Empowering Employees to Success – Part 2

Audio interview with Steve Bilt, president and CEO Bright Now! Dental

Nancy Ellen Dodd, MPW, MFA

About the GBR: Since 1998, the Graziadio Business Report has provided practical information on dealing with business situations and problems. GBR authors translate the latest academic research and analysis into practical applications for business. From accounting and finance to ethics and work/life balance, the Graziadio Business Report extends current business debates in new directions that you can use to advance your business and professional career. Read us online at gbr.pepperdine.edu.

About the GBR Blog: The GBR blog expands on ideas published in the Graziadio Business Report and provides timely updates and critical analysis of what is happening in the fast-paced world of business today. Read us online and watch video interviews with GBR authors on at gbr.pepperdine.edu/blog.

#### Start ####

Nancy Ellen Dodd: Let’s talk about you a little bit and your success. As Presidency of Bright Now! how much of the success you have had do you think depends on intuition, how much on talent, and how much on learned skills?

Steve Bilt: It’s an interesting question and as I ponder that I think of it as somewhat circular. I think what happens is we have this base of experience and base of skills, all of which feeds out intuition and so I think intuition’s an ever-changing thing. Certainly my “intuition” today is very different than it was, say, in my twenties. It definitely develops over time so ultimately I do believe that our best decisions are made based on that intuition. We know when something’s right, I think we know when something’s wrong, and then we can find data to convince ourselves otherwise if we think we need to. But at the end of the day it’s usually that initial intuition that tells you. That said, I think that initial intuition is all based on experience. So, if I look at an acquisition today-- and when I was at Viva [ph?] we had done hundreds of
acquisitions but I wasn’t necessarily in the driver’s seat and the guy who had to operate them coming out the other side, I was more on the finance side. So, I developed a certain intuition about what a good deal was but that was mostly based on the economics of it on the going-in side. When I became the guy who had to operate these things on the way back out, my intuition started to change and be much more focused on what the asset was going to be like to operate over the next X number of years. And so now when I look at acquisition today it’s very much based on “What are the people in this company like? What’s the service level like? How is it positioned to grow?” all those kind of things that are probably based, again those are my intuition now, but they’re all based on all that experience. So, again I’d probably go back to what I said in the initial one is that based on intuition or experience, and the answer to that is probably yes.

**Nancy Ellen Dodd:** Were the skills it took to start Bright Now! different from the skills it takes to be President CEO?

**Steve Bilt:** Yes, absolutely. And again, that has to do with the skills to start with had to do with looking at the size of the sector, saying, “Is this a great place to compete?” asking the question, “Do quality and value actually determine success?” which is what attracted me to dentistry to begin with. In a lot of healthcare that’s not how success is determined. In dentistry it really is. People feel qualified to determine if the dentistry they received is of a reasonably high quality and they know if the price was reasonable. So quality and value, if you can answer yes to those, they’ll make you successful. So, the skills that it took to get Bright Now! started were sort of looking at that sector opportunity, ultimately having a vision for how you’d do a build up, identifying acquisition targets, raising capital, and then closing that. And then if you consider the start up phase to be the first few years and not just the initial deals, then it became “Can you put the platforms together? Can you rationalize these companies? Can you integrate them? Can you get people, again, energized around the concept and their contribution?” So, that’s what it really took to start it. To run it over time through the growth we’ve been through, we went from 45 offices to 300 in a couple of years, then all of a sudden we go into a different phase where it’s really critical to have, again, some of this infrastructure across the whole company, some consistency across the whole company, very senior executive who can run their functions really well on their own, which is different than it was when it was 45. That was more like “Can people carry out specific instructions?” Now it’s “Can these folks take a concept, run with it, upgrade it, and own it?” and that’s very different. So, it’s much more working with a senior management team; helping them grow; directing them, in terms of just helping them be consistent with one another so we’re all rowing in the same direction; and then also it’s a different “Ask now” to get out in front of people and present the vision of the company. Because when we’re 45 offices I just go visit them all and so I know all the doctors, I know all the office managers. When we’re at our current size it’s much more of a message and group setting and those kinds of things in order to reach out, which is a different skill set, a different delivery
mechanism, you've got to touch people in different ways. So, it definitely has evolved over time and I think it will continue to do that.

Nancy Ellen Dodd: I can imagine it would be very difficult to visit each one of those locations over any span of time.

Steve Bilt: Yes, if you do the math it's a multi-year proposition to get to all of them, considering the fact that that's not the only thing I have to do from a day-to-day perspective. So, if you think about whatever that number of work days is in a year, 250-something work days, and if you're going to visit one you don't want to fly through, you want to spend some time there, so you're visiting a couple-a-day and at a rate of visiting a couple-a-day it's tough to get to all of them in the course of a year. It's doable but it's hard to have high quality visits with all of them on that kind of basis. So we have to upgrade the team so that they are getting very high quality visits from high caliber individuals on at least a once-a-week basis.

Nancy Ellen Dodd: Getting involved with Bright Now! I think was pretty entrepreneurial. Were you always entrepreneurial and what started you along the path of becoming entrepreneurial?

Steve Bilt: The answer to that is no. My first entrepreneurial venture was my newspaper round in Denver, I was delivering the Denver Post, and that venture was not terribly successful. My dad ended up delivering the papers at least a reasonable percentage of the time, so I was not particularly good at that. I started my career in public accounting which is amongst the least entrepreneurial things one can do, working for a giant Big Eight firm at the time. So no, I wouldn't say I was entrepreneurial; I came into it really. We started Bright Now! because it was an interesting opportunity. We were able to go out and make some acquisitions and really start something that was attractive because there were some elements of healthcare, again this quality value equation that I didn't like, and there were some attractive components in dental, and there really wasn't a major player. So that was a little bit of a "needs" identification and then an opportunity to do something. But even then I was really in the number two spot in that role so I wouldn't say I necessarily felt I was terribly entrepreneurial in getting that going. Come the beginning of 2000, end of '99/2000, when suddenly I was there running it alone and we were technically insolvent and we were forecasting cash not on 90-day intervals but more like on 90-minute intervals, and I say that only slightly facetiously, we literally knew where certain landlords lived and where their summer home and their winter home was and we would accidentally send the check maybe to the winter home rather than the summer home to get a couple extra days afloat, 'cause we were in that kind of spot. So, at that point I looked around the room and said, "This is pretty entrepreneurial." So, when you're starting to forecast cash on those kinds of intervals it felt that way. So, I think I just came into it because it was necessary at the time. The company was there, I cared a lot about the people, and I was going to take a crack at saving it, and that's what made me entrepreneurial at that point.
Nancy Ellen Dodd: I have to ask you, why didn’t you give up at that point?

Steve Bilt: I think that is probably my single most entrepreneurial quality, to the extent that I have one, and that’s that I don’t give up easily. And that really wasn’t an option. I would be the ER doc, I’d go in and work on a patient until somebody pulled me off, and so for me it was the right thing to do and as long as the people around me said, “We believe in you, we’re here with you, and we don’t give up until you put the flag down,” there was very little chance of me putting the flag down at that point because it just was the right thing to do. It was a company where I could see there was opportunity, I knew and still know the company adds tremendous value into the marketplace because of what we do, and the efficiency we create around this opportunity to deliver care which ultimately nursed the benefit of both the provider and the patient. So, I really believed strongly in that. I knew if we got the model right we could see that through to fruition and so that notion of giving up really just was not in the vocabulary, fortunately. It wasn’t something that really— I mean, of course there were times I’m sure where we looked at each other and said, “God, why are we doing this?” but never a serious, you know, that was only to blow off a little steam. There was never even a remotely serious thought of doing that, it just wasn’t the right thing.

Nancy Ellen Dodd: That commitment to keep going, that not giving up reminds me of the story I heard you tell about what I heard you call is your proudest achievement when your son came in upset one week about a 0-6 hit baseball game. I heard you talk about how you handled that and the outcome. Could you tell that story and compare that to your management style.

Steve Bilt: Sure. My son was playing in a baseball game and I think he largely took up baseball because he knew I was a baseball player and he knew I loved it. So, he started doing it and he wasn’t real apt, if you will, naturally for the game. I had walked into the dugout during one of his games, ’cause I sensed that something was going on, I walked into the dugout and he was crying and he was all upset and trying to hide the tears. I said, “What’s wrong, bud?” and he said, “They’re making fun of my last name.” I said, “Hmph, Bilt. I probably heard them all but what are they saying?” “They’re saying my last name’s ‘Can’t Hit’” and I said, “Oh, man. Buddy, let’s think about this,” I said, “I’ll tell you what, you’re going to have lots of problems in your life that I probably will have a hard time helping you with but this one I can help you with. We’ll deal with this.” So, we went from the game to the sporting goods store and we bought him a new bat and new batting gloves and we found these two hitting apparatuses that we thought would be useful and we spent the next week just practicing and mostly just building his confidence around the ability to hit the ball. And he came out the next week and he went 6-6 and he really hit the ball well and the last bat, when he got the sixth hit, he hit it into the outfield and he got over to first-base and he was jumping up and down on first-base with his hands in the air just celebrating and I thought “This is pretty cool; that worked.” Interestingly, and I think the thing that makes it a proud moment is not just that transitional moment there where he was celebrating on first-base because that can be little fleeting, what
was neat is that he went from being a lower quartile kind of player to really being an upper quartile kind of player over the course of the next two years. And so it really was a transitional moment for him which was neat and I think there’s some management lessons there, to go to the second part of your question, and that’s: if you want to enable people’s success they ultimately have to take the initiative to achieve it and if they do that and they take the initiative to achieve it, those muscles develop and they learn from that. So much of life and so much of business is confidence but only well placed confidence; misplaced confidence is definitely dangerous. And so my son was always very pragmatic about what it would take to become a better player and he’s willing to do that and work at it and keep it in perspective and have fun with it. From a management perspective I think that’s important to talk to people about that, you know, “These things don’t come easy and we’re going to fail sometimes but what’s the difference between a scenario where we’ve failed and a scenario where we’ve succeeded?” and usually the answer to that is just facing reality and being realistic about it. Because in our business especially you don’t necessarily make big game-changing decisions that are winners and big game-changing decisions that are losers. What you do is make thousands of decisions every day and it’s really only through repeating bad decision making or bad behaviors that you can hurt the business, or repeating good decision making over time that you can help the business. And doing it right is, maybe, being right 75 percent of the time but if you make thousands of decisions you’re wrong a lot, even with the 75 percent hit ratio. And so I think the lesson is to be practical about what you’re facing, to be willing to work at it, and then do my best to set people up for some success, and then making sure we do the codification of what made that success happen. So, in my son’s case that was saying “What was the difference between this week and last week?” and having him draw the firm conclusion that it was all the work he had done in the interim so that he remembers that when he struggles that that’s how he fixes it.

Nancy Ellen Dodd: That’s a great story. As you look about these principles and the ideas of the confidence and your management being good decision makers and having the experience, when you’re hiring new people are you seeing an increased need for training in these areas? Do you think that there’s an impact from the education system that is adversely impacting what is happening with your new hires and what they’re able to bring to the organization?

Steve Bilt: It’s interesting, I don’t know. Because I think, you remember I was telling the story about what we focused on historically versus what we’re focusing on now, and part of it is that we’re focusing much more on trying to train and develop and retain people than perhaps we had historically. And so that deficiency, if you will, or that need for training becomes more evident to me because I’m looking more closely at it. So whether it’s changed or not over time I don’t know for sure. I think the school systems themselves have continued to struggle and that can be class size issues; that can be funding-related issues; that can be demographic mix issues that create certain needs in the classroom that maybe are being addressed, maybe aren’t being addressed; so I think it’s become more complex. I think the bigger issues may be that it’s not so much that the classrooms have become worse; and I don’t have a lot of
authoritative information on that other than my kids and their schools which are good, certainly as good, or I would argue, better than the schools I went to growing up; but I think what’s happened is the bar’s been raised so dramatically that even if the school system, and I can tell you the elementary and junior highs and high schools that my children go to are, let’s just say, 25-50 percent better than the ones I went to; so that’s a good fact, but I would say the World’s probably 200 percent more competitive and so the need is so much greater that I don’t think we can keep up with it. I think if you look at the broad demographics, are we graduating enough engineers and mathematicians and things like that? I mean, clearly we’re not. Now, why is that? Again, I think it’s because the rest of the World is graduating so many more than we are. So I think, and I think this is important for America generally, is that we’re not the benchmark necessarily to look just internally and say, “Are we better than we were yesterday?” We have to look at the competition, which is formidable, and ask how fast we have to move. And is, even if I’m right that there’s a 50 percent improvement, let’s say I’m wildly optimistic, in our school system since the time I went, if the World needs 200 percent then we’re way behind.

#### End ####