

# Business Better (Season 3, Episode 11): Private Equity Investment in Eye Care: A Conversation with Sunvera Group

Speakers: Jeffrey Fickes, Greg Nodland, and Michael Ferkovic

Steven Burkhart:

Welcome to Business Better, a podcast designed to help businesses navigate the new normal. I'm your host, Steve Burkhart. After a long career at global consumer products company BIC – where I served as Vice President of Administration, General Counsel, and Secretary – I'm now Special Counsel in the Litigation Department at Ballard Spahr, a law firm with clients across industries and throughout the country.

In today's episode, we're joined by Greg Nodland, CEO, and Michael Ferkovic, Vice President of Business Development, at Ridgmont Equity Partners' portfolio company Sunvera Group. Sunvera Group is a management services organization dedicated to providing first rate management and administrative solutions to ophthalmology practices across multiple subspecialties. Leading this discussion is my Ballard Spahr colleague, Jeffrey Fickes, Co-Leader of the Private Equity Group. So now let's turn the conversation over to Jeff.

Jeff Fickes:

Good morning everybody. My name's Jeffrey Fickes. I'm a partner of Ballard Spahr and the co-leader of the firm's national private equity practice. This morning I have wonderful guests, I have Greg Nodland, who's the CEO of Sunvera Group, which is a portfolio company of Ridgmont Equity Partners. And along with him I have Michael Ferkovic, who is the vice president of business development, also of the Sunvera Group. So with that, tell me about yourself and your role with Sunvera. Greg, why don't you kick us off?

Greg Nodland:

Thanks for the introduction. As the CEO, I joined in 2018 and that was at the initial investment of Ridgmont when they stepped into the ophthalmology space. Prior to that, I've been working with private equity since about 2008 in a management capacity previously in the dental field, and had experience with, at this point five different PE firms through my career. And as the role of CEO, obviously I'm leading the organization, but it's also really just to try to harness the opportunities in the market, work with the team to identify our strategic mission, our goals, working with the doctors to make sure we understand the environment and drive the business forward. Ultimately, it is an investment and we're trying to maximize shareholder value, but it's just a manner in which you do it. It doesn't necessarily have to be profits at all costs or driving things through just tough operations. Healthcare is a sensitive area and I think that there's huge opportunities here. So that's really what my role is here.

Jeff Fickes:

Fantastic. How about you Michael?

Michael Ferkovic:

Jeff, thanks for having us and the opportunity to talk a little bit more about what we're doing. So I joined Sunvera Group in October, 2021. Greg and I actually knew a lot of folks from our prior lives in the dental space. I actually came from public accounting in the financial diligence world. We started talking over time and realized this was a great opportunity to get to the other side. So rather than just doing diligence, flipped to the other side, learned from Greg, learned from our team, learned from Ridgmont. And also just listen to our doctors too.

And I think one of the things that maybe we want to get across today, and then we try to drive home both with our team members at the MSO level is that we're really trying to be in service to our doctors. So while my day-to-day role is from sourcing all the way to deal making, closing, and assisting in the integration piece as well, really what we're trying to do is listen to our doctors. They're our providers, they're our revenue source and really they're folks that we go to day-to-day. I wear glasses and consider myself a patient and we want to make sure that we're providing the best environment for them to meet their goals, whatever they may be within the ophthalmology field.

Jeff Fickes:

Well, you raised a good point. I was going to mention jokingly that neither of you happen to be physicians, unless there's something about your educational and professional backgrounds that I'm not aware of. So with that, tell me why you chose this field and how you've evolved and how Sunvera, the platform for this eyecare physician practice management company has evolved.

Greg Nodland:

I got into ophthalmology largely for the opportunity. The situation because it's Detroit based and I wanted to stay in the Detroit market from a lifestyle perspective. I love the State of Michigan and everything. And as I got into ophthalmology, it's been an amazing experience. I think it's a phenomenal field of healthcare. You have a very, very high satisfaction rate from the doctors. I have yet to meet an ophthalmologist who doesn't love what they do. And I don't know that that's necessarily the case in every healthcare profession or physician vertical. You've got patient care, you've got surgical care, you've got continuity of care where you're really trying to help people with something. We talk all the time about saving and restoring sight, that's a common thread that goes throughout our organization. Sight is one of our five senses and it's something you don't want to lose.

And so it's really, really important to our patients and our doctors take that very seriously and just, I think there's a high level of satisfaction there. And it really helps having that type of mission when you're trying to drive a business because that's ultimately what we are trying to do. But at the same token, there's a very altruistic common theme that we're trying to drive through the organization, which is save and restore sight, we talk about all the time. And how everybody impacts that in the patient experience. And a lot of times in private practice that doesn't always come through all the time and people lose sight of things and that's where we step in here, is trying to reinvigorate the doctor to help the doctor through all the different challenges they have, create an environment which they can be successful and deliver the care that they have. So it's a very satisfying area of healthcare to be in. It's got its challenges like anything else in healthcare, but it's been very good so far.

Jeff Fickes:

That's interesting. How about you Mike? How did you get into it and how have you evolved during your tenure being a non-physician?

Michael Ferkovic:

Not just Greg and myself too. A lot of us within the corporate service center come from public accounting. I was the odd duck in my family in that I got into accounting. So most of my family is in some form of healthcare service. Half my family either went into teaching, the other half was a group of pharmacists, my parents. Sister, physical therapists. Grandmother, nurse. Cousins who are pharmacists and down the road too. One of the bigger questions was why did I even get into accounting in the first place? And part of it was as I think healthcare and we had these dinner table talk, you'd get into the financials and what's driving healthcare. I was just a fly on the wall because I was a kid and I didn't know what I was doing. And ultimately decided that public accounting might be an opportunity to learn the language of business and serve whatever I was going to do.

Now as that evolved over the years from audit to financial diligence, I just started doing more and more healthcare and certain family members pulled me aside and say, "Hey, didn't we scare you off from this?" As well. And I think it ultimately that came about and as I worked with clients from prior life and met Greg, is we're really here to be just of service too. And we try to emphasize that when we have our conversations with our doctors of, "I am not a doctor. I was not trained to be a doctor."

Patient care decisions are up to them. And we don't want to interfere with that, other than providing some financial discipline analysis and guiding a conversation in a manner that can make them successful for whatever their goals might be.

So if you look at it from a standpoint of, let's make sure that the numbers are telling a story and let that story help us make a better decision moving forward, or whether that's getting to a deal or us helping to manage the business beyond, that's what we're in service here for. I am not the show and really my name should never really come up in terms of the good or the bad of the deal making. But we're really just trying to be in service to those doctors and with their branding with what they want to take their practice to the next level for, whatever that might be, draw that out of them and truly be of service to them in some manner.

Jeff Fickes:

Well, Mike, I've known you for a long time through Cleveland chapter of ACG. And that was one of the things that always impressed me about you was that as a CPA you understood that you had a certain area of expertise, but it was all about in service to others, the clients, and it wasn't about you. And I've always tried to model my legal practice the same way. We have tools in a tool belt, but they're only valuable if someone wants to use them and pay for our time and our services. So thanks for that perspective. And I'd also mentioned the mission that you stated about... Greg, can you say it one more time?

Greg Nodland:

Saving and restoring sight?

Jeff Fickes:

Yes, that's it exactly. Most of us are fairly lucky in that we don't have serious eye disease as young people, but I've been myopic since I was about 10 years old. So I've been going to an eye care professional my whole life essentially, and so have other members of my family. But I noticed as my parents who are both 75 years old and older, they're in the demographic where their sight becomes more critical to their independence as they age and they start to... with other areas like heart and whatnot, sight is critical to their independence, yet they're starting to face issues with their sight that most elderly people will face if they're lucky to live long enough, whether it be cataracts or blurred night vision or et cetera, et cetera.

So they both spend a lot more time with eye care professionals than they ever did when they were younger. So I see how valuable and I see why that mission is so valuable. Tell me a little bit more about Sunvera Group at a high level and about Ridgemont Equity Partners and the relationship, and how did the initial platform investment come about and what has been the growth since?

Greg Nodland:

So Ridgemont, they're a great partner. They're have a lot of healthcare experience and I think that really does matter as people think about private equity, there's a wide spectrum of investors. And yeah, I think it's important that... I guess you always have your first healthcare investment, but it's important to have somebody who has good healthcare experience and understands it, because it's a people business more than... It's hard for me to say, I don't know other industries as well. But literally the people who are producing the revenue are driving your financial success are people. And people have challenges in life and you have to have that understanding about that. So Ridgemont has been a great partner. Really they did a lot of investigation into different fields and they knew they wanted to get involved in ophthalmology and so they were constantly looking at different platforms and things.

And then they were fortunate enough to invest in a group here in the Detroit market. And so the initial business was four doctors, four FBOs and as well as a OD. And it was a nice platform. And so when we came in, you're really starting building MSO from scratch. There really isn't a lot there. And over time we had to build the identity of Sunvera, identify... build. We had to name it, literally came up with the name Sunvera. Then we have to build what's important, what's going to be our strategic vision and then start building from there. And then over time there were some hiccups along the way. As you get into an industry, it's a discovery, especially if you're not necessarily specifically understand or know ophthalmology. There's a steep learning curve. But as we progress, we really started to understand we're the value that we can bring to the table is.

We knew that inherently that... And when there's consolidation, there's opportunity, but understanding those specific items, we got more and more refined about how we felt we could make a difference with partnering with practices. And then Covid hit, so that was a bear of an issue to deal with, but really coming out of that, bringing Mike on board and really getting the business development area going, we've been able to grow from those five original doctors up to 45 providers at this point in time. And it's not necessarily just become megalomaniacs and grow, we truly feel that there's a purpose for what we're doing in the industry within the consolidation. There's going to be good and bad players, hospitals are consolidating as well. It's just everywhere. So we're just finding where we can fit in there, bringing value to the doctors that we're bringing on board and provide services. It's really been an evolution for sure. Every year though, we come up with new things and identify different ways because the market moves on you or technology changes, but it's really been an evolution for sure.

Jeff Fickes:

How do you see your strategy and vision differing from other eyecare platforms?

Greg Nodland:

It's hard for me to really say. I think inherently we all have the base business model, which is build an MSO, bring those services that the doctor may not otherwise want to handle and grow through M&A. But the second caveat to that is you also want to grow organically. Our approach is... again, I can't really speak to how other people are building their models, but our approach is we want to build a model to support the doctor for them to practice the manner in which they want to practice. We're not prescriptive in saying, "You have to see X number of patients, you have to do X, Y procedures. Your patient flow has to go this way." Every doctor have an independent way of managing it. And really there's no right or wrong way. We want to bring things of value to them that they maybe would not have invested in or they aren't really paying attention to and they're not seeing the value to it.

Jeff Fickes:

Can you give me an example.

Greg Nodland:

So our approach is, "Doctor you practice the way you practice. We want to support you there." And generally everybody has the same role. They want to take care of their patients and there's just a bunch of different ways to do that. And so some things we can't, for lack of better terms, standardize, but there's some things you just want to stay the heck away from, and we work with the doctors. One of the things that I think we pride ourselves on is the fact that we're good listeners. We don't come in there and think we know everything. So first observe, understand what's the situation and then come in with the answers. Sometimes doctors are expecting us to come in and do a bunch of different things immediately and we're like, "Slow the roll guys, let's just figure out what's going on before we make a mistake."

Michael Ferkovic:

I can elaborate on it a little bit as well. So to give an example, we set this up so that we are Midwest and we've refined that a little bit over the last year to just say, Great Lake. So we're really trying to keep a very tight geographic focus. That's Detroit, that's Cleveland, now Eerie. We're looking really just in a few number of states here and then to provide depth of subspecialty. So I mentioned previously jumping from a public accounting side to this side too. Once you get into ophthalmology as well, it's amazing how pervasive the services are. And then you pull it back to onion a little bit as well, and you realize just how networked ophthalmologists are too. So if you look at a comprehensive ophthalmologist by their very nature they are referring out glaucoma, retina, perhaps PEDs, you can go down the line here as well.

And that actually provides a huge opportunity for us because if you look at the geographic density that we're trying to build here, all these guys know each other, they're working with each other in some way. And whether we can align the financial incentives up too just by putting the deal together or not, a lot of our doctors are very mission driven on, they want to make sure that those referrals continue in the best manner to get the best result for their patients as well. Again, we're just trying to

serve them and if we can set it up in a manner that makes it work financially for them as well as achieving those qualitative goals, we're going to try to do that. And just by keeping it tight geographically too, I would just say the Midwest culture, great Lakes culture, however you want to phrase it, makes it I think much easier to manage too, whether we're a community of... talking about our sports teams or whatever it might be in this geographic area as well. We all know each other and it's a small backyard, small, small world.

Greg Nodland:

Sure misery honor our poor football teams.

Michael Ferkovic:

That's right.

Jeff Fickes:

It's a friendly rivalry. Anything you want to add Greg to how you support doctors strategically with respect to organic growth?

Greg Nodland:

Again, listen to them, understand what their hopes and dreams are and where the opportunity is. One of the things that we have found is that there's a lot of chronic care in ophthalmology. I came from the dental world where the most important thing you had was your recall, which is to keep the hygiene going. And that's just because it just becomes an engine there. I think... So in ophthalmology, it's just not as focused on as much, meaning they don't have good technology to have outreach to their patients and making sure that there's no patient left behind, which is literally a term we use internally is that no patients left behind. It all comes back to saving and restoring sight of a person's glaucoma, they have high pressure in their eyes, but they feel fine. But the reality is they're going blind slowly.

And as an example, we have lots of technology that we hook into our practice management system to ensure that we have touchpoints with those patients to try to get them back in. Of course there's a business reason because you're keeping your schedules full, but the same token, it's helping us fulfill our mission to save and restore sight. The patient is going blind and they need to come in and get the treatment. And it's just like anything else, it doesn't hurt. In dentistry that was always a thing, but in glaucoma they don't notice it, but they're slowly going blind. And so that's an example of something that we help the doctors... Some doctors are great at it, some doctors are completely ignoring it. They're not seeing the treasurer trove of patients where they're saying, "I'd like to see more patients." I'm like, "You've got thousands of patients in your database that you aren't necessarily actively trying to bring back in."

And that's one of the things that we will help them focus in on. But again, it's really coming, listening to them what they want. As soon as they open that door and say, "Hey, I want to see more patients." It's like, "Okay, let's talk about that. Let's talk about how we can bring marketing in if that's what you want." But it's... Let them separate the church and state, they can be the church. And they're taking care of the patients and we're handling these support things to make sure that we help them fulfill what they're trying to accomplish. We have a slide that we show all the time and right at the top of the pyramid is the patient, the middle is the providers, and us as Sunvera we're in the bottom. And that's where our service organization servicing our doctors, our doctors are taking care of our patients. And we constantly hammer that home to people within our organization that's the paradigm.

The patient is the most important. We're supporting our doctors and we're here to support them, not the reverse. And I think a lot of organizations as they grow and get bigger, they lose sight of that. They get so enamored with the organization and their roles that they forget why they're there. And I can't say we're huge. We have 500 team members, but we're bigger than a 30 person practice. But we constantly remind them to keep that top of mind that, don't get too big for your britches and make sure we're focusing on what's important.

Jeff Fickes:

That's a great philosophy for business and life and in ties with what Michael was saying earlier as well. So tell me a little bit about your success to date, your partners, how you've improved physician lives, how you've improved patients care.

Michael Ferkovic:

So just trying to keep with the theme here too. Certainly we have M&A growth, we have organic growth too. But just to use some examples of things that we've tried to do with even our initial platform as a case study, the ability to add providers at a physical location and thereby see more patients perhaps closer or whatever the case might be for that individual patient, is a way that we try to pride ourselves on the overall growth. So certainly we want to grow inorganically through that M&A and then build that depth of services in whatever markets we're in too. But more so I think where we take a lot of pride is, are we executing on the plan that we laid out when we put the overall deal together? If we can do that, we're going to see a lot of success moving forward.

And then a lot of what I do day-to-day in terms of deal sourcing becomes easier because I have an advocate in that doctor to say, "Hey, these guys did what they said they were going to do." And then they can go describe it within that network. And obviously makes the deal sourcing a lot easier there as well. So things like that in terms of the organic growth and then obviously just paying attention to overall technology too. So building off of the examples that Greg provided earlier in terms of mining the technology for patient recall, I think there's a misconception in healthcare that the only way to grow is to become more reliant on self pay, and the latest technology of getting away from Medicare and Medicaid and those types of things, that's not necessarily true. And when we go in and talk to these doctors, they know their community and they know their patient base way better than we do.

So even if I'm in Cleveland working with our doctors here locally, they know the little sub-community they've been serving for a long time and premium lenses are becoming bigger in this industry, but that's not something that we're going to push. So if you look at our range of doctors, we have doctors that do very few of those premium lenses, which are self-pay. Other doctors they're very much more comfortable with that as well. And it's really up to them in terms of how they want to design their plan for their office. Again, we're here to facilitate that, show them the data behind it, if that is something that they want to pursue and then move forward and support them in whatever their game plan might be.

Jeff Fickes:

That's excellent. How do you improve... We're going to get to what are the type of eyecare practices that would be good fits to partner with Sunvera. But those that have partnered with you so far, how have you improve their lifestyles, whether it's work life balance or their financial situation from a risk net worth or an income perspective?

Greg Nodland:

All the above. Certainly there's a financial aspect to it because we are investing in their business and buying essentially their future cash flows of the business. From an improvement perspective, there's the obvious, which is we do remove the headaches of having to deal with all the employment laws, dealing with healthcare laws and compliance and things like that. But further to that, we are a resource center for them. And I think a lot of times you get the comment that they just like having that HR support to bounce things off of, or they... From a compliance perspective we have a billing reviewing process to ensure that they're not doing anything untoward. And nobody really... It's just that the billing is complicated and you don't know if you're doing it right. We have a process internally where we will review billing and claims and whatnot just to make sure that they're properly supported and things like that.

So I think that most of the sentiment that I get is... And they like being part of a team. They like the camaraderie of the other doctors that are part of the organization. They like the collaborative approach that we have, not necessarily just in helping them run their practice, but also we're collaborative within the community. It's like, if you have a doctor who's a LASIK doctor, we're willing to go and put... Within all of our offices, we have TVs and we can run closed loop advertising so to speak. We can promote their practice and their LASIK practice internally. So it's just collaborative from that perspective. So I think that, again, there's a financial aspect. They're now our partner because they're all invested in our business, so they want to

see our organization grow and get better, have a good reputation. We take administrative headaches off, which is always what everybody talks about. But I think there's also that sense of community and that support level that they get that they really value.

Jeff Fickes:

How about aspects of CapEx? The equipment that eyecare professionals use is very expensive and I'm sure only getting more expensive. How do you help assist your physician partners with those things to assist with their organic growth to make sure they have the latest and greatest eyecare technology?

Greg Nodland:

Well, if you're talking growth, we're quick to spend on those dollars. It's a no-brainer somebody needs... If there's a bottleneck or they're going to open a new facility, we're all about trying to help them grow there. I think if it's a practice that's pretty steady, we have the same limitations on CapEx that they had. So it's not like we can just come in and pour money into it. But we'll also talk to the doctors about what they might want to invest in. So a couple of recent examples we've had is one of our doctors is an oculoplastic, which is really, they work around the eyes and the muscles and things, but they're also very natural as far as doing cosmetics. And he wanted an IPL laser and we felt that, "Hey, we could build a practice around the IPL laser." So we talked about it and they did all the investigation, the study of looking into it to understand what's the best laser, what's the cost?

We helped them build a business model around it. We hired a PA in to help execute and off we go to the races. Another doctor wanted a osmolarity test, which is... I'm not quite sure what it is, honestly. However, at the end of the day we helped them with building the break even on that particular one to understand is it going to be something that they're going to be using in the field? So it's not like it's a car blanche to go out and buy whatever you want, we've got deep pockets. We have our same limitations that they have. But at the same token, we're a hundred percent on board with investing in the future.

We're a hundred percent on board they want to expand, it's something they're going to invest in and use. We're in. But there's also a fair bit of, we do invest in new technology as well. A lot of times we'll invest in practices and they're testing equipment's old, we have no problem saying, "Hey, it's time to get a new biometer," and spending the money on those particular... Those are not inexpensive. But we know that there's improved AI. There's improved throughput, there's just a lot of benefits to it and we're just real pragmatic about it, collaborative as well.

Jeff Fickes:

How do the physicians from the independent practices collaborate? How often do you bring them together? Do you have any examples where they collaborate across pollinate? You gave me a couple so far like running advertising at one eyecare professional's office for someone that's doing LASIK surgery. But as far as investments, do they get together with or without you periodically to talk about investments, the state of the art, best practices, strategy that would benefit the entire group collectively and or each of their own independent practice groups separately?

Greg Nodland:

Yeah, there's social events and there's also. We get together whether it be various committees or CE events, things along those lines. So I think there's a combination of both. Also, meetings with all the investors just to get in a state of the union of how things are going. And I know on their own they're getting together and talking to each other collaboratively, and some of it happens organically. Sometimes we're introducing some, "Hey, I'd really like you to meet doctor so-and-so, he's a retina specialist." And off they go.

But sometimes they just reach out unilaterally to each other and say, "Hey, I know you're part of Sunvera. We've got a retina patient's got this issue in the retina," it just happens. So all our doctors I feel are... for lack of better term, they're team players because they know they're investors and they want to try to make this a cohesive organization. But at the same token, we really value everybody's independence and we're not trying to mandate or dictate where they're sending patients. It's all about

relationships, it's all about building those connections. And so it just takes time to do some of that stuff, it's not... If you try to force it, it ends up being... it won't last. You're going to constantly have to try to force it. It needs to happen organically.

Michael Ferkovic:

Yeah. And that happens informally, as Greg said, or just informally too. I've been struck by just how much ophthalmologists talk to each other and that could be, "Hey, what are your thoughts on this new lens laser technology," or just informally bumping into each other. So what Greg and I might've thought of as the water cooler talk at our old firms too is the surgery center talk when they're sharing ORs or switching out their block time as well, they might be talking, asking how things are going. And those things are great in terms of percolating ideas up to us in terms of how we can serve them.

Jeff Fickes:

So switching gears, tell me a little bit about your investment parameters and what you call your first conversation priorities.

Michael Ferkovic:

And so when we take a look at this, we certainly do our cold outreach. But as I mentioned before, some of our best introductions are just through our current doctors who are advocating for us in some manner. Again, has a relationship as an offering that we're entering this conversation just trying to learn, trying to collaborate. Listen, if it goes somewhere, we'll certainly go down that route more formally. In terms of getting it to a possible deal. So let's say a doctor is truly interested in a deal, really those first conversations are about what are they trying to accomplish overall for their practice? So what is a growth strategy? What's the history and what's driving their interest in trying to get to a deal? And we're not trying to get incredibly detailed on these things in terms of an overall strategic plan, but we try to boil it down to what are three things we can work on to help you grow your practice.

Those three things might be similar to three goals that they're trying to accomplish as part of the transaction, or they might be different too. So those could be things like succession planning, they could be things like, "Hey, I need help recruiting another provider. I need help on capital expenditures," whether that's equipment, physical location, or even help with IT and compliance, which is becoming ever more pervasive as we move forward there. Trying to ferret those things out. And once we know those things and have a little bit of a grasp on the baseline of what their practice has looked like and what they want it to be in the future, then we start asking for the financials as well. And again, trying to get through that lens of first, what is the story? Is that story in the financials aligning with those initial conversations.

And then certainly if we want to get to underwriting a possible deal, then we'll get it to more of the financial analysis, EBITDA, our traditional valuation techniques as well. But overall, the best practices that we're trying to meet... Well, they might not check all these boxes. They have a good sense of where they came from, where they want to go and what they want to accomplish in terms of the transaction in a certain period of time. We're just the linkage in the conduit and trying to facilitate those conversations. If we're a party to that as a partner moving forward, that's great. But really again, these folks know their practice, know their patient care, and know their employees and we're just here to listen and try to collaborate, and just be honest and transparent with them in terms of what we can do and on occasion things that we can't do either.

Jeff Fickes:

That's a good point. Are there common themes when you meet with a physician or all the providers in a practice as to how you can quickly discern which doctors, providers and practices would be a good fit and those that won't be?

Michael Ferkovic:

Yeah, so I would go back to even some of the introductions as well. So again, the ophthalmologists because of their network, they know why they're referring patients to those subspecialties, or just general other comprehensive trends. And usually nine times out of 10 or probably even more than that, it's because of the patient care. They're confident that when they make that referral, the patient care is going to be right there for them as well. And we harp on this all the time. Patient care has to lead. So we'll do some work in just talking to folks of, "Hey, what do you think of this doctor? And are there any concerns?" We'll



look into that. Greg and I are, again, not doctors, so we don't know some of the ins and outs of the technical components here as well. But again, if that part of it is there, some of these other parts will fall out as well.

So first of all and foremost, always going to be patient care that's going to lead the conversation. And then the other parts of it too in terms of are they in our existing markets? If they are in Detroit, Cleveland and now Erie helps us out as well, is there a subspecialty that is driving some of that referral base that is already there? So does network already exist in terms of a deal? Are we just formalizing that network because these guys are becoming financial partners under the Sunvera umbrella. And then looking for a growth upside as well. So I talked about those overall goals, it's what are the overall goals but what is also the timeline? So let's take succession planning for instance too, which can be one of the drivers that gets us to the table, is the succession plan 10 to 15 years out? We got a lot more time to get providers, ramp the practice, make sure that they're comfortable with whoever that successor is than somebody who wants to ultimately retire within the next year.

That's going to be a tough conversation, obviously has a valuation impact, and we can't predict if we can actually find somebody to succeed those people as well. And then again, that clear vision in terms of what is the overall strategy for growth of the practice. We generally like keeping that focused on the top line growth as well. Certainly we look at all the financials, so expenses can be in the conversation if needed. But really if we're trying to grow the overall pie here, that's a much more positive conversation of, "Hey, how would you do this? Is it through adding a provider, a subspecialist? Is it building or buying into a surgery center as well?" So one thing we haven't touched on a ton here as well within the eyecare space in this conversation is at this point we are really strictly focused on ophthalmology, not optometry, not retail contacts and lenses and things like that as well.

So naturally there's a surgical component, and so if there's an interest in a surgery center as well, that's an area that we are really focused on, single specialty eye surgery and we feel like we can drive significant improvements. And then frankly, evaluating what their leadership team is as well. So given that we are an overall team, usually even if it's a smaller doctor group as well, what does that leadership team in an office look like? So strength of the practice managers, are they bringing some of these ideas to the fore? If they are, then that is a huge indicator that we can partner with them and then try to grow this practice together.

Jeff Fickes:

So what's your process and what preparation do you encourage of sellers?

Michael Ferkovic:

I think like anything in life, just creating some awareness and reflection about what's important to them as well. So we go back to what is our mission and what are our values as well. For a doctor really to do a great job in terms of deal execution and clarity around their goals, you got to know what their goals are. Goals can evolve. Life evolves, life happens. So whenever we have those initial conversations with the doctors that are trying to ferret out what are the three goals in terms of growing their practice or the goals around the transaction. I always try to give them an out and say, "Hey, this could change over time as we talk more too, that's okay. But as long as you're clear with us in what changed, why it changed, then we have an opportunity to address it as things come up." At the end of the day, all that is doing is relationship building, building trust and reliability.

And so we have an opportunity to react to that as well along the way. So if a doctor wants to explore this, what I would encourage them to do is really get with the people that are important to them, and then frankly spend some time on their own too. Just doing some reflection on, again, what are their mission and values, why did they get into this? Where are they currently spending their time? And what are their overall goals in terms of if they want to do a transaction or where they want to take their practice in the future.

That in of itself, again, doesn't have to be super lengthy, can give us a framework that we can operate in. And again, tell them what we can do either by providing examples of what we've done in the past or what we're currently working on with some of our doctors. Or again, go back to the point of we've not done that before. Is this something that we want to partner together and explore, or just not something that we're interested because we can't make financial sense of it? Or again, it might not... we don't feel like it's the best thing in terms of overall patient care.

Greg Nodland:

I think the other thing I'd say is... and if you said it, I apologize. But it's make sure you have your house order. There's a lot of diligence and some of that's just basic bookkeeping stuff, organization, knowing what your business is about, what contracts do you have, what arrangements do you have, that stuff does matter because it'll make the process go smoother. And then if somebody does go into this process and they decide, "Hey, I'm going to sell my practice." I'm not just saying this because you're on the call, but get a good attorney. Don't ask your cousin who does wills to look over the agreement. You really want to make sure you're represented well. I think some of the most frustrating processes we go through is just because they're trying to, for lack of better terms, do it on the cheap or whatever.

This is a big investment. They want to make sure that they're in. Healthcare is complicated and these transactions can be complicated. Make sure you get somebody who knows what they're doing as it relates to healthcare transactions. And I think it's really, really, really important. So that that's a little bit more of the blocking and tackling. Mike was really hitting on the why's, and I'm getting more into what you need to do. And I wouldn't take the process too lightly because it's complicated and it's frustrating at times as well. You have to have patience.

Michael Ferkovic:

Hundred percent. And jokingly as Greg said as well, it's not just because Ballard Spahr and you Jeff are hosting us today too. Invest in your legal, invest in your accountant, wealth managers, all that list of advisors should be privy to this and part of the overall process. Because again, it's going to get tough. Now if you can... When it gets tough and gets frustrating, if everybody involved can fall back on those goals and those values as well, that makes the process a lot easier and more palatable when you're stressed and trying to get the deal over the finish line.

Jeff Fickes:

Well, this is likely first and likely only liquidity event for these physician practices, although they have upside growth by continuing an ownership position with you and the growth opportunities you provide. But it is not the time to be penny wise and pound foolish. Having good advisors around those three areas you mentioned legal, accounting and wealth management will pay huge dividends. They'll get a better result. They'll be able to sleep better during the process because they will be able to lie on their advisors, picking up the laboring or a lot of things so they can continue to focus on their practice, and so there's no degradation underlying business while they're trying to execute a transaction.

Greg Nodland:

Yeah. And the other thing I would just say is make sure you do your homework. Ask around. I always encourage people to talk to other groups, have at it. Talk to their friends, talk to any of our doctors you want. It's an open phone, you can call any of them many time. But in every firm, every group should have that type of mentality. And then I touched on it earlier, and I think it does matter. If you want to go down the private equity route, you want to make sure that the private equity firm understands healthcare. I've seen many examples where it goes pear shaped when they're in oil or they're in retail and they're like, "We can get into this healthcare thing, seems like it's a cool thing to get into." And it just doesn't work really well because they're not able to really understand the environment and how we fit into it. And that does matter. So I think do your homework too.

Jeff Fickes:

It's not just about the money.

Greg Nodland:

Yeah, obviously that's a huge component of it. But great, you may get a turn or something more because they've paid you more, but then your life is H-E Double Hockey Sticks. And it really depends on where you're at. I definitely had conversations where I walk and I... We just meet the doctor and they'll ask us, "Why do you want to buy my practice?" I don't know that we

do. And we need to get to know each other. And Mike is very insistent on face-to-face, making sure that we get to know the people.

We had a meeting last night and he's had many discussions with this doctor before and doctor's like, "Well, what are we meeting for?" It's like, "We want to know you." This is a personal transaction. We don't want it to be just a bunch of paper that's passed back and forth and some dollars and then off you go on your merry way. We want to make sure that there's alignment. You know who we are, you know what we're about. We know who you are, and what you're about and what your goals and dreams are. And sometimes what they want to do is... We're not interested in that and we're not afraid to say, "Well, thank you." So...

Jeff Fickes:

You're looking for a trusting long-term relationship.

Greg Nodland:

Yeah, yeah.

Jeff Fickes:

That's why you call it a partnership, I guess.

Greg Nodland:

True.

Jeff Fickes:

Do you have a typical timeline from first conversation to at least signing an LOI if not closing a transaction?

Michael Ferkovic:

I wish we did so I could provide some certainty around it too, because we get asked that a ton too. It's unique in every situation. So even bank deals might have certain timelines. Obviously we want to get a deal done as efficiently as possible. The longer it lasts, the more time you're inviting. Time can kill deals because you're inviting more issues as they come up. So yeah, I'd say best guess too, we've done things as short as three to four months. That is burning the candle on all sides too.

And I think if you want to do that, certainly we're available and we always tell people, "We'll run as fast as you want to." We've seen other deals that extend nine, 12 months for different reasons that come up, whether it's diligence or life events that happen too, that people want to take a more longer pace with it as well. So we try to narrow it. But again, that goes back to just trying to understand where the doctor is coming from, who their advisors are and why they're driving it at a certain pace. And then Greg and I usually say, "We're not going anywhere." So when you say jump, we'll be ready to jump and we'll try to accommodate those requests to move as fast or sometimes as slow as you want as well.

Jeff Fickes:

So you're reasonably patient, which is a great quality for a private equity investor because obviously probably within your own sector of ophthalmology and definitely in other sectors. You mentioned private equity firms and healthcare is only one investment thesis that they're in, that patients doesn't usually exist. They drive the timeline and it would be unheard of to wait nine months to do a deal because the seller has life events or something like that. What's your website? If someone wants more information, where do they go to get it?

Michael Ferkovic:

Pretty simple. [www.sunveragroup.com](http://www.sunveragroup.com), so spelled S-U-N, V as in Victor, E-R-A group, G-R-O-U-P.com. And we have some information out there certainly about our mission values. But more than anything, I would encourage folks to reach out to us

directly. We're always happy to get on the phone. One of the great things that I've seen since I've joined Sunvera Group too, is we just like to network too. So to the extent we can schedule something, hopefully even do it face to face, we always view that as we're going to come out of those conversations learning something, and that helps us every step of the way. So if does become something where we can execute a deal, that's great, but I think we're usually an open book in terms of what we're trying to do and what we're trying to learn and just get a little bit better every single day.

Greg Nodland:

I agree with that. We're part of the ophthalmology community. We're not necessarily... Obviously there's a competitive aspect to it, but everybody's got their own way they do business and you can't really replicate. And so we're pretty open about things and we're always willing to talk and especially ophthalmology, it's an interesting area.

Jeff Fickes:

Well, Greg, Michael, I want to thank you so much for taking the time today. This has been extremely informative for me and I'm sure our audience as well. For the audience today is St. Patty's Day, and it's also the second day of March Madness for the men's tournament and the first day of March Madness for the Women's tournament. So the three of us have other and better things to do. Thank you everyone.

Steven Burkhart:

Thanks again to Jeff Fickes, Greg Nodland, and Michael Ferkovic. Make sure to visit our website, [www.ballardspahr.com](http://www.ballardspahr.com) where you can find the latest news and guidance from our attorneys. Subscribe to the show in Apple Podcasts, Google Play, Spotify, or your favorite podcast platform. If you have any questions or suggestions for the show, please email [podcast@ballardspahr.com](mailto:podcast@ballardspahr.com). Stay tuned for a new episode coming soon. Thank you for listening.