

*'People are paying more attention to quality outcomes and not just filling the hospitals with patients.'*

Robert J. DeLuca | IMA Consulting P13

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## IMA offers up cures for ailing health providers

Got its start following Catholic hospitals' merger

### **GROWTH** STRATEGIES



JOHN GEORGE | BUSINESS JOURNAL

Rob Sutton (left) and Robert J. DeLuca, two of IMA Consulting's owners. IMA was a two-man shop 14 years ago.

**C**HADDS FORD — Rob Sutton wasn't planning to start his own health-care consulting business 14 years ago when the merger-mania that swept through the hospital industry in the 1990s ended up changing his mind for him.

Sutton was working for the Franciscan Health System as a member of its internal consulting group when his employer — the Aston-based parent company for hospitals including St. Agnes Medical Center and Nazareth Hospital in Philadelphia and St. Mary Medical Center in Langhorne — joined forces with two other Catholic hospital groups to form Catholic Health Initiatives (CHI).

Following the merger, Sutton learned his department was among the ones slated to be eliminated. He had the option of relocating to Denver, where CHI is based. That move, however, was not embraced by his family. So, Sutton ended up linking with one of his Franciscan Health System colleagues, Bill

JOHN GEORGE  
STAFF WRITER

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**Rob Sutton**  
American economist

Weeks, and forming their own firm: IMA Consulting.

Their first client was CHI.

"It didn't take long to reach out (and get consulting work) from other CEOs who had been with Franciscan Health, but had gone on to other health systems," he said.

What started out as a two-man shop grew steadily over the next 14 years into a consulting firm with 75 employees and projected revenue this year of \$26 million. Its revenue puts IMA among the largest privately owned health-care consulting firms in the country, according to industry trade

magazine Modern Healthcare.

And it isn't done growing.

"We expect to add at least 25 to 30 people in 2010; it may be as high as 50," Sutton said. IMA is also expanding its office space in Chadds Ford where, come April 1, it will grow from 8,500 square feet to 15,000.

SEE IMA, P13

Shall I try a new business?

**T**hat does it. I'm getting out of the information-technology consulting business. I'm sick and tired of all the hours, the demands, the pressures. Sure I'm earning a good living. But time's running out, and unlike Dick Clark, I can't go on forever.

Maybe I should close down my company and start fresh. There are



**PENNY PINCHER'S**  
ALMANAC

Gene Marks

just too many great opportunities available today for the hungry entrepreneur to make a fortune. Opportunities that may very well create boom industries like we had with the Internet in the '90s, biotech in the '80s and platform shoes in the '70s. There are entrepreneurs out there who are about to make some serious,

serious money. Ryan Seacrest, money. And, unlike Ryan Seacrest, these people actually have talent! So what industries are they choosing?

For starters, there's energy storage. Researchers have figured out ways to make batteries recharge in seconds, the government is giving away billions in energy research, most major auto companies are introducing electric-powered vehicles within the next few years, and analysts are predicting that demand for batteries will jump to close to \$23 billion by 2012. And why not? It's not just cars. Everything we use is battery powered nowadays — my smart phone, my kids' toys. Batteries will need to be smaller, last longer and be inexpensive. This industry could be the new Net. Maybe this is the one for me and other hungry entrepreneurs.

Or, maybe not. Because even more important than storing the energy, we need to first create it. Oil and gas will be around for a while. But alternative energy is another significant growth area. Of the many ideas floated, the likeliest source will be solar. The U.S. government is funding solar research and so are the Chinese. Solar cell manufacturing capacity is expected to grow to 17 gigawatts, up from 2.3 Gigawatts in 2005.

SEE PENNY PINCHER, P13

# IMA: Chester County health-care consulting firm may add up to 50 workers in 2010

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IMA focuses its consulting work with hospitals in four areas: revenue cycle improvement; financial services such as coding compliance, financial modeling and forecasting, interim executive placement and litigation support; revenue recovery and operational improvements.

"We are quick to turn down an assignment if it doesn't fit our niche," Sutton said. "There was a local hospital that wanted us to do a community-needs assessment to determine whether it should continue its OB services. We don't do community-needs assessments, so we turned them down."

Sutton said the bulk of the firm's work is derived from the relationships IMA's consultants have built with hospital executives. "I'd say 90 percent comes from word of mouth and adding other partners who have their own relationships with hospital executives."

Robert J. De Luca left PricewaterhouseCoopers and joined IMA as a partner in regulatory consulting in 2003. His move was prompted by the Sarbanes-Oxley Act, a federal law that required corporations, as well as hospitals, to stop hiring its auditors for consulting.

"That was after Enron and WorldCom," De Luca said. "PWC was auditing the books of about 75 percent of the hospitals in the Philadelphia area. My options were to travel all around the country or leave."

After meeting with Sutton and the other IMA consultants, De Luca stopped

## UP CLOSE

**COMPANY:** IMA Consulting  
**LOCATION:** 2 Christy Drive, Suite 219, Chadds Ford, Pa. 19317  
**OWNERS:** Rob Sutton, Robert J. De Luca, Kim Hollingsworth, Mary Ann Holt and Tony Scarcelli  
**TYPE OF COMPANY:** Health-care consulting  
**NUMBER OF EMPLOYEES:** 75  
**2007 REVENUE:** \$16.3 million  
**2008 REVENUE:** \$21.7 million  
**2009 REVENUE:** \$19.1 million  
**2010 PROJECTED REVENUE:** \$25.9 million  
**LESSONS LEARNED:** From Rob Sutton: "Always put employees first, clients second, and partners/owners third. Happy employees make for happy clients which make for happy partners."

pursuing other opportunities and joined IMA. He liked the firm's model of hiring seasoned executives who rolled up their sleeves and did the actual consulting, rather than securing contracts then handing off jobs to junior, less experienced, employees. The firm's partners have, on average, 22 years of health-care experience.

"I'm a pretty impulsive guy and I talked to a lot of firms, but I decided these guys had the same vision I did," he said. "I learned there is life after the Big Four."

Sutton credits De Luca with helping put IMA on the health-care consulting map.

"Before he joined us we were two Franciscan Health guys doing about \$7 million or \$8 million a year," Sutton said. "Robert joining us really improved our standing in the market."

Last year, Sutton said, the firm's revenue dropped to \$19.1 million from \$21.7 million the previous year largely because of the uncertainty around health-care reform and the ongoing credit crunch.

"There was so much uncertainty," he said, "People were reluctant to go out and do too much until something happened."

Most hospitals are also waiting on the sidelines until the capital markets improve and rates for borrowing money improve, he said.

IMA has stayed busy working with medical centers on projects that include implementing strategies to improve operating efficiencies, exploring new ways to increase revenue from private and government payers and evaluating whether to purchase physician practices or open urgent-care centers.

De Luca said the firm is also helping hospitals adjust to new pay-for-performance initiatives that tie reimbursement levels to the quality of care that is provided. "People are paying more attention to quality outcomes," he said, "and not just filling the hospital with patients."

Sutton said they spend a lot of time working with senior and middle hospital managers to help people become better managers. Often, he said, they will work with one department and get referred to another within the same medical center

— and end up working with that client for multiple years.

Robert Lux, chief financial officer of the Temple University Health System, said Temple has worked with IMA on numerous projects over the years. An example, he said, is a project that involved creating a predictive model for forecasting outpatient service revenue throughout the system on a daily and weekly basis so resources can be managed more efficiently. "If we didn't have this model, we'd have to guess," Lux said. "Outpatient services are too big a piece of our total revenues for it to be a guess."

Commenting on IMA, Lux said, "I have a tremendous amount of respect for Rob and his firm. It's a very value-based, customer-service, want-to-do-the-right-thing kind of firm."

Sutton said the firm prides itself on having an "employee first" culture that meant low turnover. He noted that despite the decline in revenue last year, the company had no layoffs or pay cuts. It also continued to contribute \$480 a year for gym membership, pay entrance fees for staff members who participate in running events and promote volunteerism by allowing employees to spend 16 hours per year — at full pay — donating their time to charitable causes.

And despite the economic downturn, Sutton said, IMA's annual holiday bash at Longwood Gardens in December went on as scheduled.

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# PENNY PINCHER: There are opportunities around for the hungry entrepreneur

FROM PAGE 12

Dude, it only took Michael J. Fox 1.2 gigawatts to travel back to 1955! Great Scott! With the prices of raw materials falling, and government funding on the rise analysts are expecting solar technology to soon become affordable by the masses. And someone's going to get really rich. Why not me?

But energy isn't the only game in town for the risk-taking entrepreneur. Maybe I should get into the radio business. Don't worry Howard, not that kind of radio. Quietly, Radio Frequency Identification (RFID) technology is gaining ground. These come in the form of tiny chips embedded in stuff, making it easier to track and account for them almost instantaneously. Nursing homes, hospitals, manufacturers, even the military, are using RFID technology to track people and stuff. RFID is a technology poised to grow. There were 2.35 billion RFID tags issued so far in 2009 compared to 1.02 billion in 2005. And you thought radio was dead!

Speaking of dead ... that's what a lot of us are going to be someday. But until we get there, we're going to need a lot of care. Which is why I'm thinking the health-care industry is another place where entrepreneurs like me can make a lot of dough. The number of people over 65 is expected to double in the United States by 2050, ris-

ing from 39 million to 89 million. These people are going to need medication, round-the-clock care, late afternoon dinner buffet specials, prune juice, diapers and Cadillacs. Oh, and plenty of Viagra. The opportunities seem limitless here. More old people may mean more car accidents and shuffleboard tournaments, but they can also mean more potential profits too.

And you know what? It's not only the number of old people that's increasing. The world population is expected to increase from 6.78 billion to 9 billion by 2040. That can only mean one thing: more Chinese food buffets! That's going to be a big opportunity too. Take the aquaculture industry. That's the buzzword for fish farming. Close to 40 percent of the seafood we eat comes from fish farms. It's a \$78 billion industry, growing at 9 percent per year since 1975. As we put more stresses on the planet people will still demand environmentally friendly, healthy and delicious sushi to pour down their gullets. New fish farming technologies, like roving robotic cages and deep sea pods are being invented. Back on land, satellite technology is driving where farmers plant their seeds. The farming industry is developing solutions for farming in the desert, soil sensors to detect how much water and nutrients are needed to farm an acre and genetically engineered rice is now becoming a reality.

Just don't eat it if it's moving.

These are all great opportunities. So why am I just sitting here? I need to motivate. Where do I, business owner and hungry entrepreneur get started?

*Energy isn't the only game in town for risk-takers.*

Sharpening my skills would help. It's been over 20 years, 20 pounds and 20,000 hair follicles since I've been in college. So I'll need some retraining. Maybe I should go back and get my MBA. Or start afresh altogether and enroll in a science or engineering program. Or go back for a technical certification that will enable me to get a foot

in the door in one of these industries. The government's stimulus Web site has a bunch of places where companies are getting funded to provide this kind of training.

Problem is that I'm not a scientist or engineer. But these industries don't need just science people. They need finance professionals, sales guys, marketing gurus and other expertise. All of these industries already have trade groups and associations where I can network if I want to. In-

stead of trading stories about how I mooned Rachel Abramowitz in summer camp when I was 12 maybe I can use my Facebook and Linked-in friends to help me get in the door of someone in the battery or solar industry, for example.

And there are the financial guys. I know bankers and venture capitalists who are looking to invest in these industries. They're attending shows and conferences too. Maybe I should be talking to them and seeing if they can pair someone with my expertise with one of those nerdy genius scientists who've figured out a way to store 3000 hours of energy in a watch battery but needs help tying his shoes.

Wait a second. Sure, these ideas make sense for someone out of work or really looking to change their life's direction. But thinking about it, I kind of like the business that I'm in already. I like selling software and services that helps my clients. I've invested a lot of time and money building a good business. Does that mean I can't benefit from these industries too? Well, these people are going to need help with their technology too, right? Hmm.

GENE MARKS, CPA, is the author of "The Streetwise Small Business Book of Lists" and three other books on small business. He heads The Marks Group ([www.pennypinchingtips.com](http://www.pennypinchingtips.com)), which provides technology and financial consulting in Bala Cynwyd. Marks was a senior manager with KPMG in Philadelphia for nine years.