

# Seeing a Private Company Through Two Rapid-Fire Deals

The CFO of a growing contact-lens distributor talks about leading the firm through an acquisition and a large merger in the same year.

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About a year ago, Paul Sherman had a once-in-a-career opportunity. As the CFO of ABB Optical Group, he had just finished shepherding ABB, the largest contact lens distributor in the United States, through a sale to New Mountain Capital, a New York-based private equity firm. And then, the day after the sale closed, the phone rang at New Mountain.



**Paul Sherman, CFO of  
ABB Optical**

It was the investment bank of Optical Distributor Group, the number two contact lens distributor, Sherman says. ODG wanted to merge. “At the time we would have thought that we would have continued on our acquisition track, that maybe we might have been able to acquire numbers three, four, five, six and seven in the industry. But we straightaway flipped into due-diligence mode and made [a merger with ODG] a priority,” Sherman says.

It’s a tall order, pivoting that quickly. But Sherman has quickly shifted gears many times throughout his career. His role changed several times in the 10 years that he worked at Burger King Corp. Sherman moved from internal accounting manager to vice president of finance of the corporate restaurants division and then to VP of operations excellence. He also has a wealth of experience managing private-equity-owned firms, including several years as finance chief at real estate company LNR Property, acquired by Cerberus Capital Management in 2005.

Now that ABB and ODG have merged, Sherman’s shifting back into organic growth mode. When he started at ABB in late 2009, the firm had about \$350 million in revenue. Today, it’s a billion dollar company and hopes to grow to \$2 or \$3 billion.

CFO spoke with Sherman about his strengths as CFO and the company’s plans for growth. The interview, edited for clarity, follows.

## **Tell me a little bit about what ABB does.**

We’re dedicated to being the premier optical industry platform. We supply 30,000 eye-care professionals, retail stores, hospitals and universities with brand name contact lenses and other optical products, and tailored business solutions. Very simply, doctors go to school to learn to treat diseases of the eye and to help patients. They come out of school and they face the chaos of managing a business. We serve as independent trusted advisers. We bring order to their chaos and help them to become better businessmen and women because of the services and advice that we provide.

## **What does that mean exactly? What kind of advice do you give them?**

We help them to set retail pricing. We share data and benchmark their practice against the top 500 practices in the country. So they see the trends of the industry. So it’s not a case of ‘doctor, take our word for it.’ It’s ‘look at what your peers are doing.’ It’s helping them understand the manufacturers’ promotions and how they can best purchase [the manufacturers’] products based on those promotions. Or we provide the website for their for customers to place orders. And because we service them with each of the manufacturers’ products, they can have all the products in one box, one bill, one shipping charge, rather than going to four different manufacturers.

## **ABB recently merged with Optical Distributor Group. Where else are you looking to grow?**

We can continue to grow within the area of contact lenses, helping the eye-care practitioners to grow their contact lens practices. We can gain new business from doctors that are still going direct to the manufacturer or using a smaller regional distributor. There are regional and national optical chains we can service. But then there are also other areas within the optical industry. We have a digital eye lab, so we manufacture the lenses that go in glasses and we can distribute other optical products, such as frames.

**What was the merger experience like as the CFO?**

As far this company at that point in time, it was a once in a lifetime opportunity, the experience of flipping from being the acquired to the acquirer of a very large company with very differing culture, practices and methodologies. I had to work with the [Federal Trade Commission] to show them that the transaction was still in the best interest of eye-care practitioners. We've invested in the people, tools and infrastructure to be the doctor's best option. What the merger enabled us to do is continue to invest to always be the best option. They shouldn't be using us because we're the biggest. We should always be able to demonstrate to the doctor that we are their best option.

**As a CFO, what did that acquisition, followed by the merger, require you to do and how did you pivot so quickly?**

Have a lot of energy. It's a lot of work to go through a sale process and continue to ensure the business is operating. And similarly to flip into an an acquisition process.

**What is ABB's relationship with New Mountain like?**

In our case, we were a growing, profitable, very successful company that New Mountain were choosing to invest in because of our growth and because of the management team. So in our case, it's been a fantastic relationship. It's very different if a private equity firm is buying a struggling turnaround, because obviously then they've got to strongly consider the management team and maybe bring in different people.

**How involved do you get in strategy?**

Very involved. It's my upbringing. At Burger King and LNR, I was in planning and strategy roles for many years. Unlike some CFOs that come up through a technical accounting route, while I've been a controller, most of my years have been spent on planning and strategy. It's about mapping out and understanding our growth and being able to translate that into words and charts and numbers and a vision; that's a very big part of my job. I like to challenge my colleagues to think about what's possible. New Mountain's approach is heavily geared towards understanding that strategy and the alternatives that we have. The CFO has got to be part of driving the strategy-setting process and protecting the company at the same time.

**How did your previous roles prepare you for your current position?**

I've worn a lot of different hats. I was controller of an acquisitive public company in London. So I have international experience. I have experience in distribution and manufacturing, commercial real estate, fast-food restaurants and retail. I have experience in public and private equity environments, at large companies and small to mid-market firms, and then at institutional and entrepreneurial companies. I've always enjoyed that my career has been constant change, very fast-paced. It wasn't as if I'd just had a slow, steady career and then all of a sudden the acquisition and the merger happened.

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