



Mission-Driven Growth in Healthcare and Construction with Index500 CEOs

A fireside conversation between leaders

 Courtesy of BMO



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ET: As many of you know, we have the privilege of interacting and interviewing some of the top CEOs and presidents of the largest Latino owned companies in the United States. In Miami, we had two top 100 companies with us on stage. Nestor Plana has built the largest healthcare provider of the Latino Leaders Index500. It is ranked number 17 on the list, and every year, it has been moving up. Alex Hernandez has also built a preeminent development and construction firm, not only in Florida, but across our country, and they have been growing every single year as well.

These companies have thrived because of their leadership and their vision. The audience wanted to understand their trajectory and how mission-driven their companies have been.

NP: Thank you, Eduardo. I think that it's very important for me to talk a little bit about my background and how I got here. My parents came to this country in 1969 from Cuba. We lived in California for a couple of years. My mom was a housekeeper in a hotel, and my father sold cigars. They came to this country to work and to be able to give back. My mother would always tell me: "Never put me in a nursing home, help me stay in the community when I get old," because she would see her colleagues that worked with her in the actual hotel, that they would take their mothers or their family members, they had no other choice but to put them into the nursing homes.

With that in mind, I basically have built a company with a trajectory in healthcare that operates in about 27 different states to help people age in place and stay within the community. These are all people that are certified to be in nursing homes, and 27 states have now created special waivers to be able to help people age in place and stay within the community. So we've been very lucky in being able to build a very significant company, but our focus is to take care and help the most vulnerable population in this country. We have moved from the elderly to the developmental disabled population. There is a tremendous amount of people that have intellectual disabilities that are not getting help from their states. The State of Florida, being a leader, just created a pilot program to take about 53,000 people that are in that situation, and they've moved them into managed care programs. We have 23,000 folks in the state of Florida that have been waiting for services, and we're now starting to get them off those waiting lines and give them service. We have folks in our program today that have been on waiting lists for as long as 19 years. This vision has resulted in an amazing company with tremendous growth. The last couple of years of growth for us has been spectacular. In 2018, before we won a contract in Florida, we were about a \$100 million company. This year, we will do about \$1.8 billion in revenues, and we'll probably double that within the next 18 months. The most important thing is that we are helping people that have the greatest needs. So I feel very proud of what we have built, and

one of my goals is to continue to help young entrepreneurs.

ET: Thank you, Nestor, very inspiring. The development and construction sector is the number one sector in the entire Index500 list, and what Alex has been able to build with his company is absolutely amazing. Let us also have him share his story.

AH: Yeah, absolutely, thank you. My dad was a surgeon that came from Cuba with my mom, both of my older brothers were born in Cuba, I was the only one born in the US. But for my dad to get his internship, he had to go to redo his internship in Columbus, Ohio. So I'm Alex Hernandez, a Cuban born in Columbus, Ohio, and every time everybody sees it on my passport, they're trying to piece it together. After my dad got his internship, we moved down to Miami when I was four years old. I remember every one of my dad's friends was somehow involved in the business community, banking, and other sectors. Growing up around that, it had an unbelievable impact. When we talk about community, it is so important. After graduating from college, I moved 45 minutes up the road to Fort Lauderdale. It might have been a different world, because it really was very different. I got the opportunity to work at Stiles, and I was able to rise through the ranks. Later, they became my seed money; they invested in me to go out and open my company. Terry Stiles was a pillar of Fort Lauderdale, and you could not get around not knowing him. Working at Stiles became part of my foundation.

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Hernandez Development and Construction started 23 years ago with a primary focus in construction. I was a one-man band and we just grew from there. Our first few years, we grew by doing some government work. When the global financial crisis hit the industry, it was absolutely devastating to many players and we had to go through that process. We subsequently moved to the next phase or 2.0 as we were coming out of 2012, and that is when we really started really growing in our industrial offerings. We have built over 17 million square feet of industrial. If you have a product at your home here in South Florida, there is a good chance that it was a building that we somehow participated in building. We then started focusing and growing our development platform, and a catalyst to that was self-storage. We own self storage in Chicago, so anything between Chicago and South Florida is what we considered our primary area and focus. Now in our third growth phase or 3.0, we are leaning in more to behaving as an industrial developer, focused primarily on more infill and small bay and strategically placed assets. It is getting tougher and tougher to find land in South Florida, we all know that. Those million square foot buildings are getting tougher to do, so I think the infill is a good opportunity. They serve smaller type business and communities better, and I think that's what we need now, so that is what we are leaning into as a developer.

ET: With the healthcare sector, people have strong opinions, but they are not living it day-to-day the way you are. Nestor, can you please talk about the trends that are happening?

NP: As a matter of fact, I was at a session recently, and the name of the session was the sick puppy, because the industry is going through a lot at this point. You have seen what has happened in the public markets in health plan situations. The Big Beautiful Bill is going to take a significant amount of dollars off people that are insured in the system. There will be 16 million people that are part of the Affordable Care Act that could lose their insurance policy.

AH: So as somebody that founded this company from scratch, starting with community banks and as we have evolved over 23 years, you get to the point that you start outgrowing your partners. But the essence of your question is, what are you looking for in that partner, and at the end of the day. I think it is really important that your financial partner knows what your vision is when helping you. That is one of the things since we have joined BMO, that I think it's fantastic. We are not only meeting new people but also seeing new resources all the time. You can see that there are real resources available for M&A and other key topics to have a real and meaningful discussion. Those resources being readily available are the game changer for us to make important financial decisions.

ET: Both of you need and have requested access to capital in your career as well as within your trajectory with your respective companies. When you look for a partner, and you have multiple options for partners when it comes to financial institutions that provide that access to capital, what do you look for?

NP: Look, I think that, at the end of the day, when you are looking for a financial partner, you are looking for a relationship. You are not looking to be an account number with the last four digits of your account, you are looking for personal relationships. Eduardo, look, I have to tell you, you guys did

an amazing job to be able to come into our credit facility. When you are able to have a financial institution that you have the vice-chairman of the bank call you and say, "I want to become your partner," that is what it is all about. I have a philosophy that people do business with people, people don't do business with institutions, people don't do business with brick-and-mortar, people do business with people, and that's what you look for.

ET: That's great advice, thank you for sharing. What about you, Alex?

AH: So as somebody that founded this company from scratch, starting with community banks and as we have evolved over 23 years, you get to the point that you start outgrowing your partners. But the essence of your question is, what are you looking for in that partner, and at the end of the day. I think it is really important that your financial partner knows what your vision is when helping you. That is one of the things since we have joined BMO, that I think it's fantastic. We are not only meeting new people but also seeing new resources all the time. You can see that there are real resources available for M&A and other key topics to have a real and meaningful discussion. Those resources being readily available are the game changer for us to make important financial decisions.

ET: Thank you for that. We are here to celebrate each and every company regardless whether they bank with us or not. We obviously would love to have many more companies banking

with us, and we have the expertise to do so, but each and every company goes through their own journey. Therefore, we are ready when they are. Let us talk about the future, AI, and technology. What are your companies looking at when it comes to AI?, What are you seeing your competitors do when it comes to AI?

NP: I think AI in healthcare is extremely important. Like I mentioned, we manage very vulnerable populations. Some of our care managers today take six hours with a patient to develop a care plan and a model of care. We need to be able to reduce that to be a lot more efficient. We have also had to play a little bit of defense, because AI is becoming very aggressive with providers and being able to bundle and uphold claims that we are going to have to pay, so we have to play defense for that. So it's extremely important for us to be able to have better data and a much better AI to be able to provide better care for folks.

With the information that we are seeing, we are able to get a medical record for a patient, and go back seven or even ten years, and really come up with a care model and a care plan for that patient. We could understand who are the patients that are likely early-onset of dementia or Alzheimer's. They are going to have a lot more care than they are having today. It becomes extremely important to be able to manage the population and be able to provide better care. We have invested a lot of money and invited people from the Ritz-Carlton service culture to come in and create a leadership program

ONE OF EDUARDO TOBON'S KEY LESSONS IS THE IMPORTANCE OF HUMAN CAPITAL. RECRUITING AND DEVELOPING A GREAT TEAM IS THE KEY TO SUCCESS.

with our company and train every one of our employees. I tell my employees, "When you go to a Ritz-Carlton and you ask for the elevator, they don't point the finger, they stop what they're doing and they walk you to the elevator." That is the care that I want for my patients. We need a lot more data and leverage AI to be able to get those ideal outcomes. We're going to see a huge change in healthcare around AI opportunities.

ET: Thank you so much. Any insights on the future or any innovations you're looking at, Alex, or perhaps any utilization of AI in your business.

AH: Yeah. I think on both sides, development and construction, data is going to be key. The competition is tight, margins are tight, and the access to data is where that focus is going to be. Traditionally, construction has been one of the slowest adopters of technology. It is historically a very fragmented industry, but it is getting a positive utilization of technology.

With private equity and venture capital coming in and trying to find efficiencies, there is investment in technology. We are flying over our sites with drones. We have the ability to have facial recognition for employees. I could go on and on, we all hear the headlines, but the fact is that technology is being adopted and brought into construction.

Around development, I think it is just imperative to be able to scrape data. We used to have to do it manually. For instance, when finding land owners to try to increase your odds of success or source untapped opportunities. I think that is where the focus is going to be.

ET: Well, thank you both. I've loved to get this final perspective from you. If you could give one piece of advice to your younger self, what would that be?

AH: Study technology and AI, that's where all the money is going to be in the future.

NP: I would spend more time with my three kids.

ET: Your families are here. Many of our guests are family, and that is a very special moment for people to be here celebrating what they have accomplished. Sometimes, like for these two incredible founders, in one generation businesses get built to these tremendous sizes. Sometimes, they are multi-generational businesses. The next generations grow their businesses with their families, and sometimes, they pass the baton and continue to be on advisory boards. That is a phenomenal aspect of this Latino business community that we have built and continue to build. ●

HERNANDEZ DEVELOPMENT AND CONSTRUCTION STARTED 23 YEARS AGO WITH A PRIMARY FOCUS IN CONSTRUCTION.

