

Anchor Health Properties Celebrates 30 Years

Anchor Health Properties is celebrating 30 years in 2015! We sat down with Paula Crowley, CEO and Lou Sachs, President, for a Q&A to reflect on the last 30 years as they transitioned from retail to healthcare development.

1) How did Anchor Health Properties begin?

Lou: This is an interesting question because we really didn't begin with Anchor Health Properties. Paula and I were working at The Rouse Company, a major shopping center developer in Columbia, Maryland, and hardly knew each other. Incredibly, we each left the company on the same day in March 1985, and obviously had no intention of starting a company together. Shortly after that we connected up and formed a retail development company, Metropolitan Partners, where we purchased and renovated undervalued community shopping centers and turned around a number of existing centers that needed new energy and releasing. When the real estate market crashed in '89 and '90, we downsized from about a dozen to only three – Paula, a secretary and me in one room. The interesting thing is that 25 years later, Paula and I still share an office. Anyway, it was in the early '90s that we began our transition into a healthcare development company and became Anchor Health Properties.

Paula: The real estate market had gone through turmoil in the early '90s and capital for new projects was scarce. We had to downsize to 3- Lou, a secretary and myself. We spent a couple years in transition where we worked with second and third tiered cities to revitalize their downtowns. As luck would have it we were leasing space from a design company who worked primarily with the healthcare industry. We began to explore ways in which we could use our retail development expertise in healthcare, especially in the outpatient setting. We put together a strategic plan and were determined to find out if there was a place for a customer oriented approach in healthcare. It ended up being a very natural transition because we found there was a real market to bring the retail approach to healthcare.

2) Why the name Anchor?

Lou: When we changed our name to Anchor Health Properties we chose the name to reflect not only our new direction into healthcare development, but also to recognize our retail roots, and that we were bringing a retail approach to the medical development process – understanding a healthcare system's brand, culture and competition -- and applying the most basic retail fundamentals of location, access, visibility and customer service to all of our projects. Our hospital clients became the new anchor in our development projects.

3) It's very unique that you both share an office, how does that work?

Paula: The irony is, the current trend in commercial building floor plates is open space and we've been doing this for 30 years. It's really great because it brings together a collaborative culture. The rest of the office is designed as an open floorplan with cubes

instead of closed offices. We prefer people getting up and bouncing ideas off of their peers instead of sitting in separate offices and emailing each other.

Lou: Our styles are different. My area is pretty cluttered and Paula's is always neat. At least it looks that way to me. We work well together because we value each other's opinions. It's easy to be in a moment and turn to Paula and ask her what she thinks and vice versa. The rest of our office is open space and I think everyone feels very comfortable in team work and collaborating with one another.

4) Tell us about a significant moment in your career.

Paula: When I left the Rouse Company I was given a framed conductor's baton to symbolize the tool of the developer. It became representative as to how Lou and I wanted to run our company. It takes a great team of people to achieve a successful development just as it takes a group of talented individuals in an orchestra to make a really great sound.

Lou: I think it's pretty clear that it was the real estate turmoil of the late '80s and early '90s when we had to shift gears. We'd had a pretty normal existence developing shopping centers up to that point, and then we entered a very different business. It was an industry that, at the time, had very little definition.

5) How has the industry changed since you began business 30 years ago?

Paula: The industry has gotten bigger with larger institutional players. I don't think the company, our culture or how we've done business has changed, as we've continually pushed ourselves to be ahead of the curve.

Lou: When we started in healthcare there really wasn't an industry- certainly nothing like the one that there is today. There was very little strategic healthcare development being done by developers for hospitals. The industry came out of nowhere. When we began developing medical facilities for hospitals, we were really doing a new thing. It's now become a big business with large competitors.

6) How has the company changed?

Paula: The way we approach business hasn't changed. We've always been collaborative but most importantly, we've created an environment for creativity, independent thinking and a platform for solving the complicated issues associated with the delivery of healthcare. And we have always thought about healthcare through a retail lens. In the early years it was about convenience and customer service and over time it has expanded to include the critical "retail" industry fundamentals of strategy, markets and competition, and creating a brand.

Lou: Keeping to a size of about a dozen professionals, we've always been nimble and better prepared for changes in the industry. I remember once we were in a meeting with one of our partners - a large public REIT - and one of their executives turned to me and said, "It's interesting how differently you approach development projects. We

approach our projects analytically. Anchor's approach isn't only analytical, but it's also really intellectual". I've never forgotten that, because it says a lot about Anchor, and our people. Everyone in our office is a professional. We don't have a back office. Virtually everyone is expected to be able to carry the flag - whether that means meeting with a hospital CEO or presenting to a hospital board or at a public meeting. People skills are something that really drives our organization. I always say that if you were to take a scale and put education, technical skills and experience on one side, and people skills on the other, it would balance quite well.

7) What is your favorite memory from your 30 years as a company?

Paula: I think the opening of the Health and Wellness Center by Doylestown Hospital in Warrington, Pennsylvania in 2001. For our company, it was a differentiator. I knew if we could open up this ambulatory center the way we wanted to it would be a game changer. At the end of the day it became symbolic of what every hospital wanted to be; the retailing of healthcare is totally embodied in this project. This project put us on the map, it gave us the confidence that we could compete with the "big boys".

Lou: My god, what's my favorite memory? This may sound corny, but I've got a lot of favorite memories. We've had a lot of fun. If I had to pick my favorite memory, it really isn't a moment. It's looking where we were and where we are now. It's really amazing, and I don't think Paula and I ever stop to think about this. There was no business going on in real estate in the early 90s, and a large number of major developers across North America went under. It was horrific. We downsized as I mentioned before. It was rough. We didn't take a salary for quite a while because there wasn't one to take. Incredibly, neither of us ever looked at the other and said "You know, I think I'd better find a paying job." We never gave up. We were lucky as hell to be leasing space from a design firm that was doing a lot of healthcare work, and that got us thinking about how we might apply our development skills to healthcare. It's often better to be lucky than smart, for sure.

8) Any predictions for the industry over the next two years?

Paula: I think it's almost impossible to predict, but it's clearly going to continue to change. It's going to be made up of fewer big hospitals and we are going to continue to move to the outpatient arena because it's more flexible, less expensive, more customer service oriented and better for the physicians. Many companies in our business are fearful of what has been going on the past several years but we see this as an opportunity. We can sense change, address it and come up with a solution. To be successful in the current marketplace, you have to be able to move quickly and solve problems. It may seem chaotic to other organizations but we love it. Even in the downturn we continued to do well because we weren't afraid of what was going on, we saw it as an opportunity to provide a service.

Lou: There will be a consolidation of hospitals. You'll see fewer independent hospitals and larger health systems. Healthcare is constantly changing because of technology. You know, five to 10 years ago you had procedures done in hospitals that aren't done in hospitals anymore. Change is the best thing for our company; we just have to continue

being nimble to address it. The beauty is that there is always something new for us to do.