

INFORMATION FOR EMERGING COMPANIES **STRATEGIES**



Revived resources

Side job progresses into specialized biomedical equipment resuscitator

Greg Salario, left, vice president of business development, and Gurmit Bhatia, president of US Med-Equip Inc.: Partners never lose sight of the bottom line — serving patients and saving lives.

BY TANYA RUTLEDGE
SPECIAL TO HOUSTON BUSINESS JOURNAL

As an entrepreneur, Gurmit Bhatia knows all too well what it feels like to fail and start over again. But he also understands how to pick himself up and get back into the game.

Bhatia, president of US Med-Equip Inc., which specializes in the rental, sales and service of movable biomedical equipment, learned his first entrepreneurial lesson the hard way after investing \$25,000 of personal savings into a computer repair business he started with two former co-workers. Thirty days later, after using the money to pay salaries, Bhatia's primary partner disappeared, never to be heard from again.

Bhatia returned to his corporate job for about nine months before giving the computer repair business another try, this time using about \$50,000 in equity he got through advances on 10 different personal credit cards. Realizing he needed help to secure a more traditional loan, Bhatia paid \$4,500 to an independent consultant who specialized in assisting startup businesses in securing U.S. Small Business Administration loans. A short time later the consultant filed for bankruptcy, never completing the project.

"I learned some hard lessons for sure," Bhatia said.

With the computer repair business struggling, Bhatia started repairing medical equipment on the side to generate ex-

tra income. That's how he met business development executive Greg Salario, who often took equipment to Bhatia for service work.

After realizing they worked well with one another, Bhatia and Salario went into business together, eventually merging Bhatia's computer repair company, Techmate, into a new venture, US Med-Equip, in 2003.

The company specializes in purchasing used medical equipment, fixing or refurbishing it, then leasing it to clients — typically hospitals. The used equipment comes from hospitals, companies that finance the equipment, manufacturers that take trade-ins and through a network of dealers. US Med-Equip, which has a client base of about 650 hospitals, also sells some new

US MED-EQUIP INC.

2010 REVENUE: \$12.4 million
2009 REVENUE: \$10.6 million
TOP EXECS: Gurmit Bhatia, president, and Greg Salario, vice president of business development
EMPLOYEES: 70
FOUNDED: 2003 as US Med-Equip
BUSINESS: Rental, sales and service of movable biomedical equipment
WEBSITE: usmedequip.com

equipment based on client demand. Having endured several entrepreneur-

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CAMERON HANFORD/PHOTO

TOOLBOX

WIZ BYTES

Google dices its \$200M Slide gaming business

Google Inc. will shut down its Slide social-gaming business, which it bought last year for \$200 million, Bloomberg reports.

Max Levchin, CEO of the acquired company, is leaving Mountain View, Calif.-based Google as the business closes.

Google (NASDAQ: GOOG) bought the company in its competition with Merle Park, Calif.'s Facebook Inc., but more recently has turned its attention to Google+, the social networking service it launched in June.

Slide was founded in 2005 and raised \$30 million from investors, with a valuation of more than \$500 million, reports said.

San Francisco Business Times

FCC to AT&T: How will T-Mobile merger boost wireless coverage?

The FCC has requested more information from AT&T Inc. about its proposed \$39 billion acquisition of T-Mobile. Private documents filed with the FCC — an accident — disclosed to the public — showed AT&T (NYSE: T) could have expanded its high-speed wireless network for one-tenth of the price it would pay for T-Mobile.

Acquiring T-Mobile to expand Dallas-based AT&T's wireless network to most of the country, including California, is a cornerstone of the company's argument for the merger. Broadband wireless expansion is also a top priority for FCC Chairman Julius Genachowski.

San Francisco Business Times

But according to the leaked documents, which have since been pulled from the FCC website, AT&T could have expanded its 4G LTE network to 97 percent of the country for \$3.8 billion, a fraction of what it will pay for T-Mobile.

The disclosure has prompted the FCC to ask for more details on AT&T needs to acquire Bellevue, Wash.-based T-Mobile from its parent company Deutsche Telekom.

The Wall Street Journal reports that AT&T executives concluded in January that there was "no viable business case for the proposed expansion." In March, the company announced it would acquire T-Mobile to build out the network.

The proposed deal is currently being reviewed by the FCC and the Justice Department's antitrust division.

Fort Worth Business Journal

Ad sales push Pandora over revenue estimates

Pandora Media Inc. posted \$67 million in revenue after its first quarter as a publicly traded company, VentureBeat reports.

Analysts were looking for \$61.1 million.

The boost in revenue came from strong advertising sales for its free streaming music service.

Oakland, Calif.-based Pandora's (NYSE: P) ad revenue was up 118 percent to \$58.3 million.

The number of hours people streamed the service hit 1.8 billion, up from 500 million in the same quarter last year.

San Francisco Business Times

BOOKSHELF



The Progress Principle: Using Small Wins to Ignite...

by Teresa Amabile and Steven Kramer (Harvard Business Review Press, \$25)

A survey of hundreds of managers by authors Teresa Amabile and Steven

Kramer found that only 3 percent ranked "supporting progress in the work" as a way to increase employee motivation.

What are they for aren't they, thinking? You only find winning attitudes on winning teams. Why? Winners see progress — and expect it to continue. They play to win; losers play not to lose.

The authors also found that setbacks and obstacles could have a negative effect on work life two to three times stronger than the positive effect of progress. Their studies of 12,000 workplace diaries found that "setbacks in the work can lead a person to feel generally apathetic toward doing the work at all." When managers ignore issues that impede progress, productivity doesn't just stall — it falls. Creativity and innovation die.

Acknowledging the effects of progress and setbacks on attitude, which drives intrinsic

AMAZON BUSINESS LIFE BEST SELLERS

1. STRENGTHSFINDER 2.0

by Tom Rath (Gallup Press, \$24.95)

2. UNDERSTANDING BUSINESS

by William Nickels, James McHugh, Susan McHugh (McGraw-Hill/Irwin, \$143.48)

3. WHO MOVED MY CHEESE?

by Spencer Johnson, Kenneth Blanchard (G.P. Putnam's Sons, \$19.95)

4. SWITCH

by Chip Heath, Dan Heath (Crown Business, \$26.99)

5. GETTING THINGS DONE

by David Allen (Penguin, \$16.00)

motivation, the authors believe managers need to realize they are catalysts for performance. Taking action that directly supports the work, for example resources, autonomy, eliminating roadblocks, etc., sends a message of support to the troops. Relative to the individuals, managers must make time to routinely show respect and encourage two-way communication.

The bottom line: A manager's performance is based upon his/her staff's performance.

REVIVED: Biomedical equipment receives life extension with refurbishment program



Greg Salario, left, and Gurmit Bhatia: Gained budget-conscious hospitals as clients by offering warranties on refurbished equipment.

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ial hardships prior to launching US Med-Equip, Bhatia knew immediately he had a success on his hands.

US Med-Equip grew by leaps and bounds, with about 20 employees based out of the company's Houston headquarters and support center. The company operates a total of 11 offices, mostly in Texas and the southern United States.

Despite the steady growth, the financial hiccup Bhatia endured with his past ventures made him intent on running this business conservatively. And Salario agreed with that business model.

"We used discipline in both sales and financial management," Salario said. "We didn't just go out in front of clients and say we could get them anything they wanted. We would find out first what they needed, then go and seek it out."

COMFORTABLE GROWTH

By 2005, Bhatia paid off all his credit cards and got a line of credit from Hibernia Bank, solidifying the company's spot as a major player in the movable medical equipment market, which Salario said is split between giant national players and smaller regional and local entities.

"We think it's wonderful to be competing with the giants — they are huge battleships that can't turn on a dime," Salario said. "We have grown organically, and we are very comfortable with our place."

Bhatia said US Med-Equip's growth has mostly come through following market demand and expanding into those areas of business.

For example, about six years ago, the company watched what Bhatia calls the "eBay effect" take hold of the medical equipment industry.

"Hospitals didn't necessarily want used equipment, but as the financial markets tightened, they were all looking for ways

to cut costs," he said. "So we got into the market of refurbished equipment with warranties — very much like the high-end Lexus pre-owned program."

Another milestone for US Med-Equip has come in the form of a technology platform that enables clients to manage their equipment and budgets by tracking the location and status of their rental inventory, receive prompts for equipment that is coming due for maintenance, view invoices and create reports on usage and expenses.

US Med-Equip, which has four full-time information technology employees on staff, uses the same software platform to control its own costs, keeping inventory shortfalls to \$3,400 last year out of \$14 million worth of rented medical equipment — which can range from an inexpensive pump to a high-end ventilator used in a neonatal intensive care unit.

The company's focus remains on the long term — and the big picture of serving patients, Salario said.

For example, when Hurricane Katrina hit New Orleans in 2005, a good portion of US Med-Equip's inventory was on the ground in hospitals in that city, which is a hub for the company.

In the wake of the disaster, hospital clients had stopped paying their bills, and equipment was not being returned. Instead of sitting back and waiting for the city to recover, US Med-Equip sent trucks and people into New Orleans to help in the recovery effort and assist the hospitals in getting the equipment back in order, with some employees working as many as 20 hours per day for two weeks.

"We didn't see the impact of that on our back-end, but there is something that supersedes equipment in the medical industry, and that is serving patients," Salario said. "We keep that in mind every day."

TANYA RUTLEDGE is a Houston-based freelance writer.

WIZ THERE

EVENT: Creating Successful Banks in an Uncertain Financial Environment

DATE/TIME: Sept. 13, 7 p.m.

LOCATION: Hotel ZaZa, 5701 Main St.

COST: Charter members free; regular members \$35; nonmembers \$55

CONTACT: houston.tie.org/events/21/the-houston-keynote-event-september-13-2011

EVENT: Houston East End Chamber Procurement Community Luncheon

DATE/TIME: Sept. 23, Noon to 1:30 p.m.

LOCATION: Houston Community College Southeast

6815 Rustic

COST: Free

FOR MORE INFO: Call 713-926-3305 or hfawes@eccc.org

Send items for consideration to jb@houstonbusinessjournal.com