Talking Technology
Building a high tech firm on past lessons learned

By Steve Burns, Capital News contributor

Most of you in the business community know the story.

The darling of the local high technology industry, a global leader in the development of staff scheduling solutions for health care organizations, Total Care Technologies Inc., declared bankruptcy in 2001.

Devastating news for the local technology industry, shocking news to employees, investors and suppliers.

Shortly thereafter, the assets of Total Care were purchased from receivership for approximately $3 million in cash by AD OPT Technologies Inc., a leading developer and vendor of advanced work force management applications.

Although changes were made, Total Care continues to thrive today under AD OPT's leadership with over 50 employees.

Al Hildebrandt is putting the pieces back together with a new company after the fiscal failure of Total Care. Photo contributed/Wayne Duchart Photography West

Some of you may not know that Al Hildebrandt, the former president and CEO of Total Care Technologies Inc., also ran and continues to run a public company—QHR Technologies Inc. (www.qhrsoft ware.com).

The vision for QHR was somewhat broader than Total Care's. It is based on the concept that strategic management of human resources means integrating human resources, payroll, scheduling, workload measurement and reporting into one system.

When I sat down with Al last week to talk about the QHR business, I was admittedly nervous.

After all, I had all of the questions in mind that many of you have.Would Hildebrandt answer my questions?

Would he tell me what happened with Total Care and why?

Would I be able to determine what lessons were learned in running Total Care that are being applied to QHR?

Will I know what is different about QHR that will allow them to avoid the same outcome as Total Care?

Would someone reading this article conclude that things are different now?

Needless to say, it was a very personal and compelling interview.

I appreciate the fact that Hildebrandt was very open with me.

He admitted that he made mistakes at Total Care, which he sincerely regrets.

“I do want to apologize to all of the employees, investors and suppliers who were hurt by what happened with Total Care,” Hildebrandt told me.

“While I can’t get into all of the reasons, I do accept responsibility as the president and CEO of Total Care for the final outcome. I wish things could have been different.

“No doubt, these have been the hardest days of my life. My family and a few close friends have been supportive throughout this process.

“It is never easy to face failure. The most difficult thing for me to do was to face investors, employees and suppliers and tell them things were over.

“I am an optimist and realizing that you have reached a dead end road is not easy. My hope is that I can take the lessons learned from this experience and apply them to QHR’s business.”

While the final story in the Total Care journey has yet to be fully known, I appreciated his willingness to be open.

An upcoming article in Profit Magazine will tell even more of the story.

One of the lessons learned from the Total Care experience is to grow the business profitability with positive cash flow.

Al has been applying this lesson in the building of QHR.

“I believe that things are very different now. Not only is QHR seeking to deliver integrated solutions into the marketplace in a profitable and consistent manner, much more financial discipline is being applied to ensure that the company builds its customer base profitably,” he says.

“For example, QHR had its second profitable quarter in a row and for the nine months ended on September 30, 2002, reported a net income of $413,951 or .03 cents a share. This is compared with a loss for the same period in 2001 of $1,073,193 or .08 cents a share.”

The company believes that it will continue to grow profitably.

Another lesson learned is to stick to your long term, broad vision.

“QHR is not out of the ashes or aftermath of Total Care. The Quadrant vision was drawn on the boards at customer sites as early as March 1991 and we have been working towards implementing this vision ever since,” Hildebrandt says.

“We see a strong market need for an integrated product that provides all components, including staff scheduling. Staff scheduling is just one part of the needs of a complex organization.î

“In my opinion, the more complex the payroll environment, such as union contract or multiple positions in multiple facilities/organizations, the better our configurable Quadrant HR product becomes. Our solution provides the broadest amount of employee data, which encompasses the entire employee at work.”

When QHR started, it used Total Care’s staff scheduling system exclusively.

However, even that is changing.

“Our Quadrant HR product was on the right track, with the right vision,” Hildebrandt continues.

“Our customers have confirmed this. Now we are taking things a step further by developing a new scheduling system as a part of our integrated suite of products.

“Our customers have communicated to us that they want one database of employee data, which we believe we are uniquely positioned to deliver.

“In the cases where the clients have already chosen a staff scheduling system, we can interface with this system.

“However, our clients have told us that having the employee data in two separate databases, while workable, is not ideal.

“In response to this market need, we are developing a completely new staff scheduling system which will become an integral and modular part of Quadrant HR.”

In summarizing Hildebrandt’s major points, I asked a telling question: Even with these changes, how will he and his team ensure that QHR does not repeat the mistakes of Total Care?

“We have a clear market focus that represents a shared vision with our customers, investors, board members and employees, which is absolutely critical to our success,” Hildebrandt responded.

“We have the integrated solution that our customers need and we have the team in place to ensure that we stay focused on the bottom line.

“For example, we have recently announced the addition to our board of directors of Frank Estergaard, a very well respect chartered accountant with 38 years of business experience with KPMG.

“Frank retired in 2001 as the partner in charge of the Kelowna office and will be a valuable addition to our team.

“Previous to this, the Honourable Jake Epp, joined the board. Jake brings a wealth of experience with his distinguished political career spanning over 21 years. He is also a well respected business leader as the former president of TransCanada Pipelines International.

While nothing of what Hildebrandt and I talked about makes up for the losses incurred by investors, employees and suppliers of Total Care, it provides a perspective for each of us to consider. While the final chapters of what really happened with Total Care remain unwritten and the uncertainties of how QHR will actually perform still linger, perhaps there are lessons for all of us to think about.

How many of us would be able to deal with the failure of one of our companies and still continue passionately into the future building another business?

How many of us would just walk away completely or give up in desperation? How many of would soul search for the lessons learned, reach out to others to help apply those lessons and be on track a year later with a profitable company?

While failure in our business or personal lives is definitely a heart wrenching experience, failure never has to be final. We can choose to give up or we can choose to write the next chapter. It is ultimately our choice.

Perhaps Hildebrandt’s experience will encourage all of us to keeping on writing.

Next Week: Inside Navigator Multimedia Inc.

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