

## CASE STUDY: FROM LEDGE TO LIFE

### CHALLENGE

DaVita is a leading provider of dialysis services in the United States, treating patients with chronic kidney failure and end stage renal disease. As of 2014, DaVita Kidney Care provided dialysis services to over 177,000 patients at 2,239 outpatient dialysis centers, of which 2,152 centers are located in the United States and 87 centers are located in ten countries outside of the United States.

Success, however, did not come easily. In 1999, the Renal Care Division was known as Total Renal Care. The result of 3 poorly integrated prior mergers, they were weeks from insolvency when Kent Thiry took over as CEO. The company he inherited was characterized by 52% annual turnover, poor patient experiences, flat revenues, and reeling profits.

### CHANGE

Thiry immediately hired two leaders with whom he had experience in healthcare turnaround, who in turn engaged FMG Leading to help in the complex task of simultaneously addressing culture and operations. FMG Leading began its work by leading a nationwide benchmarking effort designed to identify the best practices of high performing service providers across multiple industries and improve the quality of leading in middle management ranks, seen as a key driver of poor performance. Tasked with developing unique and sustainable solutions, FMG Leading built the first emotional-intelligence based leader education curriculum for “DaVita University”, resulting in a dramatic transformation in the quality and effectiveness of their leaders and accelerating the direction and quality of their culture change.

***In the first three years, revenue increased 73%, from \$1.5 billion to \$2.6 billion, and staff turnover plummeted from 52% to below 25%.***

FMG Leading also helped the executives define and map the pathway from their current to desired culture, train thousands of leaders, and help architect DaVita’s approach to service excellence called “The DaVita Way”. In subsequent years, FMG Leading worked with leaders to develop and align them around this powerful new culture, while also designing and leading emotional-intelligence based training for every leadership team across the DaVita system.

### RESULTS

DaVita is considered by most to have developed the most vibrant, dynamic company culture in the healthcare industry. In a short period, they went from near insolvency to the successful, simultaneous execution of financial and cultural turnarounds. In the first three years, revenue increased 73%, from \$1.5 B to \$2.6 B, they achieved the highest clinical outcomes in their industry, and staff turnover was cut in half (from roughly 52% to the low 20s). Their stock price also reflected this dramatic progress; during the first five years of our engagement, DaVita’s stock price rose from \$2 to \$70, and has since risen to approximately \$130 per share.