

Bates Troy —

A Healthy Approach to Business Growth

Healthcare success reflects close ties to customers, community



(clockwise, from bottom/left) An eye-catching sign overlooks the Bates Troy Inc. plant in Binghamton, NY; father-and-son team Brian and Ara Kradjian; front entrance (with awning) of the plant as well as a retail dry-cleaning business; a street-level view of the laundry, with a vacant property at left that formerly housed a hometown brewery.

By Jack Morgan

For Ara Kradjian, business success means managing partnerships with customers, employees, civic groups and more. Put another way, he believes that investing in relationships—as well as equipment—will produce a strong return on investment, while at the same time helping to build a stronger community.

For starters, consider this: Kradjian, vice president of Bates Troy Inc., a third-generation, family-owned healthcare laundry in Binghamton, NY, recently agreed to offer counseling services to his 90 employees on a 24/7 basis. Any associate or their family member

can call for help with any work-related, emotional, marital, substance-abuse or personal concern.

While Kradjian didn't disclose the cost of the program, these services don't grow on trees. On a recent visit to Bates Troy, I asked Kradjian and his management team, including Randy Widrick, director of sales and marketing and General Manager Tom Singe, why they felt this investment was justified.

Widrick praised the program, saying it helps strengthen the employer-employee relationship. "To me it's an excellent decision to put that (counseling program) in place. It's a way we can say to employees, 'We're willing to invest in you.' Most people will take care of you, if you take care of them."

Kradjian says he expects the program to boost productivity. "I know it's going to save a lot on absenteeism, though I don't know how much," says Kradjian, who has prepared his son Brian, president, to take over the business. "It's something you can't measure in dollars and cents. My personal opinion is it's going to be a huge plus."

One thing that is measurable is employee turnover. Typically, it's high in a commercial laundry. Kradjian says half his staff is com-

posed of long-term employees. Singe, a veteran plant manager of 27 years with Associated Textile, who joined Bates Troy last year—adds that when more employees stay it helps the company grow by building morale. “We all buy the same equipment from the same distributors,” Singe says. “It’s our people who make the difference. A small company can innovate and respond to needs. Our employees are like spokes in a wheel. As managers, we’re the hub of that wheel.”

Finding new cheese

While Singe, Widrick and Kradjian support initiatives like the counseling program, they agree any company’s capacity to do good



Drying equipment for specialty items; an employee prepares garments for pack-out; the Bates Troy management team—(from left Randy Widrick, Tom Singe, Ara and Brian Kradjian.

works hinges on its ability to turn a profit. “We’re not a charity,” Widrick says. “We have to make money. We’re still a business.”

Keeping Bates Troy financially strong has required the company to embrace many changes during its 119-year history. Founded in 1885 by Otis Bates, the company merged early in the 20th century with the Troy Laundry. Kradjian’s father Kenneth, an Armenian immigrant, arrived in America in 1920 with his brother Arthur. “They started off with a small dry cleaners and tailor shop,” Ara Kradjian says. “The company was purchased through an estate sale from Charles Smith. We’re the Johnny-come-latelies—our family’s been involved for only 80 years.” The plant, in central Binghamton, includes both a laundry and a dry-cleaning area that processes goods from five local retail outlets.

In a rear section of the Bates Troy plant stands a three-story structure that once housed the Joseph Laurer Brewery. The brewery ran until prohibition forced its closure in 1920; it reopened in 1934 (after repeal), but closed the following year, according to a beer history Web site. Today, the Bates Troy laundry is housed in an area that was once a bottling plant.

Growing up in Binghamton, Ara Kradjian began working in his

father’s laundry business as a junior high school student in the 1940s. He was a “pocket-pusher,”—that is, he pushed trouser pockets back in after dry cleaning and prior to pressing. Kradjian studied at the University of Pennsylvania, the Wharton School of Business, before serving as an officer from 1955-57 in the U.S. Navy. After his discharge, Kradjian returned to Bates Troy. His main focus was bringing in new business. “I was ‘Mr. Outside’ basic sales and marketing,” he says.

His cousin Harry, a Massachusetts Institute of Technology-trained engineer, focused on the plant. Over the years, the company also invested in commercial real estate, including local restaurants and hotels. These efforts, in turn, opened opportunities for the laundry business, Kradjian says.

At the time Kradjian began working full-time for Bates Troy, the company relied heavily on the “home laundry” business. “We had 12 routes,” Kradjian says. “We went from house to house. They didn’t have home washers and dryers back then. We were a family laundry, rather than a commercial laundry.” Naturally, this began to change as home laundry appliances grew in popularity. The downturn in laundering family clothing was a classic case of market change reminiscent of the book *Who Moved My Cheese?* In that story, two mice look for cheese in the usual place but discover it’s gone. They then have to decide whether to give up, or look for new cheese. Bates Troy settled on the latter option. And this was but one of several times in Kradjian’s career when his company had to “find



'Profit is sanity'

Of course, shifting gears to fire restoration-work entailed investment in specialized dry-cleaning equipment that could do the job. During the plant tour, Kradjian and Singe proudly pointed to a recently purchased washing machine with an ozone cleaning process designed for this heavy-duty work. That investment followed a major plant overhaul with the efficiency needed for long-term growth designed to accommodate the company's growing healthcare business. "Eight years ago we decided to retrofit the whole plant," Kradjian says. "We bought a million dollars worth of equipment. We were very successful in becoming a low-cost producer so we could compete."



Ara Kradjian and Tom Singe show off a specialty dry-cleaning washer that's used to rehabilitate clothing and household textiles damaged by smoke from house fires; specialty drying and washing equipment; a route vehicle features a special design identifying it with the restoration business.

new cheese," —i.e., new business opportunities as old ones disappeared. "Over the course of 10 years we shifted to healthcare," he says. "We also did uniforms, restaurants and hotels. We expected the commercial business to pick up the slack in the home laundry business and it worked." In recent years, Bates Troy's main focus has been healthcare linen supply.

The dry-cleaning sector also went through a "who moved my cheese" experience in the 1990s with the rise of "casual Fridays." This trend away from formal business apparel—an outgrowth of the dot.com boom—quickly spread to established companies as a low-cost way to boost employee morale. "IBM said 'You don't have to wear ties anymore,'" Kradjian says. "That had a big impact. It forced a similar change from the home laundry business."

How did Bates Troy react? The leaders sought an alternative market. Soon they found one in restoring clothes and household items damaged by smoke or water from house fires. "We went into the fire-and-water restoration business," Kradjian says. "That did bring our volume back up to an acceptable level again."

Bates Troy positioned itself to work with insurance companies paying compensation to homeowners who were seeking to get the smell of smoke out of their clothes after a fire. "We have close contacts with insurance adjusters," Kradjian says. "They know they can call Bates Troy because they can trust us." A formalwear rental business also was added to help boost volume lost in the shift to business casual.

Singe sums up his outlook on plant operations, saying: "Volume is for vanity; profit is for sanity. We pay our bills from being profitable and that is more important than adding sales just to get bigger." Bates Troy currently processes 9 million lbs. of healthcare linens per year. The company runs five large-volume routes serving six hospitals and six nursing homes within 90 miles of Binghamton. With active marketing and a well-equipped plant, Kradjian says he's pleased with the company's specialization in healthcare.

"Healthcare's been good to us," he says. "We're growing at a faster rate since we got into healthcare. I'd rather do one thing well than several things not so well." The nursing home market holds vast growth potential as well. "We're going to aggressively go after OPLs (on-premise laundries) in nursing homes. That's almost an untapped market in upstate New York," Kradjian says.

Bates Troy runs one eight-hour shift, five days a week, says Singe. However, designated staff are always available should a customer need help on short notice. "We have 24/7 service. If a nursing home or hospital needs linens, they can call us and we'll deliver on Sunday if needed," Singe says. Goods in the 35,000-square-foot plant move from the loading dock via carts and



- 1 strapping machine
- 3 string tyers
- 1 60-foot conveyor belt
- 2 300 HP boilers
- 1 heat reclaimer
- 1 dual-tank water softener
- 2 air compressors
- 1 80 lb. dry-cleaning hydro-carbon machine
- 1 135 lb. washer/extractor
- 1 55 lb. washer/extractor
- 1 165 lb. gas dryer
- 1 110 lb. steam dryer
- 2 55 lb. steam dryers
- 3 legger presses
- 1 pant topper
- 3 form finishers
- 1 shirt press with collar/cuff



A view of the company's semi-trailer truck bearing a logo that won TRSA's Truck of the Year competition in 2004; employees process healthcare textile goods in the finishing department; finished, folded textiles move on a conveyor to route pack-out.



Partnering initiatives

In dealing with employees, Kradjian operates under a simple rule: "A good wage, for a good day's work, that's all that matters." Widrick adds that the company has two senior plant jobs filled by women who have advanced through the ranks. Jean Whitney is production manager and Jean Miller is assistant manager for the plant. "They earned the right to those jobs," Widrick says. "We encouraged them to move up."

Further evidence of Kradjian's outlook is visible in his company's long-term commitment to employing people with disabilities. Bates Troy participates with an area not-for-profit group called Country Valley Industries that acts as a contractor for two groups of disabled employees. One group works on the production line alongside regular Bates Troy employees. Job coaches from the agency are available to smooth over any problems, or provide guidance as needed. David Hogan, a job placement specialist with Country Valley Industries, complimented the company on their initiative. "I think part of the success is the cooperation we get from Bates Troy," he says.

conveyors through soil sort, washing, finishing and packout. Equipment includes:

- 1 tunnel washer with 11 110 lb. compartments and a single-stage press
- 4 250 lb. gas dryers
- 3 125 lb. gas dryers
- 1 8-roll ironer
- 1 6-roll ironer
- 2 cross-folders with stackers
- 1 spreader-feeder
- 3 Sigma folders
- 1 blanket folder with conveyor
- 4 lift tables

These employees appeared to operate seamlessly with other staff. While discussing the program, Kradjian pointed out a husband-and-wife team on the line with a different story. They emigrated from Bosnia a few years ago, and have transitioned very well to life in Binghamton. The city has long welcomed immigrants. In the early 20th century, new arrivals at Ellis Island would ask customs officials, “Which way EJ?” meaning they wanted to work at the Endicott Johnson shoe factory near Binghamton. Apparently, word got around about the jobs at the company, which thrived for decades, but more recently succumbed to competition from overseas, Kradjian says.

A second group of disabled workers Bates Troy employs require



Employees in the finishing department feed textiles into a flatwork ironer; finished, folded goods are prepared for packout; two of several large dryers; two water softening units; soiled goods head up a conveyor and into the tunnel washer.

a higher level of supervision—specifically, a sheltered workshop environment. Kradjian contracts with Country Valley Industries to provide work for 17 people who fold incontinence pads and washcloths at a warehouse operated by the agency. They work 27 hours per week in five 5.5-hour shifts. Cheryl Sunness, Country Valley sales and marketing manager, says, “What we are doing is working as a subcontractor for Bates Troy. Actually, we prefer the word ‘partnering’ for the way the program works.” During a visit to the workshop, nimble-fingered employees sat at a long table folding textiles and piling them in stacks. One young man, John Sandford, seemed to especially enjoy the job—not to mention the company of his co-workers. These employees earn wages from Bates Troy and the goods they fold must meet the same quality standards as the rest of Bates Troy’s healthcare inventory. Kradjian says that he gets good workers, while helping the agency find jobs for disabled people. “It’s really a wonderful partnership in that there’s a lot of trust, but we’re both running businesses.” Kradjian says that while there are some limited tax benefits associated with employing the disabled, the real payback is in good will. “We feel good about the



program,” he says. “We get recognized locally for helping the community. That means a lot to us.”

Bates Troy’s healthcare customers have strongly endorsed the company’s collaboration with Country Valley Industries and its clients. “The healthcare mindset is one of helping other people,” Widrick says. “When they see the fact that we hire the disabled, they’re amazed by what we’re doing.” Widrick adds that customers sometimes tour the sheltered workshop so they can see first hand how the program works.



Healthy growth

Stepping into Kradjian's office, it's hard to miss the walls decked with huge hunting trophies, including an elk's head with a massive rack of antlers. There also is cherished memorabilia from a lifetime in business, including photos of his father with Presidents Ronald Reagan and Gerald R. Ford. These pictures were taken during presidential visits to Binghamton. When asked about the trophies, Kradjian quips that, "Hunting and fishing are the only vices I have left."

With a mix of business savvy and a genuine concern for people, Kradjian and his team show how an independent laundry can succeed in healthcare. His straightforward philosophy focuses on



Employees with mental disabilities fold healthcare linens in a sheltered workshop thanks to a partnership between Bates Troy and a local not-for-profit agency; a view of the plant's chemical injection system; employees move towels through two small-piece folders; an employee stands beside a tunnel washer in the plant; a view of the plant's boiler.



doing things right, from equipping the plant with machinery that can do the job, to making sure the right staff to run the business are in place. Kradjian works to earn the trust of everyone he does business with, including employees. He also extends his partnering efforts to the community. His company is among the first called when groups ranging from Country Valley Industries to the Tri-Cities Opera to First Night Binghamton seek support for their various causes. Bottom line? Kradjian understands that investing in a wide range of relationships can bring solid returns, even in changing times. **TR**

The fact that the partnership between Bates Troy and Country Valley Industries is designed to provide all-around benefits is analogous to the company's approach to healthcare marketing. "We'll give a prospect a proposal if we can see a win-win situation," Widrick says. "We have to grow with accounts that are right for us, and when it's also right for them."

Courting a major client can take years before an agreement that both sides find attractive is reached, Widrick says. By the same token, Bates Troy will turn away business if they aren't convinced that both sides will benefit.



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