

Inside Healthcare

December 2008

The Pulse of Healthcare Leadership



Radical Redesign

At Appleton Medical Center, nurses partner with physicians and pharmacists in teams that lead to shorter lengths of stay, lower costs, higher patient satisfaction, and lower turnover.

Medical Connections

By removing the competition from its sales force, this healthcare staffing firm has built a collaborative culture and realized unprecedented growth.

Full Potential



Joe Azzata,
CEO and founder

Between 2003 and 2007, publicly held Medical Connections grew by 380%. And although Joe Azzata and others, including Anthony Nicolosi, the company's president, founded the company in 2002, it was more than beginner's luck that enabled such growth. It was a combination of market intelligence and a corporate and sales structure that took its cues outside of the healthcare industry.

Prior to 2002, Azzata had been an investment banker. When the firm he worked with was bought out, he went looking for his next opportunity. While he was working in the investment banking industry, he was pitched an idea to help finance an overseas nurse recruiting company. Although the deal didn't go through, Azzata's interest was peaked as he learned of the recruiting shortages rampant not only in the nursing but throughout the healthcare industry.

www.medicalconnections.com
HQ Boca Raton, Fla.
Services Healthcare staffing company for the nurse management, therapy, pharmacy, radiology, and reproductive health industries

After raising a substantial amount of capital, Azzata and Nicolosi founded Medical Connections. Given the competitive nature of nurse staffing, the management decided not to focus on nursing and overseas recruiting and decided “to put all of our eggs in allied health, specializing in therapy and rehabilitation. That’s been our vision for the company ever since.”

Systems check

Since its 2002 founding, Medical Connections has grown its service focuses based on the talent it recruits. The company currently manages several thousand national contracts, with 70% of its business in rehabilitation and therapy and 30% in pharmacy and other allied health specialties. “We stick to nurse managers to specialize in, for example, because we’ve attracted people who have experience in that area,” Azzata said.

Medical Connections was recently Joint Commission certified, adding another competitive advantage. Of the 6,000 healthcare recruiting companies in the US, only about 250 are Joint Commission certified. Going into 2009, Azzata said many healthcare facilities will no longer do business with a healthcare recruiting firm that isn’t certified.

Part of the certification requires substantive technical capabilities, and Medical Connections’ Florida-based headquarters makes it especially important to have back up for payroll and hospital staff records. The company’s growth and expansion, which includes a 19,000-square-foot build-out of its headquarters, has been supported by nearly \$250,000 worth of software development.

“If there was a hurricane and the building was shut down or damaged, we need back-up systems to do payroll for our hospital staff,” Azzata said. “We now have systems in place so the company can continue to operate even in inclement weather.”

Improving perfection

Medical Connections began with a small office and five recruiters. Today, the company employs 55. Because it started small and with one central focus, the company could offer its



recruiters competitive compensation plans and establish a corporate atmosphere that Azzata compares to Yahoo or Google. “We have a lot of fun with the staff,” he said. “It’s not as corporate as some of the larger, more established recruiting companies.”

As a late bloomer in a seasoned industry, Medical Connections looked at what its competitors were offering and how to build a platform with a more flexible structure. Many staffing firms do permanent and contract staffing, but they keep those departments separate, and there is often competitive in-fighting. Medical Connections does things differently.

If a staffer is looking for a permanent position but isn’t sure about signing onto a permanent contract, Medical Connections converts the agreement into a 13-week contract. If at any time either the staffer or the medical facility is dissatisfied, at the end of the 13 weeks, the contract is dissolved. If at the end of the 13 weeks both parties are satisfied, the staffer can transition into a permanent position.



“With a lot of our competitors, the traveler and permanent departments compete against each other, so you don’t have synergies, and they don’t have compensation plans in place if a traveler takes a permanent position,” Azzata said. “It took a while for our recruiters to get comfortable with the idea, but now it’s second nature.”

Cultural collaboration

Fostering an atmosphere where competition is almost secondary to client and staffer needs begins with the hiring process. A potential new hire goes through a series of interviews to determine whether he or she is a good fit for the company. The initial interview is with a team leader from either the permanent or travel side of the business. If that interview goes well, the applicant will be called back to a secondary interview with the entire team the candidate could be placed with.

“You’ll spend an hour or so in the conference room with that team,” said Azzata. “We found that to be very successful as opposed to hiring people, plopping them down into a team, and then determining if there’s a fit.”

If a candidate interviews with a particular team and the fit isn’t perfect, Medical Connections strives to place the potential new hire on a team that will fit. Then the training program, which includes instruction on software, introductions to clients for the geographically determined team, and information on lead sources, kicks in.

With this kind of team building built in from the start, Azzata said Medical Connections has created a sales culture that is effective without being cutthroat. The fact that October 2008 represented the biggest single month of growth to date for the company illustrates the fact that this culture still works. “By having the teams almost conduct their own interviews, they are incentivized to do splits and help each other with clients,” he said.

The difference

As Medical Connections approaches its sixth anniversary, Azzata is looking for additional growth. While management continues to focus and expand on the organic growth that’s pushed the company ahead these past six years, Medical

Connections has assembled a team of experts that include outside consultants to look at acquisitions.

Currently Medical Connections is traded as a fully reporting company on the OTC Bulletin Board under the ticker MCTH. Medical Connections management has an outside consulting firm that is assisting the company to have its stock listed on a better exchange such as the American Stock Exchange, and management is in talks with hedge funds and investment bankers on providing the company capital for acquisitions.

Although to many it may seem odd that the company waited so long to go down the acquisition path, Azzata believes it’s the best strategy for any company, whether in the healthcare industry or not. He’s seen companies in the investment banking industry do acquisitions before they have their culture and systems in place, and he’s seen it lead to instability.

“We waited, and it will make all the difference,” he said. +

—Amanda Gaines