

# Business Review

SOUTHWEST FLORIDA'S NEWSPAPER FOR BUSINESS AND ENTREPRENEURS

June 29, 2007

## 400 secrets

by Jean Gruss | Lee/Collier Editor

# What's up doc?

Armed with the newest technology and the best-paying patients, many doctors have hired Stevens Construction to build outpatient centers all over Southwest Florida.

Mark Stevens takes good care of his doctors.

The Fort Myers-based commercial builder has risen quickly in the rankings of the top construction firms on the Gulf Coast by helping entrepreneurial doctors build surgical, ambulatory and other outpatient centers in Southwest Florida.

Pressured by lower reimbursement from the government and insurance companies, doctors have taken advantage

of new technologies to establish their own facilities. They've skimmed the best-paying patients away from hospitals where they once practiced almost exclusively.

lected a fee for diagnosis while the hospital collected a fee for housing patients and supplying expensive equipment. Now, managed care companies and government programs such as Medicare steer patients to lower-cost outpatient centers operated by entrepreneurial doctors who collect both fees.

"These physicians are being forced to find other sources of revenues," says Stevens. "These surgery centers are like mini hospitals."

Hospitals have caught on as their share of treating people who can't pay has risen dramatically, pressuring their bottom lines. "Some hospitals are getting more proactive in building outpatient facilities and sharing revenues with doctors," Stevens says, pointing to Lee Memorial Health System in Fort Myers as an example.

### Helping doctors make money

A graduate of University of Florida's School of Building Construction, the Cape Coral native cut his teeth with a local firm called Compass Construction building health care facilities around the region.

But Stevens, now 40, was eager to own a piece of the firm he was helping to grow. When that didn't happen, he struck out on his own. "It wasn't going to come quick enough for me," he says.

A week after he hung his own shingle, he landed a \$2.5 million construction project to build the 22,000-square-foot Retina Health Center facility on Summerlin Road in Fort Myers. That



Jim Jett

**Mark Stevens'** construction firm makes sure entrepreneurial doctors can be profitable in their new building. Stevens stands in the reception area of the recently completed St. Mark's Ambulatory Surgery Center in Fort Myers.

led a short time later to a job building a 90,000-square-foot office complex in Fort Myers called Parker Commons for the Jack Parker Corp.

Stevens downplays his early success. "It was a lot of luck," he says. But he had clearly established a good reputation at Compass.

The medical profession is a tight-knit

### REVIEW SUMMARY

**Industry.** Construction

**Company.** Stevens Construction

**Key.** Health care construction will continue despite a slowdown in commercial building.

Enter Stevens Construction. The construction company Stevens formed nearly four years ago has grown as quickly as health care buildings have sprouted around Southwest Florida. Revenues rose \$28 million last year, up from \$16 million in 2005, a 75% increase. The Lee Building Industry Association named Stevens "Contractor of the Year" last year and it placed 235th in the Review's listing of the 400 biggest companies on the Gulf Coast.

Years ago, doctors worked in hospitals because it was the best source of new patients to grow their practices. They col-

circle and word quickly spread about Stevens' work. Building health care facilities is specialized work that requires precision to meet tougher state standards than most other kinds of structures. "Day One I hired a safety consultant," Stevens says.

What's more, these facilities generate as much as \$25,000 a week in business so Stevens has to build them as quickly as possible. Even a week's delay can cost doctors enormous sums. "Every day we don't complete a job costs them \$6,000," Stevens says.

Stevens says the key is to be involved as early as possible in the design process, working with architects who are designing the building so that it maximizes the flow of patient traffic. After all, the more patients doctors can see the more money they make. "Look at the work flow," Stevens says, looking over plans for an ambulatory center in Fort Myers. "What will make it more efficient?"

For example, an open reception area gives receptionists an unobstructed view so they don't have to search for patients. The business office is located directly behind their desk so receptionists don't have to walk far to retrieve files. By strategically locating the nurse's station, just two nurses can monitor 16 pre-operating rooms, saving labor costs.

The prep area for doctors and nurses is located directly behind the operating

rooms, out of sight of patients and conveniently located so each room can be prepared quickly for the next surgery. A separate exit means less traffic in the reception area and less anxiety for waiting patients.

Stevens says each health care facility he builds gets better than the last. The firm visits a facility nine months after completion to conduct interviews with the staff to determine where to make improvements. The most common request: additional storage space.

### Succession planning

Although he's 40 years old, Stevens learned that it's important to give deserving employees a stake in the business. After all, that's why Stevens left Compass. He says the alternative is your best employees will one day be your toughest competitors.

"We've started talking about succession planning," says Stevens. He's exploring various scenarios, including an employee stock-ownership plan, but hasn't settled on a way to do that yet.

It's a generous concession from a man who started his business alone and from his house. His wife, Kim, is an accountant who made sure the financial statements were in order. Now the firm has 23 employees and can obtain up to \$40 million in bond insurance for construction projects.

Stevens says he's looking forward to sharing the profits—and the headaches—that come with ownership. "That's the only way to grow," he says.

Stevens concedes that the commercial construction business is already slowing down on the heels of the residential downturn. Because of that, Stevens says his firm's torrid growth won't repeat itself this year. He expects revenues in 2007 to match last year's.

To diversify, Stevens Construction is venturing into the public sector and bidding on government projects. "It will help us recession-proof a little bit," Stevens says. The company recently landed a job building a \$2.5 million facility that will house the county's new rescue helicopter.

Higher education also offers new opportunities. The building boom at Florida Gulf Coast University in Fort Myers is one example.

Another area Stevens is exploring is doing smaller jobs under \$1 million in value. For example, if a customer asks for a \$30,000 renovation, it's too small a project for Stevens to do now.

Meanwhile, counties are raising taxes on builders, state legislators did little to fix the tax and insurance crisis for commercial properties and land prices are still inflated, he says.

"The next few years we have a lot of things going against us," Stevens says.

