

**BUSINESS CENTRAL**  
**November December 2008**

**Do-Over**

When Myrel Neumann sold Midwest Vision Centers in 1997 he had no idea how much he would regret it. That's why he jumped at the chance to buy the company back in 2000...but the decision wasn't without its challenges.

By Gail Ivers

Myrel Neumann loves ice cream. He loves it so much that he decided it would be fun to own an upscale ice cream and candy shop. That was in 1968. Neumann was the new owner of a Duling Optical franchise at 815 St. Germain Street in St. Cloud. There was space two doors away for the ice cream shop and full of confidence and enthusiasm, he opened one.

"It was the worst decision I ever made," he recalls. While he could eat all the ice cream he wanted, it turned out that he was the only customer. "St. Germain was just completely the wrong place. It should have been in an upscale resort area, not downtown St. Cloud." Within two years he sold it.

While opening an ice cream shop may have been one of his worst decisions, pursuing a career in optometry was one of his best decisions.

**Not a Farm Boy**

Originally from North Dakota, Neumann grew up on a farm in the small town of Kramer. At age 12 he was driving a Model A Ford around the farm. He learned to clip coupons from his parents. "My Dad was very conservative," Neumann said, "and I still do strange things today because of it. I still clip coupons, not because I have to, but because I just do. It's part of who I am."

By 16 he knew he was not going to be a farmer. "There's always something wrong on a farm," he said. "Too much rain, too little rain, pests, equipment doesn't work...I wanted to do something where I could get an income. I wanted the nice things in life." Though Neumann's parents had very little formal education, they made it clear that their two sons would go to two years of college, and just to make sure they went, the parents promised to pay for it.

An interest in medicine drew Neumann toward dentistry, but a conversation with two dentists sent him looking for an alternative. At the Minot library he looked up "medical" in a book on careers. "I found optometry and said 'Ah-ha!'" Only a few schools offered a degree in optometry, so Neumann headed to Chicago. "My parents not only paid for school, they let me drive a car from North Dakota to Chicago for school. I think if they had realized what Chicago was like, they never would have let me go. I hadn't been there very long and I walked to my car and there's a police officer standing by it. He tells me I can't leave my car doors unlocked in that neighborhood. In Kramer we left our *house* doors unlocked."

Finishing school at age 22, Neumann decided to begin his career in Washington State where he had a favorite aunt and uncle. "To this day I could take you to the spot on the farm where we were standing when I told my Dad I was moving to Washington," Neumann said. "So I didn't go to Washington. People ask me why I let him stop me and all I can say is that he had just paid for five years of school." Instead Neumann started looking for work in the Twin Cities. That was in 1962.

"In 1966 I decided it was time to open my own place," he said. "I found a friend and we headed to St. Cloud. I wanted to open a store where there wasn't a lot of competition and St. Cloud turned out to be that place. We drove by 815 St. Germain and there was a for rent sign in the window. I rented the space and that was the beginning."

## **Midwest Vision**

Neumann had been working for Duling Optical in the Twin Cities. When he told them he was leaving to open his own clinic, they suggested that he make it a franchise, which he did. He opened a second location in Crossroads Shopping Center in 1968 and expanded a third time in 1969 into Willmar and Brainerd. In 1974 he bought Plymouth Optical with four locations in Minnesota and North Dakota. "I made Plymouth Optical so miserable I bought their business," he said. "I identified their weaknesses. They were inexpensive, their places didn't look good, most of their business was out of town and done by mail. We looked better, had better selection, were price competitive, and had better people."

Plymouth Optical also had locations in communities with existing Duling Optical stores. This was the catalyst Neumann needed to drop the franchise and re-branded his company as Midwest Vision Centers.

Full of confidence – Neumann now calls it too much confidence – he aggressively expanded the company. "When I was single in the Twin Cities and wanted to make money, I worked 60 hours a week. Wherever I opened a store I was the optometrist until I built up the location so I could bring on a new optometrist. I didn't think much about the hours and the work." At its peak, Midwest Vision had 66 locations in six states.

"We went through a growth spurt – too many locations, too fast," Neumann said. "I didn't have the right people in place to operate the stores." He also had lease departments in department stores like Wards and Sears, that weren't doing as well as the free-standing stores. Then he started having health trouble. "I had stomach trouble and headaches. I'd never experienced that before." Neumann took a look at his business and determined to sell some of the under-performing stores...and he discovered hobbies. "I was in my mid-40s before I discovered hobbies," he said, but between that and cutting back on the number of locations, his health improved.

## **The Sale**

"In 1996 I got a call from a business broker who asked if my business was for sale," Neumann said. "I said no. He called back and asked if I would consider selling it. I said no. He called back a week or so later and asked if I would consider meeting someone for dinner to talk about the possibility of selling the company. I thought, dinner's always fun. So I said ok. Big mistake."

Neumann had dinner with a gentleman from National Vision, based in Lawrenceville, Georgia. Originally from Marshall, Minn., the gentleman was friendly and pleasant, like a good Minnesotan should be. He seemed ok at the time, but now Neumann refers to him as 'smooth talking.' "Within months I found myself selling my business. I didn't really know what happened. Within a few months I had regrets."

Neumann expected to be involved in the transition, but found he wasn't welcome. "These companies think they have the model, they don't care about what you've done. They just say get out of my way." The new owners let people go. They didn't live up to their commitments, according to Neumann. "I created this monster," he said. "What they told me was going to happen, didn't happen."

Midwest Vision was National Vision's first acquisition. Others followed quickly. In 1998 the company implemented a plan to build a national brand under the name "Vista Optical," according to a 1998 report in *Business Wire*. In April of 2000 Vista Eyecare Inc., by then the nation's No. 2 optical retailer in number of stores, filed for bankruptcy and announced plans to close more than three dozen retail stores.

Though time had passed, Neumann continued to regret the sale. "After I sold my business, people treated me differently," he said. "I was unimportant. I didn't realize how dramatically my life would change and how unimportant I would feel."

Word of the bankruptcy started his entrepreneurial juices flowing. He determined to buy his company back.

## **The Purchase**

Larry Pearson, a regional manager at Midwest Vision Centers for 20 years, had left the company shortly after it was sold. He was the general manager of the Pearl Vision store located in the Mall of America when Neumann decided to buy back the business. Neumann liked and trusted Pearson, and knew he had a reputation among staff as a good manager who could get things done.

Worrying about how he would convince Pearson to participate in the proposed business venture, the two met for lunch. "I barely got the words out of my mouth before Larry said yes," Neumann said. "Timing in life is everything. He and his wife wanted to move back to St. Cloud and this was a perfect fit for them."

Neumann also contacted Yvonne Cooney who had worked with him in the accounting department at Midwest Vision. She agreed to join the venture. Unfortunately, Vista Eyecare didn't want to just sell the 50 Midwest Vision stores to Neumann. They wanted to sell over 200 locations. Neumann found a Canadian company that would buy 150 stores and other buyers for about 25 additional stores, leaving the Neumann-Pearson-Cooney group to purchase the remaining 25.

Behind the scenes a new group, Vista, LLC, (unrelated to National Vision) was forming. This venture capital group wanted all 200 stores, according to Neumann, "and planned to sell it off in pieces and make a lot of money." In the end the Canadian company couldn't pull the money together and Vista, LLC won the purchase. They immediately turned around and offered to sell some of the stores to Neumann. "It was at a hugely inflated price," he said. "I wasn't interested."

Apparently neither was anyone else. In February and March of 2003 newspapers around the country from Idaho to California to Minnesota announced the abrupt closing of Vista Optical stores as a result of a bankruptcy filed by Vista Optical in New York.

Meanwhile, Neumann and Pearson, (Cooney had chosen to pursue other options) who knew they wanted to be back in the optical business, began a guerilla attack on Minnesota's Vista Optical stores. They contacted the building owners where Vista Optical rented space. They made offers to the owners to buy out the lease and when Vista Optical's lease came due, they lost their space. Neumann and Pearson moved into the space and promptly opened a new optical business called Midwest Optical. They did this successfully in Montevideo and Marshall before Vista Optical lowered the boom.

"I was talking to these venture capitalists in New York," Neumann explained. "We were trying to come up with a deal and they suggested I go to New York and talk about it. I thought that sounded reasonable, so I did. They showed me into this conference room and then this guy walks in and serves me papers for interfering with their business." Because the papers were served in New York, the case was handled by New York courts, requiring Neumann to hire a New York attorney and travel to the city. Ultimately Neumann paid about \$55,000 to get out of the law suit and purchase the two stores.

Surprisingly he got more than two stores out of the experience. "I made it known we wanted some more locations," Neumann's story continues. "The bankruptcy court asked which locations and dummy me I told them. The court then packaged locations I wanted with ones I didn't and put the price too high." But Neumann, willing to forgive and forget, had become well acquainted by this time with one of the leaders of the venture capital group that financed Vista Optical. Neumann told his acquaintance what was going on and "he asked me what I thought it was worth. I told him what I thought it was worth and he told me to put in a bid and he'd tell the court to accept it. So I did, and he did, and the court accepted it," Neumann concluded. "It's scary sometimes the kind of influence these guys have." Neumann and Pearson ended up with 24 stores, closing four, selling four others, and operating fifteen.

Still, Neumann and Pearson weren't entirely happy. They were able to buy back their stores, but they really wanted them to be Midwest Vision, not Midwest Optical. National Vision, which by this time had successfully reorganized, owned the name Midwest Vision. Neumann, who still had several acquaintances at National Vision, contacted them and asked to buy the name back. While the company

wasn't willing to do that, they did agree to notify the State of Minnesota that they had no interest in using the name. Neumann then applied to the state and was granted the right to *Midwest Vision Centers* in time to open all of the newly acquired stores under their original name.

### **The Future**

This may sound like the end of the story, but in many respects it's the beginning. At age 69, Neumann doesn't want to run the day-to-day operations of a business anymore. As he puts it, "I want to be involved, I don't want a job." Pearson, on the other hand, is enthusiastic about building the business. "If we have a void right now, it would be in finance," Neumann said. To correct that weakness, Neumann and Pearson re-approached Cooney. In September 2008 Cooney accepted their offer and the three-some will create a new partnership in January 2009.

"For Larry to reach his goals we need to grow and Yvonne is coming on with the promise that we will be in a growth mode," Neumann said. As for Neumann, "I'm willing to give up some stock to help them reach their goals. Besides, I'd rather have a smaller part of a bigger place, than a bigger chunk of a small company."

Neumann has done well at meeting his own goals, too. "Through the bankruptcy I took a seven-figure hit," he said. "I was trying to recoup some of that when we decided to try and buy back the business. Well this has turned out to be far better." It has been far better in every way, according to Neumann, financially, managerially, emotionally. "I'm enjoying this," he said. "I get to do as much as I want and I'm still a business owner. This has worked out extremely well for all of us."

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