LUCRUM SINE DAMNO ALTERIUS FIERI NON POTEST

Loosely translated, the headline of this editorial reads: "Profit cannot be made without another's loss." This famous statement by Publilius Syrus, a Latin writer best known for his *sententiae*, seems almost apropos of this month's cover focus, in which private equity (PE) and corporate ophthalmology are discussed at length. Most of the content focuses on the positive aspects of participating in large health care structures; however, there is another side to the story that must be represented.

In any partnership decision, a balance between economy and autonomy must exist in order for the cooperation to succeed. In ophthalmology, we have a long history of buying and selling practices among ourselves, and this has seemed to work. But, in the recent past, the trend of corporate ophthalmology has been growing, and we have seen it here in Europe. Another vogue, PE in ophthalmology, is also emerging. Although this practice has gained the most traction in the United States thus far, we can be almost sure that PE will make landfall in Europe in the near future.

PE and group practice, in the form of corporate ophthalmology, provide practitioners with new practice models to consider. In many cases, one of these options is taken when a physician nears retirement or when he or she is looking to grow the practice. But take heed and weigh all options equally before deciding to sell your practice to either model, PE or the corporate route. Educate yourself about each option, evaluate the pros and cons, and don't forget to establish your own short- and long-term objectives. If selling your practice to PE or a larger corporate ophthalmology practice is in your best interests, you must first develop a strong relationship with the acquiring party and thoroughly understand its objectives and business plan. When this step is skipped, there is great potential for an unhappy outcome.

Corporate ophthalmology and PE offer some advantages, such as economies of scale. Further, selling your practice to a larger organization provides the potential for you to cash out and for your good (or great) business to become better by aligning with more business-minded individuals. But consider the flip side: In both cases, the partner (PE investor or corporate ophthalmology practice) will demand a majority or significant minority stake in your practice. Put another way, you are essentially giving up a great amount of control of your practice, and you are losing authority regarding how your practice is organized, how your staff is trained and hired, and how your brand is sold.

> **"Lucrum sine damno alterius fieri non potest.**
> *Profit cannot be made without another's loss.*
> **– Publilius Syrus**

As I see it, a much bigger trade is being made than just the sale of your practice. Although it may appear to be a simple solution to prepare for retirement or to get help in building your practice, more is at stake. Yes, selling your practice to PE or a corporate ophthalmology entity can mean access to extra money, both from the initial sale and from potential increased profits, but in return you are putting your passion in the hands of outsiders whose interests are partially but not perfectly aligned with yours.

A PERSONAL VIEW ON PRIVATE EQUITY IN OPHTHALMOLOGY

Having just completed the Physician CEO course at the Kellogg School of Management, Northwestern University, I feel better equipped than ever to comment on private equity (PE) in health care and, specifically, PE investing in private ophthalmology practices and clinics. PE investors spoke to us on numerous occasions during the four modules of the course, and we enjoyed significant exposure to the concept of PE acquiring practices or majority shares in practices. Some of my classmates had in fact recently sold their practices to PE, and they reported that there was a healthy relationship between the medical professionals and PE.

It is a basic concept, but, probably for mostly personal reasons, it is not my first choice. Not now, anyway. I say this despite PE being apparently a good exit strategy for many of my colleagues. If you make an investment in a fund that happens to invest in hospitals or eye clinics, the only item of interest for you is the growth of your investment. That is why you invested; that is why you chose that fund, precisely because its principals know how to generate wealth. The success of the investment is going to be measured by the return that the investors receive. The key player is the investor, and the most important item is the bottom line. In this setting, the decisions that will be made in running the practice will always be measured in terms of their potential to provide a return.

My clinic does not work like that. Having just graduated from the Physician CEO program, of course I expect my clinic to become better run, to be marketed more intelligently, to have better operational procedures, and, basically, to become more profitable and grow. The difference, however, is that, as a physician-CEO driving the decisions, my primary concerns will always center around the patient's well-being.

I am not saying that PE will not focus on the patient. I am simply saying that the patient's well-being is my primary concern, and the decisions that I make will sometimes not make economic sense to PE partners—but they will make sense to my colleagues.

We have a wonderful profession, and for many of us it is a calling. That means that we do not measure success only in terms of euros and cents, but rather in how many lives we have positively affected and how well we sleep at night. I am certainly not against PE in ophthalmology. If new initiatives and business sense can grow the market and help us to reach more patients, so much the better. It is simply that, for me personally, I value the ability to grow my business in the way that I see fit. The ability to invest in technology that on occasion is not profitable but has clinical value, and to have the team feel empowered by the value that they add to patients' lives rather than simply the size of their paychecks—these things have a value that to me transcends their financial cost.

In conclusion, however, I must say that my strategy does have a financial angle: I believe that investing in people results in greater longevity for the practice, and, hence, greater long-term profitability, than the quicker returns that are generated by PE. I would also rather compete with a PE-owned clinic down the street from me than a privately owned clinic run by passionate and committed physician-owners. That's my bottom line: I think we are stronger in the long run without PE.

Arthur B. Cummings, MB ChB, FCS(SA), MMed(Ophth), FRCS(Edin)
Associate Chief Medical Editor

The definition of value is very specific—and limited—for PE firms and likely for corporate ophthalmology practices as well. These structures are often focused on the potential financial value of a practice 5 years after the initial investment is made. I have a broader definition of value and a longer-term outlook on financial success than this, and I think many of my colleagues would agree. Therefore, because my concerns for my practice revolve around the relationships I have with my patients and my staff, because I care heavily about the reputation of my practice, and because I do not wish to give up control of my decision-making, I think it wisest for me to avoid both PE and corporate ophthalmology. As always, we welcome your opinions on this controversial topic, which is just now resurfacing in ophthalmology. ■

Erik L. Mertens, MD, FEBOphth
Chief Medical Editor