



Friday, June 4

Business at Breakfast "Leading Through Transformational Change"

Guest panelists:

- **Arnold Garson**, President & Publisher, The Courier-Journal
- **Steve Sexton**, President, Churchill Downs Entertainment
- **Susan Stout Tamme**, President, Baptist Hospital East
- Moderator: **Julie Kredens**, Host, "State of Affairs" on WFPL

(Applause)

JULIE: Thank you, Scott, and good morning to all of you. Thanks so much for being with us today. I'm -- I'm glad to be back here at Business at Breakfast. And before we begin, I just wanted to take note of the table tents at your tables in regards to the question and answer part of the program. Normally, you know, we ask that you put your cell phones away. Today though, we just ask that you keep them on silent, but keep them handy because you'll be using them to text -- hopefully, to text questions to us during the program. You do this by texting the letters SKO, and you send to 28553; it's explained there on the tables. You'll receive a message prompting you to text your question, and I'll leave the questions up here on the laptop. We'll try to get through as many of them as we can before our time ends just before nine o'clock. So don't hesitate to get the questions in there right away. First though, I want to introduce our guests. First: Arnold Garson to my right. Arnold has been publisher and president of The Courier-Journal in Louisville since August, 2008. Garson is a career newspaper journalist and executive, and he's been recognized by his accomplishments in both fields. He's also been a leading advocate for the newspaper industry in the areas of diversity, and the industry's future. Before moving to Louisville, he was publisher and president of the Argus-Leader at Sioux Falls, South Dakota and a vice president of the Gannett West Newspaper group. Our second panelist, to our far right, Steve Sexton. Steve assumed the role of president of the

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newly established Churchill Downs Entertainment group in February of 2009 after serving as president of Churchill Downs Race Track since December 2002. The Churchill Downs Entertainment group is a wholly owned subsidiary of Churchill Downs Inc., created to expand the company's entertainment offerings, while creating new revenue streams to diversify revenue both at CDI properties, and other locations throughout the country as well. Steve also serves as an executive vice president to Churchill Downs Incorporated. And last but not least, in the center here, Susan Stout Tamme. Susan has served as president of Baptist Hospital East since March 1995. She joined Baptist healthcare system in 1973 as a staff nurse at Highlands, then transferred to Baptist East in 1975 as nurse manager. In 1980, she began serving as the vice president of nursing, and in 1986, was promoted to vice president for Baptist East until her promotion to president. Under her leadership, Baptist Hospital East has earned the best place to work in Kentucky designation for six straight years. Quite the panel. Please help me welcome them today. (Applause) All right. So the leading through transformational change. I guess it makes sense to start with change. And I'd like to go to each of you just for a little bit of an opening comment. What you see as the most significant changes within your industries in recent years, and maybe some factors behind those changes. And Steve Sexton, I'll start with you.

STEVE: I sat here for a reason. Head table credit and you sit away so you don't... (laughter). There's a lot of change in the pari-mutuel industry, primarily if you went back five to seven years, there's been consolidation -- three consolidated being Churchill Downs Incorporated, Magna, and [Head Gaming.] So there's been a lot of tracks purchased in the process of that, a lot of contraction, a lot of competition for the pari-mutuel dollars between states that have slot, subsidized purses and those who don't, which has caused the reduction of racing and the reduction of races. So fast forward ahead three to five years, and about three to four years ago, you saw the shift -- or start of the shift of movement of wagering at the pari-mutuel facilities to online and a



combination thereof. Not to say that you could just move the track online, cause many actually increased our wagering as a result of it. But we've seen a significant dip through online not unlike what I think Arnie may touch on. That is, dollars going to people wagering from their homes. That has increased, really on the quarter, double digits, and produced the business we started, actually almost forced us into the business that we started in 2007, TwinSpires.com, which is actually based out of Silicon Valley. So our industry's undergoing quite a transformation, not unlike the music industry, whereby the shift has gone online. Not to say that you can't still attract people to the races, as you've seen us innovate with night racing and some other activities at our various four tracks that we own in Chicago, Ft. Lauderdale, New Orleans, and Louisville. Cause we can still do that and develop new customers, and get them to come to live racing. Cause generally speaking, they're not going to start getting pari-mutuel racing online if they haven't been to a race before. So there's a whole process and a strategy that we have here of trying to generate new customers, produce more business to the race track, and encourage more visits by our online customers at the same time. So our company's undergone the transformation with the industry, and actually lead it from live racing online, and then gaming in two our jurisdictions where we've been able to accomplish gaming in New Orleans at Fairgrounds, and at Calder near Ft. Lauderdale, where you'd be able to subsidize the purses and stay competitive. We're still working on that obviously and Kentucky needs to work on that and Illinois, and other states surpassed us in terms of the ability to offer purses that are attracting horses. That's an ongoing challenge for us. We've seen the shift both where the customer wagers and in the consolidation of the industry, and the slot-subsidized purses.

JULIE: All right. And we'll come back to a lot of these issues, but I want to turn next to Susan Tamme. It seems that we've heard a lot about healthcare in the last year. Is it



my imagination or is it -- ? (laughter) Tell us a little bit about -- about some of the changes and how it's going to be affecting hospitals like Baptist Hospital East.

SUSAN: Well, Julie, I think you have almost to be under a rock not to hear the healthcare reform that is heard in this country, and it's definitely going to impact our industry. It will affect every aspect of our industry, from the medical device companies, to the health insurers, to the brokers, to the providers. And this transaction is just really starting, and the opportunities that we're looking at because the law -- now the law has been enacted, there's still a lot of legislation and regulations that has to be written, and we're not sure of the details yet. So part of our change, and looking at the future is not knowing exactly what the details will be. What we do know that we will have more individuals covered, we'll be closer to universal coverage in the next decade. And with that, brings a lot of challenges for access to healthcare. Because with millions of individuals looking for access what some individual states have already recognized is that access -- or coverage does not automatically mean access. And so how are we going to provide that access for all these individuals is a concern that we're all looking at today. At a time when many of our providers are looking at a better work life balance, they really do not want to work as our physicians did in the past, 24 hours a day, seven days a week. And so they're looking for more work/life balance, as well as all of the other individuals that we had providing the care. So we've got this almost perfect tsunami getting ready to occur with a real un -- you know, pent up need for care, and at a time when providers are looking for of a life, which is very understandable. Today, a lot more healthcare is provided in silos, and I think healthcare reform is going to really force us and provide us with the opportunity to work together. And the key to bringing a lot of the information from each individual silo will be the implementation of healthcare technology; the electronic medical record that will follow that patient wherever they go. And with that, we'll have safer care, we'll have better communication, better information going across the



levels. So our new model of healthcare is going to include networks of providers that we have not seen in the past working together, I believe, to be able to provide the highest quality care at the lowest cost. And value is going to be something, certainly, that our patients and families are looking forward to.

JULIE: Truly a changing landscape. And let's get another point of view, more background here from Arnold Garson, The Courier-Journal.

ARNOLD: Well, not unlike what Churchill is going through, the key factor driving change in the information business is the digital world. That transformation began probably in our case something in the range of 12 years ago or so. And it's progressed far more rapidly than anyone, and I think any of us perhaps in this room imagined it would over that period of time. But one of the -- one of the key factors in navigating that transition has to be that our -- the realization and the understanding that our brand and our product still have an enormous strength and enormous position in the market. The Courier-Journal continues to reach over 80% of the market every week, and reaches them at -- 80% of the adults in market every week. And we reach them an average of 5.6 times every week. So we have to understand as we move forward through this really dramatic change that we still have a core product that is important, and is a core piece of the equation. So the trick is to begin working with the new technology, position ourselves for that future, the change is ongoing, and is increasing virtually every year to position ourselves to be ready for that, and to take advantage of that, and maximize that opportunity while still embracing the core product that much of the community really still appreciates and uses on a daily basis. You have to sort of play in both worlds. You have to be a part of both the tradition and the history that got you here, as well as worrying about the future, and trying to figure out how you're going to navigate that. So for The Courier-Journal, you see us still investing in our core product, the print newspaper, and it is still a second day product. And you will



also see us working dramatically on the -- to position ourselves for the digital world -- a website, mobile, and also with some peripheral print products that were once never a part of anything we thought we would ever do. Products such as our weekly newspaper Velocity, targeted at young adults; Her Scene magazine, targeted at upscale women; and a range of things that sort of surround the core product, and support it for the future as well as right now.

JULIE: I'd like go back to branding too is an important point because the three of you represent really strong brands, high name recognition. Not only in this community, but certainly outside of this community. I want to turn back to Steve Sexton now. OK, you've provided some specifics about your industries. But when we talk about leading through transformational change, then what are some of the basics in preparing for change, and trying to stay ahead of that curve. Susan mentioned, you know, we don't know exactly how things are going to play out with the healthcare legislation for example. Short of being a mind reader or a fortune teller, what are some of the key characteristics? Is it flexibility, is it open-mindedness? Is it -- I mean risk taking? How would you describe getting ready for change and being really forward thinking?

STEVE: Well, certainly, it's flexibility. You have to be able to act in a timely manner, and launch a new initiative like we launched, or like we launched TwinSpires.com in 2007. But it's also really an openness to take risks. So we said back in '08, kind of looked across our business as racing, online, and gaming in two states, we said OK, there's really a need for new, incremental revenue growth above those three businesses. Some are -- some of those are challenged more than others, but there are challenges in each. And so what could we do, and how could we generate incremental revenue other than just trying to use our facilities a little bit more? Really, there's a lot of those kind of small scale uses. So we said there are certain



core competencies that we have that we can take and translate to other businesses.

And those competencies are managing and monetizing very large scale events. So we looked around and said well, how can we apply those? Can we go out and get into stadium management? Though we probably could, the margins real thin there, and it's a very competitive business, with S&G controlling most of the market. Should we take a shot and do the secondary ticket market? No, probably not. That's really cutthroat, very competitive. And that serves about four or five other opportunities. We kind of settled in on building large scale, franchise-value events. So the Hullabaloo Music Festival is the first of those. And in order to be out in front, at least, to some degree of the market. There's a lot of risk involved with that. The talent we paid for, for that festival is a substantial risk because you never know if people are going to buy the tickets or they're going to show up. So far it looks like they will, but you don't know when you get into it. So that -- you have to have that flexibility, that willingness to change, that willingness to invest, but the brand certainly helps that. If we've got -- I got phone calls returned the first nine months that you wouldn't dream of getting returns just because they heard "Churchill Downs." So I called AEG Live, I called the Livestrong Foundation, I called Live Nation. And literally got the door -- a couple through relationships, but for the most part, they like the brand, they want to talk to the brand, they want to be affiliated with the brand. And that really helps us launch the new entertainment group.

JULIE: And so that really opened some doors.

STEVE: Absolutely.

JULIE: And to stay with the entertainment group for a moment, is it a dual goal? I mean is it to bring people to a gaming environment, but also just for the sake of revenue? I mean -- or is it primarily to attract new customers?



STEVE: No, it's a good -- it's a good question. Our goal is not just to bring people to our facilities even. Our goal as we build an entertainment group that will build a very large scale entertainment seeking database that does a couple things. One: it builds a data base, so we can cross market our other business units to those people. Secondly, we're bringing in and building relationships with sponsors who had never been involved with Churchill Downs, for example, the music festival. We've got I think 10 so far, eight have not done business with us before. So bringing them in the fold... Cross-pollinate existing Derby sponsors into a new area of business that *they* hadn't been exposed to. And if we can, utilize our facilities. If we don't, that's OK too. I mean the first event we happened to have was at Churchill Downs because the rent's free, and it's a big infrastructure. (laughter) And we believe the Louisville market, based on the research we did, will support a large scale music festival, and it's a regional festival by intent and marketing design. But as of now, we've sold tickets in 42 states, and we've got 65% of ticket sales outside of Louisville, which is becoming a really nice tourism opportunity and Jim Williams has supported and the mayor supported from day one, so we're please it's turning out that way.

JULIE: Alright. Sue Tamme, back to you, and to talk a little bit -- touch on some of the things that Steve has brought up. And that is -- you know, when we look at -- at a goal, when we look at maybe thinking about delivering services or different kinds of services. Let's say, broadening what the mission is. Certainly, healthcare has a very core -- very basis mission; core mission. How do you see innovation coming into this industry, and again, sort of applying those principles to any industry? Just some -- some characteristics, some tenets for good leadership through change?

SUSAN: Well, I think Steve mentioned some very good points, and the fact that you -- you have to be open to new opportunities, and we've certainly seen that in healthcare



industries. Healthcare is no longer delivered just at the hospital. In fact, how we take our brand out to all of our other access points in the other areas where we deliver the care is becoming increasingly important. But our strong group brand, being known for high quality, low cost, for being known for getting the perk -- the care that people really want, and knowing that you're going to get that kind of care, and being able to deliver that brand is very, very important to us. Because whenever we put on our name on an entity, on the roof of physician practices, for example on a service that we're providing, We want to make sure that we're able to live up to the brand that we've established and worked so hard to get on that reputation. So it is a risk. It is an opportunity -- you know, it's an opportunity and a risk at the same time. But we've got to move in different directions. And certainly with healthcare, consumers no longer want to come to one place for healthcare. So we're seeing that. And it had been at new emerging care centers, different levels of care, different price points for that level of care. depending on that patient's needs. Instead of having to wait -- everybody waiting in the emergency every Saturday night, now we have all kinds of options for people -- where people can access care.

JULIE: Great.

ARNOLD: Yeah, well, I just want to touch on something Steve said, which I think is really critical to this discussion. He had mentioned starting out by trying to figure out what your core competencies are, and moving from there. I think for perhaps many of us in this room, we might have thought of Churchill's core competencies as racing. But as you heard him say, it was something much broader and a little different than that, it was event managing. Something -- something right along those lines. I think the message there is that you need to think of your own businesses in terms of -- and in a very broad way, and trying to -- trying to really analyze it -- analyze what unique factors you bring to the marketplace almost individually through our businesses bring to the marketplace, what it is that positions us for the future that we really understand,

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and then begin working from the center, from that center out. And how -- perhaps there are some other things that you're doing that may not relate directly to those core competencies, and can either be outsourced, can be walked away from, whatever the situation may require. In our case, The Courier-Journal, our core competency is local news and information. It's that simple. It's also secondarily a sales mechanism -- a really sophisticated sales mechanism, which supports that. Beyond that, we think of everything else that goes along around our businesses as really a support kind of mechanism that some of which we'll reshape, some of which we will perhaps consolidate. Some of which we'll centralize and sort of print newspapers with that particular scope and (inaudible). So it's a very different kind of thinking.

JULIE: Arnold, I want to stay with you for just a moment, but remind our audience if you have questions you'd like to ask of our panelists, please -- please do so. Don't hesitate. We've got about 15 more minutes to the program. Text the letters SKO sent to 28553 and I'll get them up here. We do have a question we'll receive, but I want to stay with Arnold for just a moment. Can you talk about -- I want to talk about two things: branding, first of all as far as The Courier's concerned. Courier-Journal media, no longer just newspaper. And also, what about -- you know, when you talk about what is our core mission, how does that translate into getting new market, but also not alienating current readers? You know, we can make generalizations about generations as far as how they get their news, how they prefer to get their news. How do you try to serve the range of people who still like to hold their newspaper, people who like to just stay online?

ARNOLD: Well, the answer to that is truly both of those things. There are -- there are people who want to get information the way they have always got information. And they're an important piece of the demographic who control the big part of the market in terms of money. And it's important that we -- that we continue to provide a product that



they find attractive, and that they will use. At the same time, we also have to understand there are other ways for people to get information, and we need to be a part of that equation as well. The brand works. If you think of a brand in the context of information, it works regardless what the platform -- whatever platform it is that you're talking about. And the customers -- just as an example -- we're working very hard on mobile right now. The digital world is moving in that direction. The website that we have is the leading website on the market in terms of what it does. But we're still -- we still see change out there ahead of us, and we think that the next -- one of the next big revolutions is going to be the mobile information marketplace. And we are -- we're engaged very -- very heavily on trying to get ourselves positioned in that, and make sure that we're a part of that. Back to your first part of that question: Courier-Journal Media. You mentioned earlier that we are no longer just a newspaper. That we are in the digital world, and we're in the print world beyond just a core product newspaper. We envision that both of those things will continue to grow for the future. And using the B to B brand, Courier-Journal Media, more accurately reflects what we will be doing in the market in a broader way. But at the same time, capitalizes on the brand that is established and important in the marketplace. So we can't walk away from one. We need to capitalize on that, but also sort of maneuvering in a way that broadens it to more accurately reflect what the future will be.

STEVE: And to add to that, I think you have, we have some of the same issues, obviously. Where people who like to follow the races go three or four times a week, and those who come once every three months. Some we're fortunate enough that we can segregate by a physical space, such as Twin Spires Club, our high-end wagerers are in a particular physical space, they don't have to mesh with the rest of the people screaming and yelling. They can focus on the racing from the TVs and pick the best wager. (laughter) But that's what they want. So that tends to be more of a physical



channel, but I think those needs can be taken care of in kind of what we call channel management. I mean they'll -- the Twin Spires, you know, 'high enders' will typically be online customers -- some of them or most. And so it can be handled through channel management. You'll see different types of information and handicapping information for our online customer that you won't see when you're physically sitting in a box at the races. That's more of a casual, social environment you can group sell. It's very social and casual. We're not walking walk up to them and say hey, here's a Racing Form, go read these 20 pages? So channel management. The online customers, the live customers social, the mobile platform through TwinSpires.com, Twin Spires Club marketing.. So different channels feed different forms of information to different customers or their visit to a segregated track for a different experience.

JULIE: So again, it goes back to Arnie, what you were saying too. It's not -- I mean you remember your core mission and your purpose, it doesn't matter what your platforms are even. You can work on different platforms to sort of different customer needs, different areas of your customers, but you're staying sort of true to what the mission is.

ARNOLD: But each of those channels is different, and you have to think about them differently.

STEVE: Yes.

ARNOLD: You have to understand the differences in each of your channels. And set out and say OK, what is this -- what do we do here? What demographic do we reach? And how do we extend that particular channel? So each of them have to revolve around something.



JULIE: Let's take some questions now coming in. For Sue, this question: with Baptist, Norton, Kosair, and Jewish now having large facilities along the Gene Snyder, do you think the downtown medical campus will shrink?

SUSAN: Well, I think that what has happened in our market is very typical to what's happening in Indianapolis and St. Louis, and other markets. You start with a very complex, downtown market. And then they move up, we move out to the next area, we all moved to St. Matthews, and now we're moving to the next wing, which is the Gene Snyder. It's very typical. I think what we will see, as I mentioned, different levels, and again meeting different people's needs. But that end of the county, that population's looking for healthcare delivered close to them. And they no longer want to travel downtown for all their healthcare needs. Those downtown will continue to use those services, and I think we'll see the downtown area remain a very high tertiary level, where people come for very acute needs, very intense healthcare needs, but gets -- the other levels will go to different avenues where they can reach healthcare. So I think there will be -- continue to be a need for all levels of healthcare. I think we'll use all of our facilities. And especially if we get to a completely -- the new universal coverage will have even needs for more.

JULIE: And what is your take, quickly, you know Steve and Arnold both talked about channel management. Well, how do you see that as applies to healthcare?

SUSAN: Well, it is. It's -- you kind of feel schizophrenic because you are literally working both worlds, and you had patients and families for us in healthcare, looking for the different aspects of healthcare at different times. We have those seniors who are -- many with chronic diseases that are looking for chronic disease management. And how could we as a healthcare industry help them remain well enough to stay home with their healthcare, and keep them out of the hospital? And that's a new -- a new



phenomena we're all working on. Then we have the younger population who thinks that they're never going to be sick, and when that happens, you know, how do we help them identify their healthcare needs? I think that in the future we're going to see more focus on a medical home, that you will hopefully develop a system where someone knows about you completely, about your healthcare, and perhaps you won't be moving from facility to facility, or access point to access point. But that's a change, and I'm sure that'll only be a small matter of our population that will be looking for that. We're still going to need to meet the needs of the younger patients as well.

JULIE: More questions from the audience. And thank you, these are great. They're coming in now. How do you prepare your organizations' leaders for transformational change? Steve, let's start with you.

STEVE: In our case, preparation was almost mandatory because the industry is changing so rapidly. Both the pari-mutuel side, and then of course when you get gaming approved, the more money you can move the more revenue you generate. So it wasn't so much preparing the changes as actually putting the right people in the right places to be prepared for the change. So in ours we discovered, unfortunately it's a little more reactive. Well, we were proactive getting up front on the account wagering with the TwinSpires.com business. Just be prepared. The real key is just putting the right people in the right slots, where it can propel you and take you to those new areas.

JULIE: And Susan, you want to answer that?

SUSAN: Well, I think we are also looking at the same thing. Trying to make sure that -- We have an aging population in healthcare right now. The everyday -- the nurse, for example, is 47 years old. We know that in the very near future, we're going to have a



lot of change. And when we'll lose those experienced nurses, we'll be losing a lot of the clinical knowledge, a lot of expertise. So we're working diligently everyday to prepare our new leaders. We've got leadership training programs that we've had in fact for many years now. And it's not designing that with the one thing -- one, specific job, but any job that may come up in the healthcare arena. And many of them are looking for opportunities in their -- we need to recognize the gaps. And a lot of our gap is in information technology. We've got to have people who can combine that -- that technology with the needs of the healthcare individual. So it's -- it's a big challenge. It's working closely with our universities and schools to identify what healthcare needs we're going to need in the future. We work closely in providing clinical opportunities for the students that are in this program to learn as well.

JULIE: And I'm going to ask the same question of you, Arnold, of organizations and leaders, but also in our communications before this event, you really wanted to hit on too employee buy-in, and how critical that is in leadership.

ARNOLD: They sort of go together. I guess I could start by saying that training, retraining, bringing in outside people to help you think through, work through issues, it has to be an ongoing process. You can't just get to a place and say OK, we're done with that now, we've done that. We got all our people in place and they're fixed for the next, you know, year. It doesn't work like that. It's an ongoing process to make sure that all of your people are -- are in tune and thinking in the direction that you need them to be thinking in. It's a little easier at the leadership ranks, I think, than it is further down, deeper in the organization. I think most of our leadership people understood very clearly the changes and the transformation that the industry was going through. And were willing to sit down and say OK, we need to think about this more broadly than we've ever thought about it before, and we need to look at it in different ways. That's not necessarily true as you get down into the organization. And I think one of



the biggest challenges we face, in fact, in transformation is that, is bringing your rank and file organization along with you. It can be very difficult and in fact, it can mean a huge stumbling block. And I really -- I guess I'll say that I really don't know anyone who's got this figured out completely. We've done a lot of things, we've worked very hard on that, but the bottom line is that there are a lot of people working for all of us, I'd be willing to bet, that simply don't like change. And trying to figure out how to -- how to maneuver that, how to get them on board with the different kind of business model is a very challenging issue. And if you don't do it, you'll fail, truly.

STEVE: Can I -- I would just add one, quick comment. When Bob Evans came to our company in 2006, one of the things he really emphasized was hire people who've got the ability to go beyond the job we're hiring for. So don't look at him as we're hiring a sales account executive. Don't look at him as just a sales account executive, and that's what they're going to be doing the next 10 years. Look at him as an employee, as lateral or vertical movement opportunity, and hire for the person, not necessarily for a skill. There's only a couple exceptions of that in our company, and that'd be like a Racing Secretary, or a Pari-Mutuel Manager. Where it's engineer like, very specific. They do need to have a level of expertise. But for the majority of jobs we have, we're hiring for the people, and that helps the change implementation. Because they're not there, and their skill sets don't match only being a sales account executive. They have the ability to do a wide variety -- a wide range of jobs. And then in most cases, they have an interest to do that, because when we're interviewing, we're asking them, you know, are you interested in several different areas? Do you want to do -- you know, branch out, to grow, learn new things? And that really helps us to go forward, when you're trying to change.



JULIE: Well, that was another question from the audience along these lines was, you know, how have you brought employees on board? And we know employee buy-in is important, but some strategies for making that happen. Sue?

SUSAN: Well, I think that again, communication's critical. You can't assume that everyone understands our position. We spend a lot of time explaining that new healthcare reform, the new healthcare form. What it means for each individual, and each individual area, and explain that vision takes a long time. But -- and it takes repeating it. You can't just say at once, you just can't say it to one person on day shift and think there's a weekend night shift person's going to understand it. You've got to communicate with everyone over and over, and get their input. And we've really tried to do that. Try to ask each -- at each level, at each ending, we're -- how can we work together to accomplish this vision? You know, whether physicians who have been used to working in their own area for so many years, how do we work together to improve healthcare? We've got great models, and I think that's the other thing. We need to celebrate a lot of the successes. When we do have a success -- we had a meeting this week, where we talked about how in the past, at Baptist East -- we had a chest pain unit, but it took so long for the tests to get done. And here you are, type A patient being in bed with chest pain in a room waiting for 24 hours to get the diagnosis. That really is not the best thing. It doesn't work. So we put together our cardiologist, our ER doctors, our nurses, our staff who have been working very carefully on this design, and they've reengineered the process. And for the last three months, they've been able to give those patients results around -- turnaround quickly, and that type A person with chest pain is now out of the hospital in a few hours instead of what the process we used to get. So it's very possible, but it's just getting all the -- all of the players involved. It's not one entity you can't change, and it is not a silver bullet. It won't happen quickly. It takes a lot of time.



JULIE: Arnold Garson, strategies regarding that buy in?

ARNOLD: Well, you touch on something very important, I think. And that is communication. I think for many of us, when we've thought of communication within our organizations, a couple of ways over the years -- traditionally. Written communications in some cases broadly broadcast to -- rightly through perhaps all of the employees, and big group meetings. So now get everybody in a room, let's talk about what we're doing, ask some questions, walk out, feel good, OK, and we're moving on. I think both of those things in today's world may be a piece of the equation, but they're sort of flawed. We really need to work on the much more intensely personal basis with our employees and employee groups. I work -- I spend a lot of my communication time in small groups of folks. We sit down, really have a discussion, and often over lunch, late in the afternoon, early evening, whatever it takes. Small groups -- I'm talking anywhere from five or six employees to up to about 20. Twenty's about as much as you can manage effectively, I think. Or at least it's as much as I can manage and control. And I'm kind of big on control. (laughter) So you know, want to have a format that still provides for communication, but that you still can control and understand and work from. I think visibility in the organization for top executives is huge. I think you have to be out of your office, out of your office area. If you're in the vertical building, out of your office floor. You have to be -- you have to be able to navigate the entirety of your organization, physically. And if that includes multiple sites, you need to figure that out, and you need to build that into your planner.

JULIE: A few more questions in our last five minutes. We'll try to get to as many as we can. For Sue Tamme, with the changes occurring in healthcare, do you see a shift in focus from marketing or branding Baptist Hospital East to patients. to a focus on referring MDs?



SUSAN: Well, I -- today, we're focusing on both and it is not exclusive. We actually work to make sure we have got the best talented doctors for those progressive -- those that are going to work closely with us. So we are constantly marketing to physicians. We are recruiting new physicians to come join our network. We're looking at constantly our gaps, and where we need new physicians. Planning for retirement. Right now, you know, and some of our specialty areas, we may only have one physician who's doing very well, but knowing that physician may retire soon. So yes, we are marketing to the positions, as well as to the patient. And for me, a customer's our employees as well, so I want the most talented respiratory therapist, I want the most talented ICU nurse, I want -- you know, the entire group. So when you're talking about marketing, it's -- and your brand, you know what I want is -- the employees who want to work with Baptist, they want to be a part of our networks, the physicians want to be a part of our teams, and the patients want to come here. So it's multiple.

JULIE: And part two to that, to filling those gaps and the needs for more workers in healthcare, how does immigration and immigration reform play to the transformation of the healthcare industry, especially in the context of the shortage of nurses and doctors?

SUSAN: OK. And we do get many physicians who come to the United States for training, and immigration laws will impact that in the future in terms of their ability to stay here. And many of our systems in the United States, they've been recruiting nurses, especially when we had a nursing shortage from other countries. I know that the Philippines were one that were really targeted. We have not had to do that, personally, but I know that it is happening and we're watching that very carefully. And what you do is you look for a country that has very similar systems, and cultures, and of course the language is very important as well. When you have an 80 year old



senior patient who's just had a stroke, it's very important they can communicate the physician and the staff.

JULIE: Another question, a great question from the audience today, are you engaging your human capital in the development of your initiatives? Have you in turn identified a need to increase the diversity of your workforces? Steve?

STEVE: Most definitely on two counts. One, there's kind of two questions there. One was diversity, one was kind of human capital. So we -- because of what we're doing and the risk we're taking, we initially didn't launch the staff of 20-25 people. And so we said, you know, we're going to be as lean as we can, we're going to outsource where we can by using existing infrastructure the best we can. So that cost us to make sure the human capital is buying into what we're doing. Human capital being the departments we're utilizing -- finance, human resources, legal. Those who really needed to get launched off the ground, we're investing in what we did. So we did kind of what Arnie was talking about: small discussions, small meetings, small presentations about what our objectives are, and what we're trying to accomplish, where we're trying to go. And we got to the point with the music festival. We have kind of a thematic and a touch, feel, smell sense of what's going on. We did that presentation with that same group so they can kind of get a sense of what we're doing. And we went out and hired seven people, which is kind of our core team to try and build from. So within those seven people, we have -- because it's worked for a couple reasons, we have diversified who we hired: sex, race, age, mainly because we need different opinions and different inputs. You know, -- my running joke was we hired a, I hired a 29-year-old guy from the PGA because he had large-scale event experience in management. And I said I'm hiring you, but your opinion doesn't count because you're too young for what we're doing now. (laughter) So after -- and then I said well, this is no good. We have two males, talking about issues, what kind of



opinion are we going to get? Male. So I said we need to pull females, we need more diversity. We started pulling different people in, so when we had issues like the logo or merchandise, we pull a variety of 10-12 people in the room and we get everybody's opinion because it's no good, you know, if four, five, or six people saying the same thing. So those are the kind of two ways we accomplish it.

JULIE: Arnold Garson, I'd ask the same question of you using human capital, and also what issues of diversity?

ARNOLD: Let me start out by focusing on diversity for a moment. I think in today's world, a business that is not diverse in terms of its employee force is a business that is in serious risk for survival. It is that critical, it is that important to your business. You must have input at the employee level from -- for voices that reflect virtually the entire spectrum of the community. And if you don't have that, you better sit down and think about how you're going to get it. Because at some point, it's going to be a problem for you, for your organization. The Courier-Journal has had a long history of pursuing that kind of -- that kind of philosophy, that kind of thinking. But it's also something that you can never sit back and say, OK, we've -- we're done with that, and it's fixed. And we can forget that, we wanted something else. It has to be an ongoing concern. The human capital piece of it in using that, I think you have to find different ways to use your employee force, your organization as you're building for the future. I think if you sent -- if you simply say well, we're -- we need to transform our business, we need to prepare for a changing landscape, what ideas do you all have for how we ought to pursue that? You may or may not get the kind of input that's going to be useful for you, that you're really going to find actionable. You may spend -- in fact, quite a lot of time sorting through that and managing that in a way that is perhaps not as productive as you like it to be. My preferred approach is to -- is to use the leadership team of the organization to develop the direction -- the general



directions that we need to be moving in, and then to reach out to the employee force, to the human capital of the organization. ‘OK, here’s where we’re going, now help us get there. Put the -- help us put the pieces together.’ So I think you need to give it some definition before you begin utilizing that broad range of human capital in your organization.

JULIE: We’re running over time by just a moment. But Susan, anything to add to that? This conversation about human capital, diversity?

SUSAN: No, I agree that it is ongoing. And it’s -- you want to make an excitement. You know, you want your employees to welcome the diverse cultures that we have here and the diversity that we’re looking for. And so to engage them, you know, we have a diversity fair every year, and it is ongoing. It’s not just one time and then it’s over with. Training is ongoing. And again, it celebrates some great opportunities when it does occur, and people who could see the benefits of all their efforts in learning the new diverse, you know, discussion, the cultures we have come to work with.

JULIE: So a lot of the basics that sound like you know, preparing employees for change. You can’t underestimate the importance of that, you can’t do it without them. Remembering the core mission, but understanding that you have to meet different needs of different customers. That’s the reality. And as always, it seems this theme comes up a lot in these events: flexibility, risk taking, being open to new ideas. It’s been a really interesting time, I wish we had more time. But I want to thank Arnold, Steve, and Susan for joining us today. (applause) And as a token of appreciation, GLI is going to make a donation to each of our panelists’ charities of choice. Another big thanks to our sponsors today -- our presenting sponsors Stoll, Keenon Ogden, the event sponsor Boice.net. Thanks to MP Videos for videotaping today’s program. And if you know someone who couldn’t be here this morning, be sure to let me know



that they can view these events on the GLI web page -- or video page rather. And I hope you'll join us for the next Business at Breakfast event. That's July 15th, and the topic "Global Business: Expanding Markets and International Expansion." And one final mention, I won't keep you. Your opinions are really important to helping GLI plan programs, shape events that are going to meet your needs. So I hope you'll take just a couple minutes to complete the survey that you find at your seat there. After you -- after you finish it, you can keep it on the table, you can drop it at the registration table on your way out. Your input is really key in helping GLI craft these events, and deliver the knowledge your company needs to succeed. I want to thank Shawn Herbig and IQS Research, by the way, for their work in developing and monitoring those program surveys. And that concludes this morning's program. Have a wonderful Friday and great weekend. Thanks for being here. (applause)
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