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BUSINESS COURIER

Heart-only hospital in works

Deaconess to team
with Ohio Heart

By **Andrea Tortora**
atortora@bizjournals.com

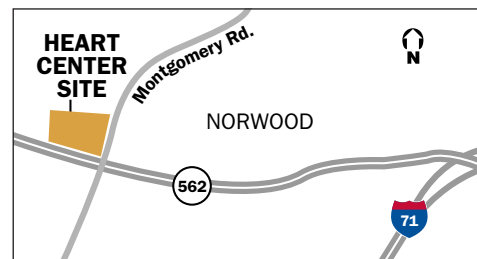
Negotiations are under way between Deaconess Hospital and Ohio Heart Health Center to develop a for-profit heart surgery hospital at the former General Motors site in Norwood, according to sources.

If the project comes to fruition, it will drastically change heart care in Cincinnati — which is now one of the most profitable lines of service for the eight hospitals already providing adult heart surgery. Those hospitals combined to earn \$16 million for bypass surgeries and \$20 million for angioplasties in 2001, the most recent data available from the state.

A heart-only hospital would pull business away from heart services now offered at Mercy Fairfield, University, Bethesda North, Good Samaritan, Jewish, St. Elizabeth and Christ hospitals.

See **HEART**, page 13

HEART HOME



A for-profit heart center could be built at this site.

BUSINESS COURIER

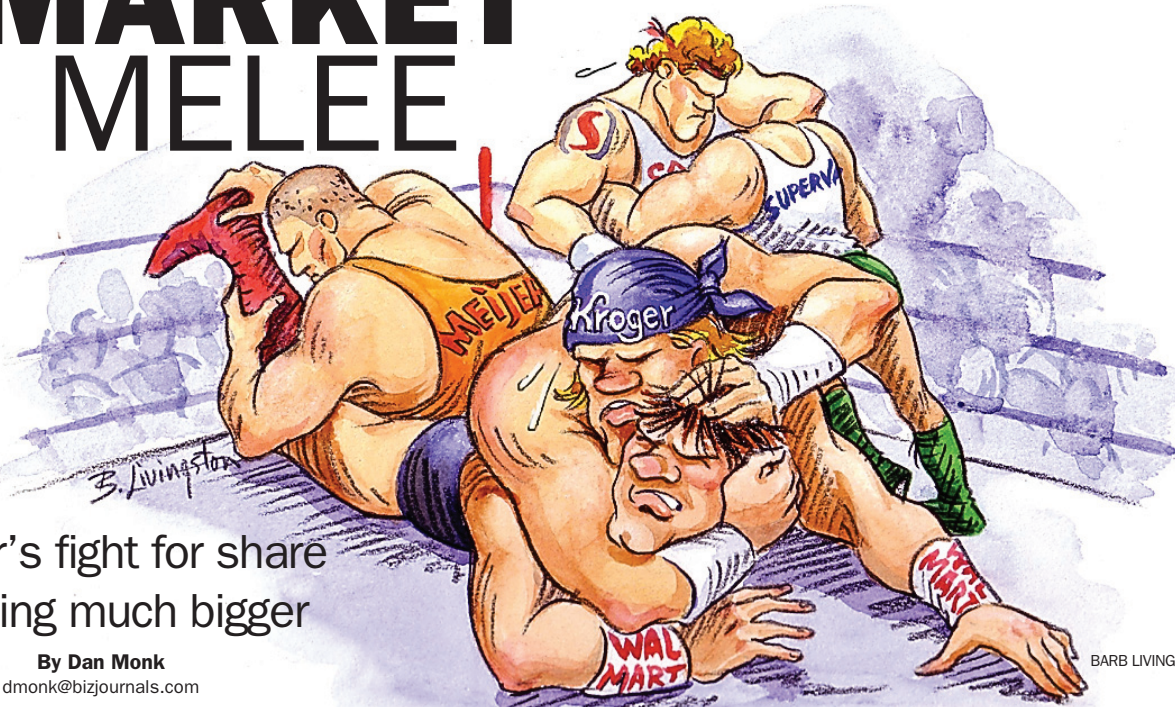


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MARKET MELEE



Kroger's fight for share
is getting much bigger

By **Dan Monk**
dmonk@bizjournals.com

Kroger Co. investors might be fixated on the threat posed by Wal-Mart, but a new report from Merrill Lynch suggests other food retailers may be gaining on the Cincinnati grocery giant.

"Meijer supercenters were at least as destructive of market share as Wal-Mart" in 2002, wrote analyst Mark Husson in a recent

report. "Maybe (Kroger) tries harder in Wal-Mart markets."

Husson's 48-page report is an annual review of market-share gains and losses for the nation's largest food sellers. The report's central finding is that Wal-Mart Stores Inc. will continue to "derive most of its dollar gains in smaller town America, away from

where most big supermarket chains (Kroger included) are concentrated." Husson predicts Wal-Mart will find it difficult to grow market share in big cities, thanks to union opposition, higher real-estate costs and demographic factors.

See **STORES**, page 12

Convergys looks overseas for job growth

Employees in Philippines,
India cost 50 percent less

By **Lance Williams**
lawilliams@bizjournals.com

Numbers tell the story: a recent advertisement in a New Delhi newspaper announced 200 openings for a Convergys call center in India.

Fewer than 48 hours later, the ad had generated more than 5,000 applicants, or about five times the number of job seekers that

might apply for a similar amount of openings in the United States.

And when the new employees are hired in India, the total cost to employ them will be 40 percent to 50 percent less than what it would cost to employ the same number of workers in the United States.

That means big savings for Convergys and, ultimately, the clients that use Convergys' call centers to handle customer service calls.

"That's why people use outsourcing," said John Freker, president of Convergys'

4,000
Convergys
workers are
based in India.

Customer Management Group.

This overseas growth comes at a time of uncertainty for Convergys at home. The company has long been searching for a new headquarters location, and seems to have settled on a site either in downtown Cincinnati or Northern Kentucky.

The city of Cincinnati announced July 8 that a proposal will go before council that would request a package of incentives worth

See **CONVERGYS**, page 12

INSIDER



DAN
MONK

Judge Painter mulls mayoral bid in 2005

He'd step down from the bench, but you could still call him "Your honor."

Hamilton County Appellate Judge **Mark Painter** might run for mayor in 2005. The Republican judge has been exploring the idea with friends and colleagues in recent weeks, expressing frustration over the city's inexorable decline and Democrat **Charlie Luken's** handling of racial issues. If he runs, Painter would have to step down from Ohio's First District Appellate Court sometime next year. Painter has held the post since 1995. His term expires in 2007.



Painter

"I am considering it," Painter said of the potential bid. "Our city needs a lot of help. We certainly have opportunities, and I think I could contribute to bringing the city back to where it needs to be."

Republicans failed to offer a candidate in 2001, when Luken defeated Charter Party Candidate **Courtis Fuller** to become Cincinnati's first mayor under a new "stronger mayor" form of government.

With Luken in the middle of his four-year term, Republicans have signaled a renewed interest in City Hall, fielding a full slate of nine contenders for this year's City Council elections.

See **INSIDER**, page 10

HEART: Plans for new center likely to make other local hospitals' pulses race

FROM PAGE 1

(Deaconess already has a heart center, but it was unclear what would become of that.)

And the project could affect the quality of care.

In January, a *Courier* project revealed that as local hospitals race to grab a piece of the lucrative heart care business, quality could suffer, as many Tri-State hospitals do not perform accepted minimum numbers of procedures recommended by the federal government and confirmed by studies to lead to the best outcomes.

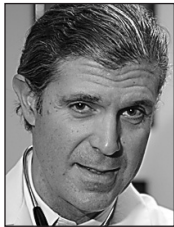
Yet a new heart hospital would greatly benefit Deaconess, which lost business when many of the cardiologists from Greater Cincinnati Cardiovascular Consultants and some surgeons went to Mercy Fairfield's heart center when that facility opened in December 2002.

Christ Hospital stands to lose the most if Ohio Heart and Deaconess are successful with their plans. Ohio Heart's two surgeons and dozens of cardiologists are based at Christ, which is in the middle of a multi-million-dollar marketing campaign to brand itself as Greater Cincinnati's heart center. And the Health Alliance, which manages Christ Hospital, just finished constructing a \$67 million "heart tower" at Christ to upgrade heart care.



Fenner

Gail Myers, Health Alliance spokeswoman, said, "We feel it is not appropriate for us to comment at this point."



Kereiakes

And the project could help heal the region's physician shortage, said Kate Fenner, CEO of the Compass Group, a local health care advisory group.

"It will attract subspecialists if it becomes a dazzling place to practice because physicians come not only for compensation but also for exciting clinical cutting-edge opportunities," Fenner said. "But it could dilute resources we have, and it's one more venue where we are chasing what is not a growing population of clients."

Dr. Dean Kereiakes, a cardiologist and Ohio Heart CEO, champions the idea of a true "heart center" with high volumes, systematic care delivery, credible clinical research and advanced technologies.

"Trauma patients get transported to the best hospitals, why not heart patients?" Kereiakes told the *Courier* in a May article.

While Kereiakes and Mark McDonald, Ohio Heart's COO, would not speak directly about the project, they have confirmed in the past that they are talking to Deaconess officials, who did not return calls seeking comment for this story.

Kereiakes and McDonald released a statement July 10 that read, "As specialty physicians who are at the top of our fields, we continually seek to improve the quality of and access to care for the benefit of heart patients in our community.

"This includes striving for better means of delivery. With that goal in mind, Ohio Heart will continue to seek partnership opportunities whose intention is to improve medical care and access and decrease the fragmentation of services in our community. We are proud to participate in any and all discussions that seek the same end."

The former GM site is part of a \$41 million mixed-use development planned by Al Neyer Inc. that will include office facilities, a Kroger store, restaurants and a hotel. Located at Montgomery Road and the Norwood Lateral, the site includes several parcels of land

Several sources confirmed that the Ohio Heart/Deaconess group is in very preliminary discussions about locating a hospital at the 22-acre site. Gail Paul, Al Neyer spokeswoman, said there are no contracts for the site but that a medical use "makes a whole lot of sense for that location."

Original plans called for a spine surgery center to be developed by the Mayfield Clinic and Spine Center, but that project is now off the table, said Michael Gilligan, Mayfield CEO.

"We looked at if there would be enough volume to make it worthwhile and we didn't think the finances would work," he said.

Whether a new heart-only hospital takes shape depends in part on the willingness of insurers to pay for the new services and infrastructure.

CLOGGED FIELD?

Greater Cincinnati's eight heart centers mean the city has more cardiac hospitals per capita than cities like Cleveland and Columbus.

City	No. heart centers	Population	Ratio
Cincinnati	8	1.9 million	237,500:1
Cleveland	5	2.7 million	540,000:1
Columbus	5	1.5 million	300,000:1

Source: *Courier* research

Insurers said their concerns include how a heart hospital would improve care and reduce costs. Paul Beckman, vice president at Anthem Blue Cross Blue Shield, said a big question is whether a another heart facility is

needed.

"Is it good for the community to have this business taken away from the general hospitals, particularly in the area of cardiac services which typically pay better?"

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