



2008, Volume 11, Issue 2

## [Empowering Employees to Success – Part 4](#)

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

**Nancy 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](http://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](http://gbr.pepperdine.edu/blog).

#### Start ####

**Nancy Ellen Dodd:** One of the other things that you have accomplished is that you started the Bright Now Community Fund, which received the Red Cross Humanitarian Award while it was still in the process of developing. Can you tell us about the fund? Why was the fund developed and some of the things it has accomplished already?

**Steve Bilt:** The fund was developed out of this sense I was just referring to of trying to do something that goes beyond just our immediate business needs, and so we had talked about establishing it because it was a way to extend some of the employee welfare if you will things we were doing. So we would try to step up whenever we could to help employees with unexpected catastrophic sort of events. That could be funeral costs. That could be health care costs for an accident that was not covered or elements that weren't covered that really did put someone in a hardship position. So we had talked about doing it for that. We were really called to action around the tsunami in Southeast Asia, and when that hit we just felt this overwhelming urge to do something and really formed the foundation on the fly as we began internal fund raising and we were fortunate enough to raise a large amount of money from our employee base



# Graziadio Business Report

A Journal of Relevant Information and Analysis

that the company matched so that we were able to write a meaningful check to that fund. Then about a year later when the hurricane hit in New Orleans we felt a similar call to action, and in the intervening period we had done things, certainly helping people with expenses and supporting them as they reached out in to their own communities to try to get further extension on their efforts from an employee perspective, but again the hurricane really tugged our heartstrings. And we went out and we raised another large amount of money from our internal case. We were able to be a large contributor to the Red Cross in that case. Then we were actually able to help found a charity or at least be the- some of the original donors to a charity that was very localized in New Orleans to help on the ground. And so again those were really great things to get started. Now we've subsequently renamed the Bright Now Community Fund the Smiles for Everyone Foundation to be more consistent with our message, and the foundation's purpose really is to reach out into the communities and into our employee base. And so we're beginning to fund that through more regular employee contributions, the company makes contributions into it, and then the board of the foundation will review requests- hardship-related requests and just again help with things like unexpected medical costs, help with things like funeral costs for loved ones. It'll help with community-related activities so those can be again any number of fund-raising activities that our employees are involved in we'll try to match or help extend their funds. And then there are some other more grand ideas that we have that I probably shouldn't talk about ahead of the curve 'cause we haven't done them yet, but we have a number of dentists for example who love going down to third world countries and providing care on their free time. We would love to see ourselves begin to extend that mission, help reach out and supply them better help, publicize that within the base and even fund some of those kind of expenditures for them.

**Nancy Ellen Dodd:** What a wonderful way for your company to give back and to participate in social awareness both here at home and globally. As we get closer to a change in the White House with the upcoming elections, one of the political changes could be in the health care system and you've had many years of experience in the health care industry with Ernst and Young when you were consulting manager to high-growth technology and health care organizations and then a CFO of SCRS. And they provided speech and occupational and physical therapy to some 40,000 patients and you were VP of finance for Vivra who operated 250 dialysis clinics and specialty physician networks. So you have lots of experience in the present health care system as well. What are some of the weaknesses and some of the strengths you see in the current health care system and what would your suggestions be for change?

**Steve Bilt:** Well, first I'd say it's a lot easier job being a CEO of a high-growth company than it is being charged with fixing the health care system 'cause it's very, very complex. I'd say some big themes that I would offer up are that the strengths of our system are I believe we have the best doctors in the world and the caregivers within the system really do care and are extremely well trained, are very knowledgeable, stay very current, and I think that's fantastic. I think we have wonderful pockets of health care technology out there that really do extend the health care system. I think we have a wonderful in many cases teaching hospital system out there that does continue to push forward and a lot of the



# Graziadio Business Report

A Journal of Relevant Information and Analysis

specialty hospitals are doing just absolutely amazing things so there's lots of really, really good stuff out there. I think the problem I have with the health care system and proposals to fix it are that they imply that- or the potential implications of what universal health care or the right to health care means. I think that's a very noble cause and a very noble thing and certainly in the wealthiest country in the world people need to have access to health care and we just can't have people who can't access the system. That doesn't work. That said, when people start saying "right to health care" there's an implication that health care's free and I think that is extraordinarily dangerous and completely untenable. And I say that because we as a nation should be very proud of how I opened this, which is best doctors and best caregivers in the world. Well, that doesn't happen unless you're attracting the best and the brightest into that profession. The leadership on the technology side doesn't happen unless you're investing heavily in that technology. That's a lot of money-- It's a lot of money and we want to make sure our doctors are among the best compensated people in our society if we want the best care. And, because of the practical realities, even though they go in to health care because they love taking care of people, they're also extremely bright, they can earn a living thousands of different ways, and they have families they want to take care of and vacations they want to go on and things like that. And we can't say go in to our system, be impoverished and do it for the greater good. It's not going to further our system to where we want it to. So what that all adds up to is there has to be money in the system and there also has to be rational behavior in the system, and if you ask people how much of a commodity they'll consume if it's free they may try to say they'll be rational about it but the reality is they won't. If your knee's bothering you and a doctor says to you, "Well, it might be a little cartilage issue. We won't know for a few weeks until the swelling goes down, but we could just do an MRI and take a look." And the answer is that MRI is free and by the way it doesn't hurt? You're going to say, "Yeah, just do it." If you say alternatively, "Well, you can do the MRI. It's going to cost you out of pocket \$300 or we can wait two weeks and see," as a consumer who says, "Well, that's not so bad?" You'll probably wait the two weeks and see if you have a problem. Well, you add that up thousands and thousands and millions of times. That's what makes health care work because people come- become consumers and they become rational, and people become rational because they educate themselves around it and because they're paying for it in some degree. And so I think we need to be very careful around things like universal health care insofar as that if that implies free health care, meaning the government just taxes and pays for it, health care consumption will increase exponentially. It's guaranteed. It's kind of like going to an all you can eat buffet. It's really hard to go to an all you can eat buffet and stay on your diet because you're getting ripped off if you do that. You paid 12 bucks. If you eat 15 bucks' worth of food, that's a good deal. If you eat- just eat the little salad that would cost you \$3 on the menu, you made a bad decision. There's-- To some degree that's the risk in the health care system so for me that's the easier philosophical fix to health care, which is you have to find a way to make it more consumer driven. Dentistry is that way. That's why I moved to it. I think there's pretty clear and present ways to do that in the health care system also, but we have to get away from sort of the easy pandering to the masses if you will of "I'll make it free for you forever and oh, by the way, it's going to increase your tax rates dramatically to do it and even then it won't work 'cause it'll still continue to increase exponentially." So that's one, and I think that's the easier philosophical one. The harder philosophical one which dovetails a little bit but not entirely is the whole notion of how much money we



# Graziadio Business Report

A Journal of Relevant Information and Analysis

spend right up at the end. And that one's a tough one and I don't have an easy answer to that because I could sit here and tell you we spend--I haven't seen the numbers lately but—70% or 80% of our health care dollars in the last year of life or last six months of life and say, "Boy, that's an awful lot of waste and if people really know why are we expending that much?" And then you ask me what I want to do if that's my mother, father, sister or brother, and I want to do whatever they want done, and so that's a tough one. So I'm hopeful that we could solve it with the former, which is more consumerism, and then leave the other to individual choice 'cause I think that's a very tough one to get involved with if you're trying to legislate.

**Nancy Ellen Dodd:** Let's segue from that difficult question to education. You have an MBA from the Graziadio School. Has having that additional education influenced your career direction or your success and if so how?

**Steve Bilt:** I think it's had a lot of influence and I- but I think it goes back to that question you asked earlier about intuition versus knowledge, and I think all of these kind of experiences we have are shaping experiences. I have zero doubt that, having went through the program here at Pepperdine, increased my field of view, which is really important, increased my confidence that I had a full field of view--right--because I came from sort of a specialized side. I made it to where I made it based on being good within a tight niche. There are a lot of things I had never seen whether it was marketing, whether it was strategy development, a lot of those things that are really critical to the top job that I hadn't seen. And so going through the program when I did gave me visibility into those things and in some ways taught me a lot, which was very important, and in some ways just served to demystify the topics if you will. Right? So a lot of what marketing is I learned certain principles going through the program and I also learned that it's still an art and there's a lot of things nobody knows and you got to experience your way through it. So I think it's served to do both those things, which is really important, and it was just a fertile time for me when I was involved in the program to take what I was learning real time in the program, compare it to what I was seeing in the company and develop my own thinking through that. So there is zero doubt in my mind it had a huge impact both on some very specific domain knowledge but more importantly on developing my own intuition around all of these other subject matter areas that I really didn't have a lot of intuition on before.

**Nancy Ellen Dodd:** Well, saying that, what do you think the future prospect for jobs for MBAs over the next few years are?

**Steve Bilt:** I think it continues to become more and more important because our economy, our day-to-day lives, are becoming more and more global, which is an intricate web to understand, and Pepperdine's particularly good at looking internationally I think. And I think it's just so important to understand how the global economy works. My business for example I would look at and say we provide dental care or at

least we facilitate the provision of dental care domestically. Okay. What does international matter? Well, lo and behold, when I go through the model and we start talking about trying to shop for laboratory services for the doctors that's all moving offshore, and so we have to understand that, and we talk about providing call center services. Should some of that stuff be handled offshore? You talk about billing offices. Some of that stuff's moving off. There's all these things that are very interesting in that regard, and then the service delivery models that take place in other countries is also very interesting and relevant. And so even our business, which is arguably as domestic as it gets, we have a lot of international pull in it, and so I think that's very important. You think about sort of the broader world out there and it's hard to envision much that won't be changed by the globalization of the economy, and that begs a world view and I think it's very hard to think you're going to develop that world view in four years of subject matter as an undergrad. So all of that adds up to me to say again this rounding element of going on and continuing your education is very important. I think it's less important quite frankly unless you're in a very subject matter-oriented field. It's less important relative to developing that subject matter expertise than it is to developing that ongoing world view.

**Nancy Ellen Dodd:** Well, with that in mind about the future and developing a world view, right now there's a lot of bad news in the economy. Where do you think the economy is moving? Has the current economy impacted or changed the way Bright Now is strategizing for the future? What is the future for Bright Now?

**Steve Bilt:** You're asking me some world view questions for sure between health care and the economy. I think the economy had a long tail of an artificial run related to the housing market and the credit markets, and I say that not just as it relates to the consumer 'cause the consumer did have a run-up relating to equity lines of credit, the housing market running, the availability of easy capital which caused our consumer appetites to continue longer than they probably should have, sort of the housing value and equation, but also on the corporate side in terms of valuations. We had a long, extended run-up related to easy financing as well in the consumer one so that was both the collateralized debt obligations and the collateralized loan obligations. Both ran wildly, which caused buy-outs to go up dramatically. That said, you can look at that and say, "How much of that run-up was artificial in both those markets?" And if you look at a housing curve and a real inflation-adjusted housing curve, you could argue that there was somewhere between two and four years of artificial housing run-up. If that was two to four years of artificial housing run-up, whatever that gain was during that period is going away. That's an adjustment, a painful adjustment, and because we expanded so rapidly during that time that could be a protracted adjustment. You see the same thing on the corporate side and you see the debt markets contracting wildly, which means the buy-out markets slow significantly. All that stuff will work itself through. I'm confident in that. I think we can do things to help it work through quickly and we can do things to slow it down. I'm a personal believer that keeping money in the system helps us work through it. Taxing the consumer more heavily doesn't. So I think we have to be careful around that. Taxing corporations more heavily I don't think does that, and we've seen some pretty big mistakes made in times like this in the past

coming out of recessions and those have extended them dramatically. So I think it's a critical time relative to how it'll last. I do think it'll work itself through. The fundamentals down deep in the economy of what we've done I think are still really good. That said, I think that world view element we were talking about is so important. We can't get ourselves out of this by doing things that might have worked 50 years ago. We just can't. We have to get ourselves out of this by becoming more and more competitive and value additive on an international scale, and sometimes those individual things that happen to do that are painful 'cause people have to be redeployed in the work force. Well, that sounds good if you're an economist and you're talking in front of a chart. It doesn't sound real good if you're sitting at the dinner table saying, "I'm being redeployed and it's going to take me three years to earn a living." That's tough and there are some tough contrasts between what I think has to happen from a macro perspective in order for us to, quote, unquote, redeploy ourselves to be competitive and value additive internationally versus what that means at home for individuals. And that's a tough thing to navigate through. It really is, and I don't ever want to minimize that by saying, "Well, you just move the demand curve. You got to move the supply curve." That sounds good except these kids have- these people have kids in little league, they have kids in school, they are real people, and so it's not a comfortable thing ultimately if we're trying to pass this country on as a very strong country for many generations, and we're very new. Right. We're a world power. We exist for 200 and some odd years, we're a world power for--I don't know--a third of that, so we're very young. You look at some of the unsuccessful countries in our past and they ruled for oh, 800 years, 900 years. We look at them as a unsuccessful group. Right? They were much more mature and then lasted much longer than we did so if we're going to pass this on we have to be able to evolve. That can be painful individually and I don't want to minimize that. I just think it's a fact-based thing. For us a company, what we do is we've been fortunate to be- have been relatively strategic around this so we were building heavily for example in the southern California marketplace as of the last two years. As of about ten months ago, we looked at that and it started to feel overheated to us, and so we literally canceled a number of developments we had and just said, "I want to see what happens in 2008 and 2009." So as we had been building 25, 30 new locations in a given year, we cut that all the way back to seven this year and we don't anticipate a while lot more than that next year. Now coming out of that for our 2010 planning, we anticipate being back up in those kind of higher numbers, 20, 30, 35.

**Nancy Ellen Dodd:** So talking about the future for your company, tell me how technology is impacting your business and what new technologies are on the horizon.

**Steve Bilt:** Technology impacts us in two broad ways. There's sort of corporate or administrative efficiency technologies so those are the kind of things that any business would see, but for us they're terribly important because of the distributive nature of the network so we're all over the country in 300 plus locations. And so technology shrinks that footprint if you will, and the reality is we don't think of ourselves as a technology company but we're clearly a concept that could not work in any way at our size without a lot of technology involved. So we're certainly heavily involved in technology in terms of creating administrative efficiency inside the business. Then the other element of technology is as it relates to the



# Graziadio Business Report

A Journal of Relevant Information and Analysis

service delivery itself, and that could be anything from auto-reversing hand pieces that make sure nobody ever perforates a root canal to digital radiography to waiting room patient education systems, and it just goes on and on and on down the list to all those kind of things that make the delivery of care itself more predictable, less painful, less invasive if you will and more efficient. So for example, you start moving to digital radiography and intraoral cameras and people can actually see inside their own mouths what's going on. It's very motivating to people and it helps them understand what process they're going through so those things can really change the delivery of service. The patient systems while they're sitting in the chair are really valuable for people to understand what it is that's going on, what is happening inside their body, what improvements they can make by addressing these things and what happens if they procrastinate and say, "Oh, it doesn't hurt." So technology is really transformative in our space and I think over the next four to six years that's only going to accelerate.

**Nancy Ellen Dodd:** Very good. Well, Steve, I want to thank you for coming. Before we close, you've been a wonderful guest. Are there any other thoughts you would like to add or share with us?

**Steve Bilt:** I think we touched on a lot of it. I would go back and emphasize, number one, I very much enjoyed being here and talking with you, and I would emphasize that the experience in a lot of what I'm talking about did continue to grow and was shaped by some of the experiences I had here at Pepperdine, and I would encourage people to again continue. We talked a little bit about education. I think ultimately when you talk about all of these problems we're trying to solve out there they come to how seriously we're taking education here in the United States and the better we do at that the better we're going to do at everything, and so I would really put that as kind of a theme I'd weave through everything we talked about and just sort of double underscore the import if you will.

**Nancy Ellen Dodd:** Well, thank you very much and thank you for being so open and honest and sharing some more information about Bright Now with us.

**Steve Bilt:** Thank you very much. I appreciate it.

#### End ####