

Medical Device Manufacturing, Development and Management with Catheter Specialization

**Healthcare
Medical Devices**

**Catheter Research, Inc.
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**Phil Sheingold
CEO**

BIO: Phil joined CRI in 2010 bringing 25 years of experience in Operations, Engineering, and Logistics for industry leaders. The majority of his leadership focused on food and beverage manufacturing for companies such as Frito-Lay, Gatorade, and Sensient Technologies Flavors and Fragrances, holding positions of Engineer through Plant Manager to Director of Operations. International experience and responsibilities includes Engineering and Operations for 16 facilities in Europe, Canada, and Mexico. Phil was responsible for new plant construction, equipment design, capital improvements, and budget responsibilities exceeding \$100 million. As Senior Vice President of Operations for Brightpoint – a leader in third party wireless value add and logistics, Phil

managed a team over 600 responsible for Supply Chain in North America. He was also COO for Signcraft, a private company which leads the market in identity solutions, where he worked with the owner in acquiring several companies leading to significant company growth and market expansion. Phil is a continuing student in key systems and processes including Six Sigma, ISO, TQM, Lean manufacturing, and RFID technology having introduced it to Brightpoint. He was also one of the first HACCP Engineers for Frito-Lay and implemented changes through programs throughout the company. He is a Chemical Engineer by degree from Cal Poly University, a member of the National Society of Professional Engineers, and is active in the community and charitable concerns.

About Catheter Research, Inc.:

Catheter Research, Inc. (CRI) is a market leader in medical device manufacturing, contract development, and product life cycle management. CRI specializes in catheter design, catheter assembly, medical tubing, extrusion, and OBGYN Disposables. CRI provides excellence in project management, lean manufacturing techniques, supply chain controls, and regulatory compliance. CRI's quality system has been designed to tailor processes to meet the diverse requirements of customers, in an ever changing regulatory and economic environment.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Sheingold, what attracted you to Catheter Research?

Mr. Sheingold: It was the reputation of the company, the people I met and the potential and desire they expressed to grow the company. The products themselves and the impact that we have in the industry is something I also enjoy and feel passionate about. Since we focus on improving quality and care across a broad spectrum of medical devices and uses, I found this to be very rewarding, and our people share that same passion.

CEOCFO: What is your primary focus at Catheter Research?

Mr. Sheingold: If I was to give a standard line it is we manufacture and develop disposable devices and accessories, surgical instruments and distribution. However, what we actually provide are quality products and services focused on the quality of care. We contract manufacture for key providers in the medical device field, develop our own products and have worldwide distribution of those through our Thomas Medical Group. Therefore, when you put that all together, what you have is an innovative and nimble company that provides a unique value across the entire medical device industry.

CEOCFO: How does the company break down in the various divisions? Where do you see the most growth?

Mr. Sheingold: CRI's business model is made of three distinct revenue-driving divisions: contract manufacturing (70% of revenue), direct sales OB/GYN division dba Thomas Medical (20% of revenue), and engineering and product development (10% of revenue). Each division is growing rapidly, allowing us to increase our resources and service offerings throughout our business. Our

engineering and development projects are a key source of growth in the contract manufacturing and direct sales divisions, with a focus in new and innovative medical devices. Manufacturing transfers, mergers and acquisitions, and vertical integration are key revenue streams that are part of our growth strategy.

CEO CFO: When you are designing or developing how do you decide what to work on? Where do the ideas come from for the products that you want to develop on your own?

Mr. Sheingold: We have two primary processes. One is that our reputation for thoroughness and delivering what is promised brings doctors and hospitals with great ideas that are looking for a development and marketing partner. We actually have more of those opportunities than we can accomplish at this time and are adding resources in this area. The second is through our own customers and distribution. We ask for and receive feedback on changes or new products that could be developed that would have a positive impact on the quality of care.

CEO CFO: Would you give me an idea of something that you have developed that needed the expertise that Catheter Research could provide?

Mr. Sheingold: The latest product that we have developed is the Miller Advance Catheter and it is used for diagnostic procedures within the uterus including identifying uterine pathologies and determining tubal patency. The reality is that the diagnostic catheter has not changed much in fifteen to twenty years. This is probably the largest and the most impactful change that the market has seen on this type of device. There are several unique features and it follows our basic company premise, which is we are always looking to improve the quality of care. Designed in conjunction with Dr. Charles Miller it allows the procedure to be completed quickly and easily with minimal impact to both the patient and the doctor.

CEO CFO: When you develop products on your own how are they marketed? What is your channel for distribution?

Mr. Sheingold: We utilize our own sales and marketing groups along with worldwide distribution partners. This team also employs external marketing resources to develop materials when it is beneficial to do so. Product launches and improvements are also showcased at the myriad of trade shows we attend.

CEO CFO: How do you attract business in contract manufacturing? When a new client is talking with you when do they understand the difference and the quality of the company?

Mr. Sheingold: We have a strong reputation in the industry built on providing outstanding quality products and services. The majority of our contract manufacturing business has been introduced based on this word-

“We have a strong reputation in the industry built on providing outstanding quality products and services. The majority of our contract manufacturing business has been introduced based on this word-of-mouth reputation and customer referrals.”- Phil Sheingold

of-mouth reputation and customer referrals. Recently, we have started proactively marketing to new manufacturing prospects through trade shows and other avenues. We also experience expansion of products from existing customers. During new business opportunity meetings and introductions, prospects begin to understand the uniqueness of our company and become confident in our dedication and services. In essence we provide all the ISO certification, FDA registration and quality that larger CM companies provide, but with the nimbleness, value, and unparalleled customer service of a smaller company. As we have been improving the quality of care for 26 years, these attributes continue to make CRI successful.

CEO CFO: How has the company changed under your leadership?

Mr. Sheingold: I will not call it necessarily a dramatic change. However, my direction has been, not just to maintain and leverage those

things that have made us successful, but I also want to have more fun as a Team doing it. We are a one hundred percent ESOP company and it is important that all of us continue to enjoy the work that we do as a team. Therefore, I have focused a lot on the interactions, communications and those internal attributes that will continue to make us successful. Externally, we have been very active in the acquisition markets. We are looking for businesses that will add product lines, not dilute our bottom line, increase our talent of people, and have as similar a reputation as possible to ours. We have accomplished several acquisitions so far this year. Expansion of manufacturing outside the U.S. is another change and our manufacturing site in Costa Rica will open early 2014. The growth that we are experiencing is what I am driving, while at the same time adding resources and tools to manage that growth responsibly.

CEO CFO: How is business in general today?

Mr. Sheingold: It is very good!

We are adding people and capabilities and do not see that changing anytime soon. Our existing customers are continuing to grow and new ones are coming on board with products online as early as the fourth quarter of this year. We have had to plan for and add great skills to our team and we have been very fortunate to do that, I will call it more of a testament to our reputation and our people that we have been able to attract and maintain the talent and the caliber that we have been able to get, especially for a company of our size.

CEO CFO: I would imagine the long history serves you well in attracting employees and customers.

Mr. Sheingold: Yes, when you consider that no company is going to outsource part of their business if they believe that there is going to be any risk associated with that product. Therefore, they are very diligent about how they select and use those outside resources. Having a strong reputation

in the industry certainly mitigates that risk.

CEOCFO: Why should investors and people in the business community pay attention to Catheter Research? Why is the company exceptional?

Mr. Sheingold: There are many attributes that make us unique, but our success is attributed to our customers, our people, and the quality products we develop. Our common

purpose of being driven to innovate and focused on care serves us well. We have basically been doubling our business every three to four years and continue down that path. We are strong financially and share those benefits with our employee owners. The best way to describe our overall value is from a customer's point of view. If we have ten products to provide to them, but they really need twenty and another company actually

has all twenty, that customer still buys the ten from us and buys the other ten from someone else. That would not normally be a position that a customer would take. However, they know the quality products that we provide and the customer service they will receive, and they know the people that we have that make that difference. This happens all the time.



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