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SourceMark Medical - One of the Largest Minority-Owned Medical Device Suppliers serving close to 3000 Hospitals and Surgery Centers



Dan Blucher
CEO

SourceMark Medical
<https://www.sourcemarkusa.com/>

Contact:
Mary Moore
615-324-8429
mmoore@sourcemarkusa.com

Interview conducted by:
Lynn Fosse, Senior Editor
CEO CFO Magazine

CEO CFO: *Mr. Blucher, what is the overall concept behind SourceMark Medical?*

Mr. Blucher: SourceMark has been in business since 2002 with the original concept to develop a minority-owned business serving healthcare providers.

The focus was to be able to identify and deliver new technologies and bring them to the market at an affordable price. There were only a few small minority-owned businesses in the healthcare industry and our founders, investors and partners believed that we could provide a competitive differentiation. Two decades later we are one of the largest minority-owned medical device suppliers in the country serving close to 3000 hospitals and surgery centers.

We have evolved considerably from those early days and continue to invest in our people, processes, and technology to meet the changing needs of our clients. We have strong relationships with contract manufacturers, entrepreneurs and built unique partnerships where SourceMark Medical becomes their master supplier in the U.S.

CEO CFO: *Your site shows, "Innovating the Clinical Experience™." Would you tell us what that means for SourceMark?*

Mr. Blucher: We are not trying to be a me-too company but rather deliver exceptional value to our partners and clients. Our Alliance Program provides entrepreneurs and inventors a venue to share their ideas with our product management and leadership teams. We act as a healthcare focused "Shark Tank™" where we use our deep healthcare experience and resources to review and determine how best to support a new idea that is being presented. Our process includes both business and clinical review in our decision-making with the goal of ensuring we move forward on those ideas that have the greatest chance of success in the healthcare market.

Once we decide to move forward with a new product or service our Alliance Program provides those entrepreneurs with a host of services to help bring their ideas to market. Those can include, business planning, distribution and logistics, prototype design, investor support to full scale commercialization.

CEOCFO: *When you are bringing on new products are you looking for a particular product mix? Do you look in a particular category depending on what is going on at the time? What is your approach?*

Mr. Blucher: SourceMark Medical started with our airway management line of products and over the years have added product categories as we found new products that met our criteria of Innovating the Clinical Experience. As we continue to grow, I anticipate we will continue to add on new categories that support our client's needs. Ultimately there must be a strong fit between all parties so we can deliver value for our clients and partners. Today we have 3 core product pillars to include Airway/Anesthesia, Surgery, and Infection Prevention. We have a formal stage-gate process for reviewing products that our product management team utilizes to evaluate and score all potential products for inclusion in SourceMark's overall offering to our clients.

CEOCFO: *Was it a deliberate strategy to enter those three categories or did it develop opportunistically?*

Mr. Blucher: Our approach is centered on our strategic plan, and we try to not chase opportunities that are only based on environmental conditions. I will give you a recent example, in the last year-and-a-half with COVID, we have had hundreds of manufacturers reach out for us to represent them with PPE (Personal Protection Equipment) masks, gowns, gloves, and those types of products. We purposely stayed on the sidelines because of 3 main reasons. 1) SourceMark was not in those categories prior to the pandemic, and we had already committed our resources to a couple of other new products. 2) it would have required us to move outside our normal stage-gate process for product review and 3) we protect our reputation at all costs, and we did not want to make any rash decisions that could have a negative impact. In hindsight we made the right decision after hearing the recent news reports about all the counterfeit products and unscrupulous tactics that were taking place across the country.

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CEOCFO: *How do you decide when you want to be involved in the manufacturing?*

Mr. Blucher: When our business case analysis demonstrates that manufacturing makes sense we move forward. As an example, our ClearViz™ comprehensive line of video laryngoscopy is an area where we see the market is moving and we found technology partners that we feel delivers a superior solution to existing products on the market. We decided to engage a contract manufacturer on those products and have brought them to market. Recently, we have done the same with our KoZee™ line of convective warming blankets.

CEOCFO: *Do buyers recognize SourceMark as a brand or does it depend on the product and the category of how SourceMark is viewed?*

Mr. Blucher: Like any small organization we have limited resources and our focus has always been on investing in product quality and support systems that deliver superior outcomes and service levels. SourceMark Medical brand recognition comes mainly through our service excellence and the client recognition of the value we deliver every day. We don't do much brand marketing as those dollars are prioritized on quality and services where we believe they will deliver more value for our clients.

I hear from clients that SourceMark Medical is known as a boutique supplier recognized for our very high service levels. We are measured by our clients and compared to their best suppliers which involves measuring our overall value to include; fill rates, invoice accuracy, ability to manage our contract pricing, product warranties and issue resolution. These all very important areas to our clients because it represents to them the ease of doing business and adds incremental costs when those things are not done well.

CEOCFO: *Would you tell us about the 2021 Supplier Diversity Award from Premiere Inc?*

Mr. Blucher: I want to brag on the SourceMark team members here because we have won that award in 2020 and again in 2021. Premier is one of the largest GPOs in the healthcare industry and very few suppliers have won this award in back-to-back years. It really all about our people and the work that goes on behind the scenes every day to exceed our clients' expectations.

This is one of the most important awards we can receive since it directly correlates to the mission and values of our company. With the pandemic last year, a lot of suppliers had supply-chain issues and delivery issues, but we were able to manage our supply-chain and maintain our historically high service levels. We are very fortunate that our clients and partners recognize this value which has driven our high growth rates over the last few years. The awards are icing on the cake, but the real test is when our clients acknowledge our value and reward us with a greater piece of their business.

CEOCFO: *Was the customer service approach a deliberate strategy from the beginning or was it a realization over time of how important that can be to your success?*

Mr. Blucher: Providing superior customer service and being faster than our competition was a foundation pillar for SourceMark Medical from the outset. We compete every day with multibillion-dollar suppliers that have many more resources so we must deliver better quality products at a better total cost that ultimately delivers an overall better value to our clients. Early on we invested in a Customer Relationship Management (CRM) tool that housed our critical client engagement and field actions to provide a single source of all our critical client interactions that everyone in the organization could access. This allows us to support our clients across all departments in a seamless fashion and allow for one-stop engagement for our clients.

Today, we have evolved to where we have over 90 field-based independent reps, 5 regional vice presidents that manage our client relationships in addition to our internal customer service teams. The better service we provide our clients the more they entrust us with their purchases. As a result, our top line revenues have tripled in the last few years, and our plans call for us to double again in the next three years.

CEOCFO: *What did you have in place that allowed you to grow seamlessly and how did you adapt to the growth at SourceMark Medical?*

Mr. Blucher: We have great Board of Directors and a strong leadership team that know our strengths and ensure we keep our eye on the future. As I mentioned earlier, we continue to invest in technology, and specifically our backend systems, that allow us to manage this growth and the complexities of our industry. We implemented a new ERP a few years ago in anticipation of our growth to ensure our teams have the tools they need to deliver on our client's expectations. It has allowed us to manage the complicated pricing structures and reporting required from our clients, GPO partners, IDN's and their facilities. Our CFO and IT leads have been on the forefront of investing in technology, before we need it, so we could grow seamlessly. By continuously looking at our systems, processes, and structure we try hard to anticipate our needs and developed a strategic plan that keeps us on the forefront in our industry.

