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ENTREPRENEUR

Making the cut

*Nearly undone by software snafu, surgical instrument service provider
IMS beats odds, keeps right on growing*

BY KELLI M. DUGAN / STAFF

Stagnate is not in Gene Robinson's vocabulary. That's why Integrated Medical Systems International Inc. has spent the past three years preparing to reinvent the medical instrument maintenance and repair company for the second time in its 16-year history as an instrument-ready operation.

The shift, which rolls out officially Oct. 30, means IMS will ensure any piece of equipment a surgeon or hospital needs is not only available immediately but also functioning at its optimum level.

■ INTEGRATED MEDICAL SYSTEMS INTERNATIONAL

Business: Provider of surgical instrument services, products and technology

Leader: Founder and CEO Gene Robinson

Address: 1823 27th Ave. S., 35209

Phone: (205) 879-3840, 1-800-783-9251

On the web: www.imsred.com

Founded: 1990

Employees: 581 (232 in Birmingham)

Revenue: \$80 million (projected for 2006)

Advice: 'Live in reality. Know the numbers, all the way to the bottom line. Be open to new ideas, and continue to learn. Invest in your people and the business. Work on the foundations every day. And enjoy what you're doing.'

— Gene Robinson

Robinson, the Birmingham-based company's founder and CEO, said IMS has hired 70 employees in the past year in anticipation of the launch, bringing total employment to 581.

The privately held company has also purchased two acres adjacent to its Second Avenue North location in downtown Birmingham,

with plans to expand the 33,000-square-foot repair facility by 15,000 square feet within the next year. With corporate offices in Homewood, IMS also operates repair labs in Fort Lauderdale, Fla., Carpentaria, Calif., and Phoenix, Ariz., with sales representatives scattered nationwide.

"We would like to eventually hit 1,000 employees and become a major employer in the Birmingham area," Robinson said.

Long-range planning has been a key to IMS' success. The company's revenue has grown an average of 37 percent annually since its inception in 1990.

Robinson said staying open - to ideas, suggestions, reading materials and even people who can assist in moving the company forward — has helped IMS keep its finger on the pulse of the medical instrument market.

The company began strictly as a repair facility for medical specialty surgical instruments such as specialized scopes and high-powered surgical drills. Several years ago, its principal services shifted toward preventive maintenance and on-site servicing.



BY BOB FARLEY / F8PHOTO.ORG

The cutting edge: Gene Robinson, CEO of Integrated Medical Systems International, Inc., has big growth plans for his surgical instrument company. 'We would eventually like to hit 1,000 employees ... in Birmingham,' he says.

Eventually, Robinson began to realize his company's long-range success depended on IMS' ability to provide almost instantaneous response to clients — with zero compromise in quality — to keep pace with the fast-paced health-care industry.

"It's amazing what people can tell you," he said. "It's amazing the input they can have and

IMS: Using market psychology

the value they can bring to the discussion if I just stay open and listen to them.”

IMS Vice President of Strategic Initiatives Steve Cullen said the effort to meet that standard began in earnest one year ago, when Robinson started meeting one-on-one with more than 300 surgeons nationwide to “better understand how exactly we can better serve them.”

“It really is an empowering process for everyone involved,” Cullen said.

Robinson took the “open planning” cue from Montgomery resident John Warden, a former military strategist and architect of the Desert Storm air campaign who now works on strategies for business.

Warden helped Robinson distinguish between strategies and tactics. Tactics are relatively unambiguous, day-to-day activities that are repeatable. But strategies, Robinson said, are plans of action designed to achieve a particular goal.

“Strategy is where the company needs to go. It’s setting objectives that require long-range vision,” he said, likening tactics to the “shopping list” of things that must be done to achieve those objectives without exceeding available resources.

With that knowledge digested, Robinson set about identifying tactics to help him shift the company’s focus toward fulfillment of customer needs while remaining competitive and innovative.

That’s when he discovered the work of Dr. G. Clotaire Rapaille, a market researcher and psychologist who has worked with numerous Fortune 500 companies, helping interpret their respective customer “codes.”

For instance, Rapaille worked with the distributors of Folgers Coffee to determine that aroma, not taste, sells coffee. The result was a refocusing of Folgers’ marketing campaign. “If you really want to know your customers and take care of them, then you have to take the time and planning to decipher their individual codes,” Robinson said.

So what code did IMS break?

“In order to continue to be successful, we have to alleviate stress and confusion in surgical settings by making sure surgeons always have their instruments of choice working at maximum capacity at their fingertips,” Robinson said.

Of course, knowing what needs to be done and making it happen doesn’t take place

overnight. The open-planning stage alone, during which IMS solicited input from about 520 employees and customers, took about one year. All told, IMS spent about \$9 million over the past three years preparing for its launch as an instrument-ready operation, a feat it simply couldn’t have afforded in the company’s earlier years.

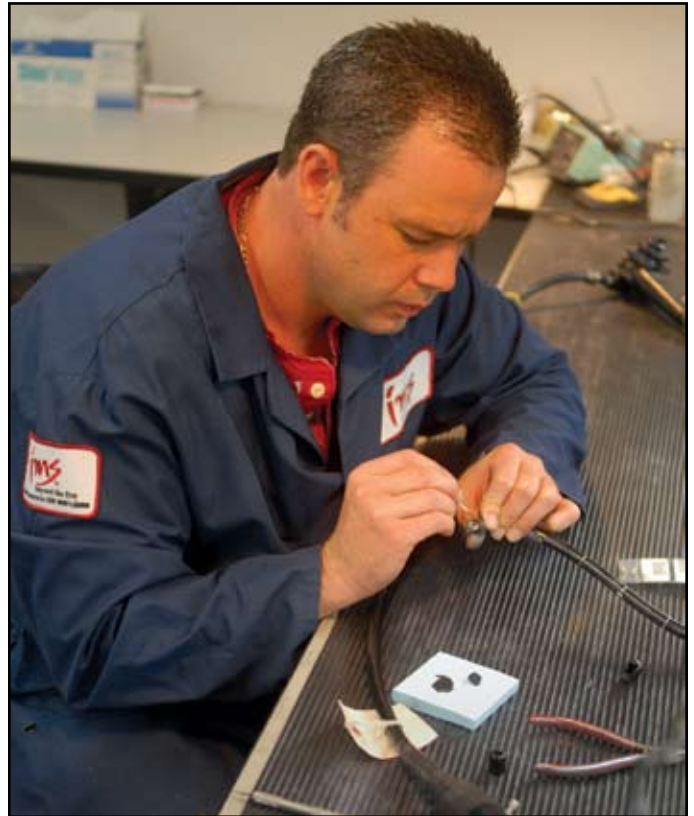
Putting money back into the business has paid off. Says Robinson: “Never maximize your income. For the past 16 years we’ve built infrastructure and established substance. We’ve also made some excellent hires during that time, but our core team has been with us since day one and that, in itself, creates stability.”

Robinson and Cullen agree, with the benefit of hindsight, that one aspect of the company’s evolution was almost its undoing — namely, the installation of Oracle software before IMS could afford it. “The decision was a good decision, but the timing was questionable and the amount of resources it ultimately required was disproportionate to what we had readily available. At the same time, the very thing that almost broke us is what will help us continue to grow,” Cullen said.

The Oracle installation began about five years ago, when revenue hovered around \$36 million annually, and required about 18 months to implement fully.

The process, which began in the month of November, hit a wall almost immediately because the majority of the hospitals IMS served closed out their fiscal years in December, and the bugs were not worked out of the billing software quickly enough, creating end-of-year ledger imbalances.

It was a serious situation for the company. Indeed, during an informal conversation at an information technology seminar, a Har-



BY BOB FARLEY / F8PHOTO.ORG

Integrated Medical Systems technician Jeremy Pennington repairs a flexible endoscope at the company’s laboratory in downtown Birmingham.

vard business professor told Debra Robinson, IMS co-founder and managing partner, the Birmingham company should never have survived the ordeal.

“Oracle is a breeze for massive corporations like General Electric or even institutional giants like the University of Alabama at Birmingham with the budgets and the manpower to accommodate the flux, but a \$36 million company should have tanked,” Gene Robinson said. “That’s what he told her.”

Against the odds, however, the gamble paid off over time. Today, in addition to seamless billing operations, IMS can track any single piece of equipment from door to door, a capability required to achieve its instrument-ready incarnation.

“Now that the coding is done,” Cullen said, “and IMS is properly aligned to become instrument ready, it’s very exciting to be just weeks away from the next step and to see Gene’s vision becoming reality.”

kdugan@bizjournals.com ■ (205) 443-5628.