to all sorts of personal things he had put on the backburner. “When you're waking up every day and all you're focused on is all these businesses, you find out how much other stuff you didn't get done,”

he said. Just as his noncompete agreement was about to end, however, he had a conversation with Gregg May, a sales and marketing executive who had left Integra and gone on to work for another medical implant company. "He goes, 'I'm working 80 hours a week. It would sure be nice, if we're going to work this hard, to do it for ourselves.' That began the conversation," Theken said. " "Hey Randy, what are you going to do?' " May serves as president of NextStep Arthropedics. Another alumnus of Theken's previous companies, Jeff Lietzke, serves as in-house counsel, and he's president of NextStep Ideas.

About a dozen executives and employees who worked for Theken's previous companies and Integra ended up joining the NextStep companies. Theken's timing was good: He started forming the new businesses in 2013, right around the time that Integra moved its Northeast Ohio operations to California. The 3-D printing company is scheduled to have its new 30,000-square-foot manufacturing plant up and running early next year, but don't expect NextStep AM to hire large numbers of new employees when that happens. Humans will move parts from one station to another, but robotic arms and other automated equipment will take care of the rest of the manufacturing process. They'll also be inspected, cleaned and packaged by automated equipment. However, Theken is planning to hire seven more people who previously worked for him: He plans to start yet another company, which will develop implants for foot, ankle, hand and trauma injuries.