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## ***SBA - More Than Just Loans***

**MORGANTOWN** - When Mike Adrian started Horizon Medical Technologies, LLC, a small medical equipment supplier and diagnostics company located in Morgantown, it seemed that the future was bright. The company was formed from Horizon Med-Tec, a subsidiary of Genesis Health Ventures that operated long term care facilities throughout the eastern United States.

The company had long term relationships with their extensive client base and a fully seasoned experienced staff with over 8 years of experience of running the former company.

“Things were looking good,” said Adrian. “We thought that the risk of acquiring the company would be minimal because of the success it experienced in the past. Our manufacturers, suppliers and major clients provided verbal intent to continue with the newly formed Horizon Medical Technologies. In addition the diagnostic side of Horizon was showing great promise with the development of some very unique programs that were being introduced to the market and receiving very positive feedback from employers across the country.”

It was within the first seven months of his successful acquisition of the company that Adrian experienced what seemed, at the time, to be a disaster, the overnight foreclosure of 3Ci, a national client’s contract management group who managed the purchases and billing for 14 of Horizon’s hospitals in 7 states. Although the hospitals were still committed to ordering product, the receivables from their previous sales through 3Ci would never be collected. “We had this rather large black hole in our receivables which presented a major cash flow problem for the next six months and beyond if not corrected”.

“As if that wasn’t enough to deal with, our second largest health care client, due to the deep cuts to Medicare and Medicaid reimbursements to health care facilities, filed for protection under bankruptcy and provided for the apparent “knock-out blow” considering these two occurrences happening within 45 days of each other”.

“We had within 75 days lost 70% of ongoing revenue and 60% of our current receivables,” continued Adrian. “We had less than 90 days in operating cash with only 40% of our receivables due over the next 60 days.”

That’s when Adrian decided to accelerate the plans for redirecting the company’s emphases from a supplier of medical equipment to a provider of employee diagnostic services and pursue a SBA guaranty 7(a) loan to help his cash flow. “I felt that a SBA loan would provide the available cash we needed without the usual high demands for substantial collateral,” Adrian added.

The company was still providing a strong product and his years of running the prior company should have been a positive factor when applying for the loan Adrian thought. “My efforts with many of the banks in West Virginia fell on deaf ears,” stated Adrian. “The opportunity to even make a presentation to the SBA was thwarted because the lenders didn’t seem interested in inviting the SBA to look over the application.”

With little time left before the inevitable, Adrian decided to attend the annual ‘Teaming To Win’ conference in hopes that he could receive backing on his business plan and proposal and thus demonstrate that strength to the lenders.

Adrian had scheduled a one-on-one appointment with a representative from the SBA, who, as part of the conference, provides small business counseling sessions.

“I thought I’d try one last ditch effort to plead my case but had serious concerns about spending another hour of my life hearing the same discouraging message from the SBA stating that it cannot, and will not, provide any form of positive feedback on my business plan that might encourage a bank to review my request,” said Adrian.

When time for his appointment arrived, Adrian felt that it was better to spend his time networking for opportunities that might save his company rather than attend another discouraging meeting.

“After wandering the halls bludgeoned by my thoughts of my last 8 years of efforts coming to a abrupt end not being able to provide for my family who supported me throughout this crazy adventure, I decided I would keep my appointment with SBA if only to unload my frustrations on someone,” Adrian stated.

Although he arrived 15 minutes late, Adrian was pleasantly greeted by Sharon Weaver, an Economic Development Specialist with the WV District Office of SBA. He began his opening comments to Weaver, which were not exactly positive in nature, but more out of frustration and exhaustion.

“I recall seeing the look of devastation that Mike felt while telling me his story,” said Weaver. “He had poured his heart and soul, not to mention his life savings, into this company for eight years.”

“Sharon, without hesitation, immediately focused on my total discontent and asked how I came to the conclusions that I had of the SBA,” said Adrian.

Weaver never took a defensive posture and began to address each and every misconception Adrian had about SBA and its mission. She never indicated that he was wrong, just misdirected or misunderstood SBA’s role.

“She asked several questions about my company, enforcing the need for our diagnostic services within the government and private sector,” continued Adrian. “She focused on the issue at hand – the refinancing of my debt and the providing of operating capital that would provide the means to the restructuring of the company with emphasis on the medical diagnostics side of the company.”

“Mike and I discussed the strength and weaknesses of his business and how it could be re-established,” stated Weaver.

“I have been involved with business meetings and negotiations for a number of years, at all levels of management, and have never experienced a person capable of calming a storm and working their way back into the spirit of the event the way Sharon did,” added Adrian.

Needless to say, after meeting with Weaver, Adrian was brimming with new found encouragement which enabled him to approach Mark Randalls from Bruceton Bank, who was more than willing to listen to his presentation.

Randalls agreed that an SBA guaranty would be ideal for the situation and, after completing the required paperwork and holding several meetings, the loan was approved and the much needed financing was established.

“It been two years since that thankful moment and the memory of that encounter with Sharon Weaver continues to propel our efforts to re-establish Horizon Medical Technologies’ financial health,” concluded Adrian.

Thanks to Sharon Weaver, the SBA, Mark Randalls and the Bruceton Bank and two private investors, Horizon was able to successfully develop unique methods of drug testing employees which offers employers 100% compliance while reducing their employee screening budgets between 40% and 65%. In addition to the significant reduction to their budgets, our clients are experiencing a 90% to 95% increase in their testing efficiency. They are receiving 95% of their test results in 5 minutes and not 2 to 3 days which allows them to make immediate management decisions on an employee's disposition and avoid undue hardships on their operations or the employee.

Currently, Horizon is providing employee drug and alcohol testing programs to employers in 22 states and recently was contracted by an Albuquerque company to provide screening for their 6,200 employees located in 62 separate operating facilities. Horizon is currently expanding their operations in Morgantown with the opening of their first collection and testing center. Adrian states, "Our collection and testing center is based on the same budget and compliance conscious concepts of testing that we offer throughout the country and will offer the most affordable opportunity for local employers to test employees".

For additional information on the programs and services offered by the SBA and their resource partners, contact the West Virginia District Office at 1-800-767-8052 ext. 8 or by email at [wvinfo@sba.gov](mailto:wvinfo@sba.gov). You can also visit our web site at [www.sba.gov/wv](http://www.sba.gov/wv).

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