

ExportWise



Diary of an Exporter, Part 1

Follow Dr. Harrison Ofiyai of Clinotech as he realizes his dream and takes the plunge to start his own business. Part one of a four-part series.

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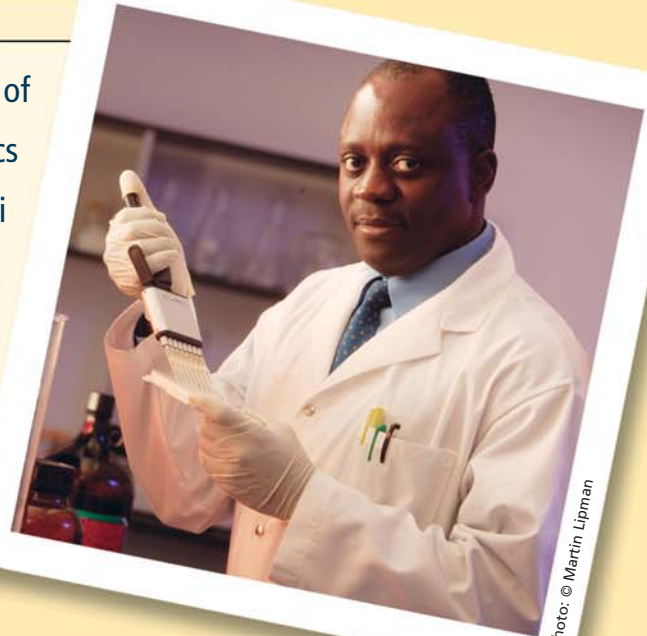
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Diary of an Exporter, Part 1

Clinotech Diagnoses the Market

BY DENNIS AND SANDI JONES

Diary of an Exporter chronicles the export journey of Dr. Harrison Ofiyai, founder of Clinotech Diagnostics and Pharmaceuticals. In this four-part series, Dr. Ofiyai shares his experiences with us – both the failures and triumphs in his export odyssey. This first installment details the company's founding and its early growth, from an initial dream to the development of an export product and distribution channels.



The entrepreneurial bug

After spending several years abroad as a physician for Doctors Without Borders, Dr. Harrison Ofiyai returned to Canada and took a position as a researcher and clinician at the University of British Columbia. But by 1997 his entrepreneurial instincts had surfaced and, with the support of his chemical-engineer wife Senay Ofiyai, he started his own business, Clinotech Diagnostics and Pharmaceuticals.

Once underway, he and Clinotech never looked back, and now the company produces top-quality medical diagnostic products and distributes them to hospitals, medical laboratories and pharmaceutical companies around the world.

Clinotech's story is a notable example of how vision, tenacity, systematic planning and entrepreneurship can lead to export success even in the most competitive overseas markets – *without* extensive financial and marketing support, and even without prior exporting experience.

Starting from scratch

During Clinotech's start-up period, Dr. Ofiyai and his wife Senay paid the company's way out of their own pockets – no lenders became involved until much later, when the business was firmly established. Turkey was chosen as the first target market because Dr. Ofiyai had been posted there as a member of Doctors Without Borders, and had experience and contacts in the

Turkish medical system. Building on this foundation, and acting as his own one-man, on-the-ground marketing team, he visited the country five times during Clinotech's first year of business and soon established a viable customer base.

Back in Canada, his knowledge of the Canadian medical supplies industry, gained during his research at the University of British Columbia, stood him in good stead when he was choosing a manufacturer for his product line (Clinotech now has its own manufacturing plant, but that's a later chapter in the story).

A key factor in the company's success has been its tight focus on tools and products for the early detection, monitoring and treatment of human diseases. Among these are boxed kits that contain chemicals and indicator strips for diagnosing diseases such as hepatitis, STDs, tropical illnesses and tuberculosis; other kits provide evidence of pregnancy, cardiac conditions and drug abuse. Urinalysis products include chemical strip tests and an electronic urine analyzer. The company also exports enzyme immunoassay kit components and Enzyme-linked Immunosorbent Assay (ELISA) processors – automated electronic devices used in medical laboratories to detect and measure human antigens and antibodies.

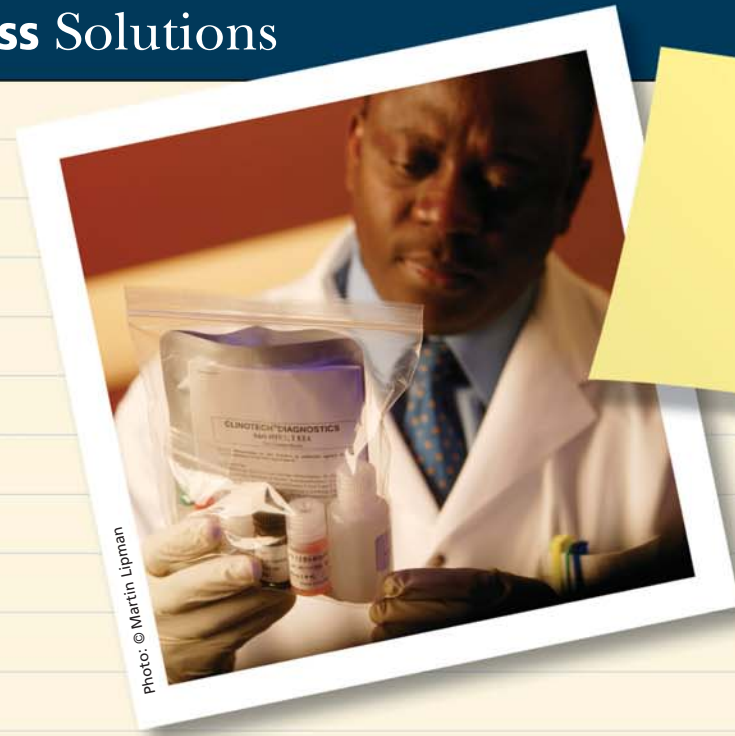


Photo: © Martin Lipman

Clinotech's focus is on the tools and products for the early detection, monitoring and treatment of human disease.

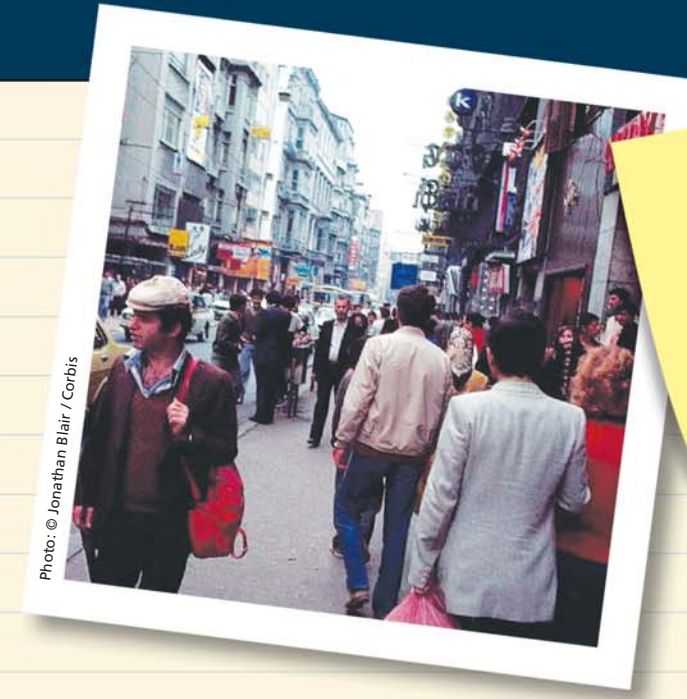


Photo: © Jonathan Blair / Corbis

Dr. Ofiyai targeted Turkey as Clinotech's first market because of his experience working there in the 1980s with Doctors Without Borders.

October 1997

I keep thinking about my business idea. The research and clinical work at the university keeps me occupied, but I feel I should consider other options – like starting my own company. After all, I've seen a need everywhere for one-step medical diagnostic devices, and I'm familiar with a lot of them – diagnostics for blood chemistry, urinalysis, HIV, hepatitis, tumour markers, fertility, just to start with. A business in diagnostic kits would fit with the experimental and investigative medicine I'm interested in, and it would go well with my clinical background. Senay thinks so too. I'm glad she feels it's a good idea.

I've never been a businessman, though, and finding the right market might be difficult. But when I was doing field work for Doctors Without Borders, I saw how badly the developing countries need better diagnostic services. A Canadian business exporting these kits could help them. I've already thought of a name – Clinotech Diagnostics and Pharmaceuticals.

One big requirement: I'd want to sell under the Clinotech brand, so I'd need a manufacturer who won't insist on putting its name on the kit. It may take some looking, but I'm prepared to hold out till I find the right company.

November 1997

Still thinking. As well as my overseas field work, I've got another important advantage if I try exporting – my experience at the university hospital in Turkey. I had a lot of colleagues in the medical profession there, and I got to know some businessmen, too. They might help me find Turkish distributors for the diagnostic kits. That's a key factor, because the hospitals' purchasing directors all have relationships with the Turkish medical distributors, and they wouldn't want to deal directly

with a foreign supplier. So Clinotech would have to work through distributors. But I'd have to make sure that the ones we pick have plenty of sub-distributors across the country.

It's not something I could do by phone, though. I'd have to go there, find reputable people, talk to them, see if there's a workable opportunity ... I'm looking at a lot of travel expenses.

Early February 1998

Well, I've taken the plunge. Clinotech is a reality and is starting operations. My first market is in Turkey, a strategy that Senay agrees is the right one to follow.

I began by approaching some Turkish distributors and sending sample kits to them. They did some extensive evaluation with the hospitals, and then one of the distributors contacted me. He told me the hospitals had said the products were very good and that they wanted to try them, so now the distributor's interested in doing business with Clinotech. This means I can go ahead and order the kits from the Canadian manufacturer – with Clinotech's brand on them!

Also, I've decided that Clinotech will be self-financing – we won't work on a deferred-payment or open-account basis. In other words, we won't ship to a distributor until we've been paid for the shipment. That way we won't need bank loans to finance our kit production. I know that not offering credit will probably cost us some business and we won't grow as fast. But that doesn't matter. We're going to be very gradual, very systematic, very careful.

Another decision: we're not going to give exclusive distribution rights to any one distributor, not at this time anyway. That might change later, but just now I want to be free to contract with two or three companies if I need to.

Late February 1998

I'm already really busy and we've hardly started. It's becoming obvious that Clinotech is going to demand most of my time, so I'm taking the biggest step so far: I'm taking an unpaid leave of absence from the university. I have some misgivings, but it's the only way to stay on top of things.

April 1998

I'm winding up my first business trip to Turkey, and what a whirlwind! I've covered Ankara, Izmir and Istanbul since I got here, looking for distributors. Speaking to people on the phone is very different from actually visiting the target market. I've been meeting business people, giving seminars, talking with hospital colleagues and end users.

And checking out the competition, too. Pricing Clinotech's products is tricky because many of the products we're up against come from the Far East, and their prices are very competitive. So I've tried to make it clear to the distributors that I believe in Clinotech's services and products, and that they can too – that we'll provide the best kits at very cost-effective prices, and that they'll always have our after-sales support as well as our clinical and technical support. I tell them they can always reach us, and that we won't just dump the kits on them and walk away. It also helps that Canadian-manufactured medical supplies are high in quality and very reliable.

One other thing – I never talk about dominating the market. Some of the distributors I've spoken with think we should try to do that, but I know that we'd only overextend ourselves and end up with a bad reputation. There's a market for every product, I believe, and Clinotech can be happy to share part of the cake.

My approach seems to be working, too. I think I'll eventually be able to sign up two or three distributors here. I hope so, because this overseas travel is expensive.

August 1998

It's going very well, to my relief. Clinotech now has three distributors in Turkey: one in Ankara, one in Izmir and one in the biggest Turkish market, Istanbul. All have sub-distributors across the country, so our kits are spreading quickly into the state and private hospitals.

I've already been back twice, to give the distributors the after-market support they need. I'll probably go to Turkey at least three more times this year. I want to make sure we're solidly established. I couldn't do all this without Senay's help and encouragement – she completely supports the whole Clinotech project.

November 1998

The last few months have been hectic. I've been to Turkey about every month and a half, training the distributors' sales staff in the specifics of Clinotech products and how to answer the questions the medical people will have. The after-market support has taken a lot of time, but it's really paying off because the distributors now know we're solidly behind them and that we'll support them when they're selling to the hospitals and the doctors. Just as important, it also lets the hospitals know that Clinotech stands behind the products they're purchasing.

I can't believe it's only a year since I decided to start Clinotech. Not only are we succeeding, we're self-financing. And in a few weeks, we'll be in 1999. I wonder what the new year will bring ... ■