Alex Hunter is CEO of Ethos Partners, and has more than 22 years of healthcare experience working on physician compensation planning, business strategy, medical staff development, and market development. He has led projects for some of the largest hospital and physician groups in the country. His articles have appeared in various publications, including the *AMGA Journal, Journal of Oncology*, and the *MGMA Journal*. Mr. Hunter's educational background includes a Master's degree from Harding University in Memphis and a Bachelor of Science in Business Administration from the University of Missouri.

Growth River: Let's start at the beginning. Would you please give us a brief history of Ethos Partners?

Alex Hunter: Yes, sure. I started the company in July, 2005, with my business partner Marty Rosenberg. We're focused exclusively on health care, specifically related to physician performance and physician-hospital alignment. Over five years we had grown from our inception to over 200 employees with top-line revenue of $36 million. We've had excellent client and employee morale satisfaction scores. We've been very, very fortunate. We have tried to keep a real focus on being true to ourselves, making sure we have understood how to grow and keeping ourselves focused. And our company was just acquired this month by Navigant, a larger publically traded organization.

GR: Congratulations on the successful sale.

AH: Thank you.

Three Factors for Failure. Three Buckets of Success.

GR: What do you attribute your success to?

AH: Well, you have to go back to the reason why firms fail, which boils down to three factors. Number one is a mismatch of founder's expectations. Number two is undercapitalization. Number three is an inability of the founders to radically change their roles as the organization grows.

GR: Do you attribute your success to not having failed in those factors?

AH: Yes. We did not fail. I wouldn't say we hit it out of the park in all three, but we did not fail.

GR: You mentioned the evolution of the founders' role as the key to success.

AH: I want to be really clear: *there is not a one-factor analysis*. Having clear roles for everyone including the founder is really important. But without the other two factors, we couldn't be having this conversation right now because I wouldn't have a company. For example, let's talk about the second factor, undercapitalization. Growth eats cash—specifically, growth eats owners' cash. So if you are going to grow, you are either going to have the capability to capitalize your growth through a funded debt structure or you are going to make a deliberate attempt to not distribute profits to the owners and plow that back into the company. So what that means is that owners have to be *really, really clear* that they are forgoing compensation to build the business.

GR: That would go back to the first factor about owner expectations.

AH: You got it. Now, most people think that if they work hard, they'll be successful. That's just a joke. What often happens is that people who are founders get *founderitis*. They think they know everything about their company. They may know enough to start their company, but they clearly may not have the ability to take the company to the next level. The inability of a lot of people to understand this is what really holds them back.

GR: And that goes to your third factor: the founders have to evolve for the company to grow.

AH: Absolutely. It's just *critical*. The biggest problem that we had at Ethos in the early days was me. An organization is simply not going to grow beyond its leadership.

GR: How did you address that?

AH: You have to get to the point where you admit to yourself that you have a problem. That came through a seminal conversation with my business partner. In previous companies I'd been able to grow a health care practice to the $6 million level. And the reason it grew to that level was all because of me. The reason it didn't get *past* that level was all because of me. So it became a combination of understanding what the goal was—*growth*—and having clarity around that expectation as well as being willing to accept constructive feedback.

Entering into a coaching relationship with Growth River was an invaluable tool for me to change how I was being with the organization in very practical ways.

GR: Did changing the way you were being give you fresh eyes to see new pathways for the organization to evolve?

AH: Yes, that's certainly true. But coaching, to put it *politely*, is an ongoing and consistent series of corrective action steps that start changing the leader's thinking around how they are acting and how they are being. From a practical standpoint, *coaching is a series of emotional beatings that you have to endure.* And if you're not willing to do that… Honestly, if you're not willing to change, coaching is a waste of time and money. People who go into that relationship have to have to be really clear about that.

GR: So that lent itself to going beyond the $6 million mark and rapidly growing the organization?

AH: Well, yes. And again, let's be clear. You've got to look at what you want to accomplish and how you're defining success. For me success was defined in three large buckets. The first bucket is called "They like me." I grew about a $6 million business in the "They like me" bucket. It's a great bucket. People like you: you make them happy. Our dogs liked us; our wives liked us; our kids liked us. That's great, but that's not what Marty and I wanted to do. So the next definition of success is the bucket of "I deliver deep value." That's an exciting bucket. You make a bigger impact. The final bucket, though, is "I grew a $40 million firm." And that's an entirely different level of success.

Success Requires a Clear System-of-Roles

AH: What it takes to get from the "They like me" bucket to the "I grew a $40 million firm" bucket is entirely different. I will tell you, the path is not linear. And it is clearly something I did not do alone. I had to have the support and collaboration of my entire enterprise team. I had to have the support and collaboration of my wife and my entire family. You need to know that the day I sold the company I went home and looked my wife in the eye and said, "This was nowhere near the greatest day of my life." The greatest days were the day I decided to become a Christian, the day I married

my wife, the day each of my children were born. But does the day I sold the company make the top ten? Absolutely.

What you come to realize is that you have to create the right culture through architecting the system-of-roles—*having the right people in the right position doing the right thing*. When Navigant started talking to us, in the first meeting I looked at them and said, "Please understand: Ethos Partners is not the Alex Hunter show. This is the show of our enterprise team, of our clients, of all the people of worth to us." It's really important for people to know that if you want to go beyond the "They like me" bucket, it is an order-of-magnitude step. If you want to get there, you don't get there alone. It really is the system-of-roles that creates the high-performance culture that supports people and gets them across the finish line.

Values Matter

GR: I really appreciate the values you express. Success as a human being is what matters.

AH: That's correct. It's important to have a values-based culture. We were really clear that we were not building a church or a civic club, but the word *ethos* comes from the Greek word ethics. We expected people to have a high ethical standard and moral integrity. We knew our staff would hold us accountable first—we told them to. But understand that we're going to pass that test and we're also going to expect you to have your own ethos.

GR: So in terms of your own development, you're saying it requires a whole ecosystem of values, people, structures and a coordinated vision. You are pointing to the fact that to a significant degree, your success did depend on your willingness to develop as a human being.

AH: Correct.

GR: It's a critical point. I wish they taught us that in high school.

AH: I'm not sure we were ready to learn that in high school.

Building Trust, Managing Conflict and Freeing Creativity

GR: We're talking about ways of being, the ontological work of developing as a human being. And that has to be married to organizational strategy and development. How did you marry the development you did through coaching with the cultivation and development of your executive team?

AH: Good question. Once you begin to grow and understand how you are interacting with the organization, it then becomes clear how others are interacting with the organization and where they are unclear about the impact they are having as leaders. It also becomes clear how the discipline of leadership differs from the discipline of management. You become attuned to the entire cycle of growth—from developing services to selling to delivering.

You understand the importance of aligning the system-of-roles. Once the leader sets the systems-of-roles in place, that's great, but then it all comes down to how you manage conflict. The first thing you're going to do is say, "Okay, Joe, here's what you are going to do in your new role." You make it clean; you make it clear: "Here's the performance target. Here's how I want you to be. Here are the objectives I want you to accomplish. Here's how you are going to attend to organizational growth

and to your own development." And then what is going to happen in the first ten minutes is that Joe is going to wander off track. Not because Joe is a bad guy, but Joe's never done this before. You've got to go to Joe and correct him. You've got to bring Joe back into the role.

How are you going to do that? It all boils down to managing conflict. If you have a bunch of professionally immature or personally insecure people, it makes conflict management much more difficult. And if you are not ready for it, it will eat you alive. You know in your heart of hearts you've done the right thing, but it's all going to crumple in front of your eyes if you can't manage conflict effectively. You need the personal relationships so you can tell your executive team, "I know you do not like this. You need to *trust* me. If there is no trust, go to work for IBM, because your company is going to go down the tubes."

GR: So you equate the ability to manage conflict with the cultivation of an environment of trust.

AH: Yes! And it's going to help you to evolve an organization.

GR: So trust is a foundation for handling conflict—and conflict in this context is synonymous with unlocking creativity?

AH: Yes!

GR: And to create this trust really depends upon a clear system-of-roles?

AH: A clear system-of-roles is a necessary and sufficient but incomplete condition for that to occur. You've got to have an effective support organization. When you define roles, some people are giving up some things. "Frank, you're going to focus on ABC." That means that Frank is no longer going to do XYZ. As CEO, you've got to make sure that you can say, "Frank, I know XYZ are important, and here is how we're going to do them differently." You have to make sure that as you define Frank's role, the structure you're putting in place accounts for the entire functionality of the business.

But clearly you have to have trust, which is much easier in a values-based culture. And it's easier where the leader has a vision about where the organization is going. As Growth River has made clear, the only way to get somebody to change their role is to be able to say: "Frank, if you give up XYZ, then I believe we will be able to do something greater and more consistent with our vision than we are doing now."

As a leader you have to be able to articulate how your vision can be achieved and be clear that if we come together, we will do something that we could not have done before. ♦