



Kelly Scanlon:

Welcome to Banking on KC, I'm your host, Kelly Scanlon. Joining us on this episode is Matt Condon. He's a serial entrepreneur, probably best known for founding ARC Physical Therapy and Bardavon Health, where he is the CEO. He's also a past chair and current board member of the greater Kansas City Chamber of Commerce. Welcome, Matt.

Matt Condon:

Thank you for having me.

Kelly Scanlon:

You know, when you founded ARC back in 2013, 15, 16, 17 years ago now. Yeah, it's 2020 isn't it? Did you ever imagine that it would grow to the level that it has? I mean it's been acquired by a publicly traded company. It's spun off other companies like Bardavon, and you have won numerous awards. I mean, did you have any clue?

Matt Condon:

No and I'd love to say I did or we did because really it is a journey of many people too. But no, we didn't know that it would grow as big as it would. We didn't know that it would evolve and become other companies as well. I think we went into it with a very clear belief and understanding that we were going to work at changing healthcare in a meaningful way. And we're thankful that so many people coalesced around that mission and vision and became part of that journey with us. I think as you do it, you realize that you can't do it without others. And so I think about that journey being critical components, being the team members we brought on. Brilliant people that were also compelled by mission to change healthcare. And then the thing I always say and need to say and should say is I've been blessed to have a partner in my wife that was tolerant of the entrepreneurial journey and would rather me do things that I found really meaningful, impacting the world rather than just having a job in some ways.

Kelly Scanlon:

And every entrepreneur has to have a supportive family.

Matt Condon:

That's right, it doesn't work otherwise.

Kelly Scanlon:

Exactly. There's no question about that. You talked about changing healthcare, you're being somewhat modest about that. Many people would say that you are disrupting healthcare. So talk to us about some of the things that you have introduced that are changing the industry and also how you cultivate a culture of innovation in your companies.

Matt Condon:

Yeah, so we are disrupting healthcare from right here from Kansas City and doing it at a national level at scale, and it needs to be disrupted. It has to be disrupted and it will be disrupted, that being the healthcare marketplace. And so I think for some of the reasons that we feel so strongly and confident about this little company in Kansas City changing the world, is the inevitability that that healthcare will evolve and change. And technology is now being thrust into this marketplace that has been resistant to it in a meaningful way. And that technology is driving transparency and that transparency is driving an environment where we are navigating from this old fee for service model to fee for value. And because that marketplace will evolve in that way. What we believe and know to be true is it's to be really difficult for the large incumbents to drive that change. It will happen from these entrepreneurial startups.

Kelly Scanlon:

Who are more nimble and can be more flexible.

Matt Condon:

No question. And aren't beholden to an old and financial architecture of fee for service.

Kelly Scanlon:

Exactly. Can you give us some examples that really drive home some of the changes that you're creating?

Matt Condon:

Yeah, so without getting too nerdy about it, there are two buckets of data in healthcare. One is the claim side, what that provider billed and what he or she will accept for payment and that has driven 99.9% of the healthcare environment historically. That clinical data is in the note and it is what that provider did or what procedures he or she performed in that patient. And ideally whether or not those procedures transitioned into healing the patient. But that is usually free form disparate unstructured data that has never been meaningful.

Matt Condon:

And what Bardavon does is we partner now with some of the largest self insured employers in the country. We get their referrals for physical therapy and then we place them with a provider that will document on our platform. And on our platform. Both buckets are structured data, we know what they build and what they charge, what they'll collect, but we also know what that patient looks like from a comorbidity complexity standpoint and we all, and we know whether or not that provider healed the patient, whether or not he or she was able to return to the functions of his or her job and what other providers were associated with that success or lack thereof. At its simplest form, we talk to our clients being Walmart and Amazon and Lowe's and say, we will tell you which providers heal your employees and that's a compelling statement.

Kelly Scanlon:

No kidding. They know that their dollars are going to...

Matt Condon:

That's right.

Kelly Scanlon:

They're going to get what they paid for.

Matt Condon:

That's right.

Kelly Scanlon:

You're talking about work comp, in many cases...

Matt Condon:

We're talking about work comp right now because it's a unique world where the employer can direct and they pay 100% of that bill. Now, the reality of it is, the provider information that we're getting, those providers are treating 99.9% of the commercial healthcare spend as well on musculoskeletal and interestingly enough, musculoskeletal care, sprains, strains and tears of your knee, shoulders and backs are roughly 20% of our \$3.5 trillion healthcare spend. It's a big piece.

Kelly Scanlon:

Yeah, that doesn't surprise me one bit.

Matt Condon:

Yeah, we've all got them, right?

Kelly Scanlon:

Exactly. You talked about this wonderful team that you have. You were just talking about some of the ways that you're disrupting technology. How do you cultivate that innovative... you can't really stop in a company like yours, you can't get complacent, you can't say, "Oh we've hit this peak and we're going to ride it because this'll be good for the next 10 years." Things move too fast. So how do you keep that culture of innovation alive among your team members?

Matt Condon:

We started inception and we start with every single position. So the front desk person to our CIO and CTO, right. We talk all the time about this is a company about change and evolution and transparency and technology and in so doing, we have to hold each other accountable to, there are no sacred cows, we are everyday going to come and be accountable to one another to be excellent at our jobs, which means we just learn fast and try to get better every day. But also you have to be a good person at our organization. And so we may not agree about politics or religion or whatever, but we need to respect and love each other and show that in every instance that we interact with one another because it's not binary. I think you can be awesome at your job and a good person.

Matt Condon:

And I think if you're going to try to do something that's really going to change the world and impact healthcare, those realities have to be part of everything that we do.

Kelly Scanlon:

You have to have an environment in which people can't be afraid or uncomfortable bringing forth their ideas.

Matt Condon:

That's right. The quickest way to not be a part of our organization is to be unwilling to bring forth your ideas and to be afraid of conflict, respectful conflict. It is an interesting culture at our place. One that is, I love it. People can challenge me and they're asked to do so. And really I think the fastest way to get ahead of the organization is a challenge me on my ideas and to have a debate. And oftentimes what I find is I'm wrong and that's great because I learned something and our organization gets better as a result of that.

Kelly Scanlon:

You challenge people to prove you wrong.

Matt Condon:

Absolutely.

Kelly Scanlon:

So I mentioned earlier that ARC has been sold to a publicly traded company. Talk to us about that process for other entrepreneurs who may be thinking in those terms, in terms of an exit strategy that that could be one potential avenue.

Matt Condon:

That's interesting. You know, in thinking about this question, this question for me kind of encapsulates what this beautiful microcosm or this the city of Kansas City has given me. So in 2011 or 12, I had this company that had a mission and a vision statement about changing healthcare and we were tremendously successful from a revenue standpoint or whatever. And Cliff Illig, who is the founder of Cerner, was an advisor to me and challenged me that my mission and vision statement was about changing healthcare but I had a local regional company. And while it was maybe successful, he challenged me that either change your mission statement or start a different company that's going to really change healthcare at a national level.

Matt Condon:

And that was a really honest, candid, great bit of advice for me among many others he's given me. So we went through this process of killing the IP and technology out of the clinic offering and then selling the clinics, going out to market. I had no idea, no expectation of an exit, wasn't really interested in an exit, but wanted to start another company that would change healthcare at a national level. And so the ARC exit was great. Terry Christenberry from CC Capital Advisors was an incredible advisor to me through that experience and mentor. But it created the best of both worlds where it created this platform for ARC to be a Kansas City based company, even though it has a publicly held partner and flourish and

grow and celebrate our unique Kansas City-ness, but then also provided me the platform to start Bardavon with two employees three days later and grow it to the 165 amazing individuals that make it today.

Kelly Scanlon:

Yeah. And are getting lots of press coverage. Not that long ago you received another \$15 million in investments.

Matt Condon:

We did, yes.

Kelly Scanlon:

And if I remember correctly, you told me that when you receive that last round, you had the option of leaving Kansas City, but you chose to stay here, talk to us about why you decided to stay here, especially after what Cliff told you, that maybe you need to have a more national presence, but...

Matt Condon:

Well he did it from right here.

Kelly Scanlon:

You know what, he's a great example of that.

Matt Condon:

He's a great example. He really is. And I think doing it then is much more difficult than doing it now. Really. It's easier to do it now. The excuses are, they're going away for us here in Kansas City. I actually think the excuses about why it's hard to do it here in Kansas City are transitioning into the advantages of doing it right here in Kansas City. And I, and I honestly and truly believe that, when we went through the last exit or you know, any of the rounds, that option of leaving is always there. It used to be asked or advised by private equity or growth equity firms. And now, quite the opposite. What we're hearing from the growth equity firms is, "Oh my gosh, we love Midwest businesses. If you can start it here and do it here. If you can continue to attract talent and do all that, we would recommend you keep this company right here in Kansas City."

Matt Condon:

The cloud has changed everything and the internet has changed so much about the way that we distribute our solutions throughout the country. Talent will move here and there's the hardest workers here and the great cost of living that undoubtedly make it an advantage to start a company here. I think in many ways the belief and the reality that it's going to be necessary to attract talent to Kansas City or retain town here in Kansas City has driven my civic engagement because in order to do that we need a great airport and great schools and great assets.

Kelly Scanlon:

Oh no question about that. And when we talk about all of the innovation that is going on in Kansas City right now, your company, one of them, how do you either train the people here for that workforce or attract people? What are you seeing?

Matt Condon:

Well, and I think you mentioned one of them. There are many innovative companies here in Kansas City. Many of us know each other and lean on each other for advice and guidance. And how are you doing it? How is she doing it? How is he doing it? What things are you finding successful and attracting talent. So, that close knit community I think is an incredible advantage.

Kelly Scanlon:

So that sharing and dialogue that's going on among the companies in this space.

Matt Condon:

Yeah, I think that's a piece of it. I think the community is reacting to us and embracing entrepreneurs in ways they hadn't before. We're having conversations about how to make it the most entrepreneurial city. We're having conversations about how to improve our educational system we're having successes and that is really meaningful stuff for this community. This community has really profound momentum right now.

Kelly Scanlon:

It makes it a big league city. You mentioned making Kansas City America's most entrepreneurial city. Let's talk about that for a minute. Do you think that we have achieved that status and if we have, what do we need to do to maintain it and if we haven't, what do we still need to do to get there?

Matt Condon:

Not only have we not achieved it, no one will ever achieve that and that's okay. So I looked at making Kansas City America's most entrepreneurial city as a wildly aspirational, but absolutely appropriate goal to set because there will never be any most entrepreneurial city in my mind. It's always different criteria geared against it, but that's okay. When we're making decisions about whether or not to expand the streetcar, whether or not to invest in education of the backdrop of would the most entrepreneurial city in America do this or not, I think is a very important and valuable accountability factor to hold us to. I love that goal. I think it's an absolutely appropriate goal that will never be reached and that's okay.

Kelly Scanlon:

Just keep striving higher.

Matt Condon:

Absolutely. All the time.

Kelly Scanlon:

Reaching higher. What you say will never reach the goal, but what do we need to do to improve upon our attainment of that goal if you could ever reach it, what are some of the things that we still need to do?

Matt Condon:

We've made incredible progress here in the last decade and when I started ERC in 2003 I honestly didn't know another entrepreneur for years. 2003 no. Yeah, I just, I've just finished law school and I just went into the foxhole and like most entrepreneurs, you just do your thing all the time. Yeah, that's different

now. We've created this ecosystem of sharing and learning from each other. That's valuable, but inertia is a real thing. Like a body in motion tends to stay in motion and a body at rest tends to stay at rest. And for me, the fear, I'm really proud of what has been accomplished here in the city, that the civic council, the chamber, the Kaufman Institute, all the things that have happened in coalesced around this moment in time.

Matt Condon:

The leaders that have embraced entrepreneurs large and small is wonderful, but the fear is that we'll get apathetic or lethargic about it and stop investing into those efforts in really meaningful ways because you know, entrepreneurship is a hot thing right now and other cities are really working at it. And Ken city I think got an early start from a Midwest city of really focusing on it. But if we don't continue to double down those investments, we run the risk of getting passed up by some other cities.

Kelly Scanlon:

I'm glad that you have broadened the definition of investment than a lot of people think of when it comes to entrepreneurs. You hear a lot about entrepreneurs needing capital, and the Midwest isn't as that the capital's not as abundant here in the middle of the country, but you bring up a bigger point. You have to invest in more than just, I mean, you've been through the seed round, you've been through rounds after that, but there's more than just the money that goes to the business. There's also the money you've got to invest in your community to make it attractive.

Matt Condon:

Yeah. Yeah. That's that almost sweat equity investment that we as business leaders, you, me, all of us have to put into making this a city for us to be really proud of at a national level. The investment dollars, I do really believe that pendulum is swinging to where it used to be only they would only invest in West or East coast ideas. Midwest ideas are becoming really hot items for large private equity and growth equity firms. And you still have to earn it, right? And you have to go out and pitch it. It's got to be a real thing, but, but capital is fluid. It'll get to where it needs to get to. For me, this moment in time and where we stand with our, our ecosystem, we need to look longterm at it. You know, we've got great ideas and bright people that are building great companies, but those same people need to get involved in the civic piece of this community and continue to build it out in a way that makes it attractive to bring talent in.

Kelly Scanlon:

You mentioned that Midwest ideas are getting a look now when it comes to investment. Why do you think that is? Is it because suddenly, I mean they've been here, but they're just now they're finally getting discovered. Do you think that there's a practicality to them?

Matt Condon:

I mean, some of it is the generalities are real or the rumors are real. We work harder here. Capitol gets you for, the runway of capital is such a critical piece of any startup and when you're paying \$15 a foot for your space as opposed to \$100 a foot for your space on the coasts, that's a real really important piece of your capital outlay or your runway. That's very important. The ability to hire someone at a wage that's commensurate with a good wage here in Kansas City is fundamentally different from that, which it is in Menlo park or Boston. And so and, and that talent wants to come and raise their families in cities

like this. So all of that has created this really unique environment that I think really positions Kansas City in a very strong place.

Kelly Scanlon:

I mentioned that you're a current chamber of commerce board member, you previously served as the chair. You're also a member of a number of other business, civic and industry boards. You were talking about civic engagement earlier. You've gone from being a business person who is running a company to really raising up the city of Kansas City through all of the civic engagement. I mean more recently you've become a Kauffman foundation trustee, so you really have a broad perspective of all the things that are going on in Kansas City. What most excites you about our future?

Matt Condon:

The truth that is the Kansas City ecosystem creates this platform where these iconic and incredibly successful entrepreneurs, John Sherman, will have a conversation with me. And just over coffee.

Kelly Scanlon:

Yeah. There is so much sharing from the legacy folks if you want to call them that, yeah. I remember when I had my business that, Henry Bloch, Barnett Helzberg. I could get him on the phone and they would talk to him.

Matt Condon:

They'll talk to you.

Kelly Scanlon:

Yeah.

Matt Condon:

And they'll talk to you in a really candid and honest and meaningful way and share their advice, offer their help. That is not common. That is unique to this marketplace. It's unique to the city and I think it's unbelievable and you don't have to have achieved success. I mean, I think if you're illustrating a willingness to give to this community and sacrifice and give back, those people are willing to have a conversation with you in ways that does not happen in other cities in this country.

Kelly Scanlon:

Yeah, I agree. I travel a lot for some of the boards that I'm on and I talk about what we have here in Kansas City and people are quite amazed and that whole aspect that you just brought up about people being willing to share, whether they're legacy folks, whether the people who are coming in behind them that may become the next legacy folks, there's conversations that go on and people just want to see you becomes successful too. And to make Kansas City a good place to live and work and play.

Matt Condon:

Yeah. You and I are Kansas City fans. I didn't grow up here, but I think, if I look at the last decade for me and the civic involvement... before I got involved, I probably thought that a lot of those things were pomp and circumstance and that people say what you want them to say in front of the cameras, but it's different behind closed doors and quite the opposite I found to be true.

Matt Condon:

When you close the doors and there's no more publicity around, you know what's going on. I've been so moved by how much iconic business leaders down to the people that are just getting started really care. Really genuinely care about the city, about where it is today and where it ought to be tomorrow and for no other reason than because that's who they are at a genuine place and this is a special place.

Kelly Scanlon:

Matt, I'm going to close it on that note. Thank you so much for all of the time and effort. I know that you have a young...

Matt Condon:

Thank you so much.

Kelly Scanlon:

Well you have a young family and you have lots of commitments, but even outside of your business, the time that you give to this community is amazing. Thank you so much.

Matt Condon:

Well part of this is thank you as well. Because what you do the same thing and you give so much back to this community. I'm thankful for you and really appreciate this opportunity.

Joe Close:

Thanks to Matt Condon for joining us for this week's episode and sharing how Bardavon is dynamically disrupting the healthcare industry and how he found success with his original investment ARC Physical Therapy. As Matt mentioned, Terry Christenberry and John Hansen, entry club banks, mergers and acquisitions, group, CC capital advisors helped Matt sell ARC Physical Therapy when the time was right. They assist clients all throughout the nation, mergers, acquisitions, and divestitures with extensive experience on the buy side, as well as the sell side of transactions. They look three stoplights ahead, drawing upon their wealth of experience and sharing their strategic vision with their clients.