

Clean sheets for a changing health care industry

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On the Bronx border at the dead end of South Macquesten Parkway in Mount Vernon, the health care industry's dirty laundry is rolling in and rolling out clean again.

On the crowded plant floor at Unitex Textile Rental Services Inc., linens from metropolitan hospitals are trundled in carts, piled on conveyor belts and swung overhead in canvas bags on automated tracks between processing stations. They pass through computer-controlled, 18-chambered, 75-foot-long washing machines – two European imports with \$500,000 price tags – and on through fully automated dryers mounted on a mezzanine at the rear of the processing floor to reduce discomfort from their heat and noise for union workers in the 165-employee plant.

Sorted, cleaned, ironed, tagged and bagged, the institutional laundry is rolled in carts onto tractor-trailers bearing the Unitex logo at the loading dock for delivery to hospitals of the North Shore-LIJ system and Health and Hospitals Corp., among other health care customers.



David Potack on the floor of his family's Unitex Textile Rental Services plant in Mount Vernon.

The largest hospitals rely on Unitex for twice-daily deliveries seven days a week. Reliably delivering that service requires a consistency that well-engineered automation has provided in the design of the company's energy-conserving facilities.

It was far less high-tech in the beginning for this fourth-generation family business.

In a conference room overlooking the plant floor in Mount Vernon, David Potack, vice president of sales and marketing at Unitex, pointed out a framed ledger page – “an Excel spread sheet from 1923,” he said. That was Max Potack's first year in business as the owner of A&P Coat, Apron and Linen Supply on Manhattan's Lower East Side. The Polish immigrant, David's great-grandfather, acquired the business the previous year from two uncles for whom he had worked.

“It was an industry driven by horse and wagon transportation,” Potack said. Restaurants and small grocery stores were mainstay customers.

Max's first business expense inked in the ledger: a \$67 payment to a New York City stable for rental of a horse and wagon. The business then was doing \$1,200 a month in revenue.

Today the family company, exclusively serving the health care industry, earns \$150 million in annual revenue from others' dirty laundry. From that first horse-and-wagon rental, the company's leased

transportation has grown to include 125 Ryder vehicles. Unitex employs about 1,500 workers at 11 plants in New York, Connecticut and New Jersey. It processes 4.5 million to 5 million pounds of linens per week.

“We’ve made a capital commitment to handle that kind of capacity,” Potack said. The company has invested \$70 million over the last 10 years to build and upgrade its plants, he said. “The goal in the business is to be the lowest-cost provider with the best service model.”

Potack’s grandfather Bernard and a great-uncle moved the company to Brooklyn in 1936 and relocated again to the Bronx in 1947. Unitex was headquartered there until 2003, when it opened its newly built 42,000-square-foot plant in Mount Vernon. Potack works there beside his father Michael, president and CEO, and brother Robert, vice president of operations.

In 2008, the Potacks opened a 60,000-square-foot plant in Newburgh, an approximately \$22 million development, where about 200 workers are employed. About 80 percent of its workforce resides in the city of Newburgh, where Potack heads the Greater Newburgh Partnership, a nonprofit group spearheading efforts this year by public and private partners to expand and revitalize the Port of Newburgh for river commerce and tourism.

Since 2011, Unitex also has opened two laundry facilities in New Brunswick, N.J. The larger 60,000-square-foot facility supplies hospitals and nursing homes while the other serves surgery centers and outpatient medical offices. The company’s service reach has expanded to include clients in northern Delaware, the Philadelphia market, southern New Jersey and eastern Pennsylvania, Potack said.

“We really cover the entire health care space,” he said, from small private physician practices to tertiary care hospitals. The company’s largest hospital clients also include Columbia Presbyterian, Mount Sinai Medical Center and Memorial Sloan Kettering Cancer Center in Manhattan.

Potack said the company turned its focus exclusively to the health care market about 20 years ago when he joined the family business. But it began moving away from its less cost-efficient operation as a universal provider of uniforms and linens 40 to 50 years ago. “Even 25 to 30 years ago, we were probably 65 to 70 percent health care when you look at revenue,” he said.

“We recognized 20 years ago that there was a real health care opportunity.” The company reconfigured plants to take in new business from outpatient medical practices. “The rate of change from inpatient to outpatient is much faster now than it was 20 years ago,” Potack said.

As a laundry service in a changing health care market, “There are a lot of mega-trends happening that we have to be aware of,” Potack said.

At Unitex plants, “We’re seeing hospital volume drop” as many hospital clients have seen a 1 to 2 percent decline in patient admissions. “We see lengths of stay being managed very aggressively by clients,” he said.

Montefiore Medical Center’s northern expansion into Westchester County could affect business at Unitex. Potack said he expects some current clients will be acquired by the Bronx-based academic medical center. One is White Plains Hospital, which in February announced plans to join Montefiore’s growing network of community hospitals this year. “Montefiore does its own laundry,” Potack said.

“It’s part of the changing landscape in health care,” he said. “It’s part of our strategic plan, how to work with large-scale providers” emerging from consolidations of hospitals and of physician practices.

Home health care, a key element in reforming health care delivery under the Affordable Care Act, remains an untapped source of business for Unitex.

“It’s certainly a growing market in the future,” Potack said. But the logistics of “the return loop” – transporting dirty laundry from patients’ homes to Unitex plants – poses problems.

“We’re trying to figure out how to do that in a cost-effective manner,” Potack said. “The problem is how to do that with scale, because each customer is one person. I think it’s certainly doable. We’re trying to figure out the model.”

Ninety-two years after launching the family business with a horse and wagon, how would Max Potack view its current operation?

“I would hope he’d be happy that we tried to shepherd it on as a responsibility and treat the business with the respect it deserves,” his great-grandson said.

“We’re very proud of the fact that we’ve managed the family dynamics for four generations. That’s sort of unique. We’re proud of the fact that we’re still a family business.”

Like their fathers before them, a fifth generation of Potacks is growing up in the family business. The oldest among them is 10. Whether the kids will someday take over Unitex is still uncertain, Potack said.

“There’s no pressure,” he said. “We don’t withhold dessert or anything like that.”

About The Author



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The Business Journal’s senior writer, John Golden directs news coverage of the county and Hudson Valley region as Westchester bureau chief. He was an award-winning upstate columnist and feature writer before joining the Business Journal in 2007. He is the author of “Northern Drift: Sketches on the New York Frontier,” a collection of his regional journalism.

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