

Excerpt from *Business Success in Tough Times*

## Perseverance

Things went well for a while. Paula Crowley says, “We were very successful. We bought retail shopping centers. We renovated and repositioned them. We did that for about five or six years. But then the music stopped. It really had nothing to do with us. We were pretty conservative, borrowing from banks and doing real projects with real estate as opposed to what a lot of the world was doing with limited partnerships and banks lending on projects they had never seen. And then banks began taking over projects and the market went completely berserk.”

**The late 1980s and early 1990s were the time of the savings and loan debacle that led to even very solvent real estate companies losing bank financing. Lou Sachs says, “There was a credit crunch when banks literally dropped their real estate departments. You could not go for a commercial real estate loan to any major bank – or any minor bank, for that matter – and get a loan for any real estate project.”**

**New deals disappeared. Their income dried up so completely that Crowley and Sachs lived off their savings for two years, unable to draw a salary.** Their working conditions were certainly not ideal. “We rented one room that was so small,” says Sachs, “if I was on the telephone and Paula was printing something out on the printer, it made so much noise that I had to put my coat over my head so people on the phone wouldn’t realize I was sitting literally on top of the printer. Our office was barely big enough for two desks.”

The only new work they could bring in was consulting for small projects in medium-sized cities. Both partners say that it was hard to work on projects that were underfunded and where the people they worked with didn’t have a lot of innovation or energy.

Crowley says, “We were renting a room at a graphics firm. Their clients were predominantly in the health care industry, and almost by osmosis – by being there and hanging out with them – we were introduced to the hospital business. We weren’t doing any work for hospitals, but we learned about that market.”

**She saw a way to use their experience in a new field. “There was so little interesting real estate work being done in health care. What if we took what we had been doing all these years in real estate and applied it to health care?** As we formulated this idea, we talked to some of our former colleagues from Rouse and other knowledgeable real estate people. We wanted to know if these people thought that our concept of integrating outpatient health care services with related retail shopping would work.”

Their friends, who consulted with them at no charge, agreed that health care had possibilities. Crowley says that the basic idea was putting retail stores in proximity with health care properties. Some of the stores would come there because the location was good, and some stores would be there because they sold items related to health care.

**Crowley continues, “We were convinced that the idea had some legitimacy, and we had to put a business plan around it. Through a contact, I was**

**introduced to the head of ambulatory care for Mercy Health Systems. Mercy was pretty forward thinking because a lot of hospitals didn't even have that type of position on staff. I met with the person at Mercy once a week for a couple of months. One day I said to her, 'We'd like to actually do a project.' She said to me, 'I've been waiting for you to ask me. I think I can get you a meeting with my CEO.'"**