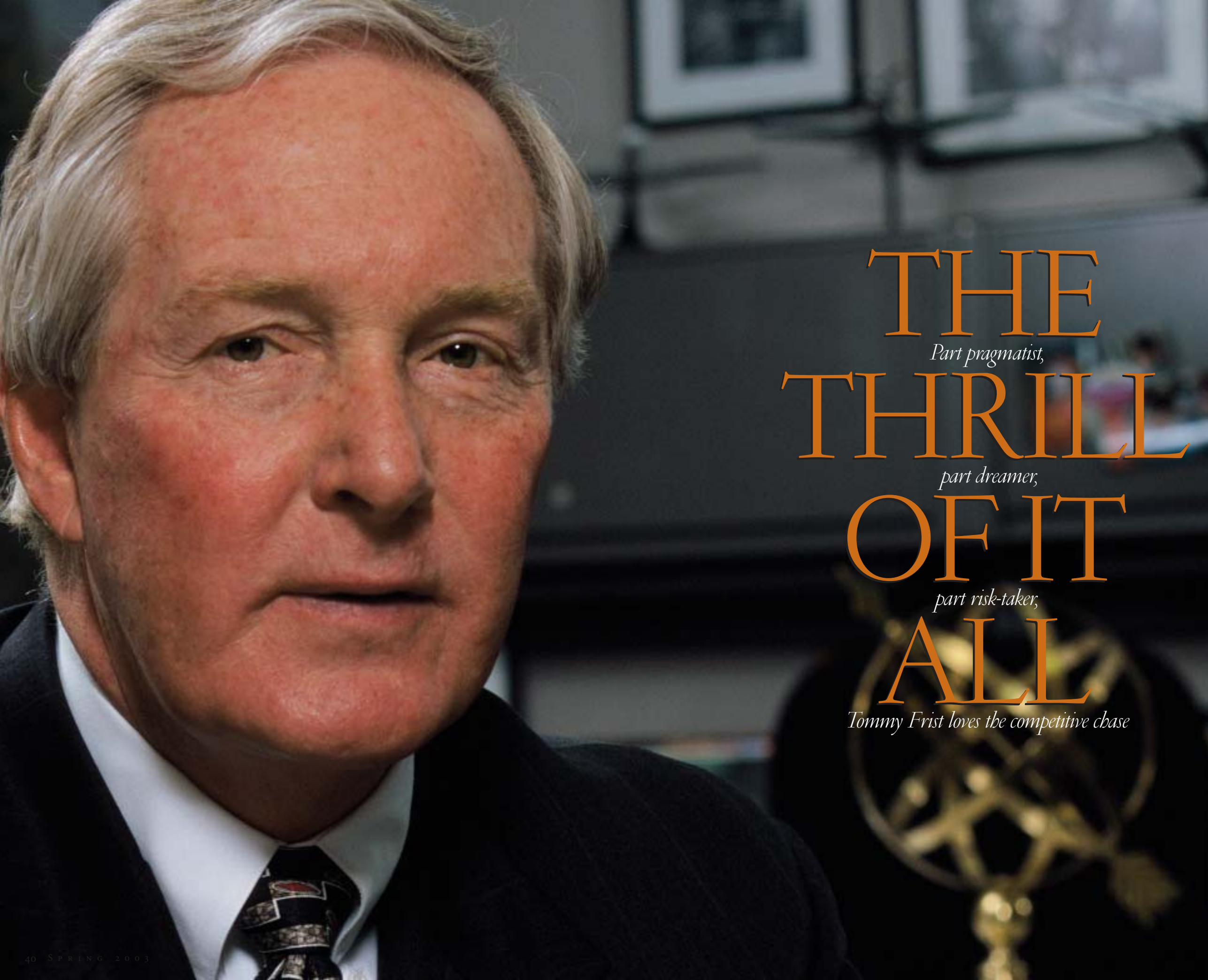


TOMMY FRIST JR. LOVES TO TAKE CALCULATED RISKS. And when he sets out to do something—anything—he hates to lose. Not that he spends a long time celebrating when he wins, because he's never been one to gloat or brag. Victory is fun, sure, but it's the *pursuit* of victory that truly gives him a thrill.

Frist's love of the chase, his ability to set and meet goals, and his driving competitive spirit define his personality. These traits also help explain how he has managed, in 34 years, to build, salvage and rebuild the nation's largest for-profit hospital network; to rescue and re-secure the United Way of Middle Tennessee; and to provide the financial backing to convert an old post office into a sparkling downtown-Nashville art museum. He has a trophy list of broken bones from skiing too fast, turning a snowmobile too sharply, and biking too soon after hip-replacement surgery. And he's relished every minute. Completely devoted to his parents, wife, children and friends, he wouldn't want to live his life over, he says, because he's afraid he might mess something up on the second go-round.



THE
Part pragmatist,
THRILL
part dreamer,
OF IT
part risk-taker,
ALL
Tommy Frist loves the competitive chase

Although he has net assets worth billions and has spearheaded numerous philanthropic endeavors in his hometown of Nashville and across the nation, Tommy Frist, BA'61, has still managed to remain largely out of the public eye. His father, Thomas Frist Sr., MD'33, was a renowned cardiologist and practicing internist. His youngest brother, Bill, is a heart-lung transplant surgeon and a Republican senator from Tennessee. By comparison, Tommy Frist II merely revolutionized the delivery of health care in America, for better or worse, by applying the concept of the corporate umbrella to medical institutions.

The consummate southern gentleman with his soft speech, gentle manners and self-deprecating humor, Frist is, in fact, the reigning Evel Knieval of the hospital management industry. Upon each new crisis in health care, his colleagues, family and Wall Street analysts have learned to cover their eyes and peek through their fingers—too fascinated not to watch what he's going to attempt next.

Born in 1939, the oldest of five children, Thomas Jr. stayed the course for the first third of his life. He distinguished himself as an outstanding athlete at Nashville's Montgomery Bell Academy, a Civil War-era all-male prep school. He graduated from Vanderbilt University, married his childhood sweetheart, Patricia Champion, BA'61, and attended medical school at Washington University in St. Louis. After returning to Vanderbilt for his residency, he was drafted into the Air Force and served two years as a flight surgeon in the Strategic Air Command Unit in Warner Robins, Ga.

The Vietnam War changed young men of the '60s. Many felt disillusioned and removed from society. Others, like Tommy Frist, grew to adulthood lured by the possibilities America offered. He had begun investing in the stock market, and he watched as people made their fortunes by practicing the fine art of the franchise.

"A friend of my father's, a patient of his, was Jack Massey," Frist recalls. "He had been in the surgical supply business for most of his career, but he sold his business at 62 years of age and ended up buying Kentucky Fried Chicken. When he took Kentucky Fried Chicken public, I borrowed one or two thousand dollars to buy stock and by the end of 18

or 24 months, I ended up with \$300,000."

Even so, Frist was naïve about the world of business. In order to protect his investment, he says, he made his little children eat fried chicken at least three times a week.

After he completed his military requirements, he returned to Vanderbilt to continue his residency. But he was restless. The year was 1968 and he was 29 years old, a married father with three young children. He knew that Kentucky Fried Chicken and Holiday Inns of America—one having transformed the fast-

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food industry and the other, the leisure industry—weren't flukes. While other doctors-in-training dreamed about patient reports and getting a good night's sleep, Frist fantasized about ways to put his entrepreneurial skills to use. He loved medicine, but he also loved to fly, and he loved running the tricky gauntlet of the start-up business world. Surely, he thought, he could devise a profession to satiate all his passions.

At that time Medicare was only a few years old, and the country's population was shifting from the Rust Belt states to the Sun Belt, straining the infrastructure of the rural South and creating a demand for education, utilities and health care. Frist reasoned that there must be a way to provide better services more efficiently.

To that end, he formed a partnership with his father and businessman Jack Massey to found Hospital Corporation of America, or HCA, the nation's first and now its largest for-profit, investor-generated hospital management company. "I'm young and energetic," he told his father at the time. "I'll fly around the country and find the hospitals [to buy]—and I'll be full time."

The idea that a chain of hospitals could be handled like a chain of restaurants did not sit well with everybody. Frist says, "I went to my attending, Dr. Scott at Vanderbilt, and I still have nightmares when I think about telling that gray-haired old man that I wasn't coming back to his residency program because I

was going to start a for-profit hospital company. He made me feel like a heathen."

The risk paid off. By 1970 HCA was listed on the New York Stock Exchange, and in less than a decade had reached \$1 billion in sales. By 1982 the company had expanded to more than 350 hospitals in 41 states and five foreign countries, generating revenues of nearly \$2.5 billion. Tommy Frist Jr. continued to rise within the HCA ranks to president and COO in 1977, and to chairman, president and CEO 10 years later.

Frist's parents, Thomas Sr. and Dorothy Cate Frist, BS'32 (Peabody), a schoolteacher, had instilled in their children the credo that along with privilege comes responsibility. In 1982 the Frists established the HCA Foundation, a charitable organization that provides grants to support programs in the arts, education and health care, primarily in the city of Nashville. Several years later, the foundation became legally independent of HCA and elected its own board of directors.

During this same era, he also chaired the campaign for the beleaguered United Way of Middle Tennessee. Under his leadership, the local chapter topped the nation with a 26-percent increase in donations. Frist took on the mission of not only turning around the local chapter, but in establishing a campaign that might be transformational around the country.

"At the time, United Way was a rather moribund organization," says Ken Roberts, BA'54, JD'59, president of the Frist Foundation. "Tommy came up with the idea that if you could get several individuals of means to give at least \$10,000 a year, it would cover the overhead of the organization. Then all the other gifts would cover the needs of the specific agencies. It was original, it was creative, and it was a way of maximizing the gifts."

Yet, Frist required more in his life than the parallel careers of industry mogul and philanthropist. He sought physical challenges, too. Ever since elementary school he has been

friends with Frank Drowata, BA'60, JD'65 (now chief justice of the Tennessee Supreme Court), and Steve Riven, BA'60 (now a managing partner of Avondale Partners, a securities firm). For nearly 50 years, the three have been running buddies—both in the figurative and literal sense—often referring to themselves as Six Fast Feet.

"Tommy is a little bow-legged, a little pigeon-toed, and he's not a speedy runner," Drowata says. "When his company was in its early stages, he enjoyed running long distances. And I remember that he'd land his plane, get home around 12:00 or 1:00 in the morning, and turn on his car headlights so he could go running. Eventually, he got his time down to around a seven-minute mile."

Frist was also an avid tennis player at that time and made use of the tennis court his parents had in their back yard. "Tommy used

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to call me up and we'd play in the dead of winter," Riven says. "It'd be freezing cold and snowing, but we'd be outside playing tennis."

Some found this hard-driving quest for perfection hard to take. "The Frists are highly regarded, but not without controversy," commented family friend Edward G. Nelson in *BusinessWeek* (November 1997). "They are so competitive and so self-confident that people sometimes lose sight of their generosity. There's a saying: 'There's the right way, the wrong way, and the Frist way.'"

By the mid-1980s, the hospital franchise business began hitting some stones in the road. HCA was a behemoth operation with 50 psychiatric hospitals, 82 large general hospitals, 104 small hospitals, 225 management contracts, and 30 foreign properties. Earnings weren't keeping pace. Just as determinedly as he had once purchased properties, chairman and CEO Frist rolled up his sleeves and began to cut back staff, overhead and management.

He also sold and spun off the under-performing small, rural properties into HealthTrust Inc., an employee stock ownership plan.

By 1989 the stock market was so unfavorable that Tommy Frist decided to gamble once again. He rolled 100 percent of his net worth into a leveraged buy-out of HCA to take it private, purchasing it for \$5.1 billion. Within three years the health-care industry had again mutated, and Frist celebrated HCA's 25th anniversary by returning it—in an \$800 million offering—to the New York Stock Exchange.

Although triumphant and enriched, Frist was worn out from the buy-out ordeal and began looking for someone else to assume the day-to-day oversight of the giant corporation. He thought he'd found that man in Rick Scott, the brash young CEO of Columbia Healthcare. Frist approached Scott about a

headlines Frist had spent his career trying to avoid. On a tip that Columbia/HCA hospitals were engaging in Medicare fraud, in March of 1997, FBI agents raided the offices in El Paso, Texas. Other dragnets followed, spreading to sites in six other states. Scott and other top executives were forced to resign, and Frist was reinstated as CEO with the mandate to clean up any corruption, pay the governmental fines, and restore a culture of honesty and quality patient care to the organization he helped found.

Several industry pundits seized the opportunity to air simmering disputes with Frist's methods of operation. In a blistering article in 1997, the *Wall Street Journal* claimed, "Hundreds of pages of documents in Tax Court involving Mr. Frist's HCA suggest his own management style was quite aggressive and marked by numerous acquisitions and a relentless focus on maximizing profit, while he and his senior team enjoyed lucrative compensation."

During that same period *BusinessWeek*, among other news outlets, lambasted Frist for outwardly supporting Columbia/HCA's practices and only criticizing Scott after he was made to step down. Justifying his earlier silence, Frist told *BusinessWeek*, "There's nothing worse than having a former CEO sitting there second-guessing. ... Once a decision is made, you go out and support the team."

"That was a really difficult time—that first six to 12 months, not knowing what was going to happen," Frist says, looking back. "I didn't know if I could turn the company around. The government was coming down on the company, the banks, the media, everyone. The company was so different when I came back. They'd put a whole new management team together and people didn't even know me. My greatest fear was not the financial risk as much as it was my family's reputation."

To add to the family's anguish, Thomas Frist Sr. and Dorothy Frist died in early January 1998, within two days of each other.

With fraud charges and audits mounting, and despite overt skepticism by investment analysts questioning whether he was the man for the job, Tommy Frist felt the fire in his belly reigniting. One of the first actions taken during the restructuring was to re-

What happened next made the kind of

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The Thrill of It All *continued from page 43*

name the HCA Foundation the Frist Foundation. “When Tommy stepped back in as CEO, there was a collective sigh of relief,” says Peter Bird, the foundation’s CEO.

He brought his friend Jack Bovender out of retirement to help him right the sinking Columbia/HCA battleship and called upon other friends from the HCA glory days whom he knew he could trust. The company quickly reorganized, spinning off small hospitals into a separate company, rewriting an ethics policy, and halting the practice of corporate branding for its hospitals. HCA also paid more than \$1 billion in fines to settle the claims by the federal government. During this period, Frist drew a salary of one dollar a year.

Bovender comments, “My admiration for Tommy, which was always high, grew significantly during that time because of the way he conducted himself through extremely difficult situations. He never lost his confidence or commitment to see this thing through.”

Last year, certain that his HCA wild-child was back on track, Frist again stepped aside into the role of chairman and officially retired in January 2002. Reflecting on the experience, he says, “The problem wasn’t that Columbia/HCA had gotten too big; the problem was that it had been thrown together too quickly by Mr. Scott. He was a deal man. He didn’t understand the humanistic aspect of a service company. The people are your greatest asset, and you have to treat them fairly. It was a culture issue.

“Now I can look back on it all and say that it was a fabulous four or five years. Now I think, gosh, what would I have done with my life from August 1997 up to this point if I hadn’t had that stimulating challenge?”

He smiles slightly and adds, “So I’m saying thank you to the government for giving me this opportunity.”

The ultimate testament that HCA has reached the far side of the scandal may be in its recent agreement to purchase Health Midwest’s 14-hospital system. The deal would never have been approved had HCA not proven itself a worthy, responsible player in the market. “The Health Midwest deal is symbolic that our company’s focus and reputation have recovered,” Bovender says.

Even when his company was in its darkest

hours, Frist and his wife continued their pursuit of major philanthropic projects. All three of their adult children moved back to Nashville and their sons, in particular, had taken an interest in the arts. The second- and third-generation Frists recognized the city’s need for a downtown art center. In April 2001, after years of planning and negotiations, the \$45 million Frist Center for the Visual Arts opened in what had been the city’s historic main post-office building, an Art-Deco structure completed in 1934. The Frist Foundation and the family of Tommy Frist Jr. provided \$25 million of the funding.

If anything, the birth of the Frist Center exemplifies Tommy Frist’s approach to both business and philanthropy, and his distaste for failure. “I have almost a chess mentality,” he says. “If something doesn’t work, I figure out what my fallbacks are and how I can revamp it and make it work.” This philosophy has served Frist well, and in some measure helped earn him recognition at Vanderbilt with the Alumni Association’s 2002 Distinguished Alumnus Award.

He originally pledged a few million towards the creation of the arts center, then \$11 million, and finally donated more than half its cost. “The whole premise behind that was Tommy’s feeling that we didn’t need another art museum in Nashville—we needed an educational center, because he believes the arts are a strong deciding factor in a child’s education,” says Frist Center President Ken Roberts. “He really impressed me. The costs kept going up, and Tommy kept backing it.”

Now that those obstacles have been overcome and the downtown Frist Center for the Visual Arts is in full swing (you may visit its Web site at www.fristcenter.org), Frist has no desire to rest on his laurels. Although he’s pleased about his contributions to the art museum, the recovery of HCA, his resurrection of the local United Way, and his myriad achievements and good deeds, those are in the past and he’d rather talk about other things. After all, he’s a grandfather now and his passions are changing. Each day presents a new risk worth taking, a new goal worth reaching.

“What I’m *really* excited about is the Nashville Zoo,” he says, a familiar light in his eye. “I just think a zoo is an important part of any community.” ▼

Gross *continued from page 88*

said, “We ain’t never had a basement.” For some reason that got her tickled, and she started laughing. Just shook all over. And then I started laughing because she was laughing and neither one of us had our teeth in and we must’ve been a sight and then the tornado went WHOOSH! and I thought, well, this is it, here we go, but that was the end of it. Then the old woman said, “All right, you can get off of me now.”

And I said, “I don’t think I can,” which got her going all over again. Of course, the old woman is bad to get tickled. She got tickled at her own mama’s funeral, and people thought she was crying.

After it stopped raining, we went out and had a look around the neighborhood, trees down everywhere, trees on top of houses, houses gone, roofs laying in people’s yards, power lines hanging everywhere, some of them still hot and sparking. It was a sight. Of course, most of those trees were hackberries, trash trees, and their being gone is a good thing. People were walking around saying, *It looks like a war zone. It looks like a war zone*, like they knew what they were talking about. Let me tell you, what it looked like was a place a tornado had hit. And that’s all. I’ve *been* in a war zone. I was in Germany in 1945. I know what a war zone looks like. There toward the end, we were killing Germans by the hundreds who weren’t even Germans, just boys from Czechoslovakia or Poland or wherever, boys who shouldn’t have had a dog in that fight, and for damn sure didn’t want to be in that fight, but they had the SS behind them, killing them if they didn’t fight us or if they tried to run away. They caught it going and coming. It was pitiful, the way we chewed up those boys, and them not wanting to fight, but they were shooting at us, so what could we do? And I did my share, I won’t lie to you. I did some things I ain’t proud of. So. I’m sorry some people around here lost their houses or got their roofs blew off, but I ain’t going to call a bunch of blowed-over hackberry trees and a few smashed-up houses no war zone. Ain’t no way. Then a year later the deadnettle came up.

And this war I’ve been watching on television? I’ll tell you what, I just don’t know. I ain’t been able to work up much enthusi-