



ANGELICA— PHOENIX TAKES FLIGHT

Laundry fuels growth with chipped linens, posting laundry staff to hospitals and testing textiles for microorganisms

By Jack Morgan

When you step from the office into Angelica's 65,000 square-foot plant in Phoenix, you first cross a bridge over the production floor. This span gives visitors a bird's-eye view of the facility that processes 450,000 lbs. per week for area hospitals and subacute facilities across metro Phoenix and surrounding areas as far away as Tucson.

EFFICIENT AND SAFE

Last year, Angelica emerged from restructuring under new owners, KKR (Kohlberg, Kravis Roberts), a leading global investment firm. Plant Operations Director, Alex Gutierrez, says he's pleased with the direction of the new ownership, and that funding for

improvements is now flowing, following a plant-by-plant audit of all 23 Angelica service centers. Previously, the Phoenix plant had to make do with maintaining existing machinery. Now, the auditors have authorized (and budgeted for) the near-term replacement of some aging small-piece and blanket folders that date back to the plant's opening in 2003. The company also has OK'd other upgrades that have boosted morale in Phoenix. "We're going to get a computer system from Milnor, which is huge," Gutierrez says. "And also some rail work that we want to do. Our linen chutes, which is for ergonomics, that's going to get funded."

We interviewed Gutierrez along with other managers, including Chief Engineer Joe Kolo; Assistant Chief Engineer James Holland; and Art Rodriguez, an environmental health and safety manager who works with Angelica staff across the Western U.S. Rodriguez emphasized that safety—both for staff and the hospital clients who come into contact with its linens—is a fundamental priority. "The biggest thing is we all work as a team," Rodriguez says, noting that staff can flick on a light near their stations to indicate a machinery malfunction or possible

safety hazard. "If an engineering guy goes by and sees the light, he goes and addresses it. It's not like, 'Well it's not my department.'"

Angelica's safety strategy extends beyond the plant to include its products and staff who work on-site at customer hospitals supervising linen departments. Gutierrez touts the company's use of the EPA-certified laundry disinfectant Advacare™ from Ecolab Inc. He's also proud of the plant's status as a Hygienically Clean certified facility. The certification features documented implementation of laundry best practices, coupled with plant inspections and microbiological testing. These rigorous standards help differentiate Angelica from competitors, Gutierrez says. "You have a group of customers, when they tour, they have specific questions. Being able to say, 'You know we send samples out quarterly and these are the results.' ... They go back impressed and say 'It will come in handy when they have JCAHO* (Joint Commission; an independent hospital accrediting body) at their facility.'" Kolo adds that the program carries particular weight with infection-control specialists, a key constituency among hospital management. "We had some infection-control nurses

that were just thrilled to take that information back for their inspections,” he says, speaking of the third-party lab analyses of textiles processed at the plant. “It’s solid documentation from an independent lab.”

ENHANCED TEXTILE MANAGEMENT

While applying outside expertise to help safeguard employees and hospital clients is helpful, Angelica uses technology in the form of radio frequency identification (RFID) chips in its flatwork to ensure reliable and cost effective distribution of its textiles to clients.

As part of Angelica’s quest for continuous improvement in its linen distribution, the Phoenix plant has “chipped” virtually its entire inventory of flatwork items, such as sheets, with RFID chips. Dust control items and specialty garments are also

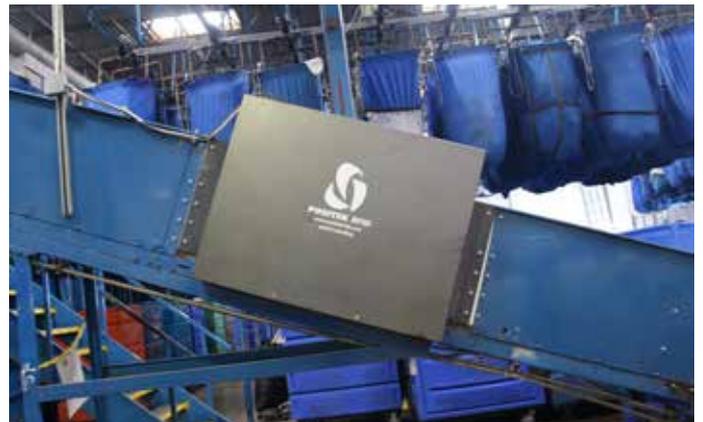
chipped. Scrubs are next on the list, says Gutierrez. This technology—coupled with the deployment of Angelica staff to hospital customers to oversee linen departments—has led to significant reductions in losses that have lowered costs and improved service to customers.

Gutierrez says that his experience in Phoenix and other markets is that hospitals tend to overstock linens. “We started about two years ago,” he says of the RFID program, with software and equipment from Positek RFID. “What we saw is the data telling us that hospitals have over 15 par of linen. I can tell you we do nonstandard items, which is the garment items but it’s not scrubs, it’s more like your capes, your specialty gowns that hospitals use. On that, we were seeing that hospitals had up to 25 days on par.”

Having Angelica staff on-site has helped rationalize the process of supplying healthcare providers with linens. Now, hospitals keep less linen on hand, and save money, while having plenty of goods to meet patient requirements. “Our customer relationship managers, as we work with them, they’re able to bring that down,” Gutierrez says, noting that now most hospitals have reduced inventories to a more manageable nine-day supply, or par level. With RFID tracking, customers are seeing fewer losses and saving money.

Naturally, hospital staff are happy with lower costs, and with Angelica managers on-site, they’re assured that they’ll have the linens, even if demand spikes from time to time. Regular inventory checks are done both in the plant and at customer locations, he says. Purchases are based on available linen and current needs, “So

BELOW: (Clockwise from top/left) Goods in slings (above) drop into a tunnel washer for processing; goods move up a conveyor and pass through an RFID portal before they are washed. This enables management to track their movement through the plant. Here is a tunnel finisher used to remove wrinkles from healthcare garments, such as scrubs. To ensure protection from the spread of microorganisms, carts pass through a cart washer to sanitize them after each use.





ABOVE: Angelica Phoenix leadership team (l/r) James Holland, assistant chief engineer; Joseph Kolo, chief engineer; Alex Gutierrez, plant operations director; Elias Rosas, first shift supervisor; Art Rodriguez, EHS manager - Western Region. An exterior view of the Angelica Phoenix.

we're not overbuying certain items," Gutierrez says.

EVOLVING MARKET

Angelica's improved inventory controls are helping the company adapt more efficiently to a shift in the area health-care market from mainly hospitals to a growing number of clinics and surgicenters. Gutierrez says the Phoenix plant has a 70%-30% ratio of hospital to nonacute-care customers. However, the latter category is growing fast. "What we've been seeing is that there are not that many hospitals being built anymore," he says. "It's more big surgery centers, subacute (facilities)." Customers are responding to medical technology that allows more outpatient treatments, even for complex procedures such as heart surgeries.

The types of products that hospitals and nonacute care centers need is changing as well. One area that's growing quickly is slings used by hospitals to move patients with limited mobility. Gutierrez says regulators are scrutinizing hospitals to make sure slings are properly maintained. "What we're seeing is an increase of slings (for moving patients)," he says. "I think JCAHO's cracking down on them and they want proof that it's being washed."

Generally speaking, demand for slings and other healthcare textiles in metro Phoenix tends to spike in winter as tens of thousands of mostly retired people arrive on a seasonal basis, mainly from northern

states. "The funny thing about the Phoenix area is a few years ago I learned that during the winter the population of the area will increase by 750,000," Kolo says. They call them 'snow birds.' In the summer, they migrate home!" he adds with a laugh.

IN THE PLANT

Fortunately, Angelica's Phoenix plant is large and versatile enough to handle seasonal fluctuations in demand. We saw what the facility is capable of during a walk-through of the plant. At the start of the process, soiled goods in blue plastic bags are off-loaded from trucks at the loading dock and moved to the soil-sorting area. There, employees tear open the bags (which are recycled) and separate the contents as large or small goods, and drop them into chutes that lead to slings that are part of a material-handling system from Kannegiesser ETECH. When the slings reach a predetermined weight, they move via overhead rail to a storage Aarea. They're dispatched as needed via computer to one of two 12-mod, 150 lb. tunnel washers from Pellerin Milnor Corp. Before entering the tunnel, these RFID chipped items linens pass through a portal from Positek that reads the chips and records each item that enters the system. This helps laundry managers keep track of what's coming back from the hospitals and what doesn't.

Kolo says he the Milnor equipment is reliable and that access to replacement parts is seamless. "Milnor parts are all made the U.S." he says. "If I have an issue, I

don't have to worry about anything." The tunnels are efficient as well, processing goods at .35-.5 gallons per lb.

Most of the goods processed here are rental items. A positive air flow system keeps air moving toward the soil area to ensure no movement of airborne microorganisms to the clean area. On the day of our visit several months ago, the plant was also cool, despite outdoor temperatures near 100° F. Gutierrez says the plant uses a two-stage evaporative cooling system to keep the facility comfortable for staff.

After washing, goods move via conveyor to one of 12,300 lb. dryers from Milnor. For scrubs, heavy soil items, mop heads and other goods less suited to washing in the tunnel, the plant has four 450 lb. JENSEN L-Tron washer/extractors. The plant also has three 450 lb. CLM dryers. For small lots and specialty items, the plant has two 140 lb. pony washers and dryers from Milnor and Cissell. Because the water in this region has lots of minerals in it, softening is critical to ensure quality processing. "Arizona's primarily a mining state and we can see up to 22 grains (per gallon)," Kolo says. "So softening is challenging, but it's absolutely essential."

Moving to the finishing side, the plant has four ironer lines. Three of the ironers are from Chicago Dryer Co. They are fitted with Edge Maxx feeders and Skyline folders from Chicago. One ironer is an American Laundry Machinery eight-roll system with a Chicago SP4 folder.

There are five Skyline Mini blanket folders from Chicago, four Air Chicago towel folders and four Sigma small-piece folders from G.A. Braun Inc. Alongside the feeding stations are color-coded barrels. Employees are expected to use these for stained or damaged items, or those ready for ragout.

The plant's mechanical room includes a 400 HP Hurst boiler and a heat reclaim-er from Thermal Engineering of Arizona (TEA).

Garments are processed in a Leonard Automatics tunnel finisher. The plant also has a Speed Check autosortation system capable of sorting up to 50 items, such as patient gowns and scrubs.

Because most of the flatwork is chipped, it can be tracked electronically through packout and delivery to customers. If the customer doesn't return it in a reasonable time, Angelica can charge it as a lost item. The plant also is equipped with a Spindle tracking system that keeps tabs on staff productivity in real time. The plant runs 10 shifts per week with a total of 170 employees.

After inspection, clean goods are loaded onto carts for packout and movement to trucks for delivery to customers across Phoenix and surrounding communities, including Scottsdale, Mesa, Chandler, Gilbert, Buckeye, Avondale and Glendale, plus Tucson, located about 113 miles to the southeast; and Wickenburg, located about 65 miles to the northwest. The plant runs 88 weekly routes, using five straight trucks and two tractor-trailers. Vehicles are tracked via GPS monitoring provided by Fleetmatics. Route accounting software is provided by ABS Laundry Business Solutions.

AIMING FOR HIGH STANDARDS

While it does have a high mineral content, water in this part of the U.S. is not as expensive as in some areas of the West, or even cities like Boston, Kolo says. What's more, as a healthcare launderer,

Angelica processes mainly light soil, so there's little problem with compliance issues from local authorities. However, in this fast-growing desert metropolis of 4.37 million people, city officials do encourage conservation. Angelica's plant serves as a standard for efficiency to which others may aspire. "I do believe that the reason why the city came to us and wanted to use us as a baseline is they're seeing the water that our competitors are using, and they have less-efficient equipment," Gutierrez says. "So that's why they took our plant as one of the ones where they want to standardize the gallons of water that are being used."

Amid Angelica's recent restructuring, the company has kept a low profile. In an interview earlier this year at Angelica's corporate headquarters in Oakbrook Terrace, IL, President and CEO Cary B. Wood emphasized his "long game" goal of upgrading all 23 Angelica plants to a standard where they can compete with any healthcare operator nationwide.

"We're going to invest at a pretty aggressive rate," he said. "We believe that this business as a whole is years behind in its reinvestment."

You wouldn't think that from seeing the Phoenix plant. In terms of efficiency, it's competitive with most if not all of the healthcare plants we've seen in recent years. In fact, if Wood is looking for a model for the rest of Angelica's plants, this is it. In effect, Phoenix has already "taken flight," having achieved many of the enhanced-performance goals that Wood has laid out for the company.

**Despite the name change to "Joint Commission," the acronym "JCAHO," is still commonly used. It reflects the initials of the organization's former title, "Joint Commission on Accreditation of Healthcare Organizations."*

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 **JACK MORGAN** is senior editor of *Textile Services*. Contact him at 877.770.9274 or e-mail jmorgan@trsa.org.

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