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Turnaround king

Applying lessons learned in the Army, Shoemaker makes Tri-Lakes Medical healthy

By **SCOTT SHEPPARD**

Four years ago Ray Shoemaker stepped into a disaster. He was asked to launch a behavioral health service in Batesville, Miss., while down the street the affiliated county hospital was a financial wreck.

Since then Shoemaker has ascended to CEO of both facilities, known as Tri-Lakes Medical Center. He's also assisted in a private buyout, created 450 new jobs and reversed a business that was bleeding money into one that now posts profits: \$3 million this fiscal year ending Sept. 30, and a projection of \$3.6 million next year.

He pulled this mother of all turnarounds by applying the lessons he learned during six years in the Army, such as giving people huge responsibilities and expecting them to rise to the challenge. And accepting failure as part of the dynamic process.

"The thing I miss the most about the military is the loyalty; one team, one fight" he says. "I'm all about the team."

His employees echo that attitude, saying Shoemaker doesn't accept enough credit, but always turns it back to the staff.

Shoemaker grew up on the South Side of Chicago, but made frequent family pilgrimages back to Walnut Grove, Miss. In his 11th year Shoemaker's parents traded the steel mills and concrete of Chicago for a red dirt road and a house across the road from his grandmother, who would play a central role in his development.

Even in high school he was working two restaurant jobs plus logging to help support the family, and enlisted at 16 in the National Guard's delayed entry program, activating him right after high school.

"June 6, 1990, was the worst day of my life and I will never forget it," he says. "That's when I went to Ft. Leon-

ard Wood, Mo."

His chosen profession: combat engineering. Although his unit was activated for Desert Storm in 1991, his unit never made it overseas. Later he enrolled in ROTC, ascending to the rank of captain in 1999. It was a painful decision to leave the Army, but Shoemaker was itching to apply the leadership skills he learned to a healthcare environment. Batesville internist Robert Corkern persuaded him to come there, and almost immediately he was in the midst of reversing the problems in Batesville.

The most immediate problem was financial. With a business on the brink of bankruptcy, Shoemaker had to find the cash to meet payroll and instill confidence.

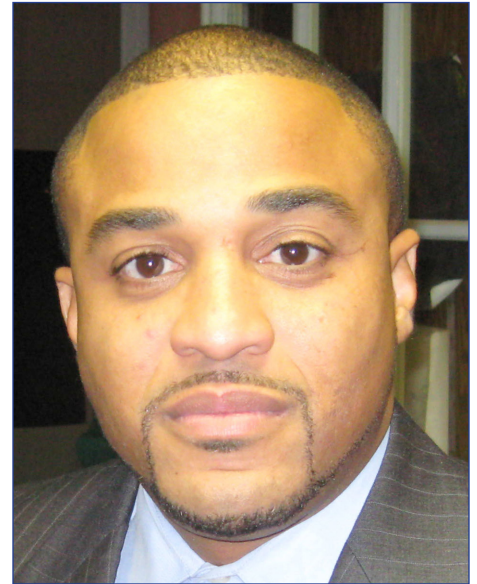
He first looked at deadbeats. In 2002, with \$23 million in revenue, the average receivable was 140 days old. Today with \$133 million in revenue, receivables are collected in 60 days and Shoemaker has set the goal for 42 days.

"It infers we are doing everything right, from admissions to coding," he says. "A short receivables is a by-product of an efficient organization."

Next was cash flow. An analyst showed that \$63 million each year was going to Baptist facilities in Southaven and Oxford. The goal was to identify the bellweather services that would lead that business to Batesville. The hospital just recruited a new pediatrician and is now in the hunt for an orthopedic surgeon and general surgeon.

Everything came together in 2005 when Corkern formed a company, Physicians & Surgeons Hospital Group, to acquire acute care and behavioral health facilities. Corkern also serves as the hospitalist at Tri-Lakes, and staffs the Emergency Department through another business he owns.

"When we built the larger hospital



we had a lot of conflicts and couldn't get it off the ground," says Batesville Mayor Jerry Autrey. "Dr. Corkern and Ray took it by the horns and took off with it. You can tell by the parking lot that it's good for the city."

Tri-Lakes today is considered one of the best places in town to work, he says, both for the wages and the work environment. It's created so many jobs that it's like bringing several new factories to town.

Shoemaker knows that he is a hot commodity and gets regular contacts from across the country from hospitals in need of a turnaround. He's flattered, he says, and is intrigued by the chase, but would rather build greater in his adopted home. He's working on plans to extend behavioral services into Tennessee, Arkansas and Alabama. And he's studying the rural hospitals in the region with an eye on building a health system.

"No matter how large you get, you must always be responsive," he says. "You must always behave like a small business."