

vacation expenses given to randomly selected non-exempt (hourly paid) teammates who had perfect attendance (no unplanned absences) during a 90-day period. At DaVita meetings, teams would be asked if they were here, and would respond with a cheer, or chant, or yell, or some combination that indicated not only physical presence but also involvement and commitment. In Thiry's office, painted on the wall was the saying, "This is not a dress rehearsal, this is my Life." There was an emphasis on having people fully engaged in their work and with the company, so they could find meaning and fulfillment in their jobs and in their associations with teammates.

The Shining Star

The "i" in DaVita was dotted as a star, referred to as a "shining star." Thiry would say that the star lived in a lush green valley and only came out to sit on top of the "i" when a DaVita teammate did something special for a patient or a fellow teammate. Because at any given moment there was always someone doing something special in the company, the star was always "out." At the national awards ceremony, the highest awards were called "Shining Star Awards," for people who not only performed their jobs with exceptional proficiency, but who also exemplified the DaVita values and who contributed to the well-being of the team.

DAVITA MANAGEMENT PRACTICES

Values and beliefs, ways of being, and the organizational culture had to be produced and reproduced every day to be real and meaningful. DaVita did a number of things to ensure that its Mission and Values would infuse the day-to-day behavior of its teammates and to help ensure that it operated in ways consistent with its aspirations. Many of its management practices seemed (and were) like common sense. All were products of extensive discussion by people inside the company, and all were talked about regularly, practiced,

and were embedded in everything the company did.

The DaVita Way and the DaVita Way of Managing

DaVita thought that it was beliefs that drove behaviors that, in turn, produced performance. As Thiry explained it, the "DaVita Way" was "what (who) we are: our Beliefs (which have been introduced and articulated over the past few years), as well as the consistently practiced Behaviors (which are derived from those beliefs)." The company articulated and lived its beliefs through talking about its history, its symbols and traditions, the idea of the village, communication, talking about the future, and caring and sharing for members of the community. The DaVita Way of Managing defined a set of behaviors and competencies that the company sought to promote and produce, and which formed the basis of all of its selection and performance management practices, and were reinforced in its educational activities. There were four behaviors critical to the DaVita Way of Managing: It (1) gets the right stuff done, (2) fosters team, (3) stewards resources, and (4) builds relationships.

There was one other aspect to the DaVita management approach—an emphasis on execution. When the leadership, including Mello, Vlcek, and Thiry, had been together at Vivra, they had noticed that even though they had an extremely talented executive team of about nine people who were all working hard, things were not happening. They went to on an off-site meeting and concluded that there were four elements critical for effective execution: (1) absolute clarity of purpose, (2) absolute accountability, (3) relentless follow-up, and (4) celebrating successes. These principles and practices helped build operational excellence and an ability to get things done at DaVita, where they were very much a part of the fabric of the management approach.

DaVita University

DaVita had many employees in a large number of centers, and although turnover had been reduced, it was still high enough that—coupled with corporate growth—a large number of new people were entering the company each year. The Gambro acquisition would bring 12,000 new people into the organization. To achieve a higher level of uniformity in understanding, communication, and management practice, a lot of the DaVita way of managing was transmitted through DaVita University. This activity was started within a year of Thiry's arrival in the company, even as the financial recovery was proceeding, and the programming has expanded significantly over time.

DaVita University was run out of the Wisdom Department, and the head of the department, who had been Doug Vlcek until mid-2005, was called the chief wisdom officer. Vlcek's nickname was "Yoda," after the *Star Wars* character, an appellation he had been given by Thiry shortly after they first met almost 12 years previously. The name for the department came from Joe Mello. At Vivra, they had a chief knowledge officer, but that was too conventional a name for the department and its head at DaVita. Wisdom seemed to be what the company was trying to impart to its teammates and to continually develop.

DaVita University offered programs in continuous quality improvement (a two-day program required for newly hired facility administrators, managers, and vice presidents who had not taken the class previously), presentation skills, leadership development, team skills, and programs for vice presidents. There were also numerous courses on clinical subjects. But two of the most important programs that reached the most people either directly or indirectly were the DaVita Academy (and more recently, a program called Academy II) and a program called FAST, which stood for Facility Administrator Survival Training.

FAST FAST was a five-day program taken by all new clinic managers. The program consisted of training in managerial skills such as time management, communication, providing coaching and feedback to team members, and interviewing, as well as material on the DaVita culture (The DaVita Way and One for All). On Thursday afternoons there was a town-hall meeting with Thiry or Mello so that participants could express their opinions, ask questions, and interact in an informal way with senior executives. The course also consisted of specific technical knowledge and skills necessary for administrators of dialysis centers. Evenings were, with one exception, devoted to organized social interaction, including group dinners and bowling, to help build friendships and a feeling of team spirit among the 25 to 30 people who typically took this class together.

DaVita Academy DaVita Academy was a two-day program for all front-line teammates (for instance, patient care technicians, nurses, social workers, and the people who serviced the dialysis machines). Originally offered on a voluntary basis to people who were interested in attending, the Academy was evolving to become an activity that facility administrators were encouraged to send new teammates to, preferably within the first 90 days of joining DaVita. Data showed that people who attended an Academy had a turnover rate of about 12% compared to 28% for those who had not, so attending an Academy was critical for both retention and also for engaging people fully in the DaVita spirit and way of relating to each other.

A typical Academy session consisted of a combination of lecture and experiential sessions on subjects such as communications, team dynamics, and conflict resolution. The evening activity between the first and second day was always the DaVita Olympics, where teams competed with each other in various indoor light physical activities and performed skits with songs and music that they developed. This informal social

interaction, singing together, acting silly together, and working together to compete against other teams, helped break down barriers and build energy and spirit.

Academy II

Academy II was a newer program attended by all teammates from a specific region, designed to "take facility performance to the next level by fostering mutual accountability amongst the team."⁷ Because the program involved all teammates from a region, centers were completely closed on that day, requiring that dialysis treatments be rescheduled. By emphasizing how to hold difficult and honest conversations among the teammates to resolve interpersonal issues, the course fostered better and more productive interactions. The course also contained numerous activities designed to impart skills for team building and joint planning for operational improvement at the facilities.

There was every indication that the commitment to training and development at DaVita was increasing in scope and reach. Evaluation of all DaVita University activities was taken very seriously and the programs and materials were constantly being tweaked to make them better. In June 2005, *Training* magazine (now *Training & Coaching Today*) awarded DaVita the "Training Top 100 Award," which recognized the company's commitment to learning and performance improvement.

Recognition and Communications

Another way in which people learned about the DaVita way, felt attached to the company, and learned what was going on was through communications and recognition. There were bimonthly conference calls with all of the facility administrators; more than 10 different newsletters including *DaVita News and Views*, the overall company publication; an intranet and

email system, and voice mails and emails to celebrate special events and company milestones. Thiry personally answered every email he received from anyone in the company, and he received a number of them, particularly following his appearance at an Academy or training program or a visit to a facility. Facility administrators were encouraged to hold informal meetings with their teams on a regular basis to check in with each other, engage in joint problem solving, and to share information about the facility and the company. It was a company-wide policy that a "town-hall meeting" had to be held whenever an executive at the level of vice president or director or higher visited with a group of teammates at a facility or business office. These meetings gave teammates the opportunity to interact informally with the executive and to ask questions about whatever was on their mind about the company.

Recruitment and Career Development

Although there were obviously a number of people who had been with the company prior to late 1999, at least some of those who had joined since its "rebirth" in Phoenix had been attracted by its reputation and unique style. For example, Cathy Gelb recalled,

In 2001, my husband was doing consulting with DaVita and he would come home and just rave about this company and they were so unique and the different things they were doing. I said, "Well find out if they need any trainers." Lo and behold, they were running this two-day program called The Academy that they had just started in 2001 and they were looking for someone to run it for them. So, in November of 2001 I joined DaVita to be associate dean of the Academy.

Many, although not all, of the regional directors and the vice presidents (the people the regional directors reported to) had been nurses and then nurse administrators—they had worked their way up in administration. Of course, people in finance and some of the other staff functions had MBAs and other backgrounds. Recently, DaVita had expanded its

⁷DVU Course Catalog, p. 3.

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recruiting efforts at business schools, including Harvard and Stanford. The intention was to hire people with MBAs who would go fairly quickly into general manager roles such as regional directors, overseeing a number of facilities. Thiry noted that it was important to get general management talent into the company from numerous sources.

Benefits and Pay

DaVita offered a comprehensive benefits and pay package that was somewhat unusual for a company that had a reasonably large number of relatively low-paid, hourly employees. Pay was pegged against competitive benchmarks. At each Academy, Thiry would say, "With respect to wages and healthcare benefits, we intend to be fair and competitive. We must be consistent with the market. With respect to everything else, we want to be superior." There was a broad-based profit-sharing program that covered virtually all team members, based on the idea of sharing the village's good times and success with all of its citizens. These cash bonuses meant a lot to those receiving them. One email to Thiry is reflective of the sentiments expressed:

Good Morning and Happy Holidays! I would like to say THANK YOU for the check I received this morning in homeroom. This was an unexpected gift from the Village. This will help with Christmas for my family. We have many to help and feed that day. I am almost in tears right now writing this to you thinking of the extra things that I will be able to get for my daughter and husband and the extended family that is living with me. This thank you comes from the heart and [I] wanted to express my gratitude for it.

There were also benefits that provided people an opportunity to invest in professional and personal growth. The brochure listing the benefits for teammates was called "Because We Care: Davita Teammate Benefits." Inside it said, "The strength of our team is the foundation of our company.... In our quest to be the Employer of Choice in the healthcare industry,

we have developed a comprehensive program of benefits that are focused on your health and welfare, investing in your future and special programs that are unique to the DaVita Village." In describing this investment, Thiry noted that "it is not only in education for their jobs, but also in helping everyone advance their leadership skills and their own sense of self."⁸

Health and welfare benefits included a comprehensive package of medical, dental, and vision benefits, extended illness leave, both short-term and long-term disability insurance, life insurance, and a flexible spending account to set aside pre-tax dollars for health or child-care expenses, and an employee assistance program. Investing in the teammates' future included a 401(k) retirement program, a teammate stock purchase program, profit sharing, the internal training the company provided, and various forms of educational assistance, including tuition reimbursement up to \$3,000 per year, and an RN scholarship program that permitted people to work for DaVita while attending nursing school, with all tuition and fees paid up to a maximum of \$5,000 per year.

Unique to the village were also two programs that provided tuition assistance for the children and grandchildren of teammates. The DaVita Children's Foundation provided some college scholarships for children and grandchildren of teammates, selected on a competitive basis. And the KT Family Foundation, funded by Thiry and others, provided money to be used for educational expenses for the children and grandchildren of DaVita teammates attending grades 6 to 11, again selected on a competitive basis.

NEXT STEPS

Thiry was a person incapable of being complacent. If you talked to him about what DaVita was doing right, he seemed almost disengaged.

⁸<http://redcoatpublishing.com/spotlights/sl>.

It was only when you brought out problems that he seemed really interested in the conversation. Although DaVita had enjoyed a remarkable transformation and success along multiple dimensions since he and his colleagues had arrived in late 1999, he wondered what *else* he and the company could be doing to make it even more successful and special. For instance, the team's goal had been to make DaVita "The Greatest Dialysis Company the World Has Ever Seen," an objective that it mentioned on its Web site and repeated in virtually every gathering of DaVita people, whether executives or front-line caregivers.

It was clear that DaVita had gone a long way toward that goal in six years and was a unique organization with a distinct style and approach. DaVita had been largely successful in a quest to, at least for a time, eliminate the apparent conflicts between the interests of shareholders, teammates, and patients. The company had created a management system in which the interests of each were coincident. Led by Thiry, Mello, Vlcek, and others, the company's deliberate culture-building efforts had paid

dividends in terms of reduced turnover and improved performance.

However, challenges remained, including integrating Gambro teammates, continuing to improve operating performance, ensuring continuity and growth into the future, managing governmental relations, and maintaining the commitment and passion of teammates doing difficult work in a very competitive labor market. At the top of Thiry's "to do" list was the integration of Gambro's 500 centers and 12,000 people.

Questions

1. How would you characterize DaVita's strategy?
2. What advice would you give Kent Thiry in terms of leading and managing the integration of the Gambro organization?
3. What would be included in your "first 100 days" action plan?
4. How could you preserve DaVita's culture in the face of an acquisition that includes Thiry's former organization, Vivra.