

New York Courier 3/31/10 - 4/6/10



PHOTOS BY GAIL MANKER

ONLY THE BEST—Industrial Scientific Chairman Kent McElhattan talks about his business' supply chain and becoming part of it, during the March 26 African American Chamber of Commerce Power Breakfast.

by Christian Morrow
Courier Staff Writer

When he started out in business Kent McElhattan and his father were safety engineers in a division of National Mine Service Co. that was so small, when a Scottish firm bought NMSC, it didn't learn about them for a year—and when it did, the division was promptly dissolved.

But that allowed the McElhattans to buy it and start their own firm designing and manufacturing electronic gas detectors that would save lives in the coal, oil, gas and steel industries. Industrial Scientific was born.

"At that time, our business was 1/40 the size of our next closest competitor," he told the African American Chamber of Commerce, during its March 26 Power Breakfast. "Within 10 years, we were number one."

McElhattan's goal is to reduce on-the-job deaths to zero. In addition to serving as company chairman, he is also vice chair of the National Safety Council. His concentration on getting the best people and treating them that way is the core of his business model: People first, then customers, then shareholders.

"It's internal customer service, engineering views support as its customer, support views sales as its customer, which looks at customer service that way," he said. "If you have that internally, it automatically flows externally. Your customers are happy, and then

McElhattan's unique business model

Put your people first

your shareholders."

McElhattan said this was a concept that he never fully communicated when the company went public in 1993.

"I'd be standing up at these annual meetings saying, 'people, cus-

tomers, shareholders,' and I'd hear this murmur going through the audience," he said. "Wall Street really didn't want to hear that. So in 1999 we bought the company back. That was the worst six years of my life."

In addition to the manufacturing

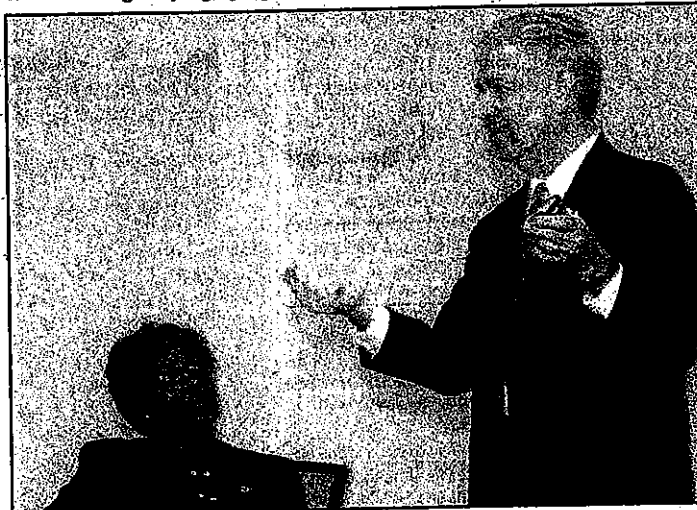
center at its Oakdale headquarters, Industrial Scientific also has plants in France and China, manufacturing various gas detection meters for European and Asian clients. But not long ago, McElhattan discovered designing, manufacturing and selling the best devices in the field wasn't enough.

"We wanted to build the perfect portable detector, and eventually we did. They were programmable to specific industries and gases, sturdy, and we sent them out," he said. "And in six months, they'd have to come back to be recalibrated or because someone dropped them in some oil. That's when we developed iNet with the help of Carnegie Mellon University."

Though the company still manufactures and sells a variety of stationary and portable detectors, iNet is a service that allows customers in the field to charge, calibrate and troubleshoot portable meters via the Internet. When the device is plugged in to charge it also transmits data about how it is operating and what it's been through. Software updates and recalibration, if needed, are done online. If replacement is needed, it is automatically sent out, anywhere in the world.

"Why buy a device, when you can subscribe to a service that comes with the device and handles all the aftercare?" he asked.

McElhattan's dictum about



INNOVATION—As Chamber President and CEO Doris Carson Williams looks on, Kent McElhattan shows how compact Industrial Scientific's portable gas meters have become using a real-size promotional sponge.

SEE MODEL C2

McElhattan's business model

CONTINUED FROM C1

getting the best people applies to his company's supply chain as well. While Industrial Scientific buys electronic components, wiring and industry specific items, it also needs the paper, furniture, packaging, shipping, accounting and legal services every business needs. To be a supplier, one essentially has to audition.

"You need to follow our process to do business with us.

The most important part is probably our self-assessment form—what about you sets you apart from everyone else?" he said. "Years ago we gave all our legal business to Buchanan Ingersoll out of habit. Not now. If you're the best guy in contracts, or she's the best patent attorney around, we want you—we don't care where you're from."

(Send comments to cmorrow@newpittsburghcourier.com.)