David Frick
2005 Business Leader of the Year
By Tom Schuman
During a recent remodeling of his home near Eagle Creek on the west side of Indianapolis, David Frick discovered some photographs of downtown in the late 1970s. The words “stark” and “abysmal” were part of the description of those images.

No one can use those terms today. The story of amateur athletics and downtown revitalization is well known. While many deserve credit, Frick has been there, largely behind the scenes, making the deals that helped transform the city.

At the center of downtown, on Monument Circle, is the headquarters of the nation’s largest health insurance company. WellPoint’s business success story over the last 10 years rivals any in the country. Once again, Frick teamed with others to make it happen.

Ben Lytle is the former Anthem leader who brought Frick to the company's board of directors and later hired him as executive vice president and chief legal and administrative officer. “Without Dave, there would be no Anthem; there would be no WellPoint,” he states emphatically.

The Anthem business plan in the mid-1990s called for building the company through merger and acquisition. Lytle, who now lives in Arizona, recalls, “Once I got a CEO interested (in a deal), I had no one to hand the ball off to to get it across the finish line.”

An interesting analogy considering Frick’s longtime football ties. As deputy mayor, he worked with Bill Hudnut to convince many skeptics of the need for a domed facility as part of a convention center expansion (but with the plan of attracting an NFL team). He was the chief negotiator who brought the Colts here in 1984. And, after retiring from WellPoint earlier this year, he now serves as chairman of the Indiana Stadium and Convention Center Building Authority that is overseeing construction of the team’s new home.

“Indianapolis wouldn’t look like it does today without David Frick,” says Gov. Mitch Daniels, who made the post-retirement phone call to Frick to ask him to take the current post. “The Stadium Authority assignment required someone with an understanding of finance at the highest level. There may be such a second person, but I don’t know who. Dave is thoroughly competent, utterly truthful and very skillful at finding a middle ground or common approach if things get stuck.”

**Coming home**

Born in Fort Wayne, Frick spent much of his youth in Columbia City. He graduated from Southport High School in Indianapolis and Indiana University before earning his law degree (with honors) from Harvard. A legal career took him to Chicago and Washington, D.C. before the call came to return home.

Jim Morris, a longtime business and civic leader, saw Frick at a social event in Washington. Morris said there was someone Frick had to meet.

“I still vividly remember having breakfast at the Madison Hotel in Washington the next morning,” Frick recalls. “The person Jim wanted me to meet was Dick Lugar (at that time the mayor of Indianapolis). Lugar shared his vision with me and convinced me to leave D.C."

Frick worked at Baker & Daniels as an associate to legendary lawyer Charles L. Whistler. He entered the political world by helping manage Hudnut’s campaigns for Congress and later the mayor’s office. Frick resisted initial inquiries to join city government, but finally signed on as attorney before becoming deputy mayor in 1977.

“Bill Hudnut moved Indianapolis from a sleepy city to a city on the move,” Frick offers. “There was new leadership in most of the banking institutions. Jim Morris was at Lilly Endowment. The corporate community was just ripe for somebody to organize it.”

The strategy to become an amateur athletics capital was more than a sports movement. Part of the mission was to employ people, and bring meetings and events into the city. A major impetus was to make the business decision-makers in other cities take notice and gain Indianapolis a spot on their radar screen.

The irony of gaining the support to build the then-Hoosier Dome and now making way for that stadium to be turned into another Convention Center expansion is not lost on Frick.
“It seems like yesterday I was going around the community extolling the virtues of a convention center expansion. There was a lot of controversy. We had to build an economic case that this was not solely for a football team, although I truly thought we would get an NFL expansion franchise.”

Hudnut and others had visited with Colts Owner Bob Irsay in the late 1970s, but he had no interest at that time in relocating. Frick had returned to Baker & Daniels but had remained involved in various public sector projects. Hudnut remembers Frick and Jim Morris telling him in February 1984 that plummeting support in Baltimore had the owner ready to at least consider a move. When that interest was confirmed, Hudnut asked Frick to lead the negotiations.

“David had good judgment and wisdom. He was an intellectual heavyweight,” Hudnut relates from his Maryland home. “I relied on his judgment,” such as when Frick advised Hudnut not to go to Washington for a U.S. Conference of Mayors meeting the day before a blizzard paralyzed the city in January 1978. “He’s very unselfish and an exemplary civic leader.”

Six weeks of talks were carried out in relative secrecy, an important factor for Irsay. When the owner woke up one morning and saw a newspaper article that Baltimore was quickly moving to use eminent domain proceedings to keep the Colts from leaving the city, the deal was struck. The Mayflower vans went to the East Coast and Indianapolis had its professional football team.

Sports and a whole lot more

The Hoosier Dome and the Colts’ negotiations may garner the most attention, but they were only two of a number of projects that helped change or enhance Indianapolis’ image. Frick’s touch can be found on everything from the bricks on Monument Circle and the construction of the Indianapolis Tennis Center to the sale of the Pacers to the Simon brothers and every NCAA Final Four the city has hosted.

“Dave has been at the forefront of so many positive things in our city,” notes Bill McGowan, president and CEO of the Indiana Convention and Visitors Association from 1984 to 2002. “He’s just a smart guy, very bright and he understands the financing. He was our champion; the guy who figured it all out.”

Frick calls the NCAA an “underappreciated asset” for Indianapolis. The organization thinks quite highly of him. McGowan says that when the city was bidding for the 2000 Final Four, Tom Butters (former Duke athletic director and chair of the NCAA basketball committee at the time) stated it would be a good idea if Frick returned to his previous role as chair of the local organizing committee.

A 13-year tenure for Frick at Baker & Daniels included five years as managing partner. Brian Burke, current chief executive officer and affiliated with the firm since 1978, says Frick, among many accomplishments, helped Baker & Daniels expand into the Fort Wayne and South Bend markets.

“Dave brought us a long way toward being a more business-like organization, while preserving the professional side. In a law firm, that’s quite a trick to pull off,” Burke remarks. “We’re still enjoying today the fruits of his labor.”

Grow or be gone

The health care insurance industry in the mid-1990s, after the failure of the Clinton health plan, was in disarray. Consolidation was predominant. The choices were to grow through mergers and acquisitions, or stand pat and either be acquired or wither away. Lytle, as the Anthem Blue Cross and Blue Shield leader, chose the former path.

When Frick left the board and joined the company in 1995, several of the mergers with other Blue Cross and Blue Shield entities had already taken place. The pace picked up throughout the remainder of the decade as Anthem began to become a national player. Another strategic decision soon followed.

“If we really wanted to move ourselves to the next level, we had to convert to become a public company,” Frick explains. (As a public company, a mixture of cash and stock could be used in transactions). “It was an extraordinary transaction. There were a whole series of hurdles, a very methodical process.

“It was the largest IPO (initial public offering) in
the state of Indiana, one of the largest 25 or 30 in Wall Street history. It was the first big transaction after 9/11. A tremendous amount of wealth was distributed (to policyholders who became company owners).”

The big deal

Fast forward a few years and California-based WellPoint was the other remaining large health care insurer that had its roots in the Blue Cross and Blue Shield system. The potential merger was announced in October 2003. It took more than a year for the deal to become a reality.

“Anthem was the smaller company. It was kind of unusual for the smaller company to buy the bigger company. The insurance industry is so regulated; we had to go to 24 or 25 states,” describes Frick as he holds his hands more than a few inches apart to demonstrate the folders of paperwork that were required for each locality. “We had to get federal regulatory approval from the Department of Justice.

“Then there are all the social issues – which company survives, who’s the boss, who controls the board, where’s the headquarters – in addition to the price,” Frick continues. “We felt strongly about this and ultimately convinced them that the headquarters should be in Indiana. I make a living negotiating deals, but this was clearly the most complicated deal I had ever done in my life.”

Frick’s life turned into airports, hotels and conference rooms across the country. All the effort was ready to pay off when a telephone call came in early July 2004 while Frick was traveling to his son’s wedding in Vancouver. The expectation was that it was notification of a final approval letter from California. Instead, the California insurance commissioner came out in opposition to the transaction.

What was to be a celebratory weekend turned into a flood of phone calls and faxes. The leadership trio of CEO Larry Glasscock, Frick and CFO Michael Smith did not respond hastily.

“We knew if we stepped back and developed a strategy, we could figure out how to address his objections,” says Frick, who points out that the effort had gone smoothly to that point and that one California regulator had already given approval. “We did develop the strategy, and it ultimately proved successful.”

Smith recalls the adrenaline flowing after the shock dissipated from the California roadblock. “Dave operated at a lower volume. He did not allow any of us to overreact. He kept everybody at the right pace. That’s classic Dave. What some might confuse as a lack of emotion was the type of leadership we had come to expect.”

Making it happen

Both Frick and Smith praise Glasscock as the “best operator” they’ve encountered in their lengthy business careers. Frick adds that Lytle’s visionary approach was also responsible for creating the national company that exists today and that Smith is the top CFO that he ever had the pleasure to work with. Yet Frick was the one who had to go in and do the dirty work.

“It was often a horrendous regulatory and political process, but that was Dave’s job,” Lytle declares. “The thing that always struck me with Dave is that he brings calm. These things are always tension-filled with high angst. We’re talking about changing people’s lives. But Dave was always able to diffuse those things. That’s totally different than what you find in many attorneys who are looking for a good fight.”

Smith calls his long-time friend a “mediator of thought. He has an almost uncanny ability to gain empathy and understanding of diverse points of view.” While quiet and understated on the outside, Smith adds that those who know Frick well realize “that masks a fiercely competitive person, one very intent on winning.”

Burke chimes in with, “Dave is very smart, a very quick study. He understands the position of the parties and is good at identifying points of potential compromise. That’s important not only in deal-making but human relations. You can’t win all the time.”

No matter the subject or type of deal, Frick does his homework – “I like going to the table knowing more about the other company and person” – and is determined to learn what will make the transaction a reality – “what they really need to get to be able to say yes.

“You have to put yourself in the shoes of the other person. So many deals get bogged down or don’t happen because people

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don’t get the big picture,” he educates. “You’re never going to get everything you want. There has to be give-and-take on both sides. And to get it done successfully, trust has to be built up as part of the process.”

New roles

As part of the WellPoint merger, Smith stepped down as CFO. Frick initially intended to stay on the job two or three more years, but several factors led to a change of heart.

“Community is awfully important to me and life at Anthem (seven-day, 75-hour weeks at a growing company) didn’t permit me to be involved. All I was doing was stepping off boards,” Frick notes. “It gnawed at me that I couldn’t give back to the community. Plus our daughter was blessed with triplet granddaughters (now 2 years old) and I wanted to be able to spend time with them.

“And frankly the WellPoint deal just took something out of me, living it night and day for two years. My wife said to come and enjoy life.”

Caring for the grandchildren, walking, hiking and “going back and reading the Faulkners and Hemingways, things that I haven’t done for years,” are occupying some of his time. But despite a promise to say no to everything else for six months, the outreach came from Daniels to chair the stadium and convention center project.

“When the governor calls, and he’s been a friend for 30 years, it’s kind of hard to say no,” Frick offers.

It’s all part of a long-term commitment to the city that his family calls home. When Frick briefly considered a job opportunity in New York one time, wife Ann asked him if he was going to commute home on the weekends. End of discussion.

“Indianapolis is a special place. I don’t think at times that those who live here fully appreciate all the wonderful things we have,” Frick ponders. “We have the attributes of large, metropolitan areas, and we can access them without the headaches of a Chicago, New York or Boston. There are states where business is viewed with suspicion. Indiana has an environment in which there is an appreciation for what business does.”

It’s an environment and a community climate that owes many thanks to David Frick.