

The Alternative Source®

THE LEADER IN REPLACEMENT PARTS FOR HEALTHCARE EQUIPMENT SINCE 1972
25TH ANNIVERSARY ISSUE • FEBRUARY, 1997 • VOLUME 5 No. 1

RPI CELEBRATES 25TH YEAR ANNIVERSARY

Sherry and I had always wanted to start our own business (I guess we are a little masochistic). My being an engineer in the defense industry limited our exposure to opportunities, but we tried anyway. Our first attempt was in 1962, but it took until 1972 to make it happen. In 1971 we teamed up with Sherry's brother, Sheldon Hirsch, who worked with me at Litton, to try to make something happen together. We were in a wine club then with Norman Frank who had (and still has) a business making parts for repairing butcher saws and other meat handling equipment. We decided to talk with Norman about his business.

Norm's business had some interesting and unique features. Parts were of a quality level equal to or better than the OEMs. His customer service was definitely better; orders were shipped on the same day they were received, parts were warrantied to the customer's satisfaction, and pricing was at or below dealer net for dealers and non-dealers alike. These features were all so good we were sure they could be applied in another industry.

On Thanksgiving weekend of 1971, we discovered that next to Norm's company were two men in business repairing medical equipment. Norm, Sheldon and I went in to ask them if they were having any trouble getting parts. They let us go about three hours later. The company: Medi-Call. The men: Cliff Hudson and Brian Statter. Cliff has recently retired and Brian's son has since joined him in their business. After 25 years, they are still our staunchest supporters and great customers. What they told us back then was that all of the features of Norm's business were lacking in the biomedical field. Getting parts on time was one of their toughest problems.

Well, that visit was it. Brian and Cliff defined 19 parts for us to start with: heaters, door gaskets, and bellows for some Pelton & Crane, American Sterilizer and Ritter/Castle autoclaves. Over the next three months we found out how to reverse engineer and manufacture those 19 parts. And so we did it. On February 29, 1972 we incorporated, and put our combined monies into this start-up we called Replacement Parts Industries, Inc., or RPI as it has become known.

It took until November to get our 19 parts designed and manufactured, acquire facilities and equipment, design a logo, develop our own mailing list, and get a catalog designed and in the mail. The mailing list was developed over a period of some four months with Sherry leading the work of going through every set of yellow pages in the Los Angeles public library. The few hundred square feet next to Norm's business became available when Medi-Call moved into larger quarters. Norman found a desk gratis from a friend. Sheldon and I went to the Litton surplus

facilities warehouse and bought an adding machine for \$10, a steel desk for \$15 and a bookcase with pencil sharpener mounted for \$5. We decided that Sherry would manage the "office" at first. A two-line phone with an extension were brought into Norm's business so the phones would be covered when Sherry wasn't around. We were "in business"!

Our first catalog was titled, "Medical Autoclave Repair Parts". On November 17, 1972, we made our first sale from the catalog. The customer: Doctor's Equipment Repair in Northridge, California, about two miles from our home. This was a very exciting moment. Sherry pulled and packaged the order. I left my desk at Litton and drove to the RPI plant, which at that time was in the center of Los Angeles. And then I hand-delivered the order to their serviceman, Andy Vail. Needless to say, he was so impressed



Left to right: Al Lapides, Sheldon Hirsch and Norman Frank signing papers to incorporate Replacement Parts Industries.

with the service and the parts that he became another guiding source for us. Andy taught a course in biomedical technology at the local occupational center which we immediately enrolled in. After all, we had a lot to learn, such as the fact that dentists use the same autoclaves as physicians. So we put together our second catalog titled, "Medical & Dental Autoclave Repair Parts". The contents, of course, were exactly the same as listed in our first catalog. However, we did add dental equipment repair companies to our mailing list.

Starting a company is always difficult. We lessened the risk by staying in our own jobs so that we did not depend on RPI for our livelihoods. Sherry was our first and only employee.

I was the managing partner from the start, and worked with Sherry by phone, after hours, weekends,

(Continued on Page 3)

Growing Up with RPI

by Ira Lapides, Vice President

It is amazing to think that I was in elementary school when RPI was founded in 1972. The memories, though, are pretty vivid. I remember sitting in our family room watching our old black and white TV, with a TV table in front of me, and on it I was stuffing, sealing and placing stamps on the first mailings to potential RPI customers. Back then, I did not really understand what my parents were doing with RPI, but I sure enjoyed the penny per envelope that I earned as a fifth grader. My baseball card collection certainly benefited from the extra income!

Fast forward a few years, and RPI is located in the same building we are in now, only then we occupied less than one-tenth of the space we have now. Some of my select friends and I (remember Tom Sawyer painting the fence?) worked at RPI after summer school or during winter break. In high school after classes, I would go straight to RPI to package parts, help with shipping, or do whatever I could to earn some extra spending money at a time when it was most needed for buying record albums and gasoline for my Ford Pinto. My boss at home and work, my mother, was pretty good to work for, even in my rebellious teenage years. Now in my rebellious adult years, I would say she is tolerable (just kidding Mom!).

RPI was so small back then, it still amazes me how it has grown. We had no computers, and inventory was kept manually on 4x6 index cards. Try doing that today with over 2600 parts and sub-parts to keep track of! All customer accounts were kept on 5x8 cards, and orders were received through the mail or over the

phone (just when was the fax machine invented?).

I lost track of RPI when I went to college, and never really thought much of it until my father closed his executive search business and went to work at RPI full time. As I went to business school and progressed in my career in the managed care business, RPI was always in the back of my mind, but I never gave it much serious attention until I was asked to be on the Board of Directors in 1994. This first-hand look at the company I grew up with caused a double-take, and I realized that it was a real company with even greater potential. And when the timing was right, I departed the managed care business and joined RPI with the hopes of learning a new side of the healthcare industry and getting into a small, growing company with loads of opportunity. Who knew back in my early days that some day this small, convenient company would be more than just an after-school activity for me. It is a commitment and part of my future.



"I ASSURE YOU, THE DECISION TO RETIRE YOUR UNIT IS BASED ON EXTENSIVE STATISTICAL REVIEW"

“Thanks for your prompt service. Here is your prompt check.”

Robert Bender
Diversified Medical
Columbus, OH

“RPI is great - so great that the parts I have replaced are still working. I'll let you know when I have another customer with broken equipment.”

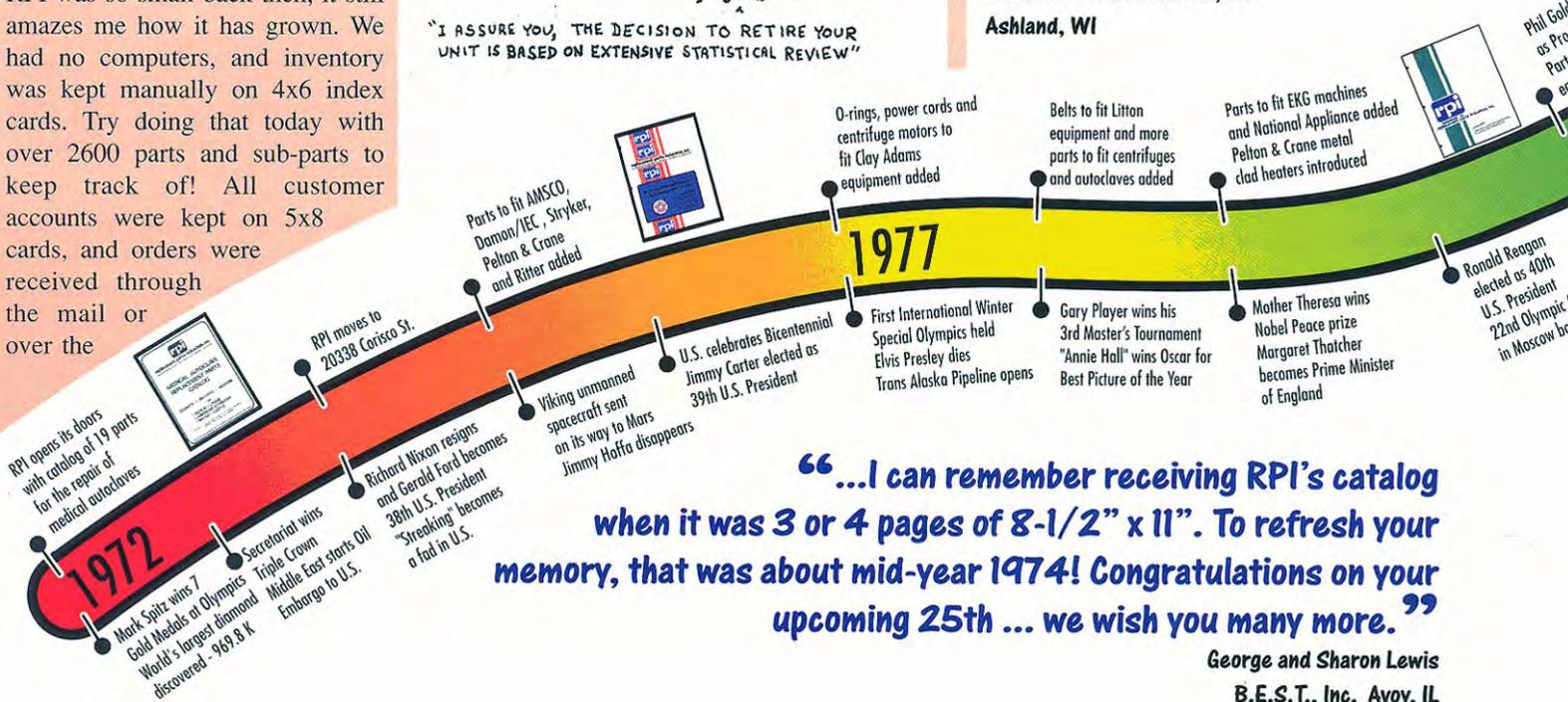
Alan Williams
Valdosta, GA

“What's to explain. You got 'em, I'll buy 'em.”

Jack Ward
Ward's Dental
Richmond, IN
(In response to a survey RPI mailed to customers.)

“We appreciate your help and product support very much! Thank you again.”

Steve Cordes
Memorial Medical Center, Inc.
Ashland, WI



“...I can remember receiving RPI's catalog when it was 3 or 4 pages of 8-1/2" x 11". To refresh your memory, that was about mid-year 1974! Congratulations on your upcoming 25th ... we wish you many more.”

George and Sharon Lewis
B.E.S.T., Inc. Avoy, IL

In Appreciation of RPI's First Customers

Medi-Call
Orange, CA

Medical Equipment International
Tucson, AZ

Patterson Dental Company
Louisville, KY

Lab-Marc, Inc.
Spokane, WA

Patterson Dental Company
Jackson, MS

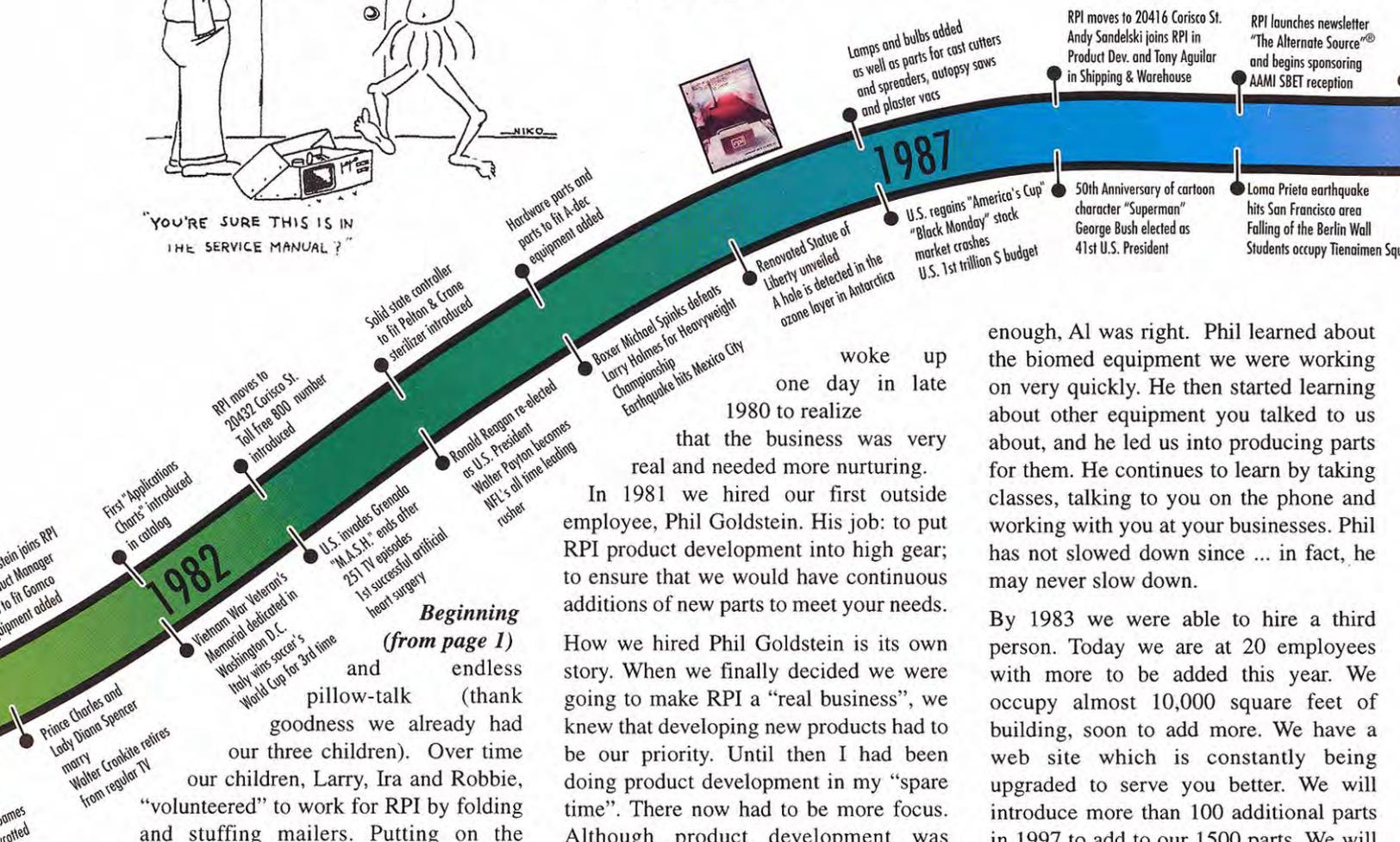
Louisiana Lab Repair
Kenner, LA

Doctors Equipment Service
Kansas City, MO



“Thank you. Yes! I got your new parts catalog. It’s very nice and getting better all the time...”

Jerry Mills
MD Equipment
Calgary, Alberta, Canada



Beginning (from page 1)

and endless pillow-talk (thank goodness we already had our three children). Over time our children, Larry, Ira and Robbie, “volunteered” to work for RPI by folding and stuffing mailers. Putting on the stamps was also their job. I think we paid them one cent per envelope. We stopped playing the radio in the car because it interfered with our planning for our next mailing or product. What made it great was that we were having fun (and still are).

I engineered some new parts, and we got out new catalogs almost every year. It was a nice business through the 70s, but we still did not know where it was going. We

woke up one day in late 1980 to realize that the business was very real and needed more nurturing. In 1981 we hired our first outside employee, Phil Goldstein. His job: to put RPI product development into high gear; to ensure that we would have continuous additions of new parts to meet your needs.

How we hired Phil Goldstein is its own story. When we finally decided we were going to make RPI a “real business”, we knew that developing new products had to be our priority. Until then I had been doing product development in my “spare time”. There now had to be more focus. Although product development was primary, we had to hire someone who could do everything – from product development to technical support.

We advertised and asked some of our local customers for help. Then one day we spent some time with one of our local customers, Al Goldstein of MediDent. Al told us that it appeared that we needed someone who was a learner and a doer. That we needed someone with the attitude and motivation like his son Phil. And sure

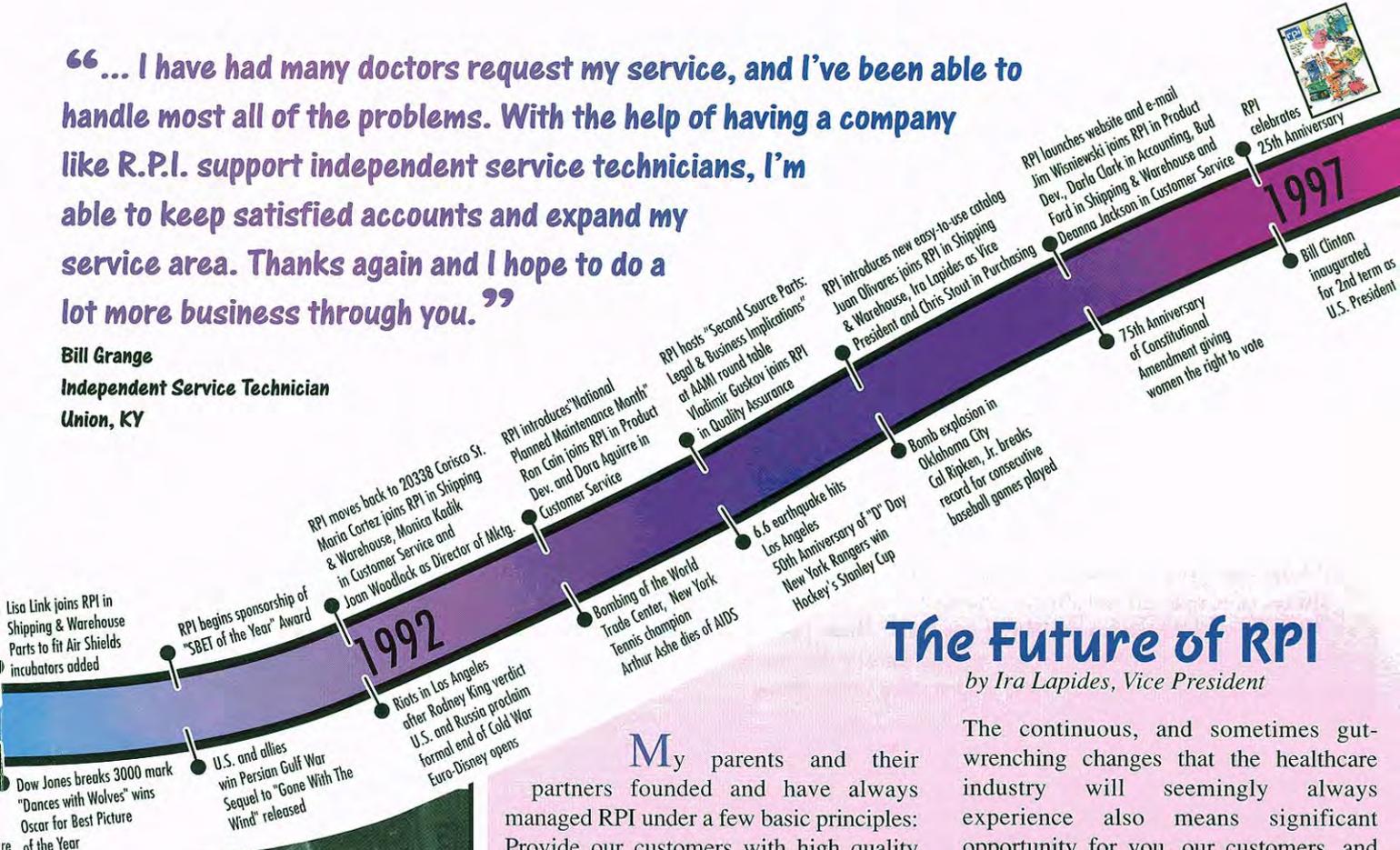
enough, Al was right. Phil learned about the biomed equipment we were working on very quickly. He then started learning about other equipment you talked to us about, and he led us into producing parts for them. He continues to learn by taking classes, talking to you on the phone and working with you at your businesses. Phil has not slowed down since ... in fact, he may never slow down.

By 1983 we were able to hire a third person. Today we are at 20 employees with more to be added this year. We occupy almost 10,000 square feet of building, soon to add more. We have a web site which is constantly being upgraded to serve you better. We will introduce more than 100 additional parts in 1997 to add to our 1500 parts. We will be an even better company to serve you.

It has been a wonderful 25 years. Your response to our dream continues to make it exciting to be here every day. In May of 1995 our son Ira left his position at FHP (a major HMO) to join us as Vice President (no, he doesn't have to lick stamps anymore). Our succession plan is being implemented to assure you that RPI will continue as the quality company you have come to trust.

“... I have had many doctors request my service, and I’ve been able to handle most all of the problems. With the help of having a company like R.P.I. support independent service technicians, I’m able to keep satisfied accounts and expand my service area. Thanks again and I hope to do a lot more business through you.”

Bill Grange
Independent Service Technician
Union, KY



The Future of RPI

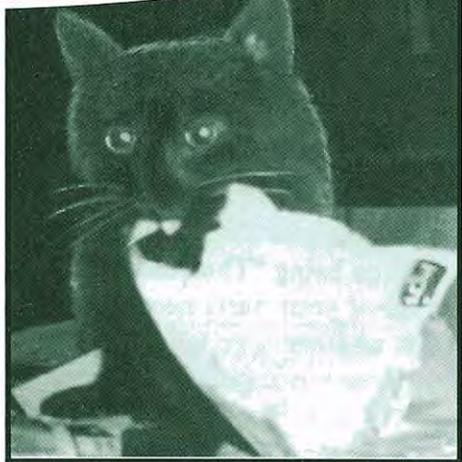
by Ira Lapidès, Vice President

My parents and their partners founded and have always managed RPI under a few basic principles: Provide our customers with high quality parts at a good price, and back that up with attentive customer service and convenience. Well, RPI may have grown a few times over since it was founded, and the healthcare industry has changed significantly since 1972, but those principles have and must always remain intact if RPI is to remain successful. The company has also grown on internally generated cash, which means that at times we may grow a little slower than we (or you) would like, but that has allowed us to always pay attention to the details and not be sidetracked by trying to become an "Inc. 500" company or spending time on unnecessary mergers or acquisitions.

The potential, of course, for a merger or acquisition does exist, but the fit would have to be perfect to allow RPI to continue to address the fundamentals of our business. We will always look for opportunities to improve, such as our new web site, which provides you with up-to-date information on RPI, and soon will have on-line ordering capability. We will continue development of parts to fit OEMs' equipment that we already carry, and developing parts to fit some OEMs' equipment that we have not yet addressed.

The continuous, and sometimes gut-wrenching changes that the healthcare industry will seemingly always experience also means significant opportunity for you, our customers, and us. We will continue to solicit your feedback, to listen when you make suggestions on improvements in our service or on new parts that you think we should develop. We will constantly strive to have all parts available when you need them, minimizing the cost for you of carrying inventory and the downtime for the equipment that you service. We will remain active in industry trade organizations, closely monitoring the healthcare service industry for opportunities. New parts will consistently be added to our inventory. And, there is potential for joint ventures with customers to target development on specific equipment and parts.

RPI bills itself as "The Alternate Source" for you, providing an option to acquiring parts from the OEM. My goal, honestly, is to have you always think of RPI first for your parts needs, to be your primary source for replacement parts for the equipment that you service. This will require constant attention to the details, continuing to provide you with quality parts at a reasonable price, with excellent customer service, technical support, and convenience to make your job easier as well.



"Sorry my payment was late. My Panther ATE THE BILL."

Chan Simson
Northwest Florida Specialties

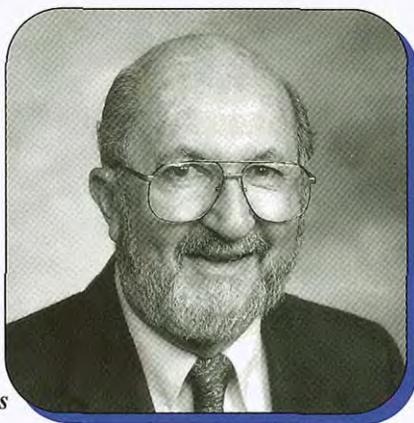
“Even if we do not order on a regular basis, you are a valuable outlet to us.”

Ron Hickman
St. Joseph's Health Center
Kansas City, MO

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Special 25th Anniversary Message

From The President & The President's Boss



After forty years of being together, it seems as if we have always been married and after twenty-five years, it seems as if there has always been an RPI in our lives. These twenty-five years have had their ups and downs (mostly up, thank goodness), but we wouldn't have traded them for anything.

There are many people we would like to thank for helping us reach the point we're at today. To mention just a few:

Phil Goldstein – RPI's Product Manager for the past sixteen years. Phil's ability and eagerness to learn have made him quite knowledgeable about a tremendous variety of equipment.

Joan Woodlock – our Director of Marketing for the past four and a half years. Joan has led us forward with a wealth of new ideas, brought a new professionalism to our efforts and best of all, given us the increased ability to laugh at ourselves.

Brian Statter and Cliff Hudson – for showing us an industry need, directing our initial efforts, and remaining good friends and customers.

Al Goldstein – not only for helping us to find Phil, but, with his *engineering background and service experience*, being a valuable resource for so many years (and a good deep sea fishing companion to boot).

Jack Spears – for helping us understand you, our customers, and your real needs. It's been a pleasure to watch him and his publications grow and to work with him in servicing the biomedical industry.

Malcolm Ridgeway – for being the wonderful listener and incredible sounding board that he is, and for sharing his all-encompassing understanding of the industry.

Ivan Frank – for his incredible knowledge of almost everything in this world, especially centrifuges.

Ira Lapides – for joining RPI at the right time to help us organize and structure future growth and to ensure that we continue to meet our customers' needs.

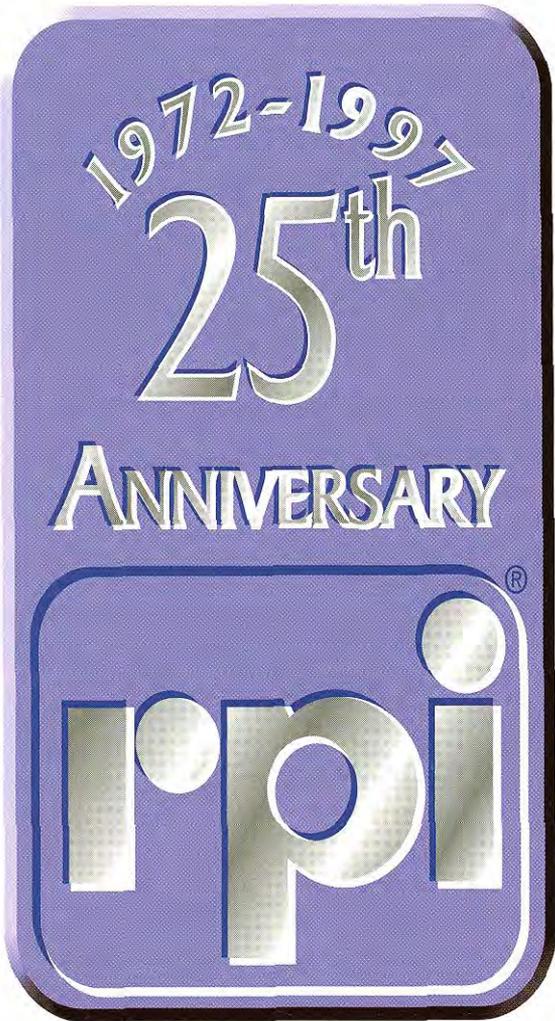
To all the people who have worked with us at RPI through the years – Your contributions have been vital.

But most of all, our thanks go to you, our customers. Without you, all this would not have happened. We thank you for your patience when we've stumbled, for your loyalty, for your eagerness to help us when needed and for your confidence in RPI. We hope we have contributed in some small way to your success, as you have to ours.

All of this sounds a little like a farewell speech. But it's not. We're having too much fun to retire. And we won't. But with the help of our excellent staff, we will be able to do some different things over the next few years. As RPI continues to grow, we plan to do more traveling to meet as many of you as we can. Many of those we have met have become good friends as well as customers. With many we have been able to establish a relationship on the phone – now it's time to meet in person. Our day-to-day duties may change, but RPI will always be an important part of our lives.

Thank you for helping to make our dream a reality. It would not have happened if it weren't for you.

Sherry & Al



**This year, RPI celebrates
its 25th Anniversary.**

**Founded on the principle of
respect for our customers and
servicing their needs, RPI has
gained an international
reputation for quality parts,
outstanding service and
unbeatable prices.**

**Responding to our customers'
needs is the RPI way -
it has been since 1972 and
it will continue to be so in
the future.**

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