



Episode 113: From Transactions to True Impact, With Marc Cabrera

Episode Summary

From New York to the Rocky Mountains, [Marc Cabrera's](#) journey has spanned high-stakes healthcare deals to hands-on community service. Once a Wall Street investment banker, Cabrera is now the founder of Four Corners Capital, a Colorado-based investment firm focused on healthcare. In this conversation with McGuireWoods partner and host [Geoff Cockrell](#), he shares how his view on making an impact has evolved — from executing milestone transactions to serving as a volunteer firefighter.

“For me, it comes down to this: If I’m going to spend an hour or a day doing something, what kind of impact can I have — for my community, the broader world, my family and myself?”

Tune in to hear Cabrera’s insights on time allocation, strategic networking and the lesser-known challenges of the deal advisory business.

Transcript

Voice over (00:00):

This is The Corner Series, a McGuireWoods series, exploring business and legal issues prevalent in today's private equity industry. Tune in with McGuireWoods partner, Geoff Cockrell, as he and specialists share real-world insight to help enhance your knowledge.

Geoff Cockrell (00:19):

Thank you for joining another episode of The Corner Series. I'm your host, Geoff Cockrell, a partner at McGuireWoods. Here at The Corner Series, we try to bring together dealmakers and thought leaders at the corner of healthcare and private equity investing. Today, I'm thrilled to be joined by my longtime friend, Marc Cabrera. Marc, for a long time, was a high-power investment banker, and now he's doing some other interesting things, and this is going to be a super fun conversation. Marc, give a little intro of yourself, and then we can jump into talking about some things.

Marc Cabrera (00:48):

Good morning. Thank you for having me, Geoff. Really thrilled to have this conversation with you. And I know you've developed a really nice following, so this will be fun. So quick background on me, I started my career in a very conventional way by joining a firm that's no longer around, it's part of Salomon Smith Barney, as an analyst. That was probably the hardest part, was getting into the industry, and basically made the decision along the way, even though I was tempted many times to leave the industry, I said, "I'm in the club now, so I want to stay here." And I ended up turning that into roughly a three-decade run. And part of that, of course, was supported by the fact that at an early age, I started focusing on healthcare. That's been clearly a very strong tailwind industry for folks like you and me, who can pick and choose various subsectors to become expert in.

Geoff Cockrell (01:39):

So Marc, you could have kept... We're about the same age, you're a little bit older than me, but just barely. You could have kept doing this for two more decades at the highest level, what's the thought process of changing direction?

Marc Cabrera (01:52):

So a couple things, and I think when I have conversations with finance professionals, legal professionals, a lot of times when the conversation gets to, let's say a second level, people want to know that they are fundamentally having some impact in the world. And for a very long time, I was very satisfied with my learning curve, my ability to touch various leaders in the healthcare industry, and certainly on Wall Street, just to operate in that orbit. In the last decade of my career, I was involved with a number of, I consider milestone transactions in the physician services and value-based care. And when I look at the derivative impact to society, to our community, I felt very proud about what we were doing.

(02:49):

Healthcare, just to put it in perspective, it's my personal perspective, when you think about things like balanced federal budget, you think about economic longevity for an economy like the U.S. economy, the trend of healthcare cost is probably the most significant factor in how successful we'll be as a nation going forward. I recently read a study that said if we could coattail healthcare spending for the government sponsored insurance programs by just 1%, that alone would have the most significant impact on allowing the federal government to balance its budget. So when you sort of distill that back to our respective roles in this industry, it's something to feel pretty good about. All that said, I think that there is a real question mark for a lot of people in the transaction advisory business around job satisfaction, correlating that to things like what's the meaning of what my personal journey is in life, and how do I balance that with family obligations and other interests? And ultimately, some of those things weighed a little bit more importantly for me when I made the decision to exit the sell side business.

Geoff Cockrell (04:03):

I know that you do some work as, I think it's a volunteer fireman. And when I think about impact... Because I think about these topics that you're describing as well, there's kind of big level impact where you're playing a part of something that is impactful for a lot of people, and then there's small level... And I don't mean that in a diminutive way, but concrete, with your hands, with an individual person that's right in front of you. How do you think about that, and does that impact some of the choices you've made?

Marc Cabrera (04:32):

It does. I do and have thought about that. I love the contrast. I was involved, about a little bit over a decade ago, in putting together, as an independent sponsor, a really large value-based primary care platform that served tens of thousands of Medicaid recipients in Florida, and would wake up every day and just feel good about the fact that this model had great clinical outcomes for tens of thousands of people.

(04:57):

That said, I do think there is a, let's say maybe... I don't want to call it full lack of appreciation, but I think people underestimate the power of a hands-on, face-to-face helping for one other person. And some of this gets into social psychology, but simply smiling, and asking how your barista's doing when she's or he's drawing your coffee, your espresso coffee in the morning, or helping someone with their groceries or carry package, those things can, for many, many people literally make their day or make their week. I feel like I have lived a very privileged life, operating at pretty high levels on Wall Street, and I don't think that is the typical daily existence for most people. I think we see that with spikes in mental health... Reported mental health issues, and other crises that we're facing. And so I candidly just like being able to switch between big impact and local hands-on impact.

Geoff Cockrell (05:58):

How much do you think about... I think about these things as well, just the resource of time, and if time is the constraining resource, what are you going to trade it for? How do you think about that?

Marc Cabrera (06:09):

I still think about that, Geoff. That's been almost like a... If you ever watch these shows or movies about mathematicians who are chasing that one resolution of some formula, esoteric formula, I feel like that has been a constant formula that I've tried to crack for a couple of decades now. I do know in our respective fields, there's a slightly different revenue model. Your model is closely aligned to trading time for revenue. Our model is similar, but we have to underwrite a certain amount of risk in the various new business things that we've chased. We're doing pitches, to get hired to sell companies, and then we put quotation marks around the word lucky, if we're lucky enough, we're smart enough to win, we then automatically take on the underwritten risk of getting that deal closed.

And so I've spent a very significant portion of my career trying to figure out a formula as to how to approach various things like time allocation on pitches, time allocation on deals, and things like that.

(07:20):

And over time, I probably adopted some of that in my life as well. And so it's easy to assign monetary value to things, and a long time ago, I was able to do that for an investment banking practice, where we assign values to things like, what is this pitch going to cost us? And what is the investment we're making for getting this deal closed? And we looked at profitability metrics from that perspective. For me personally today, it is largely a question of, if I'm going to spend an hour or a day doing something, what is the impact I might have for my community, for the broader community, for my family, and then for myself? Just when I think about it from a personal growth perspective. So I'm probably more mindful of my time today, even though in theory, I have more of it since I'm not being crushed by a bunch of deal execution projects.

Geoff Cockrell (08:14):

You talk about time allocation in the context of developing and building business, and I'm pretty heavily involved in that exercise with people at my firm. I'd be curious to your perspective on, take a, in my universe, it'd be a young partner, in your universe, maybe a young MD, where do you think they go wrong in that allocation of time or ROI analysis? Where do people go wrong?

Marc Cabrera (08:42):

I love this question, Geoff. So I think what I consider to be an important, let's say analysis around time allocation, would be return on time investment. And I think where people might go astray in this is, they view the value of every hour the same, because, of course, time is measured, and the metric is the same for everybody, but I'm a big believer that... And I think this holds true in a lot of areas, it holds true in health, it holds true in fitness, it holds true in personal finance, I'm a big believer in the value of compounding. And so what I think of as higher powered investments for the same amount of time would be, for example, a young professional evaluating their professional network.

(09:29):

When I started a brand new investment banking office in South Florida a couple decades ago, I spent 36 months very, very proactively networking. And that first 36 months was pretty brutal, because, for me, every hour was relatively the same. I would drive from Miami to Palm Beach to do a coffee meeting, and if anyone knows what the traffic's like on I-95, they'd think I was crazy just to even think about doing that. But after 36 months, I had a dataset of meetings, referrals, referral sources, deals. And what I found was that the 80/20 rule was very much in effect. 80% of my good deal flow, deals that converted to one mandate, deals that in terms of closed deals were referred to me by 20% of my network. And so I then spent the next decade effectively over-investing in that 20%. And so I had developed a recurring revenue model by emphasizing more important hours with my most important referral sources.

(10:41):

And I think that can be a tough analysis for people, because if I get a call from someone to go meet for coffee or breakfast, and I happen to know that they're not one of my more effective referral network... Someone who's a referral source in my network, it's a tough social call to say, "I'm going to pass on that. I'm going to call up so-and-so, and I'm going to go meet Geoff for coffee, because I haven't seen him in a year, and we're overdue." And I don't want to just rely on your great conference to see you, because I know you're busy when you host that conference. So it's things like that where you do have to make that... Let's say the rational choice, and there's some social implications in that, there's potentially professional implications. But when you do the math, the math ultimately works. And so what I would encourage young professionals to do is to think strategically, and consider those hours that you have as potentially being valued differently when you're deploying them on this client versus that client, or this referral source versus that referral source.

Geoff Cockrell (11:42):

When I'm talking with folks, I... I think that's all great advice, and I would sometimes layer in few additional thoughts, and that is that there's often a disconnect between the R and the I in time. I tell people that building something is like pushing a giant stone flywheel, that you push it so hard at the beginning, and you're pushing, and you're pushing, and it doesn't do anything. But if you keep pushing it, two things will happen. One is, it'll start to pick up a little speed, and it gets a little easier to push, but you have to keep pushing it, but it gets a little bit easier to push, and eventually, things start spinning up. And I find that folks... Two related mistakes that folks make, they will stop pushing hard enough before they've given it enough time to actually work. And then secondly and relatedly, failure to appreciate just the raw effort that it takes.

(12:38):

In my world, you're practicing law, you're billing in six minute increments, you're responsible for lots of things, and this is just more stuff on top. And folks will do some of that, but not enough of that, or not enough of that for long enough, and they'll have the mistaken idea that, if I do 50% of the full amount that it might take, maybe I'll have a 50% return on that, and it'll just take me longer. When in reality, you are more likely to get a 0% return on that, because you didn't push it hard enough and long enough for it to actually work. So I think strategic is unequivocally important, but just the raw push on it is sometimes an aspect of it that people are not ready for.

Marc Cabrera (13:25):

I love that framework, and there's lots of almost like folktale analogies around how that applies. It's like the concept of, I need to break this stone in half, I'm going to hit it with a sledgehammer. And I hit it 49 times, and literally nothing's happening, but on the 50th, the entire big stone just splits in half. And I think what you're alluding to, or something that I observe around that is the lack of visible progress. And we've become very conditioned to immediate gratification, social media certainly enhanced that sensitivity in us, it's a natural human condition. But my experience was that first three

years of opening an office for a boutique advisory firm were brutal, because I didn't see the same, I didn't see any progress.

(14:16):

My first year, I think I did maybe a million dollars of revenue, and the second year is maybe half of that. And you're looking and saying, "God, I'm doing all this networking, I'm doing all these meetings, and I've got nothing to show for it." But I'll tell you what happened in starting in year three and sort of never stopped is, all of a sudden, the referrals came in so that my practice started out in the mid-single digits of revenue, and then over time, grew to double digits of millions of revenue, and that never stopped after that, and that's that flywheel effect. So I always encourage people to adopt a slightly longer timeframe than they typically have, and I also tell them to not let up on the effort, because every expender of energy, every coffee meeting is a deposit in that bank. And the great thing about that type of bank account is there is no limit to the ROI, it can continue for literally decades after that.

Geoff Cockrell (15:16):

I see you post a lot on health topics in addition to being much busier than I remembered you, how has your thinking on health changed?

Marc Cabrera (15:25):

Well, the harsh truth about me is my health bar was pretty low in my 20s. For me, health was, "Okay, am I going to have to spend the entire night at the office getting a pitch book done, or completing an LBO model?" And if I got to go home, and shower, and change my suit, that was a win. And I did that for a near decade in Manhattan, and I will tell you, it took a toll. That is the dark side of the deal advisory business, and I don't care whether you're a banker, lawyer, accountant, private equity professional, you and I know all too well the tempo, momentum that's expected in getting deals done, that crowds out most personal considerations.

(16:12):

And so for me, when I was young and single, I could get by with just doing a triple espresso, or changing my shirt and tie in the office, and just kind of grinding it out. When I got to my 30s, I started to feel that a little bit more, and I felt that both physically and mentally. And my view is, I call it this isn't about achieving work-life balance, it's really... Again, I go back to the concept of ROI. I fundamentally believe that to be successful in our business, you have to just be in it long enough for a couple of reasons. Number one, nobody can predict the markets. And yet when you go back and look at... Especially in private equity and in investment banking, where the correlation to trading time for revenue isn't as exact as it is in legal, I can point to a couple of years that were just blockbuster years.

(17:07):

So for example, from 2010 to 2020, if I generated 100 cents in dollar of revenue for that decade, 40 cents of it was generated in two years. And if you're at the right firm, the compensation will line up, and so what you're really talking about to win is longevity. It's not being the smartest, it's not working the hardest, it's just having the personal energy management system to allow you to stay in it, and do all the things that you do well every day for a year, for five years, a decade.

(17:40):

And so the things that became very important for me, and I'll go back to what we were talking about, about how you invest your time, I translated that into I invest my energy. And so what I found was when I started to adopt a more disciplined workout practice, like, "Hey," I tell my team, "I'm leaving the office, I'm going to this workout at 5:00 PM. I will be back at 6:30." But nobody's going to interrupt me while I'm doing my thing for an hour 15. And what I found was that the derivative or ripple effect in my energy system let me become way more efficient as a professional advisor. And that was kind of a light bulb moment, it unfortunately took me a little while to figure that out, I was probably in my mid-30s when I figured that out. I think folks are a lot healthier at a lot younger age today when they enter our demanding profession. But for me, health is longevity, longevity is career success, it's as simple as that.

Geoff Cockrell (18:39):

Last question. As you look forward, what are you excited about?

Marc Cabrera (18:43):

Personally, I'm excited about... I'm going to describe it as having my fingers in a couple of different pies. I will continue to do some form of first responder work, because I like the hands-on aspects of helping someone on potentially the worst day of their lives. I'm involved still as an independent sponsor, looking for platforms with 3 to 10 million of EBITDA, typically with a little bit of a story around them. I'm very, very bullish on behavioral health these days. I am less bullish on some of the legacy sectors that have seen a lot of consolidation, like physician services is, I think, going through a pretty tough time right now. So that part is really fun for me to look at various behavioral health assets.

(19:29):

I'm spending a lot of time with my family. I've got a 13-year-old son and a 20-year-old daughter, and we're having a lot of fun traveling and doing things together, and that is really, really priceless. If you can afford to do that, the ROI is infinite there. And then I do continue to operate with this concept, Geoff, of non-negotiables on my calendar. So I still wake up Sunday morning and schedule out my week, and the first things I put in there are when I'm going to meet my fitness coach, or when I'm going to do a hike with my wife or something. So not completely out of the finance game, but try to do it in a way where my energy returns is a lot more concentrated.

Geoff Cockrell (20:10):

Marc, we could talk all day, but I think we'll end it there. I really appreciate you joining. I love watching you on social media, you've always got interesting things to say, and you highlight interesting other people, but it's fun to see what they have to say. So I really appreciate that, and thank you so much for joining me. It's been a ton of fun.

Marc Cabrera (20:28):

Thank you, Geoff. Really appreciate being with you, and having this conversation this morning. Thank you for very thoughtful and thought-provoking questions. I can't wait to listen to this podcast episode, because I've enjoyed the other ones that you've produced, so thank you for that.

Voice over (20:47):

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