Private Equity and Acquisitions

After a Pause in Mid-2020, Dealmaking Rebounds in Eyecare

BY MARK TOSH / SENIOR EDITOR

NEW YORK—The challenges of 2020, for the most past, continue to drag on this year for most business sectors, including eyecare and optical retail. These challenges include recovering lost sales and patients, reduced appointment slots for many practices and the additional expense of PPE supplies and other safety measures that have become commonplace.

Yet, after a mid-year pause in 2020, the dealmaking activity in eyecare led by private equity-backed management services groups has picked up and, perhaps, exceeded the pace of deals pre-COVID, especially in the ophthalmology sector. But consolidation of the independent optometric sector also is back on track as almost a "perfect storm" of factors—including concern about potential changes in capital gains tax law and continued uncertainty about COVID-19—drive the new deals.

Richard Edlow, OD, a partner in Catonsville Eye Group (Catonsville, Md.) who is known as the "Eyeconomist," said he believes private equity investors continue to be "laser focused on the eyecare industry with plenty of dry powder cash ready to invest."

He added, "While COVID slowed the deal activity in 2020 it is back to pre-COVID levels. From 2018 to 2021, the percent of optometrists in consolidation models has more than doubled and for ophthalmologists, more than tripled. This could continue for several years at least. We also see more vertical integrations of optometry and

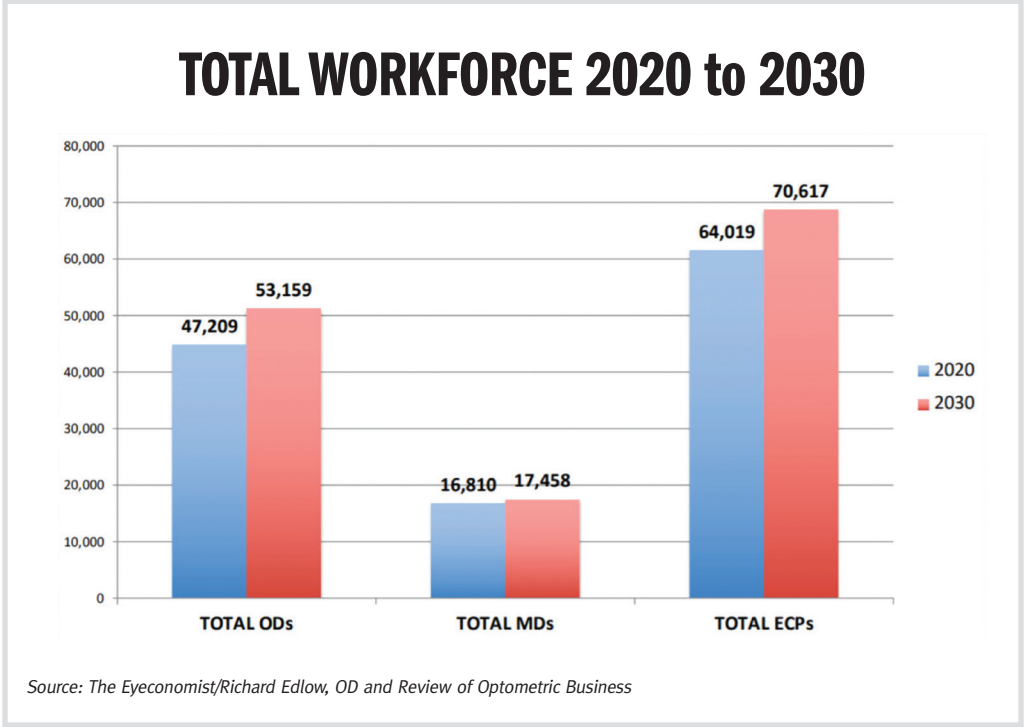
ophthalmology."

Health care is a "very defensive" investment sector and many ECPs performed well in a very difficult COVID-19 environment, noted Anne Kavanagh, managing member of Kavanagh Consulting.

Anne Kavanagh

"When COVID-19 occurred, PE players stopped buying practices and focused on stabilizing operations over a five-month period." According to Kavanagh, the private equity-backed groups operating within eyecare are "back with a vengeance and stronger than pre-COVID as vision care and health care are defensive and are performing well." She added, "They are all back to buying practices at a very aggressive pace."

In addition, ECPs are now more interested in selling as COVID was "an eye-opener" on just how quickly a successful practice can be upended, she noted.



Source: The Eyeconomist/Richard Edlow, OD and Review of Optometric Business

Hunter Puckett, a managing director of advisory firm HPC Puckett & Company, said he believes "there's a little rush" in the market because of a confluence of factors. "On the one hand, the marketplace is extremely competitive, although it varies a little bit from one geography to another. But because of the competitive nature and the timing of some of these platforms with their investors, valuations are quite high compared to historical levels."

Hunter Puckett

However, Puckett said he believes a change to the capital gains tax rate would have a significant impact on future transactions. "If that goes into place, I think you will see the volume of transactions drop exponentially," he said.

"The two driving forces of transactions are the tax differential of capital gains versus ordinary income tax. The second component of that is the net present value of having the earnings of your business up front versus over time. If you add another large tax increase on top of that, it's going to hurt net present value differential, which will make deals a lot harder."

According to Edlow, in 2020, for private equity health care investments, eyecare was number one when it came to the number of deals consummated. Ffor doctors looking "to maximize the value of their practice, private equity is a very attractive path to take," he added.

Among the management services groups, two of the most active in late 2020 were MyEyeDr. and EyeCare Partners.

As MyEyeDr. chief executive officer Sue Downes said, "We slowed down our acquisition pace for a few months in 2020 given the uncertain state of the world, as well as to focus on safety of our patients and associates, but are now firing on all cylinders again. COVID hopefully will have a lasting impact on our industry of truly helping us move forward into a health care position."

MyEyeDr. added approximately 100 new offices (net growth of 90 to finish the year at 659 locations). EyeCare Partners (ECP) was active late in 2020, too, completing 16 partnership transactions since last October. St. Louis-based ECP also has approximately 600 practices, or sites of service, locations.

"I do think that the challenging marketing conditions have encouraged doctors who were considering affiliating with a business support partner to explore that option more aggressively than they have in the past," ECP chief executive Kelly McCrann said. (The EyeCare Partners' affiliation model does not include an option to sell the eyecare practice and then withdraw or retire. Doctors typically commit to active leadership of the practice for the following few years.) ■

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EyeCare Partners Finishes 2020 With a Flurry of Practice Additions

ST. LOUIS—Amid the challenges of COVID-19, some businesses found themselves so consumed with responding to these new external challenges that they overlooked the internal struggles faced by people within their own organization. EyeCare Partners, a leading network of integrated ophthalmology and optometry providers, saw this need and moved quickly to find ways to care for its own team members while they were themselves caring for ECP's patients.

This aid followed from the creation of the Crisis Aid Relief for Employees (ECP CAREs) Foundation, which awarded grants to employees in need of financial support due to a disaster event or a personal hardship, such as extended illness. The foundation was funded by Partners Group—which acquired the majority stake in ECP in late 2019—along with ECP management, board members, staff and various others who made contributions to the foundation over its first 10 months. "We've helped more than 500 teams members with grants from ECP Cares," president David Clark told *Vision Monday*. "A lot of this has been related to pandemic issues, but it's not limited to that. This is something that we are particularly proud of as an organization."

Kelly McCrann, ECP's chief executive, said he hopes eventually all ECP team members will contribute, but already there has been sufficient funding to provide a perpetual source of aid to support ECP staff in times of need.

This was among the positive developments for ECP in what began as a challenging year. The organization reduced practice activity to mostly emergency care across the network for six to eight weeks last spring. (In addition to emergent care, ECP's ophthalmology practices stayed open for retinal procedures throughout 2021.)

"Starting in late May and June, we brought everything back on line and we had a very solid second-half of the year," McCrann said. Indeed, a flurry of transactions with 16 new partners since last October has brought ECP to approximately 600 sites of service across 18 states. Revenue across the organization is split roughly 50-50 between the optometry and ophthalmology sides of the group.

David Clark

Kelly McCrann

Grand Rapids Ophthalmology was among the 16 new partner practices EyeCare Partners has added since October 2020.

Clark added, "Our teams, like a lot of organizations, were faced with just an amazing amount of change overnight. They did a great job responding to that .... and making sure that we took care of our patients the way that they needed to be cared for."

McCrann said he believes there were a couple factors that led to the rush of transactions at the end of 2020, including the COVID-19 impact and interest in the outcome of the presidential election. The overall conditions of COVID were not easy for businesses to manage through, which led some doctors to start leaning more heavily into the option of finding a business and capital partner, he said. The other factor related to the perception that a new administration in Washington would change the capital gains' rates.

As a result, ECP remained very active in its development activities throughout 2020, and closed on 28 transactions over the course of the full year. The organization now has over 700 doctors across its organization.

Business Highlights of 2020

Among the two dozen transactions ECP completed in 2020 was the acquisition of Blue Sky Vision, a management services group formed in 2017 through a partnership between Grand Rapids Ophthalmology and PE firm Sterling Partners. About a dozen practices, mainly in Michigan, comprised Blue Sky Vision.

"We're very excited to have them on board, and it's a great organization with great practices," Clark said. "The integration process has gone really well with them, and we were very pleased to move that one forward." Many of the executives within Blue Sky have now become key members of the ECP team, McCrann said. "This is expressly part of our strategy that when we add good practices, not only do we get good doctors and good clinical performance, but we also get good teammates," he added. "We continue to upgrade the team regularly by virtue of the fact that when we affiliate with a new large group, we get new, fresh talent."

The 2021 Growth Forecast

ECP headed into 2021 with a cautious view, in part because of the lingering COVID-19 issues. "We've budgeted the first half of the year to be mindful of that continuing reality, but we're hopeful that by the last half of the year we'll see a return to normalcy," McCrann said. He said expectations on the transaction side are consistent with last year.

ECP sees a healthy pipeline of opportunities in both the optometry and ophthalmology sectors. The priority is to build out the vertically integrated network in existing markets, but it's "very realistic to assume that we will find attractive practices in new geographies, as well," McCrann said. ■

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MyEyeDr. Sees the 'Silver Linings' of Managing Through 2020

VIENNA, Va.—It's a cliché, of course, but still it's often said that what doesn't kill you will make you stronger. Some will say this is how they look at the ups and downs of 2020 and the way it roiled the eyecare sector with practice closings, PPE requirements and new in-office protocols for patients, among other challenges. But putting this "down time" to productive use has prepared many groups for a strong recovery.

Count the team at MyEyeDr. as among those who are on board with the "if-it-doesn't-kill-you" view of last year.

Sue Downes

David Sheffer

MyEyeDr. in Raleigh, NC – Midtown East.

"It certainly has been a wild past 12 months, with many ups and downs," MyEyeDr. chief executive Sue Downes said. "I could not be prouder of our team of more than 5,000 associates who never lost sight of our top priority—taking care of the patient. There are endless heart-warming stories of serving essential workers, delivering glasses to an elderly patient's home and adapting to new protocols to keep folks safe."

David Sheffer, chief growth officer, agreed 2020 presented major challenges, but also was "refreshing and motivating in many ways" because of the way MyEyeDr.'s team came together. "We rallied as an organization and we have come out of this as a stronger team at every level. Our culture has benefited from the humanity that comes with seeing each other with our kids and our dogs running across the room on Zoom and understanding that many of us have children, or sick parents, we have to tend to."

Sheffer noted that MyEyeDr. was fully shut down—with the exception of the occasional essential patient—from mid-March until the end of May last year. Offices began reopening in phases beginning in June. (In June 2019, a fund managed by Goldman Sachs agreed to acquire Capital Vision Services, which provides management services to MyEyeDr. practices.)

One of the silver linings of 2020 was that it allowed MyEyeDr. to take a closer look "inward" at its processes and strategies, Sheffer said. "For years, we have been so busy expanding and implementing new procedures, expanding our medical scope and adding new states, adding new doctors and bringing on new investors, that we didn't have time to stop and strategize. This 90-day window, when we didn't have a business to operate, allowed for the advancement of strategic initiatives that might have otherwise taken years. We just bore down and did them."

For example, he said, MyEyeDr. sought to reimagine the patient journey, advance a number of omni-channel, online and tele-medicine type initiatives and "do the things that we knew we needed to do [because] that's where the world is headed," Sheffer said. "Everyone worked harder during that time period on future initiatives, and I think it will benefit the business, the industry and the patient for years to come."

The Pace of Acquisitions in 2020

MyEyeDr. finished 2020 with a net addition of 90 new locations (with some existing locations consolidating, it was roughly 100 practice additions) and finished 2020 with 659 locations total, an increase of more than 15 percent compared with 2019's 569. Virtually all of the deal making occurred in Q1 and the August-December period. "We did not slow down recruiting of acquisitions, but we halted the closings and then picked up with a fury from August until December," he said.

Top-Line Growth Overall

Annual revenue did grow year-over-year, also, (likely a rare occurrence across most practices in 2020) which MyEyeDr. attributed to the addition of 90 net new locations. On a same-office basis, the comparisons were down for the year—the first time in MyEyeDr.'s 20-year history—but started bouncing back in Q4. "We had a very good fourth quarter and we had a very good first quarter, and we are now trending positive again on a same-office basis," Sheffer said. Patient demand for exams has remained strong but safety processes has limited availability of office visits.

Planning Process for 2021

In building a 2021 plan, MyEyeDr. used 2019 results as a starting point and built in growth "on a quite measured basis for the first six months of the year because that feels to us like it has the most risk and uncertainty," Sheffer said. "And then we get back to a more normal world in the second half of 2021."

If 100 locations were added in 2020, Sheffer said MyEyeDr. would target 20 percent growth on that this year. "That has been our history. We're in the business of taking care of the patient, but we also are in the business of growing. Those are two not competing priorities, but they are two that we have to have top of mind with every decision." ■

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Medical Model Helps Keplr Recover from the Pandemic as it Eyes the Future

BLOOMINGTON, Ill.—Things are beginning to feel more like normal to Nick Williams, chief executive of Keplr Vision, the management group formed in 2019 just nine months before COVID-19 upended what normal looked like. And this is not just because the Keplr Vision practices have been showing positive trends for months or that the rollout of vaccines has gained momentum across most of the country.

Williams also is pleased because he's finally moved into his new office at the top of the remodeled former State Farm headquarters here in Bloomington. He had been sharing an office with chief operating officer Adam Rosengren for the past few months while others within the new Keplr offices got situated in their own workplaces.

"The building is phenomenal," Williams told *Vision Monday*, noting that the 13-story building stands out in the Midwest because of its Art Deco style. "It's the iconic building of Bloomington." Williams also is happy, though, because he believes Keplr Vision performed well during the height of the pandemic and is positioned well as it heads into 2021's second half. He said he believes the medical model of the Keplr practices allowed the group to "recover fairly quickly" from the initial shutdown across the country of most eyecare and optical retail practices.

Yes, Williams acknowledged, the Keplr practices felt the initial hit of the pandemic like other ECP groups, but then adapted with a different approach in terms of response. "Because of our heavy medical focus, our practices did not shut down for very long," he said. "The vast majority of our practices were available for emergent care pretty much non-stop."

Keplr also continued to make acquisitions during 2020, with 40 practices (representing 65 locations) added. The group finished 2020 with 191 total locations. Williams credited a robust pipeline of practice prospects for the pace of 2020's deal making. (Keplr Vision was formed when two portfolio companies of Canada's Imperial Capital of Canada—Total ECP and Visionary Eye Partners—merged to operate as a combined entity.)

Dr. David Cockrell leads Keplr Advocacy, which was formed to address policy and regulatory issues related to eyecare.

The Keplr Vision leadership team at the signing event for its new office space in the iconic State Farm building.

"When I think about the deals we did, I can't recall off hand any deal that we did with a distressed seller that said, 'I want out,'" Williams said. "We didn't cherry-pick deals based on seller urgency; the deals were already available."

Keplr has added about 20 practice locations as of March 2021, and oversees roughly 210 locations now. (In the Keplr model, the majority of ODs who "partner" with the group continue to run their practice, and their name remains over the door. "It's extremely rare when the selling OD leaves," Williams noted.)

"As it stands right now, I feel good about what we see in our own practices and I feel good about the recovery in our practices," he said. "We have a system that allows us to responsibly continue acquisitions. [And] I am pleased that vaccinations are proceeding at the rate that they are and the indicators within the Keplr practice group are that we will continue to perform well in 2021.

"The indicators that I see in our pipeline of acquisitions are that most practices are going to meet the guidelines that we need to have them meet for us to move forward with the acquisition."

Business Plan for 2021

Williams said Keplr built in "a little softness in the first two quarters, assuming there will be some slowness" in eyecare. He noted it's also key "to do things at the appropriate pace, which probably means seeing a few less patients. But we are hopeful that the trajectory we are seeing because of the vaccinations that by Q3 and Q4 we can go back to traditional patient loads, although we are pretty close to that point right now."

Mindset of Independent Practices

Keplr Vision is seeing "no short supply of interest from private practitioners looking to join Keplr," Williams said. "We have a significant level of interest from selling ODs."

Significant 2020 Development

In September, Keplr announced the formation of a Medical Advisory Board (MAB) and the appointment of five inaugural members. They are: Dr. Ben Gaddie, Dr. Alan Glazier, Dr. Paul Karpecki, Dr. David Nelson, and Dr. Eric Schmidt. The board planned to meet regularly to evaluate and advise on enhanced clinical protocols and innovations in the practice of optometry.

Full-Scope Model of Optometry

Williams said he sees positive trends for both private practice optometry with full-scope medical services—which is how he views the Keplr model—and the retail-type optometry model, which also has a number of growing groups, both publicly and privately held. "I think what we do is distinct from what they do ... but I can't say that I see the industry making up its mind and leaning more heavily in one direction or the other right now."

Still, he said he likes where Keplr sits in this comparison. "We continue to see that patients seem to gravitate toward a private-practice setting that offers full-scope medical, which is consistent with what we do." ■

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AEG Vision Used Downtime to Prepare for 2020's Strong Finish

DALLAS—Despite being almost totally shut down for a few weeks in 2020—and yet keeping its entire staff on board and involved in some way—AEG Vision finished the challenging year at or near the targets set way back in 2019, and has rolled into 2021 with continuing momentum, according to chief executive Eric Anderson.

"Things picked up a lot by Q4, and we had some goals set for the end of the year and we were basically right on them despite being shut down," Anderson told *Vision Monday.* "We were able to pick up our momentum and really it hasn't stopped," he added, noting that AEG was basically shut last year for six weeks on the operations side and even longer in corporate development because of the pandemic.

AEG Vision, which was formed in 2017 by Riata Capital and subsequently received backing from funds advised by J.P. Morgan Asset Management, added roughly 50 practice locations in 2020 and closed the year with approximately 200 locations, Anderson said. (This is similar to the number of new locations AEG added in 2019.) Many of the deals in late 2020 involved practices in Texas, where AEG operates 49 locations.

Anderson said he expects the firm will add another 50 locations in 2021, based on current trends. Going forward, AEG is on pace to add between 50 and 70 locations per year, "which is sort of the glide path from here on out," he added.

"There's a lot of interest and there are a lot of very attractive businesses that think like we do, [and] that are doctor-centric and very optometry focused. We've had a real solid performance for the past 10 or 11 months now since we reopened," he said.

During the March-April period in 2020, AEG used the down time to prepare for a reopening, and setting up COVID protocols and sourcing PPE. The group worked to improve its recall marketing programs so that it was able to maintain a full book of business upon reopening, Anderson said. "We used that time effectively," he added.

Eyetique's dispensary in Pittsburgh.

The dispensary at AEG's Omni Vision in the Dove Creek neighborhood of San Antonio.

The exterior of Omni Vision in San Antonio.

Another area that AEG worked on, and invested in, during much of 2020 was its employees, Anderson said, noting that he tried to participate in calls or send video messages almost on a daily basis to staff and team members. AEG also stepped up its benefits package, he said. "The No. 1 investment in 2020 was people. Period," he said. This also included additional training and development and onboarding processes, and work to fine-tune the integration process across AEG.

The results of these efforts include the recovery in top-line performance, Anderson said, as well as improved customer satisfaction scores. Initially, he said, the uptick in business was attributed to pent-up demand, but that strong momentum has continued since last July through the end of March. Not only is the top-line result good, but the net promoter scores on customer satisfaction are "some of the highest I've seen in the industry, he added.

Biggest Challenge of 2020

"In many ways, reopening was harder than closing, because you had to have all of the protocols, the training and the PPE in place before you opened the doors," Anderson said. "And by June we were 100 percent open, but the corporate development [group] had slowed down." Still, AEG managed to keep in the fold all of the practices that it had signed commitment letters with prior to COVID-19 and eventually closed all of those deals, Anderson said.

"We worked with the practices and in many cases gave them some help as well," he said. "It's very much a partnership, and we're very doctor-centric, so we were doing whatever we could to help them along the way and [to get] results back up to where they were."

Outlook for Acquisitions Going Forward

The climate across the eyecare market right now "feels a lot like it was before COVID," Anderson said. He said he believes there is as much interest and activity in the optometric space now as prior to COVID-19.

"Everyone took some time off, but now that people are back and functioning well, in general, it is a very robust market." He also noted that deals in the ophthalmology sector are outpacing optometry transactions, in part because of the number of investment groups involved. "It's hard to compare optometry to ophthalmology because there are so many other PE players active in [the ophthalmology] space right now." ■

VSP Ventures Creates Patient-First Alternative for Indy ODs

RANCHO CORDOVA, Calif.—The sentiment at VSP Ventures is that it's a busy period, but it's a good kind of busy, with ongoing efforts to help the practices now under its operating umbrella continue their recovery from COVID-19's impact while working with prospective ODs who want to become new Ventures practices. This combination produced a busy fourth quarter for VSP Ventures, a unit of VSP Global, and expectations of an active year on the partnership front in 2021.

Tiffanie Burkhalter.

VSP Ventures' six EyeZone practice locations are in northern Nevada.

"Things have never been busier than they are right now," Ventures president Tiffanie Burkhalter told *Vision Monday*. "But I am super pleased. It's great to be in a phase where we are busy, and I know that not everyone has that luxury right now."

Ventures practices have experienced a solid recovery since the low points of 2020, and are now running ahead of the most-cited practice performance trackers by, at times, a range of 10 to 17 percentage points, Burkhalter said, noting these practices overall compare very favorably to dashboards tracking the West region. "We're certainly cautiously optimistic, and we're seeing really great signs," she said. "For the locations that we have acquired, we're pretty close to [getting back to] pre-pandemic results and that's how we have forecasted out for 2021."

Ventures, which was formed in March 2019 as an option for ODs looking to transition their practices, finished 2020 with 23 locations in California and northern Nevada. As of mid-April, Ventures said it has added a total of 26 locations in California and Nevada. In terms of adding locations in 2021, Burkhalter said Ventures is cautiously optimistic, but that some requirements tied to PPP loans is impacting timelines. "Some of the institutions involved with PPP loan forgiveness require a lot of [reviews and approvals]," she said. "We've got several [practices] that are sitting on the verge of meeting the confirmation, but moving slowly. It's been interesting navigating through this part."

Last year's challenges provided Ventures an opportunity to review its mission. Mainly, Burkhalter said, this is involved refocusing on all the ways Ventures works to demonstrate a "we care" philosophy. "Something we did, which I believe was a little bit different, was to make sure that we were available for essential care," she said. "We did not furlough staff, and we kept our staff in a position to support our doctors even though in some cases it was remote or it was doing some things from home."

Ventures also worked with the practices it had been talking to about potential partnerships during the disruption caused by the pandemic. "We did complete two acquisitions during the shutdown, and with others we had strong communication about how to navigate through these things."

2021's Plan for Growth, Expansion

Burkhalter said that with many independent practices now over the hurdles of reopening, navigating PPP loans and implementing new safety protocols, doctors are "back on the path of thinking about their future" and restarting conversations about potential partnerships. "We're certainly back to the place we were [pre-pandemic] in terms of interest coming in, and the amount of time that we're spending talking to doctors about potential partnerships," she said. "So, we went back to our original growth plan forecast for 2021, which is pretty rapid expansion [and] moving nationally and going outside of California and Nevada, which is where we are today." She declined to provide specific details on the growth forecast, but Ventures already has announced a few new partnerships this year.

How Partnership Discussions Have Changed

One of the residual effects of COVID-19 is seen in the way independent ODs are now viewing their future and changing the questions they have about what a prospective partner brings to the table. Financial considerations will always be in play, but now there are new questions emerging around "How will you take care of me when things go sideways?" She added, "A lot of doctors also will go ahead and call other doctors within the Ventures practices and ask about the [services offered over the] past year. This has become an increasingly important element when ODs are looking for a partner," she said.

The VSP Global Philosophy

VSP Global remains committed to supporting the independent doctor community, Burkhalter explained, as well as making sure people have access to quality eyecare. She noted, too, that Ventures was created in response to "independent doctors asking VSP to offer an alternative exit strategy that is patient-centered, puts full-scope optometry first and that respects and preserves practice legacies often built over many decades."

She added, "Simply put, we are focused on long-term success, not short-term profits. We are also passionate about supporting doctors early in their careers. Ventures provides doctors with a wide breadth of practical experience and skilled doctor and general business mentorship to enable professional development and growth." ■

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Total Vision Sets Goals Around Improving Patient, Team Member Experience

MISSION VIEJO, Calif.—As is often the case, it was the behind-the-scenes work of its employee team that enabled Total Vision to quickly regain its footing in 2020 and finish the year with a strong surge. These efforts included securing PPE and facilitating vaccinations for team members, working with the California Optometric Association on practice and safety protocols and helping patients feel comfortable about their in-office experience at practice locations across California, according to Total Vision executives.

Neil Collier

Steve Klein

Total Vision's Griffin Optometric Group practices are located in Orange County.

"We started getting back on track in June, and I would say we are very happy with the way we finished the year and with all of the protocols that we put into place," chief executive Neil Collier told *Vision Monday*. "We felt we were able to safely see patients and we felt comfortable that our team and our patients were practicing safety, also."

Collier, who joined Total Vision in early 2020, credited chief medical officer and founding doctor Steve Klein with leading the doctor-side of the effort to reopen operations and source all of the PPE that was needed.

"We've done extraordinarily well under any circumstances, but particularly under these circumstances," Klein said. At the onset of the pandemic, Total Vision like other eyecare practices, could only offer essential services, but by early June its doctors began returning to their offices. What followed was "a pretty rapid ramp up" in business, Klein added.

Total Vision, which began 2020 with 32 locations, closed the year with five acquisitions in the fourth quarter and 41 locations overall. The group is backed by the private equity group Bregal Partners of New York. Describing the surge of partnerships in Q4, Collier said, "We saw the market coming back faster and, therefore, we felt comfortable going back in and going after acquisitions."

Looking ahead, Klein said Total Vision has "relatively assertive plans to expand throughout 2021." The group has focused its partnership efforts in five major regions of California—San Diego, Orange County, Los Angeles, the Bay Area and the Inland Empire—but it is not averse to moving into nearby border states. "We also are looking to go outside of those [markets] at this point," Collier said. "Initially, we wanted the densification."

An element of Total Vision's operating model that is key to independent practices is the business improvement they experience after coming into the organization, Collier said. "There's a reason that we continue to grow not only units, but we're growing the overall business, too, because we have a lot of 'best practices' from the 95 doctors who we currently employ and all of the things that Dr. Klein has brought."

Klein added, "What practices did 20 years ago that brought them relative success cannot be done the same way today. So many doctors felt that, 'Hey, I've done it this way before and I 'm going to do it the same way.' And they have been very successful practices. But we bring them into the Total Vision culture and tent, so to speak, and we help them to see through analysis and through observations that some of the things they are doing were perfectly fine 20 years ago, but today they may not be as applicable."

As part of its operating model, Total Vision allows new partner practices to keep their name, but does move to a co-branding program that identifies the practice as "a part of Total Vision."

Building a Plan for 2021

Collier said one of the key objectives for 2021 is to work toward becoming a high-performing team. "Dr. Klein and Mike Stein, our director of operations, are actually going out and setting certain behavior and patient experience metrics that we want to deliver on in 2021."

They also are working on validating, coaching and training in the field. "As we put everything back together in 2020, now we're looking at 2021 to make sure that we have high-performing teams that are delivering the best team member experience and the best patient experience that we can," he added.

More Vaccinations Yield More Exams

As the number of people who have received a vaccination has increased, Klein said he has observed a corresponding increase in the comfort level of doctors, staff and patients. And this phenomenon is likely occurring across the eyecare sector.

"We've seen a gradual process, as many others have seen, that as vaccinations have ramped up, the comfort level has rapidly increased," he noted. As the comfort level increases, exams increase, too. "So, we made it a priority to try to help our 450-plus team members get vaccinated. It's quite a maze to go through, but we made that a high priority."

Taking the Dealmaking Pulse

Klein said from his perspective private practice optometrists today are more assertive in terms of reaching out and talking to management groups about potential partnerships. Often, the conversations touch upon "doing an early exit strategy and then continuing to work." He added, "When I look at three years ago [when Total Vision was launched] versus today, we have far more practices wanting to reach out to us than previously." ■

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Clear Sight Partners to Blend Ophthalmology, Medical Optometry and Retail Services

TAMPA, Fla.—The transactions that led to the launch of Clear Sight Partners (CSP) closed last November, chief executive officer Brian Hauser took the helm in December and in February 2021 a few key executives came on board to further kick-start the process of building a new management services organization. The goal of the new group, which is backed by San Francisco-based investment firm Spanos Barber Jesse & Co. (SBJ), is to become "West Central Florida's premier destination for fully-integrated ophthalmology, medical optometry and optical retail services."

Brian Hauser

The CSP organization was formed around a partnership of five physician-owned Florida vision practices—Pasadena Eye Center, Pasadena Surgery Center, Eye Associates of Pinellas, Gulf Coast Retinal Specialists and Ryczek Eye Associates—and a group of nine Opti-mart optical retail stores. The deal marked investment firm SBJ's entry into optical.

The optical retail stores were owned by Skip Payne and Scott Payne. All CSP practice shareholders retained significant ownership stakes in the new group, which includes 13 optometrists, 10 ophthalmologists and 16 locations.

One of the people behind CSP's formation was Richard Sanchez, managing partner of Visibility Management and a veteran of the optical sector who continues to serve as a strategic advisor. According to Hauser, Sanchez was familiar with a few Tampa-area practices that he thought would be a good fit culturally for the new organization.

"That's a really critical part of our due diligence even now as we are looking at a future pipeline of additional practices to either merge [with] or acquire," Hauser said. "The cultural fit of those physicians is really critical. This was just a really good mix of physicians who came together, and the five legacy practices have a similar style and a similar approach."

Hauser, an experienced optical industry executive but just five months into his new role, recalled "a monster two-day planning session" back in December at which the new organization set the foundation with its initial 180-day plan. "I think when we really started to get some traction was early February when we made some key additions to the leadership team," he added.

Those additions were vice president of human resources Tracy Bittner (about 20 years of HR experience), vice president of finance Chris Brisch (a 25-year career in business finance) and Shanna Tumbleson (15 years of marketing experience). Subsequently, Jessica Cox joined the team as director of growth and integrations operations.

The team is working to integrate five vision care brands into one of the largest vertically integrated vision care providers in the West and Central Florida area.

"During the integration we needed people familiar with experience working in a bigger corporate environment where the emphasis is on operational metrics, planning and forecasting," Hauser said. "We needed to develop a common language so everyone could see why we were saying certain things."

The Clear Sight Partners' team includes (l-r): Tracy Bittner, VP of HR; Tina Farrell, VP of Optical Operations; Chris Brisch, VP of Finance; Brian Hauser, CEO, and Shanna Tumbleson, VP of Marketing.

Initially, Hauser said CSP is focused on patient growth and process efficiencies. "The whole big planning session we did—with the projects and processes that we're naturally looking at as we integrate things—is what we believe is going to yield some efficiencies that help us on the cost side," he said. "And we believe our marketing initiatives will help with some new patient acquisitions."

Another key has been sharing of best practices across medical and retail. "We've been doing a lot of best practices, and it's been great so far to see the response from the opticians," he noted. "Now they have an opportunity to talk to colleagues who do things very similar to them but in a different business environment, which has been great from a two-way dialogue perspective and how we can all become better."

Pace of Acquisitions Going Forward

Clear Sight has not added any new practices to its organization, but Hauser is cautiously optimistic that the second half of 2021 will see new locations join the group. "We have a robust pipeline and we are looking at several [prospective practices]," he said. "We believe that we will probably close on one, if not two, sometime in the Q3 or Q4 time frame," he added, noting this is a conservative estimate of the time frame.

"We're not trying to dictate the pace, because this is a big decision for a practice," he added.

The Primary 2021 Goals

At the top of the list, Hauser said, are two points: building patient growth and identifying process efficiencies. "The whole big planning session we did—with the projects and processes that we're naturally looking at as we integrate things—is what we believe is going to yield some efficiencies that help us on the cost side," he said. "And we believe our marketing initiatives will help with some new patient acquisitions."

Biggest Surprise Since Launch

In the first six months, there have been some "unbelievable record performances in a couple of our locations, particularly a couple of the optical retail locations where we have one physician working two exam rooms," Hauser said. "We've seen the highest monthly performance ever from [one] location in the month of March, which was very encouraging to the point where it's fueling the thought about building more exam rooms and/or floating more physicians over there until we build our OD physician pipeline and make some new hires."

He added, "Some of those results have been very surprising, but yet very encouraging." ■