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Repair, recycle – save money

As the economic downturn takes its toll, companies are fixing and maintaining equipment instead of buying new

BY JIMMY DEBUTTS STAFF

Gene Robinson streamlined his company's marketing strategy to a show-and-tell demonstration when he saw economic trouble on the horizon.

Robinson, CEO of Homewood-based medical instrument repair company IMS, saw signs of the national recession last fall while at the Harvard Business School Advanced Management Program. He returned to Birmingham determined to thwart the pending downturn by implementing a plan to explicitly show customers how his firm's refurbishing operations compared to competitors' and manufacturers'.

The best way for businesses to weather the recession is through flexibility of the business model and a proactive strategy, experts say.

IMS did that by contrasting its services and price points with its competition – and clearly presenting the benefit of choosing their method of refurbishing equipment versus buying new products to hospitals that were experiencing huge budget constraints, Robinson said.

During fiscal belt-tightening times, businesses must present themselves and their services as indispensable, said Jack Taylor, retail professor at Birmingham Southern College. People are reluctant to change, he said, so it is imperative for businesses to precisely document how their product is superior to a competitor's.

IMS' approach is effective because it draws distinctions between replacement parts in an easy-to-digest manner, Taylor said.

"The only way they're going to get someone to switch to them is give them a reason to buy," Taylor said. "You don't want to be the best at what you do, you want to be the only one doing what you do. Give the customer a reason to do business with you. That's what they are doing with this show and tell. They can demonstrate and show the benefits of using their product."

Forte Inc. President Glenn Phillips shifted his company's focus in response to the current recession last July from selling new electronic products to helping clients protect their existing data programs.

Major projects were abundant during the boom years, but the recession prompted many large firms to table IT overhauls. In response, Forte switched to "small ball" mode, Phillips said. By concentrating on multiple smaller projects, Forte's 2009 revenue is tracking equal to its 2008 totals, he said.

"We still look for big ones, but we've had great success doing the little things lately," Phillips said.

IMS' Robinson said his firm's method helped it sustain profitability and surpass April 2009 projected revenue totals by 5 percent.

Central to Robinson's plan was the launching of IMS' Technical Excellence program, which involves salespeople giving hands-on demonstrations using the actual devices and refurbished components used by IMS, its competitors and the device's manufacturer.

In previous years, when the economy wasn't pinching bud-



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IMS lab technician Morrie Gutierrez repairs a colonoscopy scope for a client. The company has ramped its refurbishing business.



Robinson

gets, hospitals weren't as concerned about the quality of parts used to refurbish medical instruments, Robinson said. The result, he said, was instruments needing frequent repairs and the loss of resources for the hospital while they were in the shop.

As the economy squeezes hospital budgets, Robinson said Technical Excellence enables IMS to show the value of perhaps paying a little more to have a device refurbished using components equal to the original manufacturer's to avoid future repairs. Robinson said that strategy is central to IMS' current vitality.

"We needed to get back to the basics," Robinson said.

It's been an effective approach and one that convinced Arkansas Children's Hospital to contract with IMS, according to the facility's director of clinical engineering. Boyd Hutchins said the hospital previously bought replacement parts from device manufacturers. However, in the past three years, he said the quality of repairs and replacement parts to devices such as endoscopes at the Little Rock hospital did not meet expectations.

Arkansas Children's was losing days of use for the endoscopes when they were shipped out for repair. Often the scopes

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returned in the same or in worse condition, Hutchins said. He said he was sold on IMS after viewing its presentation for refurbishing.

Hutchins said the economic downturn is forcing his hospital to maximize every dollar and try to extend equipment life use.

"We're very conscious of what we're spending money on – even when times are good," Hutchins said. "It was more of a quality issue for us. We're not canceling or delaying cases. The scopes are there and they are ready."

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