

# Primary Care Cures

## Episode 63: Rene Wiertz

Ron Barshop:

Most problems in healthcare are fixed already. Primary care is already cured on the fringes, reversing burnout, physician shortages, bad business models, forced to buy outs, factory medicine, high deductible insurance that squeezes the docs and it's totally inaccessible to most of the employees. The big squeeze is always on for docs. It's the acceleration of costs and the deceleration of reimbursements. I want you to meet those on this show that are making a difference with Ron Barshop, CEO of Beacon Clinics, that's me.

Ron Barshop:

So what changes forever besides this bumper music? Well, tele-health goes from 1% adoption to do or die in America today. The coming insurance rate hikes are going to be massive and inevitable and are the beginning of the end of Buca model. The new model will emerge, employers contracting direct. Ask Walmart if they'll ever go back. Ask anyone. As zoom now allows every good idea access to board CEOs who have lots more time on their hands than they had before, and direct and virtual primary care are entering what I would call a golden era, from tiny to meaningful. Value based care will bury fee for service and they themselves will be buried as capitation is lowered, lowered, lowered by mega lobby bigs, gasping for oxygen, greedy for the prize, the independent physician networks.

Ron Barshop:

We've seen it in MRIs, we've seen it in a hundreds of areas. The lowering of pricing is just the way things go. Sensors at home convert the patient into the quarterback of care as opposed to the doctor who's currently quarterback. The doctor will be relegated to that of a coach. The PCP and their staff will be the cheer squad to make sure that the person at home, the employee, the patient is going to be doing all the right things and know what to do next, but they will no longer be the quarterback. And big hospitals are unable to respond to actual health care as they go the way of Fannie Mae and Freddie Mac, a failed model that overplayed its bigness.

Ron Barshop:

PBMs and other middles that are playing Three-card Monte with employer funds I believe are cooked. I think the days of notable more transparency are going to be over. And non-transparent advisors and consultants, the same thing. Their clock is ticking, I'm so sorry pick aside, employers, carriers, you can't represent both.

Ron Barshop:

China and Italy contacts gave all of us time travel superpowers here in America. Today I want to welcome your 30 day future insight with a guest from Northern Italy. Rene Wiertz the CEO of if you're a gravel bike rider, and you've heard of a million times called 3T. They are 30 year old racing bike factory, but they've seen champions in races like the tour de France, all the way to the

iron mans and more with presence in Taiwan, California and Italy and with 20 worldwide service centers, but 3T is really famous for pioneering gravel bikes and their components.

Ron Barshop:

These are those \$5,000 carbon frames, but when you think of bike riding, you're going to be thinking of road bikes or mountain bikes. You didn't know there was a category even called gravel bikes. We'll learn about that today. Well, that's what's so cool about that. And they switched in three days. We're talking 72 hours folks from making light as a feather carbon frames, to full face masks and ventilator valves, switching production overnight out of Italy where labor was uncertain to Denmark, less affected by the virus there.

Ron Barshop:

So today time travel with me and we're going to learn the art of the pivot from someone who knows. Rene Wiertz I am so proud to have you join us on the show. Tell me what first of all a gravel bike is for our listeners.

Rene Wiertz:

Well basically the gravel bike is a road bike with wider tires. So initially had only mountain bikes for off roads and we had a road bike which are for pure on the road riding. And what you see is that with an increased number of accidents from people riding on the road, people were looking for something else for riding more off-road in a more safe environment. But that was only possible with the mountain bike, but a lot of people, they like the speed of a road race bike.

Rene Wiertz:

So the gravel bike is actually much of it to it combines the best of both worlds. It's a very fast bike on the road, but you can also go right with that bike off road, because you can fit mountain bike wheels and mountain bike tires on a gravel bike. And yet that is the more natural way how people cycle. Most people cycle from their home over the road. They make a loop in the forest off road and then go riding back on the road back to the home.

Ron Barshop:

So if you wanted to ride in Austin, Texas, where my friend and his daughter who's a national champion 11 year old, on mountain biking want to ride on gravel road, you're going to a Texas rural road in Reno, Texas, and you can go literally 80 miles with no cars ever being seen. But trying a little dirt rural road and I'm assuming Italy, In fact the entire world has gravel roads. You might also be called dirt riding.

Rene Wiertz:

Those roads are everywhere. We launches bike four years ago, most people said, "Ah, that's a fantastic bike, but you cannot, those roads only exist in the U S." And then increasingly we had people coming to across saying, "I found some gravel roads in my backyard." And these were people from Italy, from Spain, from France, from Japan, from Australia. So those roads exist everywhere. But no, a lot of people were used to look into finding those roads, and now they find the roads because they have a bike that can bring them on those roads.

Ron Barshop:

So you're running a company that is internationally known as one of the finest and most innovative companies for not only bikes, but really particularly gravel bikes is your amazing innovations that you have over and over again. But you have had to pivot when this virus hit because, I don't know if it's not that people are buying those bikes anymore, but suddenly people are concerned about much higher priorities. Tell us what you did with your factory and how you came to that conclusion and what others are doing that are living in this time frame 30 days from where we are in America.

Rene Wiertz:

So we actually, we were faced a gradual of lockdown, which happened actually fast, but it happened in steps. So the initial step was at a certain area of Italy was closed down. Around [inaudible 00:06:32] my office. And baring where my office is, we kept living normal life when going out, even though there was a request from the government to keep distance and not going out, people are still doing that.

Rene Wiertz:

Then there was an announcement that shops were going to a shut down at 6:00. Two days later, shops and [inaudible 00:06:51] closed. Then the restaurants closed, still offices could remain open, so we kept on working. And then it was announced with that only people in production and warehouse could work and we were both producing and we were shipping so we could still work and there we left most of our people work from home, we have three people in the office. And then what happened on a Saturday night? The numbers that came in about the number of new cases and the number of people died, keep going up and the government decided that from Wednesday onwards to three days later, no factory or office was allowed to work anymore. Three days to do two things. One was to move half our warehouse from Italy to Denmark.

Rene Wiertz:

We had a very small warehouse location in Denmark where we were used to store our demo bikes and we parked as many bikes as we could in those two days and we shipped those to Denmark. So that allows us now to peep shipping and selling bikes. And the second thing we did was, we had a campaign running to raise money for the Barrymore hospital, but I personally felt just donating money that's just not good enough. We are a young company, we are highly dynamic, we are very creative, and we are effective. We must be able to do something else than just donating money.

Rene Wiertz:

So I called a friend of mine that is a member of an Entrepreneur Organization. A member of a global Entrepreneur Organization called EO and I called him and he's in medical production and I said, "Hey, you have seen my factory? What is it that you think that we could do to produce or to help the hospitals?" And he said, "You have that fantastic tweed print, you can produce valves because there wasn't utility engineers, they discovered that a deck alone diving masks could be transferred very quickly, transformed very quickly into a breathing device.

Rene Wiertz:

So we figured it out on Sunday. We had a first prototype on Monday and from Tuesday onwards, we were full production with these felt to transform these massively available diving masks into breathing devices. And in my company we have two people who are impacted and who are in quarantine and two of my family members of my colleagues died. So in our company, people are very emotionally involved in what happened. We have really people personally impacted by this. So in our company people are very proud and very willing to do whatever they can to help. And other than that, I have also Taiwan office and in Taiwan everything is very much under control as you probably know. So what my Taiwan office is at the same time is they collected money locally and they bought 3000 masks that they sent over that I donated yesterday to the hospital over here. So I've seen a tremendous amount of willingness among my team to help out and to do something concrete to help.

Ron Barshop:

Rene that's a very touching story and a very powerful story. I've been a member of EO here for 27 years. In fact, the first Texas chapter was started by me and two other guys and one of them is a billionaire today. He's done very well for himself. I used to see the trajectory of people. I'm not seeing that Houston Texans are there yet to do this pivot you're talking about. What are other EO members doing in Northern Italy and in your network that are pivoting, that aren't in manufacturing?

Rene Wiertz:

Well, we have several initiatives. We have one of my old colleagues, she is producing normally a high end furniture and they use a lot of cotton for their production. They have also switched part of that production to producing masks. There is another factory here, Santini Clothing. They make a cycle clothing for motorbike and [routes:00:00:10:54] . They are now full production of masks as well, and another EO member he was producing or sampling on small scale medical equipment to measure the oxygen level in your blood and he had all orders for 10,000 before they started and two weeks into this crisis, he has orders for 100,000 units.

Rene Wiertz:

So he is trying to ramp up his first his company as soon as possible to deliver the project also his business is growing, right? It's a bit frame that is his company, that is his core business. So he sees an enormous growth in his company. The other examples I gave are all doing this pro donor, right? So we produce the valves for free and also the other EO colleague that is producing masks they don't charge for that right now.

Ron Barshop:

It's amazing. I was on the zoom call yesterday with our EO Houston chapter and we had about 30 of us on there out of the chapter of close to 180, and one of our members took us on a car ride in his unit and he drove us to his factory, which is in Livingston, Texas, which is the middle of nowhere, Texas an hour and a half North of Houston and he showed us his hand sanitizer factor that he had converted from specialty oil chemicals and so he is just literally loading truck loads of hand sanitizer and he got a call from the city of new Orleans a couple of days ago and they wanted to do a flyover and crop dust the whole city of new Orleans with the hand sanitizer. The problem with that is it's a highly flammable alcohol based chemical and you would be literally

setting up fire trap for the whole city of new Orleans. So a wiser heads prevailed, but we're still in the crazy face here in America.

Rene Wiertz:

Yeah but I've noticed here, I said, when this happened, now everything is possible, right? If you have a solution [inaudible 00:12:53] had rules and certification and think six months to get approved. Now things go very, very fast. Yeah, you can go to your mayor, you can go were people in the government, you can get and call other companies on a Saturday afternoon you say, I have an ID is what I want to do and the next day it's in progress. I'm really impressed with the way people are trying to help and bend the rules to find solutions on a very short notice.

Ron Barshop:

So Rene, I have the friend in one of my forums, I mean many of them, I launched forums and then I get out after three months, but one of my new launchpad forms has a member. He has an antimicrobial solution that costs the same to me is a can of paint. I mean it's literally under \$30 per gallon and he is having trouble getting funding. Just literally bought this hun, this intellectual property just five days over the news broke. So at the time it couldn't have been better, but he can't get funding for his new company. What would you do if you were a guy that had a solution that had been in Disney parks, in and out burgers, underwater, the really literally an antimicrobial a can of paint. What would you do to get funding for a guy like that if you were in Northern Italy?

Rene Wiertz:

Well, normally Italy we are in, I think in a very good position because this part of Italy is actually very wealthy. It is probably wealthiest part of Europe, and in particularly [inaudible 00:14:18] among the city where I'm living and there is a lot of people with big money that want to invest and people are very proud of being from [inaudible 00:14:27] Right? So the lines here are very short. There is a very strong entrepreneur community here where if I wouldn't have initially in something like this, I think that in a couple of hours or some phone calls I would have someone that would be willing to invest in it, and that's actually happening.

Rene Wiertz:

We have two people here that had an ID and do wealthy people in the Barrymore are putting money in those ideas, that those ideas can save lives. So there is money available here. So I think that EO network is another good example or a good organization where you can turn to, with any orders a lot of positive attitude, a lot of people with money that are willing to invest and within all have so many connections that maybe that, your member doesn't can help you but you know someone who can help you.

Ron Barshop:

Rene what are people doing to professionally chill that aren't, are there folks in your chapter and friends of yours that are just learning how to hang out in the swimming pool in the backyard and just relax with the family and wait this out? I mean, I'm sure that not everybody is proactive and is giving or ability to give as you are. What are those people doing to just relax and enjoy their families?

Rene Wiertz:

Yeah, we have any [inaudible 00:15:44] entrepreneurs are looking for opportunity. So most of them actually are doing something even if it's just continuing with their business and trying to prove what they're doing. There are a few members that are I think a little bit depressed and they don't know what to do and they are connecting with us to try to remain positive. It is very hard to, from living a very active life in terms of running your business, building a business, doing sports, stuff like that to be all of a sudden at home, because we are not allowed to do sports, right. We are not allowed to leave the home except for walk to the supermarket and to walk your dog, and then you have to have piece of paper written on it where you're living and where you're going and what time you are leaving at home and where you're back.

Rene Wiertz:

So we have really almost no freedom to move around and I can see that over the year now in this position situation for around three weeks, it's hard for a lot of families to be 24 hours, seven days a week in the same house locked up. And yeah, we just discussed this morning now a forum, how we deal with this and most best ideas are actually to keep on one side, a certain routine in your life. So get up at a certain time, have your breakfast, have your lunch, have your dinner as a family and in between tried to create some new things, new games with the children, I did some pasta cookie with my kids [inaudible 00:17:21] I made a pasta myself. Takes two hours for this grade to kill two hours.

Rene Wiertz:

We watch a movie together, we try to also be very grateful in the position we are, I have a pretty sizable house so we have a lot of space, but a lot of people here, with four or five people sitting at the same kitchen table, trying to follow classes in school, a husband working and then his wife working too. So that is not so easy. And we also try to connect a lot with the friends, making calls to people.

Ron Barshop:

Rules in American and I think it's going to get a nationalized what we have to do in terms of staying at home because it's city by city, County, by County, state by state. Are you allowed to get out and ride with a group of people? If you want in, you're in Denmark right now or you're in Italy right now?

Rene Wiertz:

Nowadays we moved to outsource warehouse in Denmark . So we are invoicing and ordering from Italy but the ships are done from Denmark at the moment.

Ron Barshop:

So you can't exactly ride with your buddies in a Peloton, but can you ride six or 12 or 15 feet apart out in public and not get a fine?

Rene Wiertz:

No, we are not allowed to recycle at all. We are not allowed to go joking at all. We are not allowed to do anything outside. We are not allowed [inaudible 00:18:36] home.

Ron Barshop:

So lockdown means lockdown. You cannot literally get out and exercise and go first and get some sun?

Rene Wiertz:

Correct. So I can walk the dog and then I have to stay 200 meters from my house. There's everyday a police car driving to my street announcing, "Stay in home, stay in a house." So that's with the loudspeaker so that you hear that sound for half an hour. This programmatic, I can go to the office because we produce this fell. So I have a permit to go to my office and back. But that's only for people that are in essential jobs, so to speak, or producing parts for essential products. The rest of you have to stay home and you can walk to the supermarket and in the supermarket they allow one person per five square meters in the supermarket. So there is a massive queue outside before you can add to the supermarket. You can only go along to the supermarket not with two people, one per person per family. So it's pretty severe. Yeah. I think the lockdown here in Italy is the most severe in Europe also.

Ron Barshop:

Well, you are having the most deaths because we're told in America at least, the most elderly population closer to American demographics, you also have a high smoking population. We have only 14% smoke here, but much higher in Italy. But our economy looks like your economy or demographics look very similar to your demographics. So Bill Gates came out today with a column in major newspaper and he said, lockdown means lockdown. Let's get it nationalized. Let's do this right. We're too spotty. And he-

Rene Wiertz:

Yeah, we did it [inaudible 00:20:04] Italy it was also in steps, several steps still you arrived to this point and I see it in all the other Congress, the same thing, Spain start at the same as Italy and lock down completely within 10 days. France, same thing in Northern Europe they also make it stricter and stricter, but they are not at the same level as we are yet. In for example in the Netherlands where I'm from, the bicycle shops are still open like in the U S but in Italy they're all closed.

Ron Barshop:

[crosstalk 00:20:31] interesting, your young people like our young people here are crazy independent. They don't like being told what to do by people with grey hair. Are they still sneaking in the clubs and hanging out in bars together? Underground?

Rene Wiertz:

Does happen till three and a half weeks ago. So basically what happened is that he didn't bear him just the beginning of March. We still went skiing. It was request from the government to take decisions and not to hang out with people. But no one really as right now is weather that we can, no one really follow that very strictly. And then the number of new cases start exploding. I

had every five minutes in an ambulance passing by my house at full Serenas 24 hours a day and that really made an impact. And then we had that same week I had any office, two colleagues with infection. They stayed home and at the end of that week we had two colleagues that were at a family [inaudible 00:21:28] had died. Now there wasn't a massive change with me and everyone hear that it was actually really serious. It was not just any fever, it was something that was spreading like crazy then since then, people are really, really following up the rules here. It's also that parents lost release controls by the way.

Ron Barshop:

Well folks, you're hearing where we're going to go. I mean there's no question America has to do this to small town, big town, rural, urban. Let's switch gears a little bit now that we have this great insight in how to pivot and what the future is going to look like here in America pretty soon. Your manufacturing future, do you still see it? Chinese based and a bunch of people working in a big room together with not great lighting? I mean the sweatshops dead, isn't it?

Rene Wiertz:

Yeah. We had this same discussion this morning as well in our forum about what happens after this, because some people think when they say we go back to normal and I don't think that will happen. I think there will be several fundamental changes happening. Firstly, well everyone now knows how to use online video conference. Our shops are closed, so now our, we don't sell to shops or very little that is the shops that are open or very few. But our direct to consumer business is growing exponentially. So we are from a dealer centric with a little bit of direct to consumer base. We are now a direct consumer base with a little bit of dealer business. And it happened in three weeks and the last thing is production. We actually launched a year and a half ago, our own carbon factory, this factory, that's how we're using the files.

Rene Wiertz:

We launch at a year and a half ago first making cranks and the real goal was to make complete frames and bicycles in Italy starting from April onwards. Now that is now delayed until June, July. We will still do that, but this is only going to accelerate thing. I think we will accelerate to produce more locally and in my EO firm everyone is pretty much in agreement about that, that there will be more local production, not contract country, but a Europe. It will be more European production for the European market. Something in the U.S. The U.S. Market and something Asian for Asian market. But the current supply chain will definitely change and people travel less to all these well on day trip from Milan to Paris and back from meeting. That will not happen anymore. So there will be a lot of change with more low production direct to consumer sales, less traveling.

Ron Barshop:

You've talked about supply chain and what a fragile supply chain we've learned we have, we in America have 155 medications that are what you'd call critical final stage meds. I mean if you don't get them, you're gone. So for example, there's over 650,000 people that have renal failure, but the medications will keep them alive. And with those medications coming from India and coming from China, there might be a 90 day supply left in some clinics, but there's not going to be a 91 day supply. And if you're a patient and you're on your 27th pill and you've got that 30 pill



need, you've got a big problem in America, so we're not even talking about the failures that are going to be to supply chain and the deaths it can be much larger than we're talking about somewhere between 200,000 and 2 million depending how smart and careful we are here in America. But we're talking about much larger numbers than that if we look at some of these medications, supply chain failures, are they talking about that in Italy now?

Rene Wiertz:

Yeah. If you need masks and you don't get the masks from China, then there is now going to be local production and they will not disappear. I don't think all these factories are now making masks [inaudible 00:25:12] paying through debt, but that will be a driving force to more local production and I think a lot of countries will start looking at this as also a security issue, right? If you're in a situation, you can get to protect them until you can have a great army, but if you don't get the mask, protect your shoulders, then where are you? So I think there will be, that will also be a drive for more at least regional production and not as more of a little more aware in the West weakens human and China reproduced. That will definitely change.

Ron Barshop:

I'm going to assume that nobody I've ever met in my life knows more about 3D production than you. You have to study this to see what can this do to not only diversify your production, but to simplify your production. Do you see 3D printing of carbon frame bikes and components coming in your immediate future because of the supply chain issue.

Rene Wiertz:

Yeah, yeah. I see that coming.

Ron Barshop:

Is it going to be expensive? It's going to be a slow transition. Is it going to happen quickly?

Rene Wiertz:

NO. We were on that line to, our plan was when we launched factor two years ago to be there in five years to produce half our needs in our own factory in Italy and that will just accelerate now. I think now you will try to be there next year.

Ron Barshop:

So is China to obsolete. Do you see China's, if their strong or their strength or their backbone is manufacturing, do you see them as, they're going to become quickly obsolete with basically their model?

Rene Wiertz:

No, but China has been developing as well, right? I need to look at Singapore, that was all starting as an outsource cheap production country and then they started to, inventing, designing products and then being an IP center and now they are very strong in medical and biotech and China has come clear of drought. So maybe it [inaudible 00:26:59] had to also go more on the

other directions. But the mole of China as a low cost producer for the rest of the world, that will change rapidly. I think

Ron Barshop:

The industry is going upside down, Elon Musk we've all heard of, but he is going to allow every car owner who wants to merge the car they buy from him, the Tesla into their fleet so they can basically come in the car and use it as a taxi at any given time and earn revenues off of when they're not using their car. Oh, that's a really good example of an industry that's, he's not just disrupting the auto industry. He's disrupting the Uber's-

Rene Wiertz:

[inaudible 00:27:34] but right now everything is possible. So there are, after this the dust falls down, then the gold will look different. It got some countries will come out very strongly I think. Some will come into [inaudible 00:27:49] will not be needed anymore. There will not be demand anymore for it. I have fed two friends in the travel business, they had to a booming business since still February and now they have no revenues. So things are changing really rapidly at the moment and people are open for the change and adapting new things.

Ron Barshop:

So folks, if you have any ability to contact friends and associates in Milan or Hong Kong or anywhere in China and you want to get a time travel view of what our future looks like, this is the wisest way I know is just pick up the phone and talk to somebody smart like our neighbor works. We are a primary care show, but we're also dealing with this covert crisis as effectively and efficiently and smartly as we can to help you have it yourselves into a better future. Rene, I can't tell you how much I appreciate you taking time and how cool my friends that ride bikes think your company is. I mean they just, when they heard 3T they were going, "Oh, can I listen to into being a secret observer?" It's-

Rene Wiertz:

That's great. Thanks for having me.

Ron Barshop:

Thank you Rene.

Speaker 3:

Thank you for listening. You want to shake things up? There's two things you can do for us. One, go to [primarycarecures.com](http://primarycarecures.com) for show notes and links to our guests. And number two, help us spotlight what's working in primary care by listening on iTunes or wherever you get your podcast and subscribing and leave us a review. It helps our megaphone more than you know. Until next episode.