

DOCTORS AS ENTREPRENEURS

DIET-CARRY-OUT, LTD.

Written by June Grayson

Photographed by Richard Grayson

You don't need a doctor's approval before you start this diet program. "Who needs an examination to eat healthy?" ask Dr. and Mrs. Kelly Sutton of Marseilles, Illinois.

If one corporation in the family is good, can two be better?

It is if you are H. Kelly Sutton, M.D., and Seattle Sutton, R.N., B.S.N., who have "his" and "her's" corporations - the Marseilles Medical Clinic and Diet-Carry-Out, Ltd.

Diet-Carry-Out, Ltd. (DCO) embodies a new concept to promote health and supply special diets for diverse medical conditions. Instead of best diet list and advice, DCO provides the actual 21 meals a week, all freshly prepared at a central location from choice ingredients. A refrigerated truck transports the meals three times weekly to local distributors. The breakfast and lunches, designed to eat cold, are in disposable plastic containers. The dinners are fully cooked, requiring only a few minutes in a microwave oven to serve warm.

Until they launched their new business in September, 1985, the Suttons were similar to other medical families. Dr. Sutton is in solo family practice with his own medical office building in Marseilles, a picturesque town of 5,000 on the Illinois River 100 miles southwest of Chicago. He sees approximately 300 patients a week with the help of a physician's assistant, a secretary, and two registered nurses. He admits

patients to Ottawa Community Hospital, five miles away, where he is also the medical director Of the hospital's substance abuse program.

When their five children became independent, Dr. Sutton asked his wife to help at the office. This she did so effectively that she gradually assumed all business responsibility for the practice as well as supervision of their pension plan and investments.

"The most frustrating part of family practice to me is trying to get people to lose weight," Dr. Sutton says. "You can talk until you are blue in the face and still they come back week after week and haven't lost a pound."

"On day I said to Seattle -'why can't you take over these patients? I just don't have t me to counsel them anymore.'"

Mrs. Sutton discovered that she was skilled in motivating patients to stick to special diets. "but even I would bet discouraged sometimes," Mrs. Sutton continues. "I knew as I sent some patients out the door that they wouldn't expend the effort needed to prepare the foods on their diet list."

One day a patient pleaded, "Seattle, if you would cook these meals for me, I know I could lose weight."

"I thought - why not? I could make sacks lunches for each meal and he would know that was all he could eat for the whole- day."

Dr. Sutton agreed that the idea was worth trying.

"I just threw her the ball and she took off down the field."

Not that it was easy. "For months I thought of nothing but the mechanics of starting this business. I decided it could not be just another weight-loss diet. There are so many bad fad diets in circulation already.

It should be as pure and healthful as a diet could possibly be. It should teach good eating habits and portion control so that the principles would continue to influence a patient even when he went off the diet. It should be a prudent diet appropriate for many medical needs - low-salt, low-sugar, and low cholesterol. It should use only the choicest ingredients, fresh: fruit, vegetables, poultry and fish, with no harmful additives.

I ended up preparing everything from scratch, even our breads and crackers, because we could buy nothing that fit our rigid

specifications.

The Suttons sought business advice from the local representative of the Small Business Administration as well as the faculty members at their community college.

Their biggest boost came from Mahmood A. Khan, Ph.D., ..R.D., Associate Professor, Food Services Department, the University of Illinois, Champaign-Urbana. "I know I am not a nutritionist," Mrs. Kelly says, "so T wanted scientific validation of our concepts. Even though we could not afford the more than \$10,000 such testing could have cost, Dr. Khan became so interested in our goals that he computer-analyzed all of our foods and menus for a mere pittance. He have us invaluable advice and still participates in some of our educational programs about DCO."

After completing initial p ans for food preparation and business procedures, Mrs. Sutton formed a subchapter S corporation. To forestall any possible complications due to liability or malpractice, Dr. Sutton has no connection with DCO. Mrs. Sutton is the sole shareholder of the stock with a capitalization of \$1,000 for start-up expenses.

Mrs. Sutton rents the facilities of a Marseilles

catering firm but she hires her own cooks. DCO started with eleven clients, medical patients and friends of Dr. Sutton. Some of those people are still on the DCO program today. One couple lost a total of 80 pounds and, since the wife doesn't like to cook, plan to stay on the program indefinitely.

The success of the new diet program spread by word of mouth. When more people called to sign up for the program, Mrs. Sutton hired local distributors in nearby towns. These distributors are independent contractors, women who are themselves interested in the diet program.

DCO has no contracts, either with clients or distributors. Mrs. Sutton doesn't believe in contracts. "If a distributor isn't any good, I want to get rid of her fast. If she doesn't like the work, why would I want to make her stay?"

Most people who start the DCO program want to lose weight to improve their health or appearance. Even if they go off the program, they come back. They say they feel better and have more energy..

The Suttons point out additional applications for the DCO program. Physicians, dieticians, and homecare coordinators recommend DCO to appropriate patients. Adult children may

purchase the meals for their elderly parents who live alone, thus enabling them to remain independent in their own homes.

Professionals and singles buy the meals to save time and still eat well.

DCO now has six cooks, two drivers, one supervisor, and ten distributors. Since Marseilles is accessible to Chicago's affluent western suburbs, the Suttons see almost unlimited possibilities for expansion. DCO has a van for local deliveries and a new refrigerated truck for out of town. The distance that the truck can travel to deliver meals within 18 hours will in effect limit their regional sales district.

The Suttons would like to take DCO national, but how do you expand without relinquishing quality and control?

They are investigating franchising. They have met with brokers representing venture capitalists. Already people have called from as far away as California who want to see DCO in their own communities. One investor tried to convince them to use preservatives and the other mainstays of the food industry so they could go after the big bucks.

"But then you wouldn't have DCO," says Mrs. Sutton.

"Go into any grocery store and read the labels on the frozen food

packages. There is little on the market now without additives.

That is how DCO is different - and superior."

The Suttons are not afraid of competition. Their brand names are protected by trademarks and copyright. "We know what effort we have put into research and development. It would not be easy for anyone to duplicate what we have here and still maintain the concept and quality. We honestly believe that there is no better way to eat in the whole world today than DCO," Mrs. Sutton says.

Why did the Suttons start a new business with all of its challenges at the age when some medical families are already considering early retirement?

"To fulfill a dream Mrs. Sutton replies. "MY father was morbidly obese all of his life. In fact, he still weighed 285 pounds when he died of congestive heart failure at the age of 72. Perhaps he would still be alive today to enjoy his great grandchildren if I had been able to help him with DCO."

Dr. Sutton remains his wife's biggest fan. He even sweeps up the house on her busy days. "What we have here is role reversal," he teases. "But your corporation has yet to show a profit. bow .. can I live on what you make?"

DCO could be making a profit. In fact, its break even

point is 2,000 meals a week. It now averages more than that with the promise of further expansion. "I don't want to show a profit," Mrs. Sutton says. "I plan to put everything back into the business and just see where it takes us."

Since her staff is now experienced, Mrs. Sutton spends most of her time on advertising and promotion. They offer educational programs to service clubs, she appears on local radio stations, and she plans the numerous newspaper advertising campaigns through her local distributors.

Small business is the backbone of the American economy. In spite of the new tax laws, a family corporation remains a good tax shelter.

As they become aware of new opportunities, perhaps more doctors and their families will seek the challenges and rewards in operating a sideline business for fun and profit.

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