

The Boring Path to Wealth: Why Healthcare Entrepreneurs Should Abandon the Billion-Dollar Dream

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As health tech entrepreneurs gather at conferences from San Francisco to Boston, clutching pitch decks promising to revolutionize healthcare delivery, a fundamental misconception pervades every networking session and investor meeting. The prevailing wisdom suggests that building a billion-dollar enterprise value business fueled by venture capital represents the pinnacle of entrepreneurial success. Yet conventional thinking, deeply embedded in our startup culture, may actually be steering ambitious healthcare entrepreneurs away from the most reliable path to personal wealth creation. While the venture capital ecosystem celebrates unicorn valuations and exit strategies, recent research reveals a striking truth that challenges everything we believe about wealth accumulation in America.

According to economists Owen Zidar of Princeton University and Eric Zwick of University of Chicago, who analyzed anonymized tax data spanning from 2000 through 2022, the largest source of income for the top one percent of earners in United States is not being a partner at an investment bank or launching a one-in-a-million tech startup. Instead, it is owning a medium-sized regional business. Data indicates successful small business owners make up a huge portion of the wealthy individuals in the U.S. These researchers have coined the term "stealthy wealthy" to describe this cohort of entrepreneurs who have built substantial fortunes through what most would consider distinctly boring and extremely lucrative businesses, including auto dealerships, beverage distributors, grocery stores, dental practices, and law firms.

The implications of this research extend far beyond academic curiosity. Their analysis of anonymized tax data from 2000 through 2022 suggests the importance of such business ownership to the U.S. economy has grown. The share of income that ownership generates has increased to 34.9% in 2022 from 30.3% in 2014 for the top earners. Meanwhile, the number of such business owners worth ten million dollars or more, adjusted for inflation, has more than doubled since 2001, reaching 1.6 million as of 2022. This data presents a compelling counterargument to the venture capital narrative that dominates entrepreneurial discourse, particularly in healthcare technology.

The healthcare industry, with its complex regulatory environment, fragmented payment systems, and resistance to change, presents unique challenges that make the venture capital playbook particularly ill-suited for sustainable wealth creation. As entrepreneurs chase billion-dollar valuations through revolutionary AI platform telehealth solutions, and digital therapeutics, they often overlook the mundane but profitable businesses that form the backbone of healthcare delivery. Among these overlooked opportunities, revenue cycle management companies, particularly those focused on medical billing and coding services, represent perhaps the most compelling pathway to entrepreneurial wealth in healthcare.

Revenue cycle management encompasses the financial processes that healthcare facilities use to track patient care episodes from registration and appointment scheduling to the final payment of balances. This process ensures proper identification, collection, and management of revenues from patient services. While RCM may lack the glamour of artificial intelligence or precision medicine, it addresses one of healthcare's most persistent and lucrative problems: getting paid for services rendered. The complexity of healthcare billing, with its labyrinthine insurance requirements, constantly changing medical codes, and regulatory compliance demands, creates natural barriers to entry that protect established businesses from disruption while generating substantial recurring revenue streams.

The financial fundamentals of RCM businesses stand in stark contrast to typical venture-backed health tech startups. While software companies pursue network effects and winner-take-all market dynamics, RCM businesses benefit from

geographic density, long-term client relationships, and predictable revenue streams. Healthcare providers, once they establish relationships with reliable billing partners, rarely switch vendors due to the complexity of transitioning financial operations and the risk of payment disruptions. This client stickiness creates defensive moats that venture capitalists dream about but rarely find in software businesses, where competitive advantages can evaporate with the next algorithmic breakthrough.

Consider the economics of a typical regional medical billing company serving primary care practices, specialty clinics, and small hospitals within a specific geographic region. These businesses typically charge between two and eight percent of collected revenue, creating alignment between the RCM provider and healthcare client while generating predictable monthly cash flows. A modest RCM operation serving fifty medical practices, each generating five hundred thousand dollars in annual billing volume, would process twenty-five million dollars in claims annually. At a conservative five percent fee structure, this generates one million dollars in recurring revenue with gross margins typically exceeding sixty percent once systems and processes are established.

The scalability of RCM businesses follows different dynamics than venture-backed software companies but offers superior cash flow characteristics and lower capital requirements. Rather than pursuing exponential growth through massive capital infusions, successful RCM entrepreneurs focus on geographic expansion, service additions, and operational efficiency improvements. A well-run medical billing company can grow at twenty to thirty percent annually while maintaining healthy profit margins and requiring minimal additional capital investment. This growth profile, while less dramatic than venture-funded startups, creates sustainable wealth accumulation without the dilution and exit pressures inherent in venture capital financing.

The bootstrap mentality essential for building successful RCM businesses aligns perfectly with the wealth accumulation strategies identified among the "stealthy wealthy." Rather than optimizing for growth metrics that impress investors, bootstrap entrepreneurs focus on profitability, cash flow management, and sustainable competitive advantages. They make decisions based on customer needs rather than

investor expectations, leading to more resilient businesses that can weather economic downturns and industry disruptions. This approach typically results in entrepreneurs retaining larger ownership stakes in their businesses, maximizing the wealth creation potential when successful exits eventually occur.

Derek Olson, the Minnesota-based entrepreneur featured in the Wall Street Journal analysis of the stealthy wealthy, exemplifies this approach. His National Flooring Equipment company, which manufactures machines for removing flooring in elementary schools, generates approximately fifty million dollars in annual revenue and places him firmly in the top one percent of earners. "This is how sexy it is: The average elementary school in the United States has 7 miles of carpet—and children find it disgusting," said Olson, chief executive of National Flooring Equipment and the father of two, chuckling. "So elementary schools basically need their floors redone almost every summer. It's this niche industry that no one knows about and everyone needs." This perspective illustrates the wealth-building potential of addressing mundane but essential needs rather than pursuing revolutionary technologies.

The healthcare industry offers numerous parallels to Olson's flooring equipment business. Medical billing represents one such opportunity, characterized by steady demand, limited competition, and high switching costs for customers. Healthcare providers must process claims to survive financially, making RCM services as essential as flooring replacement in schools. The technical complexity of medical coding, insurance requirements, and regulatory compliance creates barriers that protect established players while generating substantial profit margins for those who master the intricacies.

The venture capital model, while effective for certain types of businesses, creates structural impediments to wealth creation that entrepreneurs often fail to recognize until too late. Venture funding typically requires entrepreneurs to give up significant equity stakes in exchange for capital and expertise, with each funding round further diluting founder ownership. By the time a venture-backed startup reaches a successful exit, founders may own less than ten percent of their companies, limiting the personal wealth creation despite generating substantial returns for investors. Additionally, venture capitalists typically seek exits within five to seven years, cr

pressure to prioritize rapid growth over sustainable profitability and forcing entrepreneurs to make decisions that may not align with long-term wealth accumulation.

The pressure for exponential growth inherent in venture-backed businesses often leads to unsustainable business models and premature scaling. Healthcare technology companies pursuing billion-dollar valuations frequently burn through capital while building products that fail to achieve product-market fit or generate sustainable economics. The complexity of healthcare procurement, regulatory approval processes and clinical adoption cycles makes rapid scaling particularly challenging, often resulting in businesses that achieve impressive metrics without generating positive cash flows. This dynamic has become increasingly apparent in recent years as prominent health tech companies have struggled to achieve profitability despite raising hundreds of millions in venture capital.

Consider the contrast between venture-backed telehealth platforms and regional medical billing companies during the COVID-19 pandemic. While telehealth companies experienced explosive user growth that attracted massive venture investments, many struggled to convert usage into sustainable revenue streams as temporary regulatory changes expired and normal healthcare delivery patterns resumed. Meanwhile, established RCM companies continued generating steady cash flows by helping healthcare providers navigate changing billing requirements and maintain financial stability during unprecedented disruption. The telehealth companies that achieved successful exits often did so at valuations below their peak funding rounds, while RCM business owners maintained consistent profitability throughout the crisis.

The taxation advantages available to business owners further amplify the wealth creation potential of bootstrap entrepreneurship compared to venture-backed alternatives. Business owners can utilize various strategies to minimize tax liability including depreciation schedules, business expense deductions, and strategic timing of income recognition. These advantages become particularly pronounced when combined with the pass-through taxation structures commonly used by small and medium-sized businesses, allowing owners to avoid the double taxation that affe

corporate dividends. Venture-backed entrepreneurs, by contrast, typically realize wealth through capital gains upon exit events, limiting their ability to optimize strategies over extended periods.

The geographic advantages of regional RCM businesses create additional wealth building benefits often overlooked by entrepreneurs focused on national or global markets. Local market knowledge, established relationships with healthcare providers, and understanding of regional insurance dynamics create competitive advantages that are difficult for distant competitors to replicate. Additionally, successful regional entrepreneurs often benefit from lower costs of living compared to major metropolitan areas while achieving comparable income levels, effectively increasing their purchasing power and wealth accumulation potential.

The operational characteristics of medical billing businesses make them particularly well-suited for entrepreneurial wealth creation. Unlike technology companies that require continuous product development and feature updates to remain competitive, RCM businesses benefit from stable regulatory frameworks and established industry practices. While medical codes and billing requirements do change periodically, modifications typically occur gradually and affect all market participants equally, avoiding the disruption risk faced by technology companies competing against venture-funded startups with superior resources.

The human capital requirements for RCM businesses also favor bootstrap entrepreneurs over venture-backed alternatives. While successful medical billing requires expertise in coding, insurance processes, and regulatory compliance, these skills can be developed through training programs and industry certifications rather than requiring advanced technical degrees or research backgrounds. This access allows entrepreneurs to build teams gradually while maintaining control over labor costs and company culture, avoiding the talent acquisition challenges faced by venture-backed startups competing for scarce technical talent in major metropolitan areas.

The customer acquisition dynamics in healthcare RCM favor relationship-building over marketing sophistication, playing to the strengths of bootstrap entrepreneurs.

who prioritize customer service and operational excellence. Healthcare providers selecting billing partners typically prioritize reliability, compliance track record, local presence over cutting-edge technology or venture funding pedigree. This preference structure allows bootstrap entrepreneurs to compete effectively against larger competitors by demonstrating superior service levels and responsiveness to customer needs.

The financial metrics that drive success in RCM businesses align more closely with sustainable wealth creation than the growth metrics emphasized in venture-backed businesses. While venture investors focus on user acquisition rates, monthly recurring revenue growth, and total addressable market size, successful RCM entrepreneurs optimize for client retention rates, collection percentages, and profit margins. These metrics directly correlate with cash flow generation and business sustainability, creating alignment between operational excellence and wealth accumulation.

The risk profiles of bootstrap RCM businesses versus venture-backed health technology startups further illustrate the wealth creation advantages of the boring path. Bootstrap entrepreneurs typically grow their businesses gradually using internally generated cash flows, avoiding the binary outcomes common in venture-backed businesses. This approach provides multiple opportunities to course-correct and optimize operations while maintaining ownership control and decision-making autonomy. Venture-backed startups, by contrast, often face all-or-nothing scenarios where failure to achieve aggressive growth targets results in down rounds, liquidation preferences, or complete business failure.

The exit opportunities available to successful RCM business owners provide additional wealth creation advantages compared to venture-backed alternatives. Healthcare service businesses typically generate acquisition interest from strategic buyers including larger RCM companies, healthcare systems seeking to integrate billing operations, and private equity firms pursuing industry consolidation strategies. These buyers often value businesses based on cash flow multiples rather than revenue multiples, rewarding profitable operations over rapid growth. Additionally, business owners can often negotiate seller financing arrangements

retained equity stakes that provide ongoing wealth accumulation opportunities beyond initial exit proceeds.

The private equity interest in healthcare services businesses has increased dramatically in recent years, creating favorable exit conditions for successful RCM entrepreneurs. Private equity firms appreciate the predictable cash flows, defensible market positions, and consolidation opportunities available in fragmented healthcare service markets. This buyer interest often results in a competitive bidding process that maximizes valuation outcomes for business owners while providing opportunities for continued involvement in accelerated growth strategies.

The timing advantages available to bootstrap entrepreneurs also favor wealth creation compared to venture-backed alternatives. While venture-backed businesses face pressure to exit within specific timeframes dictated by fund lifecycles, bootstrap entrepreneurs can optimize exit timing based on market conditions, business maturity, and personal financial goals. This flexibility allows entrepreneurs to maximize wealth creation by avoiding forced exits during unfavorable market conditions or premature business stages.

The lifestyle benefits of building successful RCM businesses contribute to overall wealth accumulation through reduced personal expenses and improved quality of life. Unlike venture-backed entrepreneurs who often sacrifice personal relationships and health while pursuing aggressive growth targets, bootstrap entrepreneurs can build businesses that support desired lifestyle outcomes while generating substantial financial returns. This balance becomes particularly valuable when considering the total cost of entrepreneurial success, including opportunity costs and personal sacrifices required to achieve venture-scale outcomes.

The knowledge transfer advantages available in healthcare services businesses create additional wealth creation opportunities for successful entrepreneurs. Experienced RCM business owners often leverage their expertise to launch complementary businesses, provide consulting services, or acquire related operations. This experience becomes increasingly valuable as healthcare complexity continues to increase, creating ongoing opportunities for wealth accumulation beyond initial business success.

The regulatory stability of healthcare billing provides important advantages for long-term wealth creation compared to technology sectors facing potential disruption from artificial intelligence, automation, or changing consumer preferences. While healthcare billing processes may become more efficient over time, the fundamental need for accurate coding, insurance processing, and regulatory compliance ensures continued demand for specialized services. This stability allows entrepreneurs to build businesses with confidence in long-term market viability while avoiding the disruption risks faced by technology companies.

The insurance and healthcare policy changes that create complexity for healthcare providers simultaneously create opportunities for specialized service providers. New regulation, coding updates, or insurance requirement increases the value proposition for outsourced RCM services while raising barriers for healthcare providers attempting to manage billing operations internally. This dynamic creates a natural growth catalyst for established RCM businesses without requiring additional capital investment or strategic initiatives.

The demographic trends affecting healthcare demand further support the wealth creation potential of RCM businesses. An aging population requiring increased healthcare services directly translates to increased billing volume and revenue opportunities for established service providers. Unlike technology businesses that must continuously acquire new customers to maintain growth, RCM businesses benefit from organic growth within existing client relationships as healthcare utilization increases.

The geographic expansion opportunities available to successful RCM entrepreneurs provide scalable wealth creation pathways without the capital requirements typical of technology businesses. Successful billing operations can be replicated in adjacent geographic markets using established processes, systems, and expertise while maintaining the local relationship advantages that create competitive differentials. This expansion approach allows entrepreneurs to multiply their initial success while maintaining operational control and ownership stakes.

The acquisition opportunities available to established RCM businesses provide additional wealth creation strategies beyond organic growth. Successful entrepreneurs often acquire smaller competitors, complementary service providers, or struggling operations that can benefit from improved management and systems. These acquisitions can be financed through cash flow from existing operations or seller financing arrangements, allowing entrepreneurs to accelerate growth without excessive capital requirements.

The training and certification requirements for healthcare billing create natural barriers to entry that protect established businesses while providing opportunities for entrepreneurs to develop sustainable competitive advantages. Unlike technology sectors where competitive advantages may become obsolete quickly, the knowledge and expertise required for successful medical billing operations tends to accumulate over time and becomes more valuable as regulatory complexity increases.

The client concentration dynamics in RCM businesses favor gradual scaling and management compared to venture-backed businesses pursuing large enterprise contracts. Successful RCM entrepreneurs typically serve dozens or hundreds of smaller healthcare providers rather than depending on a few large clients for major revenue. This diversification reduces business risk while providing stable cash flow that supports sustainable growth and wealth accumulation.

The payment terms common in healthcare billing provide favorable cash flow characteristics compared to many technology businesses. RCM companies typically collect fees monthly or quarterly based on processed volume, creating predictable revenue streams without the payment delays or collection challenges faced by businesses serving enterprise customers. This cash flow predictability supports business planning and enables entrepreneurs to make strategic decisions without the uncertainty common in venture-backed businesses.

The operational leverage available in mature RCM businesses creates significant wealth creation potential as businesses scale beyond startup phases. Successful RCM operations benefit from economies of scale in technology systems, staff utilization, and client relationship management while maintaining pricing power through

specialized expertise and switching costs. This combination of cost efficiencies and revenue stability generates increasing profit margins as businesses mature, directly supporting wealth accumulation objectives.

For healthcare entrepreneurs contemplating their strategic direction, the evidence supporting the boring path to wealth creation becomes increasingly compelling compared to the venture capital alternative. The combination of sustainable profit margins, predictable cash flows, defensive competitive positions, and favorable economic conditions creates wealth accumulation opportunities that often exceed those available through venture-backed scaling attempts. While building a regional medical billing company may lack the excitement and prestige associated with revolutionary health tech startups, the financial outcomes often prove superior for entrepreneurs prioritizing personal wealth creation over external validation.

The entrepreneurial skills required for successful RCM business development translate effectively to other wealth creation opportunities, providing foundational portfolio approaches to business building. Successful healthcare service entrepreneurs often leverage their industry knowledge, operational expertise, and financial resources to pursue additional opportunities within healthcare or related sectors. This diversification approach further amplifies wealth creation potential while reducing dependence on single business outcomes.

The timing conditions currently prevailing in healthcare markets create particularly favorable conditions for entrepreneurs pursuing RCM business opportunities. Healthcare systems facing financial pressures increasingly seek to outsource non-core functions while regulatory complexity continues increasing demand for specialized expertise. Simultaneously, many established RCM businesses face succession planning challenges as aging entrepreneurs seek exit strategies, creating acquisition opportunities for ambitious entrepreneurs with appropriate financing capabilities.

The technology integration opportunities available to forward-thinking RCM entrepreneurs provide pathways to competitive differentiation without requiring venture capital financing. Successful entrepreneurs can gradually implement automation tools, data analytics capabilities, and workflow optimization systems

internally generated cash flows while maintaining ownership control and strategic flexibility. This approach allows entrepreneurs to capture technology benefits without accepting the dilution and exit pressures associated with venture financing.

The conclusion for health tech entrepreneurs becomes clear when examining the evidence supporting different wealth creation pathways. While venture capital financing may provide resources for building businesses with billion-dollar valuations, the dilution, exit pressures, and binary risk profiles inherent in this approach often result in suboptimal wealth creation outcomes for founders. The boring path represented by bootstrapped RCM businesses offers superior financial returns, reduced risks, and greater entrepreneurial autonomy while addressing essential needs within the healthcare system.

The decision between pursuing venture-backed unicorn status and building a boring but profitable healthcare service business ultimately depends on individual priorities and risk tolerance. Entrepreneurs motivated primarily by wealth creation, lifestyle optimization, and long-term financial security may find greater satisfaction and success through the mundane but lucrative path of medical billing and revenue cycle management. Those driven by mission-oriented goals, technological innovation, and industry transformation may accept the trade-offs inherent in venture capital financing to pursue larger societal impact objectives.

However, for entrepreneurs whose primary objective involves building sustainable personal wealth through healthcare entrepreneurship, the evidence overwhelmingly supports focusing on boring businesses that address essential operational needs rather than revolutionary technologies that promise to transform industry dynamics. The stealthy wealthy have discovered what venture capital culture often obscures: consistent profitability, sustainable competitive advantages, and ownership retention typically generate superior wealth outcomes compared to exponential growth fueled through equity dilution.

The healthcare industry, with its complexity, regulatory requirements, and resistance to disruption, provides ideal conditions for entrepreneurs pursuing the boring path to wealth creation. Medical billing and revenue cycle management represent the epitome

of these opportunities, combining essential service provision with defensive competitive positions and sustainable profit margins. For health tech entrepreneurs willing to abandon the billion-dollar dream in favor of building profitable regional businesses, the rewards may prove both more attainable and more substantial than the venture capital alternative promises.



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