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Hager Worldwide: A new chapter begins in North Carolina

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A look at Hager Worldwide: A new chapter begins in North Carolina

Story by Kevin Henry, editor; Photos © Jon Eckard Photography

During the recent ADA Annual Session in Las Vegas, I had the chance to sit down with Mark Schneider, president and chief operating officer of Hager Worldwide, and talk to him about his company's recent move from Odessa, Florida (north of Tampa) to Hickory, North Carolina (north of Charlotte).

Kevin Henry: So why move from Odessa, Fla., to Hickory, N.C.?

Mark Schneider: We were maxed out on warehouse space, and our building and inventory insurance costs had really been pushed up dramatically after four hurricanes came through the area in a matter of weeks (right before the ADA Annual Session in 2004). We knew there were a lot of buildings available in North Carolina and we spent 1-1/2 years looking for the right building. We almost bought a building just down the street from Pelton & Crane (in Charlotte off of Westinghouse Blvd.) and another in High Point, but then the economy started going south and we decided to wait until the economic storm settled.

We finally decided on a building in Hickory that is a solid class "B" building (it is built like Fort Knox ... we looked for a building with a roof still under warranty, sufficient warehouse height and office space, and drive-in

and dock high truck access). We went from 12,840 feet in Florida to 29,960 feet (more than doubling our size) in North Carolina without increasing our overhead costs. We can also double again in size if we need to since there is available land (that we own) next to our facility. *Note: This is Hager Worldwide's fourth growth move since its founding in 1976.*

Throughout this process we remained sensitive to the needs of our employees, providing guarantees to their compensation and financial stability. Home and rental prices in the Hickory area are very affordable compared to larger, major city markets.

Our move to North Carolina is just part of the Hager Group of company's movements (we are owned by a German holding company — Michael Hager Beteiligungs GmbH). Hager/Asia just bought property in Hong Kong, and Hager/Poland just purchased new property in Wroclaw, as well. There are a lot of good things happening with Hager around the world.

Henry: I know a lot of research went into the move. Along with the increase in square footage, what are some of the other benefits you're seeing to your new location?

Schneider: Our costs per square foot are much lower,



Pictured from left: Gloria Godwin, Vickie Pierly, Perry Godwin, Jim Ortmann, Jacob Schneider, Mark Schneider, Nancy Schneider, Bonnie Chung, Patrick Rouillard, Katrina Catoe, David Pierly, Nathan Davis, and Cynthia Chatham.



Regional managers, from left: Bob Burke (Southwest), Natalie Weber (Florida), Ashley Masiarczyk (Southeast), and Paul Rouillard (Northeast).

with our insurance being 25% of what it was in Florida, and taxes are 33% of what they were at our previous location. We moved to an area with a great skilled labor base that had already endured its recession when the furniture and textile/hosiery market hit bottom about 10 years ago. We've found that the people in North Carolina are really "salt of the earth" people and hard workers. I think our corporate culture has improved dramatically with the new members of our work force. In fact, we pre-hired employees from the Hickory area and had them come to Odessa for three to six months of training in advance. This permitted a smooth transition and eased the urgency of the learning curve.

Also, we moved our IT well in advance to a virtual terminal server in a secure location in Tampa, allowing us to debug the system three months prior to the physical move. Plus, we switched to digital phone systems that permitted immediate communications between Odessa, Vancouver, Wash., and Hickory with a push of a button. No matter where an employee is in the world, it is like being in the office next door. These new technologies allowed us to move our Bull Frog Motor Repair Division (BFMR) in January and the Worldwide Dental Division in June without any bumps in the road.

Additionally, we now have all of our divisions under one roof, creating further operational efficiencies. Our Bull Frog Motor Repair division was located 3,000 miles away in Vancouver, Wash. It was always a challenge for us to manage our business at a distance, so we looked locally for people with electric motor repair experience, and we've been very happy with the people we've found in our new home state. We now have much better controls on our BFMR inventory as well.

North Carolina also has a more moderate climate than Florida, which will reduce our utility costs and provide greater comfort for our employees. I will admit that it was nice to winter in Florida, where there are enough attractions and events that people are entertained, compared to North

Carolina, where you must search out entertainment. But if you like hunting, fishing, the outdoors, and NASCAR racing, this is your place. With a quick drive you can be in the mountains, at the shore, or visit Washington D.C., Charleston, S.C., or Savannah, Ga., which are all great vacation and weekend destinations.

Henry: What differences do you think your customers and dealer partners will see from Hager with the move?

Schneiders: Foremost, our Midwest and Northeast customers will receive their Hager Worldwide products one day sooner via UPS from North Carolina vs. Florida, thus increasing our service levels to our customers. Some of the money that we're saving with lower overhead, insurance, taxes, etc., we are going to reinvest in other areas of our company, such as acquisitions, pushing into the consumer dental business (pharmacy, natural foods, and grocery stores, etc.), and increasing our professional marketing efforts. This provides a great opportunity to reinvent ourselves.

Every company needs to manage its costs in an intelligent manner. Combining this with the introduction of cutting edge products and savvy marketing will ensure our long-term survival. This ultimately benefits the company's stakeholders — the customers, employees, and stockholders — allowing focused positioning of the firm for the near, mid-, and long-term future.

Henry: What advice would you give to other companies contemplating a corporate move?

Schneiders: The devil is in managing the details while maintaining an eye on the big picture. You will need a strong cash position to begin with, obtain sound counsel and references when negotiating with local contractors, and be sure to understand the regulatory requirements of the area you are moving to. Plus, secure your company's local banking, insurance, and legal counsel needs prior to your move. Plan to be onsite at the new location as much as possible, and have the ability to make critical facility decisions quickly while you are there.



Nathan Davis