

The Internal Email

On March 13, 2001, Cerner CEO Neil L. Patterson issued a scathing memo via email to his 400-member management team, berating them for what he viewed as their lack of effectiveness in getting maximum productivity from staff at the Kansas City offices of the firm. Within a few days, the electronic document was posted on dozens of web sites, including the investor boards on Yahoo!

On March 20, the stock lost 22 percent of its value, and Patterson apologized to his staff in a follow-up email (some people never learn) as well as an article in the *Kansas City Star* a few days later, but it wasn't enough. Cerner's stock finally hit rock bottom in early April after an article about the incident appeared on the front page of the business section of The New York Times.

Here is the text of the e-mail:

The Internal Email

From: *Patterson, Neal*

To: *DL_ALL_MANAGERS;*

Subject: *MANAGEMENT DIRECTIVE: Week #10_01: Fix it or changes will be made*

Importance: *High To the KC_based managers:*

I have gone over the top. I have been making this point for over one year.

We are getting less than 40 hours of work from a large number of our KC-based EMPLOYEES. The parking lot is sparsely used at 8AM; likewise at 5PM. As managers -- you either do not know what your EMPLOYEES are doing; or YOU do not CARE. You have created expectations on the work effort which allowed this to happen inside Cerner, creating a very unhealthy environment.

In either case, you have a problem and you will fix it or I will replace you.

NEVER in my career have I allowed a team which worked for me to think they had a 40 hour job. I have allowed YOU to create a culture which is permitting this. NO LONGER.

The Internal Email

At the end of next week, I plan to implement the following:

- *Closing of Associate Center to EMPLOYEES from 7:30AM to 6:30PM.*
- *Implementing a hiring freeze for all KC based positions. It will require Cabinet approval to hire someone into a KC based team. I chair our Cabinet.*
- *Implementing a time clock system, requiring EMPLOYEES to 'punch in' and 'punch out' to work. Any unapproved absences will be charged to the EMPLOYEES vacation.*
- *We passed a Stock Purchase Program, allowing for the EMPLOYEE to purchase Cerner stock at a 15% discount, at Friday's BOD meeting. Hell will freeze over before this CEO implements ANOTHER EMPLOYEE benefit in this Culture.*
- *Implement a 5% reduction of staff in KC.*
- *I am tabling the promotions until I am convinced that the ones being promoted are the solution, not the problem. If you are the problem, pack your bags.*

I think this parental type action SUCKS. However, what you are doing, as managers, with this company makes me SICK. It makes sick to have to write this directive.

The Internal Email

I know I am painting with a broad brush and the majority of the KC based associates are hard working, committed to Cerner success and committed to transforming health care. I know the parking lot is not a great measurement for 'effort'. I know that 'results' is what counts, not 'effort'. But I am through with the debate.

We have a big vision. It will require a big effort. Too many in KC are not making the effort.

I want to hear from you. If you think I am wrong with any of this, please state your case. If you have some ideas on how to fix this problem, let me hear those. I am very curious how you think we got here. If you know team members who are the problem, let me know. Please include (copy) Kynda in all of your replies.

I STRONGLY suggest that you call some 7AM, 6PM and Saturday AM team meetings with the EMPLOYEES who work directly for you. Discuss this serious issue with your team.

The Internal Email

I suggest that you call your first meeting -- tonight. Something is going to change. I am giving you two weeks to fix this. My measurement will be the parking lot: it should be substantially full at 7:30 AM and 6:30 PM. The pizza man should show up at 7:30 PM to feed the starving teams working late. The lot should be half full on Saturday mornings. We have a lot of work to do. If you do not have enough to keep your teams busy, let me know immediately.

Folks this is a management problem, not an EMPLOYEE problem. Congratulations, you are management. You have the responsibility for our EMPLOYEEES. I will hold you accountable. You have allowed this to get to this state. You have two weeks. Tick, tock.

Neal

Chairman & Chief Executive Officer

Cerner Corporation www.cerner.com

2800 Rockcreek Parkway; Kansas City, Missouri 64117

"We Make Health Care Smarter"