



**SUNSTONE
MANAGEMENT
ADVISORS**



GUIDING HEALTHCARE LEADERS THROUGH STORMY MARKETS AND CHANGING TIDES

Welcome to the December edition of our monthly eNewsletter – The Helm. Each month, our Operating Partners share insights to help leaders navigate complex challenges, sharpen performance, and unlock enterprise value. Like the ancient Vikings who used the Sunstone to find their path, we help you see beyond the horizon, plot your direction, and chart a course for a successful journey.

Please let us know if you have any recommendations for topics/content for future editions of The Helm, or ways we can make it more valuable to you.



Mike Murphy

Founder and Managing Partner



Joe Rolewicz

Founder and Managing Director

Headwinds & Currents

Healthcare spending continues to grow, fueled by innovation and rising costs from an aging, increasingly unhealthy population. While this creates growth opportunities, some newer businesses are struggling to capitalize on this potential. Given the complexities of the ecosystem, these alluring “Blue ocean” markets pose a cautionary tale.

A Recent SMA Client Voyage

The Client's Storm

An automobile insurer expanded its margins by building a scalable, low-cost infrastructure. That created profitability gains from M&A. While successful, the business lacked the potential for dramatic same-store growth, so leadership explored expansion into new markets, specifically Life, Accident and Health (LAH). After considering an acquisition strategy, they decided to build the business from scratch and pursue

complementary “tuck-in” acquisitions. Significant challenges were clear:

- No in-house LAH expertise, believing that existing skills and technology from the current business could be leveraged
- No licensure/policy forms and long lead times to navigate the approval process
- No existing operating infrastructure
- Crowded market with high barriers to entry
- Executive Leadership expectations of rapid growth and profitability
- Little tolerance for “burn rates” or long ROI timelines

Viewing Through the Sunstone



- Developed a strategy for entering a crowded but emerging ACA market. Built on capturing distribution through agent financing, clean one-stop user interfaces, and fresh, consumer-friendly versions of products.
- Instituted rigorous discipline to minimize SG&A and capital while emphasizing speed-to-market.
- Built an insurer that sold through wholesalers and an independent distribution profit center.
- Abandoned trying to leverage current technology. Developed an LAH-specific infrastructure with rapid deployment and low capital outlays with a precise outsourcing strategy.
- Acquired “tuck-in” properties and realized significant synergies.

Signals



\$400M+
Revenue Growth
in under 4 years



\$20M+
EBITDA



\$50M+
in organic new
products

“Start with a carefully researched strategy and regularly challenge assumptions and adjust accordingly. Focus on speed to market and minimize sunk costs to maximize flexibility for adaptation. Top-line

ambition without these fundamentals can lead to a fragile business."

Compass Points



- In building your executive team, seek experts with deep technical knowledge. Look for “doers” who get their hands dirty.
- Stress speed to market and revenue realization
- Establish controls to ensure robust integration for outsourced functions and execute with precision to avoid market setbacks.
- Minimize cash outlays. Slowly build staff, leveraging itinerant expertise.
- Aggressively test assumptions and discard held beliefs regardless of how foundational they seemed.

Set Your Heading



- Financials (values and timing) track to your strategy
- Sales metrics matching expectations
- Marketing metrics (sales activity, win/loss insights – who and why) tracking to your strategic assumptions
- Contribution margin (revenues minus direct expenses) generates sustainable incremental profit.

Book a Complimentary Voyage Briefing

[Click to Book a Call](#)

If our perspectives on growth, transformation, and value creation resonate with you, let's schedule a brief introductory call. We'll listen, learn, and explore how our paths might align—no obligations, just dialogue.

Are You Ready to Be Extraordinary... To Go Beyond...?

www.sunstonemanagementadvisors.com