Ruthless Prioritization and How it Can Help Every Medtech Startup: Interview with Paul Buckman, Former CEO of Conventus, SentreHEART, and Pathway Medical Technologies

Scott Nelson: A few years ago, I had the privilege of sitting down and talking with serial medtech entrepreneur Paul Buckman, who at the time was CEO of Conventus Orthopedics. Prior to Conventus Paul held CEO roles at a variety of startups, including Pathway Medical Technologies, which sold to Bayer healthcare, and Devax which sold to Biosensors International. From 2004 through 2006 Paul served as President of the Cardiology Division of St Jude Medical and prior to St Jude, he served as Chairman and CEO of Ev3, a company that Buckman co-founded and was later acquired by Covidien for two and a half billion.

Yeah, that's a billion with a B that was back in 2010. Paul's worked in the medical device industry for over 35 years, including 10 years at SciMed in Boston Scientific, where he held several executive positions before becoming President of the Cardiology Division at Boston Sci in January of 2000. As you can imagine, we covered a wide variety of topics in this interview with Paul. But here are a few things that really stand out:

- Of all the medtech startups that Paul has been a part of the two that are closest to his heart.
- Two of the many key learnings that Paul recalls during his time helping to build SciMed before Boston Scientific later acquired a company.
- When it comes to product development from medtech startups, why it's critical to be ruthless about prioritization
- Paul's rationale for making the leap from President of Boston Scientific's cardiology business to starting Ev3 three in the early 2000s.

So, without further ado, let's get to this phenomenal interview with Paul Buckman.

Scott Nelson: Paul. Thanks for joining the Medsider program. Appreciate your coming on

Paul Buckman: My pleasure.

Scott Nelson: All right, Paul, you've been a part of several medtech startups that have gone on to a successful exit. SciMed, Ev3, Pathway, Etc. The list goes on and on. It's probably like asking which of your kids do you like the best? But is there a favorite that comes to mind or one that really stands out as you look back at the arc of your medtech career?

Paul Buckman: Well that is a hard question. Scott, I'll tell you that. I probably learned the most about building and managing a high growth company while I was at Sci Med which was in most of the decade of the 90s. That was a great opportunity for me. We had a stellar group at SciMed of really competitive people, and the company culture that had been developed there was developed around high performance and high growth. So, it was an interventional cardiology company. It was a terrific time to be in interventional cardiology because the market was taking off. It was a really exciting part of the medtech market, and SciMed was not the biggest player. We were kind of number three I would say maybe when I joined, maybe even number four, I can't remember. But it was very a dynamic market and I just learned a lot about you know how to manage and build a high growth company.

SciMed had such good people on such good leaders and such a good culture that it was a great place for someone in my position, coming out of mostly a sales background to learn a lot about how to do that on the inside of a company, and SciMed was clearly a sales-driven company. We were also product development driven because the interventional cardiology market was a product, almost a horse race you could call it. Every company it was a race to see who could come out with the next generation product, the next iteration of a product and it was truly a race to market share and to market leadership. It was so fun to be in that because SciMed had this competitive nature to it and kind of a take no prisoners attitude that it was just really fun, and we grew a tone. I would say in the nine or 10 years I was there; I think we went from probably less than 100 million in revenues to almost two billion in revenues just in that window of time.

I think it was like eight years, nine years. So, you learn a lot about operating in a company that's growing at that rate and I probably learned more there than I did any place. So, that's hard to leave that one out as a favorite. But then Ev3 also has a special place in my heart too because Ev3 was just a really unique opportunity and it was the first time I had ever been involved in a company literally from scratch, where I was like the first person or the first employee in the first person to come in and lead it. That really stands out because not only was it a unique experience, but it maybe was the hardest job that I've had. You know, Ev3 was, I don't know how much you know about it, but it was a situation where we aggregated essentially a lot of very different early-stage companies together in a really short period of time while we were simultaneously attempting to build a strong corporate culture that would sustain a high growth vision over time.

It was a venture that was done in partnership with Warburg Pincus which is a very large private equity firm out of New York. At that time, I would say they probably had around 25 billion under management, and they were interested in doing what they termed a cardiology roll-off. They had Dale Spencer, who was the original CEO of SciMed and who I had worked with at both SciMed and Boston Scientific and who was a bit of a mentor to me. He was working with Warburg as a consultant. He had basically left Boston Scientific semi-retired, was working as a consultant with Warburg, and they wanted him to lead this cardiology roll-up. Dale decided that he really didn't want to go back into being a CEO. So, he told Warburg. He said, Look, I'll be the Chairman of the board and I've got just the guy for you to be the CEO and to run to build this thing.

So, he came to me in Boston. I had only about a year or so, a year and 1/2 earlier, then promoted to President of Boston Scientific Cardiology, which was by far their biggest division and it was a great opportunity for me. Dale came to me and he said Paul, I would not ask you to leave an opportunity like that if it wasn't for something really special. He said these kind of opportunities are once in a lifetime career opportunities to not only build a company from scratch but to be able to do that with hundreds of millions of dollars of capital committed to back you up and do it. He said, that just doesn't happen very often, and he said I think it would be a terrific opportunity and you're the kind of guy that we need to do that.

So, I went out and met with Warburg and talked to them about their vision and what were their expectations. I talked to a few other people that I kind of rely on for advice and decided to take the plunge and do it. I did persuade Warburg and Dale that it might make more sense for us to not limit the venture to just cardiology, but to expand that a little bit so that as we invested in technologies and therapies that we could maybe leverage them across different clinical opportunities in the vascular space and therefore maybe get a better return on those investments which is a small early-stage venture we needed to be able to do. We didn't have the wherewithal of the big companies even though we had a lot of capital behind us. So, we morphed what was going to be cardiology roll up into a vascular roll-up, which included neural vascular, cardiology, and powerful vascular. That's where the Ev3 came from, three different pathways of endovascular therapy.

Scott Nelson: Got it. Such a good story. I remember Paul Kapsner mentioning that's where the three in Ev3 came from because I think a lot of people don't realize they think of Ev3 as either a neuro or peripheral vascular company and they forget that first started as a cardiology company. So, that's interesting that you call that as well.

Paul Buckman: Yeah. That's right and speaking of Paul, Paul was probably I think, the third employee of the company. It was myself and Stacy Enxing Seng, and then Paul Kapsner. We all work together at Boston Scientific and SciMed and we really were the first 3 employees of the company. We came in all as consultants really to begin with. We hadn't formed a company yet, and so it was that early of a stage company and we were literally on the fly building strategy and the plan to execute. So, that made Ev3 also a very unique opportunity that's close to my heart because it was a wonderful experience to have to do every aspect of the business creation and business development. I didn't really have the experience at that point to do all that. A lot of that was coming at me, brand new and coming at all of this brand new. So, it was a huge challenge from a career standpoint as well for all of us, and therefore it was a great learning experience, So, it's near and dear to my heart.

Scott Nelson: Got that. I want to circle back around and ask you for a little bit more detail in regards to sort of your mindset at the time making a leap from a very good position, I think from anyone's perspective as the president of Boston Scientific's largest business unit in cardiology to a well-funded but very, very small company in Ev3. So, I want to get your take on that. I think there may be some people listening that are in somewhat similar shoes and I want to maybe take that leap and probably are interested in getting your feedback on that. But let's save that question because I do want to set the stage for people that are a little bit unfamiliar with your background. I provided an intro to this interview but you're currently the President and CEO of Conventus. Can you first give us an overview of your device as well as maybe the problem you're trying to solve for and then maybe give us a little bit of a better picture for where Conventus is at in regards to regulatory clearances and commercialization?

Paul Buckman: Yeah sure. So, the co-founders of Conventus Orthopedics are a couple of engineers that I worked with at St. Jude Medical who I thought were just terrific engineers, terrific guys to work with and I really enjoyed that. They basically ran a skunkworks for us at St. Jude and did a really terrific job at it. So, when they decided to leave St. Jude and start a company, they asked me if I would help them do that and I said, sure, I'd love to. So, they had a few different ideas for medical device therapies, and they went out and started testing their hypotheses on those ideas. The one that came back that seemed to have the strongest opportunity was this implantable self-expanding nitinol cage that would be used to repair bone fractures. Basically, periarticular fractures at the end bone. Because these guys had a lot of expertise with nitinol specifically and in medical device design and development more broadly. I thought it was a good opportunity.

So, I decided to help them raise their initial Series A funding and join their board of directors from the very outset. So, that was in 2009 and I went to a couple of friends of mine who were in the venture business. One was Dan Cole, who I worked with at Edwards and SciMed and Boston Scientific and he was running Spray Ventures at the time. I also went to another friend of mine by the name of Keith Grossman who was working for TPG Biotech, which was a large venture firm for a private equity firm. Those two knew each other well so I said, would you guys be willing to come in and partner on this together and put the early money in? They agreed to do it. They met the two co-founders and really like them, Paul Hendrix, and Mike Brendsel and so they put in the initial seven million dollars of funding and we were off to the races.

Basically, the board of directors was me, Dan Cole, Keith Grossman, and then the CEO who was Paul Hendrix, one of the co-founders. That's how we got started. Later on, again. this was a situation where Conventus, later on, it took them three years to get their initial 510 (k) clearance with the US FDA, and that was significantly longer than we had funded the company for, and it had anticipated. So, as you might guess, the company ran out of money and they still didn't have their FDA clearance so nobody else would invest. One thing led to another, and Paul was who was the first time technical CEO co-founder was having trouble getting the money raised because a lot of venture funds don't like to invest in first time CEO. That just happens. It's nothing against him personally. It just happened.

So, the board asked me if I'd come in a CEO and take over, and I did and we ended up recapitalizing the company, bringing in new funding, and moving forward. Then we actually were able to get a number of regulatory clearances in succession. We now have, I think, three or four. We're only concentrating on two. One is in what's called the distal radius, which is the wrist and the other is in the proximal humerus which is in the shoulder. Then we also have the proximal radius, which is the elbow, and we have the proximal and distal ulna. So, we technically have five FDA 510 (k) clearances, but we're really only focused on two of them from a market standpoint at this time.

So, that's what the company has. It's a very unique and differentiated technology, and it has a number of advantages over the current standard of care, which would be metal plates and screws, and you know the challenges going out and getting orthopedic surgeons who tend to do things the way they were trained to do them with the products they were trained to do them on. So, it's a bit of a process getting people to change how they practice and to use a new technology that looks and acts completely different. But at the same time, we've been able to show that the technology has a lot of benefits over the existing standard of care. Slowly but surely people are starting to convert to the Conventus cage because the clinical results are just better, and that's been very exciting to see. It just takes a long time to do that in orthopedic surgery because they...

Scott Nelson: I bet you're...

Paul Buckman: do everything the way they're trained,

Scott Nelson: I bet. I bet. You're used to probably playing in the interventional vascular space where most physicians would naturally gravitate towards lower profile, less invasive device, or therapy whereas in the orthopedic space, don't want to cast a too broad of a blanket here with my statement. But they're used to opening someone up and having no problems with it. So, I've got to think that's probably a decent challenge to try to tackle there at Conventus and what you guys were doing.

Paul Buckman: It is. In fact, what I've told people for over and over is that what orthopedic surgery needs are the interventional orthopedist. Someone who's going to convert surgical procedures to percutaneous procedures because that's exactly how the interventional cardiology market came to be and grew so fast because they were taking procedures and patients away from the cardiac surgeon.

Scott Nelson: Sure.

Paul Buckman: In the case of orthopedics, if there was a specialty like that, that was a threat to the current orthopedic surgeons you'd see a different adoption profile, but because it's the same customers in the same users, they don't need to change what they're doing. If you're trained to open people up and do things surgically with an open procedure then migrating to a less invasive close procedure is a big jump for them. It happens slowly and you have to have a lot of data and a lot of experience and a lot of peer pressure before that starts to happen. But it is happening, and I think Conventus has really good technology and a good solution for these kinds of fractures. So, that's how Conventus has evolved. As I said, they've been around since 2009 and it's a really wonderful group of people at the company, really strong technical development and operations team, really good regulatory clinical group. It's just a strong organization for a small company and they've done a really good job, I think.

Scott Nelson: Great. Well, I certainly would encourage everyone to. I'll link to it in the show notes for this particular episode. But check out Conventus because it definitely is an interesting take on orthopedic surgery, for sure. So, let's take this opportunity to kind of step in what I call the Medsider time machine and learn a little bit more about your earlier career in medtech. So, you mentioned earlier your time with SciMed and how valuable that was from just a personal and professional development standpoint. I think you mentioned you spent about eight, nine, 10 years or so from the early days of SciMed leading up to the acquisition by Boston Scientific, probably experienced way too much for a 45 minute or hour-long discussion to really go too deep with that. But are there a few things that really come to mind, maybe one or two that stand out, that really you still hold but you still look back on even today, that were really valuable learning experiences during your time at SciMed?

Paul Buckman: Yeah, absolutely. There are a few things that I feel like I learned a lot about. I mean, from a business functional perspective, my background and history were always sales and commercial. So, that's what I knew the best I would say. I had a long sales career and marketing and all that kind of stuff. SciMed was really good at both of those and so I learned from a lot of just really good, talented people at SciMed and because the market we were in was so dynamic and so pressure-packed, it was a fun time to learn. Even if you had a lot of experience in sales, you were still going to learn new things because it was just a brand new, different type of market.

The other area I learned a lot about, though at SciMed was product development, and I include Boston Scientific. They became a different company after that. But product development was an area where I also thought SciMed and Boston Scientific really excelled. They had terrific engineering. They had a really good process for product development. They had very close connections to the customers and the users and that really influenced and drove our product development priorities and projects. What I learned at Simon in Boston Scientific was how to do really good product development that's differentiated and meaningful to the customer but to still do it fast and at high quality.

It's easy to say but it's hard to do because you have to be good at a lot of different things. You have to be really good at being able to synthesize what customers are saying into what they really mean in terms of what is important for products and a lot of times customers don't verbalize very well what they really want. What they'll typically describe to you is the best product they've seen are used in the past, and somehow that will kind of come out. What you have to be able to do as a product development team or person is to be able to see beyond that, and you can't just do it in a discussion. You have to actually be in the lab or be in the operating room or wherever it may be. You have to be there watching and interpreting everything they're doing during a procedure and see where they get frustrated and see what things work and don't work. See what things could be done faster or more conveniently.

Our group that SciMed was so good at that and they were so good and quick at turning those learnings into new product improvements, product iterations, new platforms and I was just always so impressed with that, and it made it fun to be there because the customers saw it. They knew it, they wanted to work with us, and they were blown away by how fast we would come out with new products all the time. That was just fun to be part of that because the customers were getting so jazzed by it and at the same time, I thought we had a really good process for it because we got very good I think at being somewhat ruthless about prioritizing everything around the product development, whether it was what types of features and attributes a product was going to have. How important those were related to every other attribute feature. How important those were relative to cost tradeoffs or manufacturing tradeoffs or quality tradeoffs or whatever, ease of use tradeoffs.

Our team was really good at that and we had a process for constantly reassessing and re-prioritizing every one of those elements not only for a specific project but constantly doing that for each project as it related to every other project that you had either active or in the bullpen so that you had this constant movement of projects and priorities and it was all driven by the return you were going to get, the incremental market share you were going to get whatever and then you allocated all your resources accordingly. So, it was a symphony of decision making that was happening on a day to day, week to week basis. I just thought that we did that well.

It was very transparent. It was very fact-based, not emotion or opinion-based, and people were expected to come in and be ready to either have a better solution, a better timeline, a lower budget, whatever. It had to move the chains and if you couldn't do that and couldn't defend it and it didn't happen. It wasn't personal and it wasn't career-ending or career impacting. It was just the best idea always won and that's just how the company operated. I found it to be an extremely refreshing environment to work in because there was no politics, everything stood on its own merits, and we always had a vigorous debate over every little detail decision, and we seem to always get two good answers. I just came out of that experience and I honestly have never experienced it to quite that same level of success or being really good at it.

Scott Nelson: Sure.

Paul Buckman: I just haven't experienced it quite like that since so that's what really impacted me from that. Then the last thing I guess, I also learned a lot at SciMed about International because that was the first time where I really had a dedicated international responsibility because I spent a couple of years when it was still SciMed and right before we got acquired by Boston Scientific, where we had decided to convert our entire international business from distribution to direct sales. It was a huge undertaking, and I was brought in along with Jim Corbett. I worked for Jim at the time and the two of us kind of lead that effort worldwide to convert that. I learned a ton about just selling globally and working with organizations from many, many different countries and cultures. It was just a great learning experience for me and has served me well also. That's an opportunity I was given at SciMed that, really, I think helped my career quite a bit.

Scott Nelson: Yeah, but I think we could probably have a whole discussion around things that you learned, you know, developing some of the international markets and converting your career commercialization to a direct sales force. For the sake of time, if you're okay with it, I'd love to ask you a few follow-up questions in regards to a couple of those points you made about product development. Because I think there may be some anecdotes for other folks that are listening and maybe trying to improve or enhance or optimize their product development efforts.

Paul Buckman: Sure.

Scott Nelson: But you mentioned something about really understanding or being able to synthesize what the customers really want. It's just a hunch but I wonder if your broad experience in sales and being really in the trenches helped you enhance that ability to really try to translate what customers are saying into what really matters. I personally see it all too often that a lot of upstream or classic upstream marketers will gravitate towards traditional market research when maybe the appropriate next step would be really getting into the lab, as you said, whether it's the OR, or the Cath lab, wherever it may be and really understanding, you know how these products succeeded or where they fail in the customer's hands. So, what would your response be to that statement?

Paul Buckman: Well, I think my sales background definitely helped me because there's nothing like having been there where you've got to actually persuade a physician to change what they do, which they don't do that lightly. They're all about patient care and patient outcomes, and so doctors don't change what they do very easily. They have to be persuaded, usually with good arguments, good clinical data, a good clinical argument of some sort, and something that's going to make it better for the patient. Safer for the patient, faster, more economical, easier, less problems, whatever.

So, if you're out there and you're in these procedures every single day like you are as a sales rep, you start to understand what things matter to the physician. What things matter to the staff, what things matter to the hospital, and probably most importantly, what matters to the patient. You see that day in and day out so you start to develop a feel for the things that maybe sound good on paper but don't really matter and the things that really do matter. Now I say that also, take that with a grain of salt because there are a lot of salespeople who are harping on marketing and product development people every day saying, I need this, and I need that and not all of that is good input.

Some of its pretty lousy input because it doesn't encompass enough, because what product development experts have to do, they have to take all of that in all those inputs from the customer and that customer might be a physician. It might be a sales rep. It might be a purchasing person, a hospital and then they have to start to iterate and triage all of that input and prioritize it based on different levels of value. So, a purchasing person might only care about the cost. The physician cares about is my patient going to do better or are they not going to do better? Am I going to get out of this procedure 10 minutes faster so I can do another one so at the end of the day I can get home for dinner at seven o'clock instead of nine o'clock? That matters.

Scott Nelson: Right.

Paul Buckman: Then it might be an engineer or a quality person that the company or a manufacturing person. What they care about is can I make this thing reliably? Can I make it in high quantity and high quality, all those kinds of things? So, all of those inputs have to be triaged and prioritized and weighted so that at the end of the day, the things you decide on and the things that you prioritize is important to that product represent all of those stakeholders in the process, in the right balance. That's easy to say. It's hard as heck to do though, and then when you try to add in some level of innovation on top of that, not just using technology and know-how that you already have but now you're going to actually invent some things to add to that, to make it even better than the customer ever knew it could be.

That brings in a whole nother level of risk and unknowns and things like that, and you've got to constantly be weighing all those things. Then, you take that, and it turns into a project that has a specified budget, a specified timeline, and a specified output of product attributes. Trying to meet all of those is really challenging, as you might guess because the more attributes you want, the more expensive it gets, and the shorter the timeline, the more expensive it gets. So, there's always these puts and takes which requires constant dialogue, constant refreshing of what's important, what are the priorities. What are we committing to and how do we make sure we deliver that.

The other thing you can't have is creep where you start and say, we're going to do X, Y, Z, and we're going to do it in nine months and all of a sudden everybody wants this, and they want that. Now you got a project that's going to take 15 months, and it's going to maybe give you a couple of extra things but it's going to cost 30% more, All these other things, and you know you can get out of whack very quickly if you're not diligent and ruthless. and disciplined about your prioritization and what you're willing to compromise on and not compromise on.

Scott Nelson: Yup, Such as...

Paul Buckman: I don't know if that makes sense, Scott but...

Scott Nelson: It does.

Paul Buckman: ...to me it's one of the most interesting parts of the business that I like because everyone in the company is involved in it, and it matters what they think, what they say, what they commit to. I just think it's a great part of the business and I always shy away from companies or jobs or products or opportunities where the product doesn't matter or it's not that important. To me going into a business where the only thing that matters is cost. No thanks, just not interested. I want to do more than that.

Scott Nelson: Sure. Yep, that's good stuff. My notes here on my end I have to understand, synthesize what customers really want. If I could emphasize the word really in that statement, that would be imperative. Then ruthless prioritization when it comes down to some of those puts and takes that you mentioned earlier but good stuff. So, you...

Paul Buckman: Scott, you talk to anybody you know whether it's Stacy Enxing Seng or Paul Kapsner, anybody who's done this. I mean, it's not like I'm saying anything that's new. People know that and people understand it and they respect. It's just hard to do. When you get inside an organization that does it well, it's like it makes a mark on you. Don't forget it because you appreciate how hard it is to do it really well. It's one of the things I liked about a lot about SciMed and then Boston Scientific when we became that. I thought we did that really well, in my opinion.

Scott Nelson: There's probably, I'm not sure if you've heard of the term the PayPal Mafia. Some of the folks that were really early involved in PayPal. You know, Peter Thiel, Elon Musk, etc. I almost feel like, at least maybe just my bias towards Minneapolis here, but there's like a SciMed mafia, where there's this cohort, this group of people that experienced such cool things that SciMed were able to take it to other companies yourself. You mentioned Stacy, Paul Kapsner, etc. The list goes on.

Paul Buckman: It does. It does. It goes on and on. I am so respectful of it because I like to look back on my career there and think, oh, geez, I was such a major part of that. But I actually feel like I was just surrounded by terrific people who made me look good. I think they made me look better than I was because everybody was so good at what they did, I thought, and I felt really fortunate to be part of it.

Scott Nelson: It would be fun to go deep and almost do a series of discussions just ex-SciMed folks just to try to capture what was really imperative and important about the success there. But I guess that's probably for another time. But for the sake of this discussion here, let's fast forward to your time at Ev3. So, you mentioned this earlier in the conversation. How you were recently or fairly new in your role as President of Cardiology for Boston Scientific, the largest business unit.

I think most people would be like, wow. Paul, you've reached a mountaintop there. But then you made the decision to take the leap and some of that, I think, probably obviously is because of your relationship with Dale Spencer. But walk us through what was in your head. You had a family. I'm not sure how old your kids were at that point in time, but it seems like despite how well capitalized Ev3 was at that point, that's still a pretty big risk. So, can you help us understand a little bit about what was in your head and how ultimately, you got to that decision to leave Boston Scientific and start Ev3?

Paul Buckman: Yeah, sure. I'll preface it by saying, if you ask my wife, she'd probably tell you that I've always been maybe a little too willing to take on risk instead of staying the course somewhere. She's the one that's been at home with the kids trying to figure out where we're going to live next to and where do we have to relocate to and what have you. I still sometimes look back and wonder if it was the right decision to leave Boston Scientific because I left a great company and a great job and a great team of people and I knew that as I was leaving that it was a huge risk and I was leaving a very comfortable place that I had been at for a long time and felt I knew everybody. I just felt very comfortable there.

So, I do sometimes still look back and say, should I have done that, or was that the smartest thing? I'm not one to look back, but it's easy now to look back and say, If I were going to do something different, would I have done that? I don't know. As good of an experience as Ev3 was, I did walk away from another great experience as well. But Ev3, I learned a lot there too, because the path and the pace that Ev3 quickly got on in terms of adding people, buying companies, integrating companies, licensing technologies, trying to build a commercial effort globally. I mean, we were doing huge initiatives simultaneously with a fairly small group of people, and as an early company that didn't have a lot of history. Not only was it just difficult to do and hard work, but it also put a lot of pressure on you and you just felt like you didn't have a huge margin for error because it wasn't like we had this big base of revenue like Boston Scientific had where if you bought a company and integrated it and it didn't pan out quite the way you wanted it too it didn't really matter that much, because you had this big three/four billion dollar a year business.

At Ev3 when we made a mistake, we felt it because we were using real money. That was private equity money. That wasn't the profits we were using. We were using somebody's investment money and we were doing it at this fast pace. I mean, we probably in the first three or four years of the company we must have acquired oh, I don't know, 10 or 15 companies or businesses, maybe more, and integrated them all, some of them more than one at a time and we built a global sales organization as well. It wasn't just a US-based kind of effort.

It was a global effort and we were buying companies that many of them were either early-stage or had some level of distress where we could afford to buy a company that maybe had something we really liked about it or something we thought we could make better. But we would buy it at a time when it wasn't running on all eight cylinders or hadn't achieved or proved certain things yet. So, we were aggregating all these companies that were losing lots of money, and we were aggregating him into a company that as a big company, was losing all that money combined, and we were trying to make it better.

So, all of these were not only integration efforts, but they were also fixer-uppers, and we were trying to make the technology better or make the organization capability better or get it through a clinical study and a trial, or get it through the FDA or get it through Japan or wherever we might be going. So, we had a lot of irons in the fire all the time and it was a high-pressure business, I thought, and a high-pressure endeavor that felt like dog years as we were doing it, to be honest.

Scott Nelson: I want to ask you a few follow-up questions post Ev3 because I know you left there, I think in the mid-2000s, spent some time at St. Jude and then later joined Devax and then Pathway and then SentreHEART. All three startups I think, as, in our pre-interview discussion, you mentioned you joined those companies as part of the board, but then later stepped in to help run those companies. So, in our little time left, I guess I wanted to ask you a question about financing. But before we get there, I guess there's a pattern where the board or the investors ask you in your capacity to step in and take over a company and sort of redirect it, recapitalize it, etc. So, what do you think if I had the chance to interview some of those investors? What do you think they'd say about Paul Buckman that would say this is why we ask him to do this type of stuff, this is what he's really good at?

Paul Buckman: Well, part of it might be because things I'm good at or things they have confidence I can accomplish for them. Part of it, too though, is just the fact that all these opportunities I was joining boards because there were people on the board, whether it be an investor or a former colleague or executive who I knew and was friends with. So, I was joining these boards amongst colleagues and friends, people I like because I wanted to be part of it. I wanted to work with them. I wanted to help the company or whatever. So, it makes it easy then, when you've already known people and have a track record with them and so you're operating with them on a board level, and then all of a sudden the company runs into some challenges and maybe it requires new executive leadership.

It's not a big leap for that board to look at you and say, Paul, you've done this before and we know you, we trust you, we work together. It's just a low-risk option for them to ask me to step in and do it because they have confidence that I can. It's a pretty easy thing for me to want to do because I want these people, I want their investments to turn out well. I want the company to do well. Usually, when you're on the board, you start to get to know the management team very well at the company. You get to know a lot of the employees and so you start to build up a commitment to them as well.

When they ask you to come in and lead them so that the company doesn't, go away or go out of business or fail or whatever, it's hard to say no, even if it's not maybe the first choice you would have taken if you were out doing a job search. It's a very easy choice to make when these are real people in real friends and real colleagues that have money and careers at stake. You want to help, and you want to say, Yeah, I'll do it. Let's see if we can make a go of this and so that's what I've done. My wife sometimes will look at me and say can't you hold a job. But it's kind of one of those things where it's like I like doing this. I like being on boards and helping companies and then it's very easy for me sometimes to step in and pick up an opportunity that presents itself to keep the company going.

At SentreHEART it was the situation. Well, let me start with Pathway. Pathway was a situation exactly as I described where I was Chairman of the board. I knew the investors. I knew the co-founders well. I knew a lot of the people on the team and the company needed a change in leadership and I said, I will do that. I'd love to come in and do it and for me, it was great because I already knew the management team there and it was a really good, strong management team. The board was really strong. I liked the technology, I knew the space and I thought I can easily step in and do this, so that's what I did.

Over the course of about four years, I went out and raised about $40 million. When I came in, we put a commercial effort together. We actually laid off about almost half the company. We had about 200 employees when I joined, and we very quickly laid off about 100 over a few months to cut the burn rate of cash. Then we slowly started getting product approvals. We started building a sales team. We started generating revenues and as soon as we got up to about a $30 million level of revenue, we sold the company to Bayer Healthcare out of Germany.

Scott Nelson: Yes.

Paul Buckman: Then as soon as that happened during that time I was serving on the board of SentreHEART. Again, it was a situation where I knew the investors in SentreHEART very well and I'd known them for a long time, and they had asked me to join the board. I was on the board and shortly after the pathway acquisition finalized, the CEO and one of the founders of SentreHEART got sick and needed to take time off from the company. So, the board asked me if I would come in and be the CEO, and at the time they didn't know if he was going to be able to come back or not. So, I said, sure, because I like technology. I was on the board. I like the company. I said, Yeah, I'll do that. So, I did that for about two years, and during that time we commercialized, and I built a sales team and we got revenues up to probably a run rate of about 20 million in the first year and a half. Then the former CEO recovered and came back. At about that same time Conventus was asking me if I could help them out. So, the old CEO at SentreHEART came back and took over and I left and went over to Conventus...

Scott Nelson: Got it.

Paul Buckman: and did the exact same thing. Again, I was on the board, exact same scenario. They were having trouble raising money. Conventus was getting very close to shutting the doors. In fact, I actually was making payroll out of my bank account...

Scott Nelson: You're kidding!

Paul Buckman: to keep them going for the last couple of weeks. We finally closed down around then money. We brought in a small group of investors, all who I knew and were friends of mine came in and we brought in about $11 million into Conventus to keep it going and keep the doors open. Then it bought us a little bit of time and then we parlayed that into another 14 million by bringing in two bigger investors. So, that turned it into a $25 million round and then another couple of years after that, we raised another $25 million round from that same group. That's how we got convention financed and off to the races as well. Again, it was one of those things. I mean, the last place I thought I'd end up being a CEO is in the orthopedic space.

Scott Nelson: Sure.

Paul Buckman: I knew nothing about it. I was just on the board, so I had jumped in with both feet and fortunately had some really smart people around me on the management team that was very good at what they did. They understood orthopedics well, and I basically was just the leader of the pack. But they were the experts on the product in the space, and it was a really fun opportunity for me to be involved with. But again, it's not one I would have probably been seeking had I been doing a job search. It just kind of was serendipity.

Scott Nelson: Sure, it makes sense, as you explain it, for sure. I want to be sensitive to your time and leave a few minutes for the last three rapid-fire questions but specific to that trend of kind of going from the chairman of the board or sitting on the board and taking over the company. It seems like raising money has been a key aspect of turning around some of these companies and recapitalizing them, reducing the burn rates as you mentioned before. So, for those listening that are not necessarily struggling per se but at that point in the life cycle of their start-up where they need to raise another round of financing or maybe raising an A round for the first time. Clearly, your network at this point in your career helps you in those types of efforts. But for those that don't have the type of network that you do, are there one or two pieces of a device that you would offer up?

Paul Buckman: Well, I would, and let's be honest, Scott. I think everybody's having trouble raising capital today.

Scott Nelson: Sure.

Paul Buckman: It's not easy, myself included. It's a hard thing to do. I think the whole medtech world has become a difficult place to raise money because there are fewer venture capital firms that are investing capital and medical devices, and the ones that are have become very particular on this stage of the company and the part of medicine they're willing to invest in. So, you end up having to talk and approach a lot of firms to be able to get anyone who might be interested. So, it's challenging, and I think the success factors though and the investment drivers have stayed fairly constant.

To me, what those are is you've got to be seeking an attractive and reasonably addressable market opportunity. That's one thing they're looking for. You've got to be providing a manageable regulatory pathway, in other words, of the ability to mitigate risks in that pathway. Approval means nothing if you can't get paid for the product. So, now what investors look for more so than the regulatory pathway is, can it get reimbursed, or is it in a space that doesn't even require reimbursement that might be cash-only, like aesthetics or something like that.

They want to be assured that the product and get paid for. Then I think the other one is they want to see ah, high-quality management team, preferably one that's done it before and there's a theme here, Scott, and that is the investors. Even though they're venture capital investors, they're not willing to take too much risk anymore and so they're looking for all kinds of ways to mitigate risk, and these are the ones that do it.

If they have a good product, a good market opportunity and there's good intellectual property and there's a good reimbursement pathway in a reasonable regulatory line of sight. Then I think a well-conceived business plan which basically means show me that you're going to be able to get this thing to some important milestone, whether that's on the pathway to an exit or all the way to an exit that's going to use a reasonable amount of capital to get there. If they start seeing really long time-lines or really high cash requirements. They start doing the moonwalk right away.

Scott Nelson: Sure.

Paul Buckman: They just don't see that. So, none of these are earth-shattering things. But they're all the things that these investors are looking for and the more of those boxes that I think a CEO can check, the higher the chance is there going to be able to bring in some money? And I would encourage CEOs too to not always just rely on venture capital. I know in today's world more and more CEOs are looking at angel investors and things like that, I would encourage people to really look the other direction and try to bring in strategic investors and maybe have a business plan and an expectation of driving an earlier exit at a lower level of money that also requires less capital to get there and then bring in a strategic to be one of those investors. So, for example, instead of maybe thinking you're going to develop this company and product and someday you're going to sell it for $500 million.

Those don't happen as much as they used to and they're hard to do, and they usually require a lot of capital. It might make more sense to say, what would it take to sell this company for $75 million or $100 million? What milestones do we have to achieve to do that? Could we do it on a really lower scaled amount of capital where we might be able to bring in a Medtronic or a Boston Scientific or a Johnson & Johnson for $345 million not even have to bring in venture capital? That way you have fewer mouths to feed at the end of the day, and you might have a smaller exit, but everybody makes money and as you know, a lot of the exits today, not everybody makes money. There might be one or two people who make money and everybody else doesn't.

Scott Nelson: That's really good advice and just even listening to you articulate that. It sounds like you said, fairly basic, fairly foundational, but yet so hard to execute on, to get all of those pieces right that, you know, leading up to either around the financing or, ideally, a potential expert or exit I should say. So, really good stuff. So, I want to be sensitive to your schedule Paul and I really appreciate your taking the time out of your day here. But if we could just get to the last three rapid-fire questions. The rapid-fire in nature, your answers don't necessarily have to be rapid fire. So, feel free to expound a little bit if you want to, but we'll start with number one. What's your favorite business book?

Paul Buckman: I don't know if I have a favorite Scott, but I can tell, you know, we talked a lot about product development, one of the books that I recall, that I really enjoyed, and then I still have on my bookshelf is called "The Innovator's Dilemma" by Clayton Christensen. I don't know if you've ever heard of him. He's part of... I forget the name of it. It used to be called... I can't remember. It was four letters, but it was a consulting group that focused on product development and innovation and when I was a Boston Scientific, we actually engaged that company for a while to help us improve our product development process.

I know Clayton Christensen, I think, was one of the founders of that firm. But that book "The Innovator's Dilemma" talks a lot about how to make innovation a systematic part of your product of development effort and not just kind of a eureka moment, but something that you actually build your business around creating innovation. I thought it was a really good book, and it's a very thought-provoking book and different. So, to me, it's one of the ones I really remember. Everybody reads a lot of business books, and they all start to run together. But that was one that really stuck out to me.

Scott Nelson: That's good stuff. It's one I have read before personally, but it's been a long time, so it would serve me well to probably dig that one out again. Next question is, is there a CEO that really inspires you or one that's played a big influence in your life in the past?

Paul Buckman: We talked about Dale Spencer. He was important to me and he inspired me and taught me a lot. Another guy who maybe it was because it was early in my career and I was kind of in awe of the person and I was just a young sales guy at the time in my twenties. But I worked at Edwards Laboratories in the early days before it became Edwards Lifesciences. Edwards was part of American Hospital Supply and I was always kind of inspired by American Hospital Supply because they were such a major player in the medical supply universe. The CEO is a guy named Karl Bays, who was an ex-Marine, and he was kind of one of these guys that for a 20 some year old kid that's early in his career in a sales job he was bigger than life to me. Every time I saw him talk or present somewhere or read something by him I always got inspired by it because American Hospital was such a big machine and kind of the only company out there that was able to take on companies like Johnson & Johnson.

Then speaking of Edwards, there's another CEO that I continue to draw inspiration from who has ties to Edwards. And that's Mike Musallem, who's the current CEO of Edward's Lifesciences. Mike and I worked together side by side, back when we both were at Bentley Laboratories, which was a sister company of Edwards and Mike were the Operations VP and I was the Sales and Marketing VP and we work together. Even back then I had huge respect and regard from Mike because you could tell them that he was special and that he had a real head for business.

I've enjoyed so much watching him succeed at Edwards and build that company into something very special and obviously create a lot of wealth for a lot of people including himself, over that time, and yet he's maintained a level of kind of humility to me that I really admire because I can't stand it when executives and particularly CEOs get arrogant and start thinking that they're the reason why the company's been successful and why people are successful and they forget about all the talented people around. Mike has never forgotten that, and he's very humble. I really admire that in people, and he's one that I continue to hold in high respect.

Scott Nelson: Such good comments. I'm sure he'd appreciate that especially the notion about humbleness. It's something that I personally appreciate especially those that those types of levels when everyone wants to give you the glory about having the self-awareness to give credit work to do. I think that's very admirable. So, the last question I have for you Paul, is going back in time is there anything that you tell your 25 or your 30-year-old self?

Paul Buckman: There's probably a few things Scott that I think about that and the reason it comes to the top of mind is because my kids are constantly asking me this right now. Two of them are in the medical device business. One is just a lesson I learned early in my career as a sales rep that I have always continued to try to do as a CEO is listening a lot more than I speak. People hear CEOs talk enough and I think listening is just a lot more important. If you're good, you ought to surround yourself with really smart people and the right answers will come up if you make people feel like they have the environment to share their thoughts and not be judged by it and offer their ideas.

So, I think listening is a big one. I think you have to have a mindset. At least I tell myself going back. I've tried to do this but I tell my kids this all the time is that you can't let money and you can't let career opportunities compromise your beliefs and you can't do something just cause it's going to get you further up the ladder or it's going to make you more money. If you don't think it's the right thing to do or you don't think it's the right people do it with or the right environment to be doing it in. I think you have to constantly focus on just doing the right thing all the time and the money and the career and everything else will come as long as you, I think, stick to that. So, I would tell any 30 years old to do that because it's easy to get caught up in, oh, I can make more money if I do this or I can get this promotion if I do that, but it's not worth it if you've got a compromise what you think is the best thing to do in my opinion.

Scott Nelson: One of those things that rings true when you say it, but so hard to do when it's so easy to get caught up in the moment or maybe the culture that is around you, that maybe is a little bit more in line with that. That's a little bit more ruthless and fosters the environment that forces you to make those tough decisions. So, really good stuff. I'm glad you mentioned...

Paul Buckman: I can tell you Scott too just finish that I have real-life experience having done that because I've had two or three situations in my career where I left a company or left a job because I had a major philosophical difference or of opinion with either a board or a boss or somebody like that. At my own detriment, I left because I didn't want to compromise that. I can look back and sometimes I think what were you thinking? Why did you do that? Why didn't you just bite the bullet? But I still feel like it was the right thing to do because if you're going to do something really well and you're going to put 150% of your effort and heart into it, you got it really believe it's the right thing to do. So, I mean, I've personally done that. I've left some situations that were lucrative situations, but I just didn't feel like the direction I was being pushed was the one I wanted to go in.

Scott Nelson: Yep and it obviously turned out well for you. I know, leading up to this interview, I did a fair amount of research and asked within my network what I should ask you, and that's one of the things that often came up. They said Paul always seems so even keel despite what would appear to be maybe a chaotic situation. Maybe that's a testament to your mindset or the framework that you operate within is that attitude that I want to feel. I want my conscience to feel good after me after making this decision is probably one that we should all consider.

Paul Buckman: I hope that's the case. I certainly try to do that. Maybe I'm just not smart enough to do it any different way because if you follow your heart, you tend to not have to think as hard. It just comes naturally.

Scott Nelson: Good stuff. Well, thanks a ton for your time Paul. I mean, I really appreciate it, you taking about an hour out of your schedule to have this conversation. So, I can't thank you enough for doing that. For those listening to the interview, of course, we'll link up to the Conventus website in the show notes for this episode, but until the next Medsider radio interview, everyone takes care