

BY JEANNE MOZIER

Medicine Man, Business Man

Celebrities like supermodel Cindy Crawford are paid millions of dollars for endorsing a product. Washington Homeopathic Products owners Joe and Linda Lillard of Berkeley Springs (WHP) found out the consequence of that recently when Crawford, unsolicited, told millions of television viewers that as a mother, she never left home without her 50-remedy homeopathic kit produced by WHP. The show was Oprah and the topic was "What the stylenmakers can't live without."

WHP's sales of the kit she mentioned and similar kits rose from 14 per week to more than 100. Owner Joe Lillard estimates that WHP's daily revenue increased from \$7,000 to \$10,000 per day

following the broadcast.

The book Crawford mentioned, Homeopathic Medicine at Home by Maesimund B. Panos, formerly sold a couple volumes a month. Thanks to Cindy and Oprah, more than 25 were sold by Lillard within two days of the show. "We more than doubled our Web traffic and people were looking at other items besides the kit," says Lillard. "Sales increased across the board."

Joe Lillard is not a stylemaker—he had to google Crawford to determine who she was—but he may be a trend setter. "Homeopathy claims 3% of all drug sales in the US, and more than 25% in Europe," observes Lillard. "That offers a lot of growth potential for us."

WHP's Growth

WHP has been growing by 20% each year since 1991 when Lillard bought the venerable family-owned manufacturer of homeopathic medicine, now the oldest in America. He expanded from the Bethesda, Maryland location to a storefront in the historic spa town of Berkeley Springs, West Virginia in 1993, naming the retail operation Homeopathy Works. "We were bringing homeopathy back to the towns and countryside where it used to be," says Lillard about the move.

Even before Crawford's celebrity boost, expansion plans were foremost in Lillard's mind. "We were overflowing for about two years," says Lillard who had been searching for more space in Morgan County. "Our storage was maxed out even before the first building was done." Eventually, Lillard purchased 4.8 acres in the business park off of highway 522 that provided spectacular views of a country pond and Capapon Mountain from the lab windows. Ground was broken for a 12,500 square foot facility in May 2005; by early 2006, manufacturing began.

Work has begun on a second 7,000 square foot storage building at the site with a third building down the road that will move the entire operation out of downtown and provide space for offices and an expanded museum at the factory site. "There's plenty of stuff for a bigger museum," says Lillard who has a penchant for the old machines and tools of homeopathy. Once his present building plans are complete, Lillard will have invested more than \$2 million in his plant.

Homeo-business

This past May, WHP was named the Small Business Administration's WV Exporter of the Year based on its export list of more than 20 far-ranging countries, including Hong Kong, Taiwan, South Africa, Sri Lanka, and Romania. Since then more countries have joined the WHP export family including Andorra, Belgium and Wales.

"We're not calling them," says Lillard. "They contact us." The most significant obstacle Lillard faces in being a

major exporter to countries like Romania and China is that homeopathic medical remedies are generally not on their import lists so education of the bureaucrats and customs officials is required. Other countries like Canada have very restrictive laws covering importing health remedies. "UPS is the best source of information on international requirements," he says.

In addition to pioneering Web-based sales in homeopathy, WHP has also introduced many innovations in packaging including blister packs for small amounts of a specific remedy. At the same time, it is traditional personalized service that makes WHP unique. Live employees serve customers seven days a week, Monday through Friday between 8:30 am and 9pm and on weekends between 10am and 5 pm.

Orders typically have same day shipping; the majority of orders are handled over the phone or through the Internet with some regular walk-in customers. The Website offers all of the products WHP sells in a user-friendly format for placing orders or searching for educational materials. Users are invited to send their testimonials. They are printed on the site and the next month those remedies are offered as a special.

Private Labeling

Washington Homeopathic Products manufactures its own extensive line of more than 1700 remedies according to rigid standards regulated by the Food and Drug Administration and produced in strict accordance with the Homeopathic Pharmacopeia of the United States (HPUS). It also manufactures products for more than 35 private label companies from all over the world using the same process described by the HPUS. Private labeling and international sales are driving WHP expansion.

Many of its international clients have been developed through the Internet, which has the world beating an e-path to WHP's door. "The Internet caused a huge expansion of our private labeling business," says Lillard. "People all over the world could find us easily. We do all our production by the [HPUS] book. Our reputation gets out." He calculates that one new private labeling customer is added every month.

The Path of a Homeopath

A little more than 30 years ago, Joe Lillard heard the word homeopathy for the first time. He began using the 18th century medical system because it was an affordable method of medicating his sheep flock. The tiny white pills seemed

to work miracles. He began taking classes in veterinary homeopathy and then discovered that homeopathy was being used to care for humans in other parts of the world.

By the early 1980s, Joe Lillard was accumulating a list of "firsts" in the world of homeopathic medicine from his Civil War-era farmhouse in Unger, south of Berkeley Springs. He researched foreign teachers and brought them to the United

States. He pioneered the resurgence of the study group movement for teaching homeopathy in cities and towns. The National Center for Homeopathy (NCH) invited him to serve on the board of the organization and he accepted, eventually becoming the organization's first ever non-physician president. He remains on the board.

Learning about and benefiting from homeopathy was not enough for Lillard. Unlike many alternative medicine users, he was not particularly interested in becoming a fulltime practitioner. Due to his interests in equipment and machinery, Lillard was drawn to the manufacturing sector. He eventually bought WHP after a six-month apprenticeship with its owner.

Traditional Medicine, Modern Concerns

As concerns about drug side effects rise along with interest in alternative medicines, homeopathy is finding a comfortable place in being user-friendly and earth friendly.

Homeopathy is by its nature a "green" product. None of the ingredients or

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WHP never did private labeling before Lillard. "It all started with Pat Paris of Haymarket, Virginia," he explains. "She wanted a remedy for horses and put her label on it." The next customer was an Irish company, HomeoPet, now one of WHP's largest accounts. "We filled an order for them in June of 100,000 bottles of a remedy," says Linda Lillard, Joe's wife and business partner. "We average 50 to 75,000 bottles a month."

WHP is responsible for manufacturing the dilution, filling the bottles, labeling, packaging, and shipping HomeoPet's remedies for animals to distributors and directly to the customer located throughout the United States and the world including Australia, Canada, and England.

WHP is the production partner of Pflueger USA, manufacturing 55 products for the major German healthcare company. The formulas were developed by Pflueger in Germany, birthplace of homeopathy in the late 18th century. "We also handle their marketing," says Lillard. "Their products are all combination remedies and those are distinct [from ours] so Pflueger and WHP products are not really direct competitors." Lillard points out that the potential for growth in the U.S. market means there are plenty of opportunities for both.

Private label manufacturing is a successful business venture and one of the ways Lillard educates others about homeopathy. He also exports his knowledge traveling as a volunteer with Homeopaths Without Borders to provide training in homeopathic pharmacy to doctors and pharmacists in Cuba and El Salvador. In Berkeley Springs, Saturday morning visitors to the shop hear free introductory talks about homeopathy. Speakers, workshops, and discussion groups are encouraged. Homeopaths from around the world come to visit.



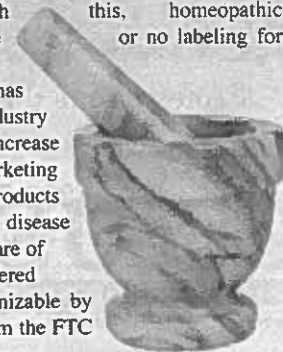
The Homeopathic Pharmacopeia of the United States (HPUS) is the official standard for how plants, minerals and animal byproducts (such as bees) are processed into homeopathic medicines. The Food and Drug Administration inspects all licensed pharmacies like Washington Homeopathic Products to assure their practices comply with these standards as well as FDA's good manufacturing practices. Lillard is a member of HPUS's governing body, the Homeopathic Pharmacopeia Convention of the US.

- Washington Homeopathic Products is the second largest full-line manufacturer in the United States serving more than 55,000 individual and corporate customers including 1100 retail stores, 600 veterinarians and 400 physicians worldwide. WHP is at 33 Fairfax St. Berkeley Springs, West Virginia. Contact them at 800-336-1695 or www.homeopathyworks.com
- In less than 20 years, Lillard has increased his business more than 100-fold, transforming it from a company with five employees and an annual gross income of \$150,000 into a multi-million dollar operation with 38 employees selling product all over the world, including Hollywood.
- WHP ships more than 150 orders per day and average 4000 sales per month.
- By the end of 2007, WHP will have made more than 25,000 bottles of the poison ivy remedy rhus tox, which it wholesales to more than 340 drug stores including individual branches of Revco, Rite Aid, Wal-Mart, and CVS as well as more than 25 distribution companies.

"The term "homeopathy" is derived from the Greek words homeo (similar) and pathos (suffering or disease). The first basic principles of homeopathy were formulated by Samuel Hahnemann in the late 1700's. The practice of homeopathy is based on the belief that disease symptoms can be cured by small doses of substances which produce similar symptoms in healthy people.

"The Federal Food, Drug, and Cosmetic Act (the Act) recognizes as official the drugs and standards in the Homeopathic Pharmacopeia of the United States and its supplements (Sections 201 (g)(1) and 501 (b), respectively). Until recently, homeopathic drugs have been marketed on a limited scale by a few manufacturers who have been in business for many years and have predominantly served the needs of a limited number of licensed practitioners. In conjunction with this, homeopathic drug products historically have borne little or no labeling for the consumer.

"Today the homeopathic drug market has grown to become a multimillion dollar industry in the United States, with a significant increase shown in the importation and domestic marketing of homeopathic drug products. Those products that are offered for treatment of serious disease conditions, must be dispensed under the care of a licensed practitioner. Other products, offered for use in self-limiting conditions recognizable by consumers, may be marketed OTC." (From the FTC Compliant Policy Guide)



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processes used in the manufacture of homeopathic medicines produce polluting or dangerous wastes. It is an efficient manufacturing process requiring minimal natural resources. The "green" nature of the business

"penny remedy" man.

Some physicians claim that up to 95% of all problems seen by general practice doctors can be treated safely by homeopathy. Bee stings, mosquito bites, and bruises are among the



Joe and Linda Lillard

made it an attractive business for the Natural Capital Investment Fund located near Shepherdstown.

All plant materials used to manufacture remedies must be organically grown. More than 50 species of plants used are grown on Joe and Linda's farm. Lillard has been trained in the West Virginia Extension Service Master Gardeners program. Outside the downtown shop are window boxes growing herbs used in the homeopathic medicines. They are identified as part of the education process that permeates all aspects of the business.

For Joe Lillard, the three best reasons for devoting his life to making homeopathy available to the world are that it is affordable, effective, and safe.

A person may find relief from chronic or acute complaints with a few doses of a medicine that costs under \$10 for a bottle of 240 pills which motivates Lillard, who is a

health needs Cindy Crawford reported that she meets with her trusty remedy kit.

The big seller at WHP is more specialized but equally important for kids—Rhus Tox to treat poison ivy. Lillard developed new packaging for Rhus Tox—a shrink-wrapped combination of pills and lotion—that provides both prevention and treatment and is small enough for a hiking pack.

But safety may be its biggest selling point. For no homeopathic remedy, whether for flu or cold sores, is there a list of side effects or types of people for whom it should not be used. There are no problematic drug interactions even with pharmaceuticals. Many cancer patients, like Sheryl Crow, use various remedies to lessen the negative effects of their treatments. It is non-habit forming. "No one dies from homeopathy," says Lillard.

That's all the testimonial he needs.