

Blickman - Manufacturing Stainless Steel Medical Equipment for Hospitals and Surgery Centers in The US and Globally



Anthony Lorenzo
CEO

Blickman

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: *Mr. Lorenzo, what is the overall focus at Blickman, and what might you be looking to do today?*

Mr. Lorenzo: We manufacture stainless steel medical equipment for hospitals, surgery centers and general medical equipment needs across the world but mostly focused on the US. The products are things like case carts, warming cabinets, IV poles, custom cabinetry and everything in between.

We have been growing and gaining share in the marketplace as we have improved product quality and expanded the product portfolio via the launch of new products.

CEOCFO: *Do most hospitals look to buy as much as they can from one source?*

Mr. Lorenzo: That depends. I think some do, but I think some require some education on the actual portfolio breadth in some cases. I think they would like to, but I also think sometimes the purchasing efforts are spread around and different departments in hospitals do not know what the other departments are doing.

CEOCFO: *How do you decide what products to bring into the fold and how do you decide when it might be time to retire a product?*

Mr. Lorenzo: For us, a lot of our products are very old. Because they are made of stainless steel, they last forever. However, some get damaged over time, like case carts get beat up so much during their use and need replacement over time. Additionally, we often get calls for support on warming cabinets that are 40+ years old, and we try to focus on products we think we can improve, such as warming cabinets.

We are coming out shortly with a new warmer that has a whole new control element that is going to be very exciting to launch. We have also recently introduced a new product line-up in an area we think we have an advantage against certain competitors that have sort of owned the market and we think we can take share very quickly, and that is our new utility cart line. There are a lot of different variations that we can consider.

CEOCFO: *Let's use the utility cart as an example; what is different about what you offer in that arena?*

Mr. Lorenzo: We examined the market and we found that many of the carts in the marketplace do not have replaceable casters or replaceable handles, the bottoms are made with carbon steel instead of stainless steel. There are issues around maintenance and keeping those products alive. The reality is many customers would prefer to change a caster when that falls apart instead of waiting for the whole cart to be replaced, or they would like not to see rust because of the carbon

steel on the bottom, or want the handles to be replaced. We tried to make it so that the life of the product would last longer with minimal upgrades.



CEO CFO: Are there newer technologies you are able to take advantage of so that you can come up with better products?

Mr. Lorenzo: There are. Our warming cabinet is a version of that. We are coming out with a touch-screen that is going to be much nicer to use operationally, and has different features and functionalities. Generally our products have been made the same way for a very long time, so we try to improve the quality of our products and some of the functionality based on what we hear from users of our products.

We added a second handle on some case carts because we heard that when they were coming out of the cart wash, if the carts only had a handle on one side, when it came out on the other side of the washer the staff could not grab it properly. We try to listen to see what customers require.

CEO CFO: Does your long history in medical equipment matter today? Do potential customers understand and respect the history or is it just whatever you can do for them now?

Mr. Lorenzo: I think it is a little bit of both. I think we have a well-known established customer base and it is a brand that people find value in and think of very high quality. I think some of the lower-end products are in an area where customers are focused primarily on price, but that is the nature of how the hospital system is set up these days. I think overall they really do value the brand and the brand name.

"We have been growing and gaining share in the marketplace as we have improved product quality and expanded the product portfolio via the launch of new products." Anthony Lorenzo

CEO CFO: Do you need to maintain a large inventory and how do you control that with so many products?

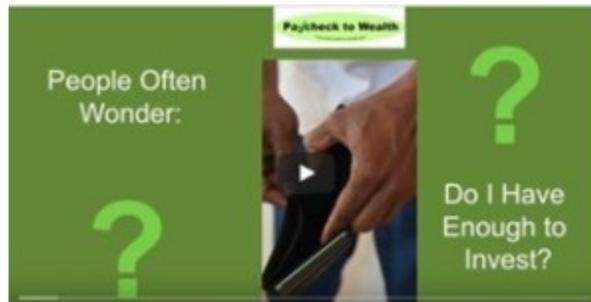
Mr. Lorenzo: We do not maintain a lot of inventory. A lot of what we do is made-to-order. We have certain levels of inventory and certain products that we know we are going to sell consistently throughout the year. Typically, we try to be smart about how we manage our products and our inventory. We will make sub-assemblies that are ready to go so that we can have the same product with different variations to it, like a case cart.

We may have a case cart body in stock but that can require different casters or handles and shelves based on the customers' needs. If we maintain sub-assemblies that work under various parameters, we can then move on to have a quicker turnaround for the market, which has given us a lot of benefit and a lot of advantages on lead time. Our lead time has been the shortest of all of our competitors.

CEO CFO: What has changed over the last few years for hospitals?

Mr. Lorenzo: I think hospitals have had to change a lot. There have been a lot of different things impacting their budgets. COVID impacted them in a big way because treating COVID patients was not a moneymaking operation. Nurse fatigue had a big problem in hospitals as well so their labor costs are up enormously, they had to buy an enormous amount of PPE at prices that they have never seen before because there was too much demand and not enough stock in the marketplace, the cost of shipping from China was exorbitant, so their budgets had shifted to things like labor and PPE.

I think it is shifting now back to normal operations but they have holes in their budgets and they need to get profitable again before they can start buying durable medical equipment like ours. We are starting to see some bounce-back of that and we are starting to see procedure levels come back. We are very happy with where we see the market going. It is still a work in process.



CEO CFO: *The Blickman site features an education and care section. Does this info get much attention?*

Mr. Lorenzo: There is a lot of misconception about how to clean stainless steel, and you cannot use things like chlorine-based cleansers because some of the cleaners with bleach will damage the metal. Our stainless steel, like all stainless steel, is not a coating, it is actually stainless steel throughout the entire material that we use. If people use their own cleaner it could eat through the metal just because it oxidizes in a bad way, so we have that care & use section on purpose; sometimes customers will have us schedule calls with metallurgists to make sure that they are cleaning it an appropriate way when they have problems with rust and things that are not because of our products, but because of the nature of how they clean them.

CEO CFO: *How do you introduce yourself and newer products at conferences?*

Mr. Lorenzo: I think it is a little bit of everything. We try to use the typical marketing sources and the typical magazines and trade associations and things along those lines to get the name out there and show our new products. We have a salesforce, MedPro Associates, that helps us get out there in the marketplace as well.

We have very strong relationships with all the distributors, but entering a hospital with a new product in our space is a difficult undertaking. Therefore, you have to market it well and make sure there is a need for it before you launch it, and once you do, you need to show the benefits.

CEO CFO: *What has changed in your approach over time and what have you learned about how to get that foot in the door with a new product?*

Mr. Lorenzo: I think it is just persistence. We have to broaden the breadth of information flow, use all the sources available to us to get that information out and show why it is competitively a better product. What I have learned is that it is a hard thing, and process change is very challenging within hospitals. We have product called the Nezzie and it is basically a large IV pole that is like a chariot, but in order to encourage patient ambulation, which is important after surgery, they need to have the right product to do that with and the Nezzie product holds IV poles, oxygen tanks, discharge bags, and monitors. It is a heavy-duty IV pole in a sense.

The problem is that it is expensive because it can do so many things versus regular IV poles. If you go to a hospital and ask around you will see two or three nurses at a time helping a patient carry oxygen tanks, rolling the IV pole along and the monitors all on three different contraptions. Ours offers the ability for the patient to push it themselves, have maybe one person helping them depending on the condition of the patient. In addition to that, they can have all these different things on it.

Our Nezzie product therefore enables hospitals to save a ton of money because they do not need three people working with one patient. They only need one and the patient can get up sooner than normal. Getting that process changed in the hospital even though they know the benefits, because it is a more expensive product, it has been a very difficult launch.

CEO CFO: *How long have you been CEO at Blickman?*

Mr. Lorenzo: I acquired the company in December of 2017.

CEO CFO: *What surprised you at the helm of the company that seems to have a lot of moving parts?*

Mr. Lorenzo: I think there is always a surprise every day when you own a company. Obviously COVID was a surprise and the recent inflation has been a big surprise in terms of how much steel costs have gone up over the year; they have gone up more than 100%. Just managing Workforce and Salesforce and integrating them all so they work together with the new ERP system that we put in place a few years ago has been challenging. But it has been a lot of fun and it is exciting every day to come to work. I have a great team behind me and a great crew of people working with us and some great relationships.

CEO CFO: *You said you were mostly in the US. What is your strategy going forward; are you looking to expand in certain types of hospitals or facilities?*

Mr. Lorenzo: We are. We have been doing that well in the Middle East and have seen a lot of business there as of late. We pushed our distribution network and hired a few appropriate people to help us do that. We have seen a lot of meaningful business because of that. We also see opportunities in Europe and Asia. It is just a matter of putting the resources behind it to make it happen.

CEO CFO: *How do you know when you are ready?*

Mr. Lorenzo: It is tricky, these things are not done overnight and it takes a long time of building a foundation with the networks and the salespeople and the right incentive programs and getting the name out there. We try to take small steps and make big progress that way. We do not make big moves one way or the other. We want to just continue to build the brand and augment that with the right spending and the right advertising at conferences and that sort of thing.

CEO CFO: *What is the key to quality control and what extra steps might you take to make sure that whatever is coming out of Blickman holds true to the reputation?*

Mr. Lorenzo: It is about hard work. We have extra people and high-level quality managers. We make sure we have enough training for the people that work doing welding and vending. We send them to school when they need it to get different certificates and degrees. We have people on the floor evaluating everything to make sure that everything goes out the way we want it to go out.

One of the biggest things we found was that it is very hard to find transportation for our products because they are large, heavy, and delicate. If you scratch a piece of stainless steel, you cannot fix it and the customer does not want it, so we have focused working with our trucking groups that we work with to make sure they know how to carry our product, how to move it properly.

We make huge investments in the packaging we use. We make our own crates and use blanket wrap and all kinds of things to make sure it leaves the factory and arrives in the same condition we sent it out in.

CEO CFO: *What if anything might someone looking at Blickman miss?*

Mr. Lorenzo: I think what is interesting about Blickman is that we actually had a piece of furniture go into space years ago in the 1960s in the first Apollo mission. We have been around for a very long time and we have tried to push the envelope in terms of new products and thinking about new ways to do business. We have introduced a new patented clean/dirty indicator for carts, so the joint commissions is looking at things like that.

We are very creative and innovative and we work hard with our customers who may need customized products as well. We do over-the-road carts that others just are not doing because they do not have the resources or the desire to make those extra investments for their customers.