

What the Doctor Ordered

Welcome to Birmingham, home of the largest independent medical repair company in the nation, an enterprise with a 10 percent share of the market

BY BARBARA SLOAN

At 6 a.m., while most of the city is still hitting the snooze button or stumbling to pour a cup of coffee, Bo Mundy stirs about the offices of Integrated Medical Systems, Inc. The building is tucked away on a side street Homewood, almost in the shadow of Vulcan statue, longtime symbol of Birmingham's iron and steel industry. As executive vice-president of sales and marketing, he admits to being a morning person who likes to arrive early and get busy.

Mundy pleasantly greets employees who hit the office at 7 a.m., coffee mugs in hand and baseball caps on heads—a lively contrast to Mundy who is sharply dressed in a dark gray suit. All wave or smile in response as they begin work at the largest independent medical repair company in the nation, an enterprise with a 10 percent share of the market.

The offices and labs are spread over a couple of blocks in two separate buildings, with another lot on an adjoining street used for parking. Almost 15 years ago, CEO/President Gene Robinson launched the company after envisioning an ingenious plan to trim the escalating cost of health care. At the time, Robinson was in the surgical implant business where he saw an urgent need in surgery.

"Of course, Birmingham, the old steel mill town, had already become a health

care mecca by 1987," Mundy notes. "Gene observed nurses and doctors who were very upset with severely inoperative equipment. Most of the instruments were made in Germany or Japan—and they were of fine quality, but the repairs had to be done out of country. The process was expensive and took far too much time."

So Robinson decided to solve the problem by becoming an independent



service organization. "At the time, lots of smaller operations were offering that sort of service, but none had a very big presence," Robinson says. "It was basically a closed industry."

With a great idea, Robinson's company adroitly maneuvered its way right to the top of the industry. Over the last decade, IMS has encountered swift expansion in both revenues and locations. Just last year, the firm garnered over \$40 million in sales. With revenue growth averaging 15 to 25 percent every year, the company has stretched from its original 12,000-square foot Homewood office to 10 locations across America. Besides its Birmingham operations, IMS now has services centers in Atlanta, Ga.; Tampa, Fla.; Memphis, Tenn.; Carpinteria, Calif.; Los Angeles, Calif.; Houston, Tex.; Minneapolis, Minn.; and Sterling, Va.

Bo Mundy joined IMS in 1991 after being in medical sales in Louisiana and Mississippi following his graduation from Alabama's Jacksonville State University. "In fact," he recalls, "I was the first sales rep for IMS. We began in Jefferson County, Alabama, which is recognized as a leading health care center in the nation. We just had a great place to start, and that probably helped us grow into a nationwide company. We now service all 50 states."

"I think the most important thing we do is to reduce health care cost 15 to 20 percent," Mundy remarks. "Health care is going to explode with the Baby Boomers aging each year, while budgets are being slashed in half at every care facility I know of."

"Look at this flexible scope, for instance," Mundy says, as he and a technician demonstrate one of their most expensive repair jobs. An instrument that sells for \$25,000, the flexible scope contains a video camera and fiber optics, as well as a biopsy channel. The tiny pencil eraser-sized lens and minute equipment transmit an amazingly clear picture onto a monitor.

"Baby Boomers don't like to be cut open any more than they have to," Mundy says. "So this flexible scope is important to surgeons. We can fix them for a third the cost of replacement, but it takes a combination of plumber, electrician, and mechanic to do such restoration. We have some fantastic craftsmen working for us."

So now, while hospitals and other health centers confront a downward spiral in their budgets, and as this trend spreads to more and more facilities, administrators are seeking areas where they can reduce expenses without relinquishing safe patient care. "This is where we come in," says Mundy. "We don't have a conflict of interest because we don't make the surgical instruments, we repair them."

Keeping surgical instruments in peak condition is, of course, a critical part of safe patient outcomes, but routine refurbishment can be a tremendous factor in reducing capital spending. "In the vast majority of cases," Mundy says, "it is much more cost effective to repair an instrument than to purchase a replacement. We don't come to people and say, it's broken, just get a new one—that wouldn't help us since we don't sell new ones; but it wouldn't be the best course for hospitals either. Every level of the hospital is affected by

repair, from nurses to CEOs, so the fact that we can keep instruments safe—yet reduce costs—has far-reaching significance."

One customer, Nancy Westerlund, a registered nurse and manager of Central Sterile for Henrico Doctor's Hospital-Forest in Richmond, Va., says, "The use of IMS as our instrument repair service has decreased my personal involvement in the management of damaged instrumentation because of the level of service provided." She goes on to clarify, "I no longer have to coordinate the shipment of instrumentation, the billing process is simple to manage, and we have been able to establish a routine for staff to process repairs."

Sometimes, Integrated Medical Systems has to compete with the OEM (original equipment manufacturer) of a product. In these cases, IMS fairs well in the market. For instance, Riverside Health System in Newport News, Va., was recently search-

performed for us and the fact that they held the service contract with Premier were very important."

So even when IMS has to compete with large corporations such as General Electric for business, the company compares favorably with its customers. "They've done a lot of work for me over the last 10 years—all my scope repairs, all the operating room instruments," says Tony Diuguid, Montclair Baptist Medical Center's material manager in Birmingham. "They do a really outstanding job."

With its rapid growth, IMS has just been named to *Birmingham Business Journal's* FastTrack 25, which lists Birmingham's



IMS repairs and ships more than 120,000 pieces of equipment a year, says CEO/President Gene Robinson (above).

ing for both a beneficial leasing program and a company with a history of quality repair.

Charles Morgan, manager of purchasing and contracts, and Scott Venable, surgical services purchasing agent, compared the leasing option of their brands with the options offered by IMS, who just happens to be the nation's largest endoscopy service provider. Through the process, Morgan and Venable analyzed leasing proposals, service contracts and bidding procedures of both companies. "IMS brought credibility to the process on several fronts," says Morgan. "The past work they had

fastest growing companies. Another recent asset is a \$2 million investment to buy and renovate a 34,000-square-foot building near Sloss Furnaces, a historic site that preserves and celebrates Birmingham's past leadership in the iron and steel industry. Here, the company is creating a "superlab" for its medical equipment repair business.

Birmingham's Robinson and Hsu Architects designed the new center, which should be ready by January 2002.

Gene Robinson says the new facility will give his company room to double in size over the next three years. "There's really nothing else like this in the industry today," Robinson says. "This superlab is unique because of its size and comprehensive nature with repairs of all major categories of medical instruments being made under one roof, in addition to technical training and research and development."

The company has formulated the expertise to repair thousands of instruments, which fall into separate divisions Mundy calls the "four legs of a table." IMS repairs and ships more than 120,000 pieces of equipment a year, in the categories of flexible scope systems, rigid scope systems, power systems, and specialty and surgical instruments. And after pieces are repaired, they are sandblasted, dipped in an ultrasonic cleaner, and polished. Of the 20,000 types of instruments the firm handles, all are steel or have metal parts.

Fifty repair technicians will move from the Homewood facility to the roomy space across town. IMS hopes to add 50 craftsmen soon, as well as hiring 50 more sales people from the extreme Northeast to the California coast. The company will retain its two Homewood buildings to house the corporate offices, customer service and inside sales operations.

Since its Homewood lab is functioning nearly at capacity, the new superlab should allow IMS to expand into its predicted future growth. "We can be faster and more efficient at repairing medical instruments and shipping them back to the people who need them," says Mundy. "Speed is crucial in this business. We do 80 percent of our repairs in 48 hours or less," he grins, pointing to some nearly empty out boxes.

"But the new space will enhance our capabilities. I like the fact that our new office is near Sloss Furnaces," continues Bo Mundy. "One of the benefits of being a Birmingham-based company is that the city was known for its iron and steel production. Now, here we are, dealing in medical grade steel."

Mundy elaborates: "Birmingham has always been known for its craftsmanship and you don't see that so much anymore in our disposable world. We promote reuse. People who were raised in the coal mines and steel mills around here are used to that kind of craftsmanship and to the mindset of recycling and restoration. We are so in tune with that. The job pool here is fantastic and the work ethic is great because of that old industry." ■