

Going 'All In': Lab Owner Flips Business Model to Compete

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POSTED SEP 27, 2018 IN LABS & PROFILES

A Wharton business school graduate, Isaac Hakimi was living in Shanghai and working for an investment firm when he happened to “discover” the dental laboratory outsourcing industry and a seed was planted. Once back in the U.S. in 2007, he pursued his idea of opening a U.S.-based laboratory to service dentists who wanted to outsource C&B work to China.

Streamline Dental Laboratory was born in a Manhattan high rise with one employee; Hakimi sent his work to a large lab in China and eventually began fabricating some removable work in-house. Within six years, the entire operation grew to 11 people with annual sales of \$2 million.

But by 2014, things had changed. Although Hakimi knew the zirconia market was growing, Streamline's zirconia business wasn't. “I realized we couldn't compete with U.S. labs because of the shipping time to and from China; while labs in the U.S. were selling FCZ for a similar price, they were also turning it around in half the time,” says Hakimi. “I thought I could jump on the digital bandwagon through China. That was a mistake.” He was at a crossroads, considering getting out of the business or going all in and becoming a “traditional” dental laboratory.

He was conflicted. “Based on my business school background, I felt service-based businesses—not manufacturing ones—were the most scalable because they could grow without a lot of capital investment. So I was fighting my own impulse because taking fabrication in house meant going against the type of business I always *thought* I would own,” he says. “But having worked in the industry for several years and seeing how other large laboratories were successful by innovating and putting systems in place, I decided to move forward.”

This fundamental change to his business model made 2015 a “painful” year. To manage the transition, he took a three-pronged approach:

- **Investing in the entire digital workflow.** He expanded into a neighboring suite and spent more than \$50,000 on a scanner, mill and sintering oven to handle everything in house. “We could have chosen to outsource the milling but I felt if we were doing this, I wanted control over the whole process from model work through finishing,” he says.
- **Building the right team.** As every laboratory owner can attest—it wasn't always a smooth path. But being in Manhattan meant he had a large pool of technicians from which to choose and, once he started finding the right technicians and managers, they started recruiting their friends to join the laboratory. “We still find many of our best technicians through employee referrals,” he says. “We've



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- **Managing consistent communication.** Here, Hakimi had a strategic advantage in the proprietary software he had developed with a programmer when he first opened the outsourcing laboratory. Customized for his needs, the software allows him to meticulously track and manage the work coming in and out of the lab. It features a dashboard that organizes and displays details and communications about each case and a user portal that allows dentists to track cases, view before-and-after pictures, create digital Rx forms and pay their bills.

The other plus of the software is the amount of data it captures, allowing Hakimi to monitor a whole host of metrics, spot trends and head off any potential problems. “We’re definitely a data-driven—even a data-obsessed—lab,” he says.

In the last three years, Streamline has grown an average of 12% annually. Many of its original outsourcing clients converted from PFMs to zirconia—lured by the shorter turnaround—and the implant and removable departments are thriving. Hakimi employs two inside sales people, which he says is critical to acquiring new clients, and also generates new business by lecturing to dentists on digital technology. “If you can speak digital, you can sell it,” he says.

Today, 60% of the lab’s work is fabricated in the U.S., compared to only 5% three years ago. “I’m proud that the majority of our work is now done here,” says Hakimi. “Technology has allowed us to support doctors with shorter turnaround times and, more importantly, to create jobs and triple the size of our staff.”

And though he didn’t plan to own a manufacturing business, there is something about Streamline that makes it exactly the kind of business he always wanted to run: it has a “culture of compassion.” For example, Hakimi employs two people through Job Path, an organization that places New Yorkers with special needs in the workforce. The staff also chooses a different charity every month and can anonymously contribute to a collection box.

“It’s our way of paying it forward; aspiring to do good helps fulfill a sense of mission,” he says. “I believe it makes this a happier work environment and ultimately enhances the level of quality and service we provide.”

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Isaac Hakimi in the digital department of his laboratory, which now includes four Roland mills, two Formlabs printers and two 3Shape scanners.

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