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Healthy RETURNS

How **Rick Jackson** grew **Jackson Healthcare's** revenue by more than \$200 million in six years

BY KRISTY J. O'HARA

As a child growing up through the foster care system, Rick Jackson yearned for stability and control of his environment and destiny, so from a young age, he knew he wanted to run his own business. He started by scalping tickets to Georgia Tech athletic events as a 10-year-old and went on to found more than 25 health-care-related companies. He says his success is a result of being in the blue ocean, a reference to the business strategy laid out by W. Chan Kim and Renée Mauborgne in their book, "Blue Ocean Strategy." ♡ While the idea of a blue ocean conjures images of crystal clear water, white sand beaches and pink, fruity drinks with umbrellas in them, Jackson's blue ocean refers to his business endeavors. Instead of looking to be another me-too player in existing markets, he strives to discover those little niches where he can differentiate himself. ♡ In 2000, he saw an opportunity to serve the staffing and information technology needs of health care organizations, so he founded Jackson Healthcare.



PHOTOS BY TERENCE SMITH

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Rick Jackson,
founder and CEO,
Jackson Healthcare

“A lot of the blue ocean strategy is to be the first one to do it,” he says. “The definition of a business is really a solution to a problem, and the problem that the hospitals and doctors have is that they don’t have enough people, and it’s hard to find people, so our focus was to create a business that only solves that problem.”

Within his company are seven different operating units that each specialize in one niche, such as anesthesiologist staffing or traveling nurse staffing.

“The mistakes that other people in our industry make are they diversify, and they want to be everything to everybody,” says Jackson, the company’s founder and CEO. “What I’ve found is the more you focus, the better you are from an operational standpoint.”

That pinpoint focus has helped him grow the company from \$19 million in revenue its first year to \$261 million in 2006, earning it, among many other awards, a spot on the *Inc.* 500 list in 2004 and the *Inc.* 5,000 list in 2007. On top of his company’s recognition, Jackson has twice been a southeast regional Ernst & Young Entrepreneur of the Year award finalist.

Among the secrets to Jackson’s growth management success are recruiting great people, setting stretch goals and regularly evaluating positions.

Recruit for growth

The typical recruitment efforts in a company go something like this: A manager has an opening, so between all of his day-to-day responsibilities, he runs ads and conducts interviews. It’s a priority, but it’s not his No. 1 focus — which is what Jackson sees as the main problem and is one way he has sought to differentiate his company from others.

“If anything is important in a business, have somebody’s livelihood depending on it,” Jackson says. “It amazes me how much companies will give lip service to this, but they don’t have people actually in charge of doing this. You have to have dedicated people on your staff that earn 100 percent of their income by finding good people.”

Many companies wait until they reach whatever magical number they think qualifies them as a large company to add a full-time recruiter. In contrast, from day one, Jackson Healthcare has had a full-time recruiter to ensure the company doesn’t just fill spots but that they get the best — and that they do this before they’re needed, which is the next key to hiring.

“If you want to grow 20 percent next year, you have to focus on hiring 30 percent more people,” Jackson says. “You’re going to have some fall off, you’ll have some turnover, and you want to be setting up. Our focus in 2007 was not only to grow X percent in whatever division, but it was to set up for ’08.

“If you say I need 12 people to grow the exact amount, what happens if people don’t hire on time? Or they hire too few? And if you hire them all in December, it didn’t help you that year. ... If it takes three to six months for somebody to be productive, then you have to hire ahead of it.”

Once you hire the amount of people you’ll need for the following year’s growth goals, train them and get them comfortable in the work environment as quickly as possible.

“There’s three levels of every person that goes through employment,” Jackson says. “The first phase is you cost more than you’re producing. The next phase is you’re costing about as much as you’re producing, and the third phase is you’re making money for the company, more than it’s costing.”

He says that you have to have people in this third phase longer than they were in the first phase just to break even.

“The faster you get the person off the street to be profitable by setting them up in a process, operation or situation to be productive, that’s where the action is,” Jackson says. “That’s where the rubber meets the road that every individual is productive as fast as possible. That’s scalable — it is easier to grow, easier to recruit and a better foundation for growing a company.”

Set stretch goals

Jackson once heard a story about four young boys, where the first two challenge the other two as to who could walk farther down a set of railroad tracks. One on the first team got up and walked about 15 feet before falling off. His teammate got up and went slightly farther, falling off after 20 feet. But then, the other pair got up simultaneously — one on each rail — and held hands. Together they continued walking and could go on all day because they used each other and worked as a team to accomplish more than they each could have individually.

“That’s what we’re trying to promote here — not individualism but an interdependence,” Jackson says.

This type of teamwork is key to successfully and rapidly growing a company.



“There’s really no limit to what you can accomplish if you don’t care who gets the credit,” Jackson says. “It’s the team first.”

Because Jackson believes so strongly in teamwork, he sets aggressive growth goals. He requires most divisions to grow 20 percent a year — some more and some less. To set these goals, look closely to see what each team collectively, as opposed to its members individually, are capable of accomplishing.

“Look at the facts underlying — the current run-rate, the opportunity, the businesses out there, how many people you’re going to be able to grow — and you test that against what your market potential is,” Jackson says. “Using all those factors, you come up with something that’s realistic. You don’t want the goal to be so far out that they can never get there, but you also don’t want it to be a chip shot either.”

Each division is charged with collaboratively planning how to achieve that growth goal. To ensure everyone stays focused, Jackson gives managers a reason to rally the troops.

“Have the senior executives’ total compensation based on that, and then you incentivize that they really make a lot more if they go above,” Jackson says.

For every dollar of profit the department generates above its

budget, the manager can receive up to 10 cents on that dollar.

“I’ve seen companies where there is not one person who lost sleep overnight over whether they made profits or not,” Jackson says. “Everybody else is based on sales or whatever. The first

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thing we do with the companies we bought, we basically make 10 different people’s compensation reliant on being profitable, and all of a sudden you spread the sleep around. It’s just easier when you have 10 people focusing on it versus one or none.”

This kind of financial incentive inspires managers to make sure their department is working like the two boys on the train tracks to gain maximum productivity. As a result, the company as a whole has made budget every year, and only about 10 percent of the teams have fallen short at some point or another.

“We believe in self-management,” Jackson says. “We believe in self-empowerment. We want to have a no-excuses environment.

The high performance people want that — give me the resources I need, tell me what the objective is, give me a share of the wealth, a piece of the pie and get out of my way. That is very empowering, and if you do that at broad and deep levels, then you’ve got an organization that’s really not just surviving but thriving.”

The Jackson file

Evaluate every position

Jackson remembers one sleepless weekend during the company's early days. He kept tossing and turning, while in his head he wrestled with the idea of having employees focus on everything related to one task as opposed to multiple tasks, but this hadn't been done in his industry before. When he returned to the office that Monday, he decided to try it, despite people telling him he was nuts.

Instead of one person handling most aspects of an account, he would have specialists handling individual components.

"The relationship when you sold to the client was they're buying you — they were buying your credibility," Jackson says. "Well, all of a sudden, I'm going to sell you, you like me, and I'm going to turn you over to a friend you don't even know. That was a dangerous handoff, but it worked."

It worked because it allowed Jackson's employees to focus on being the best at fewer tasks as opposed to mediocre at everything.

"It is easier to scale the business than it is for me to scale one person does everything," he says.

When a business is smaller, people have more responsibility. As you grow, you have to adjust their responsibilities so the individual parts run smoothly, as well — after all, it doesn't do the machine any good if one part burns out.

Jackson says to start by evaluating every task in the company — from opening mail to depositing checks — and then review every employee's responsibilities each year. When you look at the tasks needed and the position responsibilities, then you'll see the common denominators of tasks that should be handled by one person.

For example, in human resources, reference-checking and credentialing require someone who's good at detail orientation and customer service, so you look for someone who excels in those two facets and give them only those responsibilities. Doing this ensures that you have people doing what they're best at and doing it well.

"You process-map everything first, and then you break those down into relevant activities, and then you put people inside of those," he says. "Then the larger you get, the smaller and smaller the number of things you do becomes."

For example, the company now has one person whose sole responsibility is to open

Born: Atlanta

Education: I did not graduate from college.

I have about two years ending at Georgia State, but I don't have a degree. Because of that, I was very insecure about what I didn't know, so I've tried to do everything that I can to understand the principles. I've had a professor from Georgia State that I initially paid to teach me all the MBA stuff, and he's stayed on for the last 30 years and is on our board and is vice chairman of our company. I'd say from a business standpoint, I'm as educated as anybody, but I don't have the college degree.



What has been your biggest challenge?

I think the biggest challenges over the years is not only recruiting, training and retaining, but growing managers, especially as the company gets larger. The biggest need we have is you hire a good salesperson, you train them, they become great, and then you want to make them a manager to train and lead other people. That's a chasm that's hard to cross. We're going to put together the Jackson Healthcare College to help them grow to be businesspeople.

What's one of the best lessons you've learned?

One of the reasons I've been pretty successful is I believe the way you succeed is getting up one more time than you fall down. It's not how you fall, but how you pick yourself back up. I've been pretty resilient, and I will not give up.

What's your favorite board game?

A long time ago, it used to be chess and Stratego, so they tend to be strategy games. Now, it's backgammon and poker and crossword puzzles. I do stuff on the computer just to keep my mind going as I'm watching TV.

mail. Shifting people's job responsibilities every year may seem frustrating, but it's crucial to successful growth.

"By doing that, you're able to scale and able to grow faster and able to recruit faster," Jackson says. "It is easier for us to find somebody who can open mail. The qualifications for that are easier than to find somebody who can do payables, receivables, closing the books and opening mail."

The other part of the assessment and responsibility shifting is using technology to automate processes, as well. Sometimes

you may not be able to automate everything, but some aspects of a job can utilize technology, which still helps the growth cause. Doing this also helps to maximize efficiency and keeps the machine oiled and scalable.

"You can't grow without the ability to have a foundation and platform to scale," Jackson says. "You can get short-term, but you'll stall out. You can get to \$10 million, maybe \$20 million, possibly \$30 million, but after that, you stall out if you don't have your processes mapped and positions and job descriptions redefined." <<