

BUFFALO FILTER® GROWS MARKET SHARE 25% ANNUALLY AS A NOVATION SUPPLIER

When Novation, the contracting services company for VHA and UHC, conducted a competitive bid for smoke evacuators and accessories in early 1999, executives at Buffalo Filter questioned whether they should participate. The Buffalo, N.Y.-based company manufactures products to filter and evacuate hazardous surgical smoke plume generated during electrosurgical and laser procedures. Its products are distributed in more than 53 countries worldwide.

"I'll be the first to admit that we were very apprehensive," says Dan Palmerton, Buffalo Filter's vice president of sales and marketing. "As a small device manufacturer, we were up against our four biggest competitors, who also submitted bids for consideration."

Buffalo Filter faced its fears, submitted a bid — and was awarded a Novation single-source contract. As a result, the company has experienced market share growth averaging 25.6 percent each of the past three years. "The organizations we were up against are much larger than we are, and they have more resources and more product categories to offer," says Palmerton. "But Novation saw in us a value we could bring to members that perhaps the other companies couldn't provide."

FOCUSING ON THE COMPANY'S STRENGTHS

Palmerton says the key to winning the Novation contract was simple — setting his organization apart from the "giants" in the industry. "We knew what we were up against, and we realized we couldn't compete on price alone," he says. "We had to be more creative, offer more value-added services — or a combination of the two — to make ourselves stand out."

Despite its status as a small device manufacturer, Buffalo Filter offered a multitude of options and services that set it apart from the competition — including the fact that it manufactures replacement parts for capital equipment that members already own.

"Members don't have to purchase new equipment or change the way they do business to utilize our products," says Palmerton. "They can continue using their equipment and buy the replacement parts, such as filters, from us. This provides membership the flexibility of managing their budgets based on their timeframes, not ours."

Buffalo Filter also agreed to cover all billing and ground shipping costs for members, adopting an "in by 2 p.m. (EST), out by 5 p.m." policy for all orders. In addition, the supplier offered trade-in programs for used equipment — even from other suppliers. And, finally, Buffalo Filter offered free continuing education credits through an Association of periOperative Registered Nurses-sponsored CEU course.



SUPPLIER PROFILE Buffalo Filter

Headquarters:
Buffalo, N.Y.

Year Established:
1991

Novation Supplier Since:
2000

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THE BENEFITS OF BEING A NOVATION SUPPLIER

Buffalo Filter's increased market share is just one of the many benefits the organization has seen as a Novation-contracted supplier, according to Palmerton. Novation's proposal process creates opportunities for suppliers of all sizes to enhance their visibility and credibility among members by becoming a Novation-awarded supplier.

"We still have to work for the business, but being on Novation contract opens doors with members for us to gain that business," says Palmerton. "We've achieved an awareness that never would have been possible without the Novation agreement. Our being on Novation contract for eight years is a good indication that we're committed and serious about supplying the membership with a tremendous value matched with exceptional service, and I believe our industry recognizes that."

Buffalo Filter has even outgrown its original building. "We've now expanded to two buildings because of our tremendous growth," Palmerton says.

Novation also maintains constant communication with suppliers, keeping them in the loop on the latest industry news. Kathleen Albon, Buffalo Filter's director of sales, regularly consults Novation's suppliers-only Web site to download pricing information and membership changes. In addition, Novation offers excellent marketing services to suppliers — something that Buffalo Filter has taken advantage of by appearing in various Novation newsletters, as well as Novation's annual New Technology Catalog.

Perhaps the greatest benefit that Novation provides to Buffalo Filter is access to academic medical centers. "Novation, more than any other group purchasing organization, has that university connection that's so vastly important to emerging products and technology," says Palmerton. "Novation's relationship with academic medical centers is a huge advantage for us. We're still educating the health care world on the dangers of surgical smoke, and being able to share the benefits of our technology with the physicians and nurses working within the university hospital system is extremely important. Wherever they eventually end up practicing, they'll already understand the importance of our products and will hopefully take that knowledge with them."

What advice would Palmerton offer fellow small device manufacturers with a desire to become Novation-contracted suppliers? "Don't be afraid of it and don't assume you cannot be successful," he says. "We're living proof that you can make positive things happen for your business if you're able to differentiate yourself from the competition."

And while the Novation contract for smoke evacuators and accessories is no longer single-source, Buffalo Filter continues to expect future growth. "Working with Novation has been a win-win situation for everyone," says Palmerton. "And we're extremely proud to be a Novation supplier."