

Organizational Physics

Structure & Design Consulting for Scaling Companies

CASE STUDY

ConvenientMD

“ My experience with Organizational Physics has taught me that changing the structure is more effective than changing the culture. While it wasn’t all easy, the results from Lex’s methods have been exceptional. ”

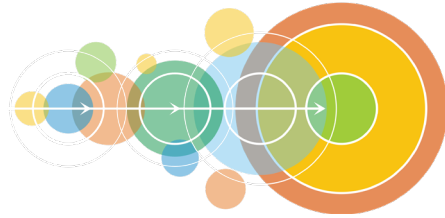


Gareth Dickens
CEO of ConvenientMD

With its headquarters in Portsmouth, New Hampshire, ConvenientMD is creating a new healthcare membership model that allows individuals and families to get their healthcare at one low price where and when they want it—in an urgent care clinic, a telehealth setting, or with their primary care doctor. While it is still early days, the company’s unique approach holds promise

for improving healthcare costs and quality for millions of people.

Gareth Dickens, CEO of ConvenientMD—and great nephew of Charles Dickens, believe it or not!—describes the company’s compelling vision and intriguing origin story below. Let’s hear what Gareth has to say and see how he used Organizational Physics to solve some classic scaling challenges.



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Tell us about the origin story. Why did you start this business? What was the original inspiration or frustration?

My co-founder and I formed Market Square Capital with investors to pursue the acquisition and expansion of a single healthcare company, which we would manage post-acquisition. During our three-year search, we traveled around the country, investigating many niche industries in healthcare. We knew that primary care physicians were scarce across the country, leading to patients not able to access their doctor and having to use emergency rooms for non-emergent care—an expensive and unpleasant experience. We quickly learned that emergency departments were flooded with patients needing care for non-emergency issues and recognized the value that full-service urgent care could provide to many communities across the country.

During the search fund process, we visited over 300 urgent care centers and developed very

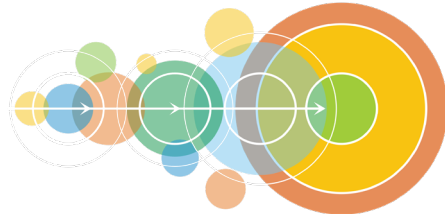
specific ideas on what worked and what didn't. A select few organizations were just incredible, creating effective diversion away from expensive emergency rooms and generating EBITDA margins five times higher than the industry norm. Unfortunately, none of these companies could be acquired.

Our research into the industry led us to believe that we could probably build a company from scratch rather than acquiring one that we didn't love, which we then needed to fix and expand. Aside from that, despite our market analysis showing a significant need, New England had one of the lowest penetration rates of urgent care centers in the country. So we decided to start ConvenientMD from scratch in New Hampshire in 2012.

Tell us about the business at the time you engaged with Lex and Organizational Physics. What were the issues, frustrations, or needs you were seeking to resolve?

The organization grew at a much faster pace than we had originally expected. Within six years

we had opened 12 centers and recapitalized the company with a private equity fund in 2018. After



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that recap, we doubled the organization's clinic and employee count within a year—learning a lot about the infrastructure required to scale. The company was entering a new stage of its lifecycle, and I realized there was a serious need to strengthen the executive team, which resulted in a few of the early executives, including my co-founder, leaving the company.

Our private equity partner at the time helped us reorganize the team. I now realize that we made the common mistake of creating what Lex appropriately calls a Queen of England structure, making it very difficult for me to have an impact on our strategy and our pace of execution, despite good intentions to redistribute work for the executive team.

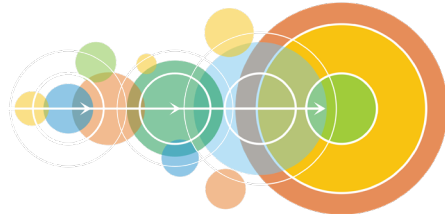
We had been considering expanding the company into a new business line—value-based primary care—because I knew it would enable us to have a significant and positive impact on patient health and care affordability, along with creating an incredible opportunity for investors. In addition,

I was concerned that the urgent care industry was entering maturity, and that diversifying was essential for the long-term health and success of the company. This integrated membership model was a budding idea of mine that would need to be incubated within a much larger urgent care organization.

Shortly thereafter, we recapped the business again to a new private equity partner, Bain Capital's Double Impact fund. The pressing needs of the core business had always taken priority and many on the team were resistant to taking on more—even though this new service offering would create an incredible positive impact on our communities, employees, payer partners, and investors. At this point, I had endured two years of frustration not being able to steer the organization toward the much more prosperous vision of providing value-based primary care in addition to our core urgent care offering. This was right at the time when I found Lex.

How successful was your organization at resolving those issues, frustrations, or needs? How is life different or better now?

As a result of our work with Lex, we are executing on our vision and at a much faster pace than I



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had expected. We worked through a role clarity and gap analysis, then changed the leadership team based on a new structural design. We implemented a new process for the leadership team to align on the big goals of the company and work cross-functionally to achieve faster sprints toward those goals. That restructuring helped make the entire organization more agile and responsive. We quickly shaped the vision for scaling our urgent care organization, while piloting a brand-new business in value-based primary care.

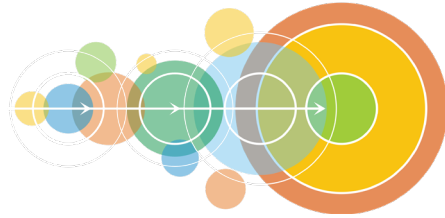
Within six months of working with Lex, we had hired a leader to build the primary care organization, we signed our first location lease, and we were far along in contract negotiations with the largest insurance company in the region. Within a year we had fully hired all the physicians for the pilot (an effort that I thought would take much longer) and within 18 months we were open for business. Patients signed up for this novel service at a much faster rate than we had originally anticipated.

This new business start-up was piloted all while the larger urgent care organization scaled at a rapid pace. The latter opened eight clinics in 12 months (25% growth in terms of site count), navigated the lingering and wavering demands of the Covid pandemic, and added almost 200 new clinic-level roles that year. With over 1,200 employees on the team and generating approximately \$150 million in annual revenue, the company was recognized as the third fastest-growing large private company in the state.

The results were exceptional, especially knowing the environment that we were coming from. It wasn't all easy, but the methods Lex taught us helped accelerate our pace and become much more effective. There was still some lingering frustration from a couple of naysayers continuing to overvalue the status quo—but over time those voices either calmed or were moved out of the company, resulting in a positive lift in energy and excitement for our leadership team working toward a common goal.

As a result of your work with Lex and Organizational Physics, what do you know now that you wish you knew before you engaged?

I've learned that it's easy to confuse roles and reporting lines, and that it's a real mistake.



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For example, span-breakers that consolidate reporting lines can muddy communication and overall effectiveness. I've seen this pattern too: a span breaker tries to take on the roles they oversee, even when these roles are not in their skill set.

I've also learned that good leadership is active. Issues don't usually resolve themselves quickly within a team. Having a team aligned and moving in a consistent direction is much more fruitful

that having a team debating too much about the perfect choice. Effective teamwork requires a leader who can step in and re-align the team to keep things humming.

Finally, I've learned that structural changes are much more effective than cultural changes. If you change the structure, the mindset of individuals on the team begins to shift immediately because everyone is "owning their role" each and every day.

What principles of Organizational Physics do you find most helpful to you as a CEO and why?

Entropy elimination: accepting the reality that my role as CEO requires a significant amount of focus on eliminating entropy for the leadership team environment as quickly as possible. The longer entropy lingers, the more harm it does. Conflict can be quickly embraced with strength and warmth, which increases the organization's chances of success.

PSIU: knowing the styles and the tradeoffs to be managed. Recognizing the negative sides of a given style is incredibly valuable. Too much P or too much U, for example, creates problems that need to be addressed. PSIU is also a great

framework to understand how people work and what motivates them.

The leadership team decision-making process: this has infused a huge amount of alignment, inclusion, transparency, and effectiveness into the team. It is also really efficient. We get to quickly cover everything the company needs us to address and we align on the right course of action. The Type 1 decision-making process is amazing at creating buy-in and support of our chosen direction and eliminating negative back-channeling after a big decision gets made.