Interview with

Dennis Brown

CEO,

Bumrungrad Hospital
Born as the second eldest of eight children, for Dennis, competition and the drive for success was an important factor in his upbringing. Early on Dennis learned “to start with a goal and put together a prepared plan to accomplish that goal,” and “that a lot can be accomplished just by working hard.” He has stuck by these lessons throughout his career and used them in his management of Bumrungrad Hospital, earning him CEO of the year.

What Dennis shared

The future of Bumrungrad:
Upgrading and expanding. Assets are being reinvested to improve the current hospital campus and provide advanced training for staff. Also, Dennis is looking into “potential acquisitions and development opportunities, all of which still have the strategic alignment of enhancing referral sources to the main facility.”

A niche marketer
Bumrungrad focuses on the “top segment, and focus further on providing tertiary care.” By doing so, the company has obtained a better financial position compared to their competitors.

Global marketer
Bumrungrad serves not only patients in Thailand, but from all over the world, covering a large portion of their target market. “We do more international health care than all of India put together, and slightly less than all of Singapore.”

Be prepared
Dennis’ advice to anyone somewhat new in their career is to “always come into a situation prepared. Voice your opinions and your thoughts and be prepared to defend them with logic and knowledge.”

Reduce Bottlenecks
No one likes to wait. Dennis practices constraint theory (a way to look at bottlenecks in the service industry) to reduce bottlenecks, and as a way to differentiate themselves from competition.

Dennis Brown
Title: Chief Executive Officer, Bumrungrad Hospital Public Company Limited

Education:
Bachelor of Science, Valparaiso University; Master of Business Administration, University of Florida; Executive Program, Stanford Graduate School of Business

About the company:
Established in 1980, Bumrungrad Hospital Public Company Limited is a leading health care provider in Thailand and Southeast Asia. With 563 beds, it offers services to both international and domestic customers. Currently, 40% of all patients it caters to come from abroad, making it a very popular medical tourism destination.
Can you take a moment to introduce yourself and let me know about your experiences and the people who have shaped your life? What got you here? It’s a fairly long story.

I was born into a fairly large family. I’m the second of eight children. My parents were the first of their generation to graduate from college, and education was a strong part of our upbringing. The family was also very competitive—you can imagine that, with six boys and two girls. Both academically and athletically, the family competed against itself and against others.

I guess our classification would have been low-middle income. When I was 12, my father called my older brother and me in and said, “At 18, you’re on your own.” That really focused my brother and me on “What are we going to do?”

My choices at that point were to either somehow get a scholarship or join the army and let them pay for my education. I was fortunate enough to get an athletic scholarship, and that was kind of the first lesson in my life—to start with a goal and put together a prepared plan to accomplish that goal.
At that time, a war was going on in Vietnam, so joining the army was not my first choice. So it made me really focus on something that would matter significantly in my life over the long term.

I married early and had a family early as well. My wife and I married the day before we graduated from university. And then, we went off to grad school. Our first child was born two years after we were married and shortly before I graduated from grad school.

Family became a very important part of my life. We ended up with four children, who all now live in California. My wife and I went overseas with three children and we had a fourth one there in '85. At that time, we were both about 30 years old.

We said, “Okay, we’ll stay for three years.” We went back for a short period of time and came back. She and I have probably spent more than 25 years overseas, and this experience formed a very tight-knit family group because we lived in Singapore and Australia and moved quite a bit in the U.S. with the job, so we relied on one another. The kids are still very close. That formed a lot of structure as far as who and what we were and what our children are.

That’s great! In a very short statement, can you sum up an important lesson to take away from that? What is it about your style in managing and your style in working that was shaped by your upbringing or that particular period?

Establishing a goal and understanding what that goal is and what needs to be done to get you there is what my family and my experiences in youth brought me. I learned that a lot can be accomplished just by working hard.

I started working in factories at 16 as a back-up plan to pay for my education. One of the things that came out of that was a true respect for the blue-collar worker. I couldn’t do what they do. It’s a tough job. I learned it early and it made me want to get an education no matter what because I really can’t do what they do. It’s a tough experience.

“I learned that a lot can be accomplished just by working hard.”
We have given a formal description of the company earlier in the interview, but can you take a moment to explain your business in a clear and simple way so that people can understand the way it works? How do you see Bumrungrad operating?

The first thing that everyone needs to understand is that we are a niche marketer. We are not all things to all people. Even though we have a very wide array of services, the market segmentation is very defined.

We deal with the top segment, and we focus further on providing tertiary care. Again, we do provide various levels of service, but a main driver in our strategy is more complex, sophisticated care, and we tend to provide more of that in this market segment than the other hospitals.

I think that will help people understand you better. Now, it’s time to dig into what I call “Business DNA.” Recall that DNA is the molecule that encodes the genetic instructions used for the growth of any living organism. And of course, a business is very much a living and growing organism. Also, remember that the true beauty of DNA is its ability to replicate what’s going on in your management.

So when we think about Business DNA, we are thinking about the way the values of the company come to life, and the code that is replicated through your employees. We also refer to how customers feel about their interactions with the company. So please take a moment to explain Bumrungrad Hospital’s DNA.

DNA is made up of three components. There is the nitrogen component, which is the nucleic base, and you also have a sugar and a phosphate component. We have a similar three-legged stool situation with our business.

The skill level of the doctor—the highly trained, highly skilled doctor—is the base of who and what we are. Having a fairly large base of highly skilled doctors helps define us. Now, to that, we add trained caring and skilled support staff—our nurses, our technicians, and our customer service people. Lastly, we have to have efficient operating systems that are able to meet the expectations of the patient.

Our patients basically say, “I want the top doctor; I want to be in a caring and friendly environment; I don’t want to wait, and I don’t want to any errors.” We strive to meet those expectations. Our patients are from around the world, so we compete globally, and must deliver on a global level.
I worked for an American company at that time, and that company also owned 40% of Bumrungrad Hospital. In 1995, the American company decided to leave the international market segment. At that time, a number of managers from Mount Elizabeth moved up to Bumrungrad. Then, ‘97 happened and the market softened and debt doubled overnight, so management started looking at providing services to patients outside of Thailand, and that got Bumrungrad into the medical tourism market.

It started nearby with Bangladesh, Vietnam, and to a lesser extent Cambodia. Eventually, others were added.

And then, 9/11 happened. At that time, the Middle East went predominantly into Europe and North America for health care, but immigration became a little bit tighter, so we began to see a rotation of the Middle East to Asia. A large number came to Thailand, and that continued to cycle for about 10 years. It’s matured for the most part now.

In the meantime, we continued to refine how we entered new markets and grew existing markets. Eventually, we got to where we’re at now.

It’s interesting how we often see that it’s a crisis that ends up driving new directions of business.

Correct, and we’re very much an example of that.
Let’s talk about one last question about the business itself. What’s the biggest misconception that people have? You meet all kinds of investors and analysts, and a lot of people will have some particular misconceptions. What’s the most common that you face?

The first and largest misconception is that medical tourism is infinite. They see this market as very large. It’s actually not. If you added up all the international health care being delivered, it might fill a couple of hospitals. It’s not a very large part of many hospitals. We happen to have a fairly large portion of this market, but it’s still only 40% to 45% of our volume. That being said, we are a 500-bed hospital, so when you look at adding up that volume and then start comparing it to other situations, we do more international health care than all of India put together. And we do slightly less than all of Singapore. If you dial it back five years, we did more than Singapore altogether.

This is just an indication that it’s significant business for us, but the market is relatively small. We just happen to niche fairly well into it. In other words, people know that they can get procedures done in Thailand for five times cheaper, but the number of people that actually get onto that plane and do it is only a small portion of people that need care.

Very small, and in Asia, excluding the Middle East and North America/Europe, we’re typically talking about the top 10% economically within each country. So that shrinks the market even further. It’s something that countries don’t realize either.

In the last couple of years, Korea announced that they want to be a medical hub. They may pour a lot of money into it, but I’m not so sure they’ll ever get a return on their money because the market is relatively small, and we compete against them up in Mongolia. So we meet the competition depending where we’re at geographically.

“The first and largest misconception is that medical tourism is infinite. They see this market as very large. It’s actually not.”
Let’s talk about some stories, because stories are always fun! We’ve got some background on you and the business. Can you share with us what motivates you and gives you inspiration during difficult times? And tell us about a time that you had to reach deep for inspiration to get through a difficult time.

As I’ve indicated earlier, family is an important inspiration for me. I never want to disappoint them. Everyone makes mistakes—you live and learn by them. Early on, when I was in graduate school, I was able to pass out of a number of introductory courses, which put me slightly ahead of my peers and my class.

There are some benefits to being a first mover, but there are also some risks. This gave me an experience that came with some risks. Part of the master’s program was a comprehensive exam and a thesis. I was told that the comprehensive exam would just be general questions, and that I should read through all my notes. But the most important thing was to get a good night’s sleep beforehand.

I went into the exam with that in mind, and when I read the questions, they were all very detailed questions. I immediately panicked because I knew I couldn’t answer the questions. So I failed on this first attempt. This taught me that, no matter what, you should always be over-prepared rather than under-prepared. Don’t trust rumors. Get the facts.

I took a different course of action on my second sitting of the exam, and I was fortunate enough to get the top score that time.

You had to learn your lessons young.

Exactly! Go in prepared.

What was the biggest mistake or challenge that you faced during your career? How did you deal with it and what have you learned from it?

It was actually a very similar situation where there was an issue within the company that I was working for, on the domestic side. I was overseas at that time and I was getting inquiries from the press and others. I asked for information from the head office and they sent me a prepared press release, which I unfortunately released under my name without examining the facts. And some of what was written was not accurate.

So I took the brunt of the fallout from those inaccuracies because my name was attached. I took ownership and, again, it was another lesson. You can make mistakes, but your bosses can also make mistakes. Make sure that, if you’re going to own something, you are ready to stand by what’s on paper and what you’re owning.

So signing could mean, “I looked at this and I know what’s in it.” I own it.

“Make sure that, if you’re going to own something, you are ready to stand by what’s on paper and what you’re owning.”
How about a story about your proudest moment in your career, a time that you felt like "I made it" or "This is a good moment?"

I was working for an American health care company and they asked me to sit in as temporary CEO in a hospital where the CEO had suddenly left (so there was a gap). I would drive down Sunday evening to a city (about a five-hour drive) and I’d work Monday through Thursday, then drive back on Thursday night to my official position and work Friday, Saturday and Sunday, and then drive back down.

I did that for about three months. At the end of those three months, my boss’s boss told me I wasn’t promotable. Having put in that huge effort, I said to myself, “Okay, if something else comes along, I’ll look at it.”

Literally one week later, I got a call (that was on a Friday). I interviewed on Saturday. I went to the hospital and looked at it on Sunday, and on Monday I took the job.

About a year later, I was fortunate to win CEO of the Year for the company. I felt revalidated after going through the previous experience, and it gave me some reassurance that I actually knew what I was doing (whereas previously I had felt “maybe I’m not cut out for this”). It was a point in life where I thought I had turned a corner.

That’s fantastic! From all that you’ve learned over the years, can you boil it down to one short statement that sums up your thoughts about business, about your career, and even about what you would tell someone who is somewhat new in his career?

As I tell our management trainees here, always come into a situation prepared. Voice your opinions and your thoughts and be prepared to defend them with logic and knowledge.

“Voice your opinions and your thoughts and be prepared to defend them with logic and knowledge.”
"Put in the work and, eventually, it will pay off. So even on those days when you really want to roll over and go back to sleep, you really can’t and you really shouldn’t. Put your time in and put the effort forward.”

What’s one personal trait that you have—a habit or something in your daily life that you think has helped you to achieve success?

When I wake up, I think, Do I really want to do this? And that’s just to go out and exercise each day! Again, it’s a similar situation. Put in the work and, eventually, it will pay off. So even on those days when you really want to roll over and go back to sleep, you really can’t and you really shouldn’t. Put your time in and put the effort forward.

It’s interesting because a lot of people talk about exercise. Someone was overheard saying that they were depressed, and they went to this guy to ask him for advice, looking for some real wisdom, and the guy said, “Are you exercising every day?”

The guy was offended. “Why are you even talking to me about exercise? I’m talking about my emotions. I’m sad. I’m depressed. I don’t know what to do in my life.”

So what’s the benefit that you get from exercise?
Two things—and it depends on whether my wife is exercising with me or not. If she’s with me, it gives us an hour alone together where we can converse and discuss things. If I’m alone (and sometimes when I’m with my wife), I’ll start thinking about myself. But it gives you a chance to step back and be with the world without the pressures of the job around you. You can prepare yourself for the day. You can think about what occurred the day before. Similar to sleep, it allows you to refigure in your head what’s going on and file things accordingly and make sense of what may not have been sensible the day before.

What’s one book that you’ve read that helped you, and that you would recommend to people?

This may sound a little strange, but it’s The Goal by Goldratt. It’s actually an easy read because it’s a novel. It’s standard reading for the Stanford Business School. It’s about operational or systems management. My first job in healthcare was as an investor engineer. So I am able to relate to it.

We use constraint theory (which is what this book is based on) quite a bit in the hospital. It’s looking at bottlenecks—and in the service industry, a bottleneck is wait time.

We know our patients don’t like to wait. And so, we constantly are looking at where the bottlenecks are—how to reduce and manage them to get greater throughput because throughput means less wait time. It’s one of the ways we like to differentiate ourselves from our competitors.
What’s something about the business that has you really excited—something that you think will have an impact on the future of the company?

Two major changes have been occurring over the last couple of years. We’ve refocused ourselves into Thailand and put money and effort into the current hospital campus. Now, we’re trying to move forward with more advanced training of our staff. We formed a separate training company to give visibility to training within the company. The CEO of that company reports to me—again, to give it higher visibility, which means more resources and more emphasis within our business plan.

The second item is that we’re beginning to look at other assets that may complement what we do here. We acquired a controlling interest in a Mongolian hospital a couple of months ago. We’re looking at other potential acquisitions and development opportunities, all of which still have the strategic alignment of enhancing referral sources to the main facility here.

The reason that’s a focus is that if you look at enterprise value per bed and compare it against EBITDA margins, we sit pretty far out in the upper right-hand quadrant. In business school, that’s where you want to be on all these measurements.

And if I take price to book and compare it with return on equity, again, we sit way out in the upper quadrant. In both these measures, we compare ourselves against all the other listed hospitals in the region—and we have much better metrics in those areas than they do.

It’s really an indication that upper tier tertiary care is a value point in generating business. We want to continue to emphasize that as part of our focus.