

COO-Turned-CEO, CFO, and VP of Development Grow Regional Healthcare Services Player into National Powerhouse

Leading to an advantageous sale for the original PE sponsor and creating significant value for the second and now third owner.

Our Challenge

A growth-oriented private equity firm scooped up a regional healthcare player, which focused on a specialty multisite service, that was coming out of bankruptcy. The receivership-based CEO came with the deal, but his lack of healthcare experience meant he provided scant strategic or tactical advantage in advancing the new owner's business plan for scale and expansion.

In time, the PE firm commissioned a COO search with this caveat: Unbeknownst to the inherited CEO, they intended to shortly replace him with the incoming COO. This called for a candidate who checked each of these boxes:

- Significant PE experience
- A multisite healthcare services background
- Previous stints as both COO and CEO
- The ability to immediately and diplomatically begin running the business while the PE firm phased out the CEO

Our Solution

The company board specifically chose our managing partner to conduct the search not only for his executive recruiting prowess but also because of his own extensive operational background in PE-backed healthcare services. He understood exactly what was needed and had the ability to effectively sell the COO-to-CEO scenario to candidates who fit that bill.

The executive he presented as the best match had successfully served as a PE-backed COO and CEO in various healthcare organizations that similarly required the cultivation of strong partnerships with hospitals, physicians, long-term care facilities, and other healthcare sites. The candidate was also ideally located near the northeast headquarters of the business, unlike other equally qualified candidates who were not interested in relocating or commuting from geographic areas friendlier to for-profit healthcare.

OUR OUTCOME

Within a few months, our COO was seamlessly promoted to CEO as planned. Knowing that an experienced CFO was critical to the investors' value creation plan, he re-engaged us to find the ideal candidate to manage the firm's finances. Together, along with the candidate hired through our subsequent search for a VP of Development, this C-suite duo turned a regional healthcare player into the nation's largest integrated provider of this specialty service. Moreover, the business has effectively solved a previously challenging area of patient care.

The original PE sponsor sold its stake in the company for a significant profit to a larger investor within five years of its acquisition and a mere three years after the COO became CEO. The second sponsor retained both executives throughout its ownership before selling the company to yet another PE firm five years later.

KEY RESULTS

 **>12x** EBITDA for both subsequent sales

 **7x** increase in care center count

 **6x** revenue growth