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Philip Incarnati Oral History Interview, 1998 May 25

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We're talking with Philip Incarnati who was Chairman of the Board of Regents at EMU 1976 graduate from the College of Business and a 1982 graduate with an MBA from also, the College of Business. And from Warren Michigan. Is that correct? The tape is going to go into the archives and you will be forever enshrined in the history of EMU in a living voice. I appreciate you taking this time.

LNS: Tell me a little bit. You started in 1972 at Eastern Michigan University what attracted you to Eastern?

PI: Well I was interested in the Business School and also had some interest in athletics and had talked to some different schools on both fronts. In terms of opportunities to both play football as well as to ultimately obtain a Undergraduate Degree in Business. That really is the attraction I would say to you that was probably more football directive than it was the academics at that time but I was interested in both.

LNS: You played football in high school?

PI: Yes.

LNS: So you were recruited by Eastern?

PI: Yes. That was one of the schools I'd talked to.

LNS: What did you play when you came here?

PI: I was a Defensive Back I played both safety and corner back and ultimately ended up settling in at a position known at that time as the Chief or the Strong Safety as it goes.

LNS: They don't use that term anymore.

PI: No they don't.

LNS: Well with today's terms, what would you have been?

PI: I'm not sure what they call it today. I think they call it strong safety. That's the more generic term.

LNS: Who was coaching you at the time?

PI: When I was recruited, Dan Boister was the Head Coach and he was there for two years and then he went on to coach the Detroit Wheels WFL Then George Manns was brought in from Michigan to replace him and that would've been after my, well after my sophomore season so mid-way through that academic year.
LNS: And by the time you graduated was George Manns still the football coach?

PI: Actually I had a red shirt year and could've taken a fifth year and I didn't like the way that things were going with the team. Apparently, nor did anyone else. And I elected to graduate. George was fired and Ed Ciezke was brought back in who was an assistant under Dan Boister when I was first recruited there. And Dan came back, excuse me, Ed came back and I think he was coach for a couple of years and had some good success.

LNS: Had a couple of good seasons. One good season anyway and then left, right?

PI: I had an opportunity to come back after I left and take my red shirt year cause I had a year of eligibility left as a matter of fact George Beaudette's always teased me about it saying they got to suit me up for. The heart is there but the body will not hang on. So I elected to graduate had a couple of good seasons then went on from there.

LNS: When you came to campus were you involved in any other activities at all?

PI: No between football and academics that was enough for me. It was a big enough challenge to get acclimated to the demands of being involved in athletics and still have the academics in check and quite frankly I didn't do that the first year. And I had to have a wake up call about midway through my sophomore year. It was never an issue of being eligible, but it was running, have a GPA of about 2.5 wasn't exactly what I had in mind nor my parents in terms of where I historically had been in high school. So I needed a little bit of a wake up call that said hey you need more balance and that took place about midway through my sophomore year.

LNS: Did you end up being a pretty good student?

PI: Yeah. I ended up having a substantial improvement in my junior & senior year and then went on to graduate school and didn't have any difficulties but it was one of those things where I probably never put as much into it as I should have. I'm pretty confident I could have been one of the students with a 3.7, 3.8, 3.9.

LNS: Scholar athlete.

PI: Just didn't put the effort into it and I never got any prompting by the coaching staff because I was always well within the eligibility ranges and they had a lot of other problems with players who weren't. As a matter of fact, I was asked to tutor on occasion but I said no, get somebody else.

LNS: What was campus life like when you came? You came in '72 again it was war in Vietnam was pretty much.
PI: It was winding down.

LNS: Campus demonstrations had been falling.

PI: Really didn't see a lot of that during the time I was there. Certainly Vietnam was something on the mind of many of us, in my particular case, as a senior in high school, I was the last year to be involved in the lottery, draft lottery and I had a number I think mine was 156 I would not have been drafted because I was high enough, but several of my friends enlisted in the service of their choice because they knew they were going to be drafted and shortly after my class, if you will, got their lottery numbers, they abolished the draft. So several of my friends ended up with a four-year hitch unnecessarily. Because the draft was abolished I think it was late '72, early '73.

LNS: Who was President of the United States when you were in college?

PI: That would've been Mr. Nixon.

LNS: Mr. Nixon? OK. What was going on the campus during that those years - were you involved in any other that Residence Halls?

PI: I lived in the towers.

LNS: Which hall did you live in?

PI: I lived in Pittman for two years. The second floor then on the fifth floor and we I guess that it was, what we perceived to be a typical University environment, there was certainly some academic and scholarly involvements in terms of people having their priorities where they needed people, there was also a lot of partying. It was a thing where school was viewed as an opportunity not just for academics but to express yourself, your political points of view, also as a social element. And the social element at school was probably accentuated more than it should have been.

LNS: Where did people hang around? Where did you go?

PI: Well at that point in time the Suds Factory was the big place. You also had The Scene in Ann Arbor, you had Mr. Flood's in Ann Arbor. You also had, I think it was Bubba's down in Ypsilanti east.

LNS: Down on Michigan Avenue?

PI: Yeah. Those were the principal places. There were a few other places. George's was a place where some of the jocks used to hang out. Toms' Party Store is still there to this day, I drive by it sometimes where I just laugh when I think about
some of the memories but that was the place where the majority of us went in there and bought our refreshments.

**LNS:** Whether you were of age or under age.

**PI:** Well we didn't have that issue then cause it was eighteen during that era so we were fortunate that we were all legal in that respect. There were a lot of kegger parties where people would have at their house or at fraternities or there.

**LNS:** Could you have a kegger in the dorms in those days?

**PI:** Yes. You could. We had several times where you had floor parties. It wasn't really issues of violence and that to speak of, I mean I think for the most part, the big violence at that time was somebody ripping off the pizza man of his pizzas or something like that when he was delivering them. So we really didn't see a lot of that sort of thing at the time. I found it to be pretty much as I had expected or envisioned when I was in high school.

**LNS:** Now where did you hang on campus? Was there anything going on campus in those days?

**PI:** I would say that probably Pray-Harrold for me was the building of where my world existed certainly for the most part some of the basic Sciences and that were in other buildings. But as I got more involved in the core curriculum for the Business School and the Business School was headquartered there and more and more of my time was spent at Pray-Harrold. So academic interactions for the most part there.

**LNS:** Library? Did you use the library at a lot?

**PI:** Certainly used the library that was another one although that didn't exactly afford itself a lot of social interaction. As I progressed through school you tend to academically pick up with a group of people that you stayed with. Whether they were athletes or not.

**LNS:** Did you only hang with athletes?

**PI:** No I had an assortment of friends that were non-jocks, if you will. One of them is a senior officer in our company today. And so I wasn't that exclusive although I probably spent more of my time with the athletes than not. But as I got more serious in my studies in my junior and senior year I guess I saw that the world was a little more rounded than that and found it advantageous because at that time there probably, there wasn't a great deal of ball players that were in the Business School so my roommate happened to be one, Don Kirkendall, when I left campus when I went to_____ he was a colleague in the Business School together, graduated with a Business Degree. There were a few others but not many.
LNS: McKenny Union was that a spot that students went to at all?

PI: It was but not for me. I really didn't spend a great deal of time at McKenny. Most of my time ended up being in the evening hours and you would tend to go to one of the local establishments whether it was the Suds Factory or whatever, once you got your studies done cause for me I was busy during the day with classes and I'd go to practice and that would consume a substantial amount of time and if you had any kind of injury you were post practice in the training rooms getting fixed up then you would head out. And if you had study work to do then you would do that and then generally it was a late night crowd, we would not even get out till 10, 11 often.

LNS: Did you make all of your classes early in the morning?

PI: In the first few years, no. In the latter years yes, although I tried not to have those real early morning classes so you kind of learn what to do and what not to do and I'm sure as kids learn today.

LNS: Now you have young children at this point college age?

PI: No mine are 11, 12 and 13.

LNS: But you have some ideas of what you are going to warn them against when they go to college at this point?

PI: Well I'll try to advise them but they're gonna have their own way. As you can bring them to water, but you can't make them drink so to speak. They'll have to feel things through on their own.

LNS: Your family very involved with you when you were going to college?

PI: Not really.

LNS: Did they come to the games?

PI: My parents were avid followers of the team they would travel on occasion, to see us where we'd play elsewhere out of state. But outside of that I would say that was probably the limit of their involvement. They also had some interest in my academic performance. Although not as involved as they were when I was in high school. I think they felt hey you're an adult now, your supposed to know the importance of this and it's your future.

LNS: What other things stand out in your mind about EMU during your undergraduate days? Football games well attended?
PI: There were periods when they were. My first two years we drew pretty good crowds the latter two years, the performance of the team went south and it was reflected in the crowds. I think probably the things that stand out most for me is I still have some friendships from those years and maintained those for twenty, twenty-five years now. And still see some of the people that I went to school with and the opportunity for me to relive that in some ways has been restored or brought back to me by virtue of my involvement with the Board. Although it's amazing to see the positive changes that have taken place on campus and the University since that time. So I would answer that to say that principally the things that stand to me were the relationships that were developed.

LNS: Now during the 70's there were a number of racial incidents on the campus as you read the history and the records students who demonstrated, black students, I think they took over Pierce Hall or something at that point? Do you recall any of that?

PI: I recall that there was the there were several black fraternities that began to emerge and I'm not sure how to explain it maybe they were just looking for their own identity and trying to deal with that during the times but I recall that there were some demonstrations by these black fraternities out in front of main campus area that I remember the most was Pray-Harrold, I think there were a couple of instances where they would as part of the demonstrating create this line that you couldn't pass through getting into the building and there were certain people that simply weren't going to tolerate that, certain students, they felt they had a right to pass, so I think that created some problems. I don't recall that it was a long drawn out thing. It seemed there were intermittent racial issues during the years, which I attended as an undergrad. I never personally had, I guess that's not true, I guess I did have one situation at one point where two black young men our age at the time knocked on the door and broke into, not broke into, came into our room one had a gun the other had a machete and wanted to rob us this was at Pittman and we were young, foolish and decided that we weren't going to allow them to rob us. And stood our ground and when I think about it now, it was pretty stupid and they saw fit at that point in time, there were three of us in the room all ball players and for whatever reason decided that it wasn't worth the confrontation and decided to leave. So they took their weapons and left. And that was a little bit harrowing and I can recall there were some times where if you were late at night and not again me personally, and you were in certain areas of the University traveling that you were smart to be looking about as to where you were and who was there for your own personal safety. Again, I never had, other than that one incident, I never, I had some other friends though that lived in apartments that were robbed at gunpoint and both of these occurrences happened to be with racial minorities and blacks.

LNS: Did the John Norman Collins legacy was that still around when you were an undergraduate student?
PI: You know it's interesting Larry. In the 1972 directory, student directory there is a picture in front of Pray-Harrold and it's got students going all over the place and supposedly John Norman Collins is in that picture.

LNS: Really?

PI: Now he was not a student at that time but I think that was in 1970. I think that was the time when all of that took place. But I was told that he actually was in that photo. That was an aged photo that they used or what. But yeah I think there was some legacy of that more so from a standpoint that said geees, this was a place where some of this took place here. Happened and a lot of people hadn't read the book a lot of people really only knew what they saw on the news and in the newspaper and really the atrocities that took place at the hands of this individual. I guess I didn't see it manifest in the women behavior on campus but again that was the 70s and that was a period where women were expressing themselves differently and they were kind of searching out their own identity.

LNS: The beginning of that whole period.

PI: To give you an example, one of the big things that took place during that era was this issue of streaking taking your clothes off and running through the campus butt naked and I can remember at Best Hall one time maybe it was, may be I'm missing the name, I think it was Best Hall. There was like a first story roof that went off and then it went up higher to a second level another two stories up give or take a story and out of a window of it adjoining dorm which was apparently was a ladies dorm was about 15 women totally naked walking across the top of the roof and obviously, that drew an attention it was midday on campus people were walking all over the place and by then you probably had several thousand people there watching this demonstration. Well that was the first time that I saw this issue of streaking on our campus and after that it went rampant for about several months. I can recall in the Towers there was a courtyard there and to this day, I'm sure still exists and people would drive their convertibles around there and everybody was butt naked standing up in the cars and running all over the place so that was an era where there were some interesting developments. No I never did that. I didn't even, I had some friends that did and I guess I just never really had the inkling to do it. I wasn't a particularly modest person so I'm not sure why I didn't it just.

LNS: Wasn't your thing. What other kinds of activities were going on around the campus at that point? Where did you eat at Dining Commons Three up on the hill there?
PI: I ate in the Towers there, dining commons right in the grounds there. And there was a lot I would say that was another area where there was a lot of social interaction where people would get together and spend some time blowing off some steam and that and also was an opportunity to meet some new people. Eastern at that time was always known as having very attractive women and there were there were a lot of nice looking ladies on the campus and it also was during those years, reported in Playboy as one of the Top Ten party schools in the country and we wore that as kind of a badge of not courage, but of bragging rights. Now Michigan State appears to have taken over that distinction. Priorities towards the value of that distinction change over time.

LNS: It was ironic some years later when we had the big parties out on Washtenaw Avenue as a result of the fraternities, the newspaper and especially the electronic media carried it every day and hammered us, as I believe our applications went up those years because they saw hey this is a place where something is happening. It doesn't always have a bad effect on it.

PI: I think at that time, as I mentioned earlier in our discussion social hour was a big part of where you decided one of the qualities that you wanted in the University that you would attend.

LNS: What teachers stand out in your mind at that period?

PI: First and foremost was Bob Crowner and I recall,

LNS: He's no longer at the University you know.

PI: I don't think he is any longer but he taught there for a long time.

LNS: He taught what?

PI: He taught the policy class. Which is the Capstone Business class both undergrad and graduate level. And I remember first of all the class was a very demanding class it was one that literally pulled all of the elements of the business disciplines together. And Crowner was a particular taskmaster. There just was no room for mistake in the way that he did it. The way he gave instructions, if you didn't follow to the letter of the law you literally would not survive in his class. And I found it as a real challenge because I guess I admired the fact that he had been an executive in a Fortune 500 or 100 company for several years and he brought both practical experiences with his academic background to the classroom. And you could see, it was a no nonsense approach to things. And my friend, Roger _____ and I was an officer in our company, we always fondly recall our exposure and it wasn't until finally the beginning because we learned the hard way that there was his way of doing things and if you didn't subscribe to that you were going to have some problems. You did not come to class unprepared. He would embarrass you
to a point where it would never happen again and it was very stern yet it was an environment in which I think clearly most of us that I'd talked to felt that we'd learned a great deal. And there were three professors that taught that class and I had two of them and their styles were much different. Both were effective but Crowner stood out to me. Hubley was another one that stood out to me. He taught the communications and organizational theory class. Also very interactive but very tough you had to be prepared to come in to class and participate and I think the reason I thought some much of these guys as time went on and I began to develop my own career was the fact that they forced you to engage. The business world, if you don't engage, you're not going to go anywhere to speak of. It doesn't mean that certain disciplines are less engaging than others but as we have learned probably the most effective tool for anybody in business today is their ability to communicate. Particularly at the Senior Executive, Senior Office levels of companies. So I look fondly back on that and remember some of the initial embarrassment that some of us went through but knowing full well that that was not his intent it was the means by which he wanted to achieve that.

LNS: It's funny how people who have high standards and hold people to them seem to be the ones who are always remembered. It's something that forces you to do your best. It forces you to have a framework other than what you bring to test your best against or test your best within and it's not unique, you look at teaching today, I'm not sure what your attitudes are. You had a lot of other teachers while you were there. Do any others stand out in your mind?

LNS: Anybody on the staff? I know you were asking about Jim Vick on occasion.

PI: Yes, I remember. I remember Jim was the Hall or the Resident, he was in charge of our entire Pittman Hall and I remember Jim because he let us go to a point and the he'd reign us back in. There were several ball players and they're all the underclassmen in the dorm at the time. So he understood what was going on he knew how to control us but let us still have some free reign so to speak. Ralph Gilden is somebody that stood out to me. Dean Gilden, number one, he did me a good turn. Early in my freshman year, I got into trouble and I was ignorant of it at the time and really was an innocent sometimes you're a victim of the company you keep. And we had just finished _____ my freshman year and a guy I was hanging with I played against, he was out of Hazel Park, he was a high school All American, I played against him several years in high school. And we were out visiting some people and at that time I remember the dorms, I think Downing was all female. They had community showers and we were coming out of one place and going in and we were just leaving Downing and we heard the showers go on and we went in there. And I said there's no way, don't go near there there were ladies in there, the whole nine yards, well he decided to go in there and there was a gal taking a shower in there at the time 1:00 at night. And she did not like the fact that he was in there of course and we stood in there talking to her and she was butt naked and I says I'm outta here cause I knew this was trouble. So finally he follows out with me and she was perturbed enough that she called the campus
police, they had us picked up half way back to the Towers and so we were two weeks into school. And the next day, they had us, Boister was involved they had us in to see Dean Gilden and I explained what happened and they put us both on probation. And that was the one and only time I ever got in trouble the four years I was there. And I felt bad about it cause I didn't do anything but you know they sent stuff home and involved the parents and everything else. Needless to say, I didn't hang with the guy anymore. But it was one of those experiences and I guess you learn from them. The point I got through this whole spin was Dean Gilden was real good about it and he knew that I really was not the perpetrator but yet I was involved and he had to treat me similarly and I had a friendship with him the whole time I was there after that.

LNS: Any others that stand out in your mind?

PI: At that time, well for the last two years, I think Brickley was president. First two years, Sponberg was. Brickley used to have us over to dinner at his house at the beginning of every season and that was always kind of a special time for us because it simply told us that the president was interested in what we were doing and we came in our blazers and they had a nice spread in the backyard and a lot of the guys were always impressed with that the president of the University would take an interest.

LNS: The Athletic Department any others other than football coaches?

PI: Al Fr~ was the basketball coach at the time and I remember him always a friendly guy and upbeat, Frosty was the AD for the first two years and I'm trying to remember who we had after that. You know Larry, I really didn't have a whole lot of involvement. The only other guy that really stood out to me that I really had a lot of respect for was Bob Parks and he still there and still green teams, you're in you're out. I mean just the only sport where perennially were the top twenty-five team and great Olympians and All Americans and you know, I say this and I'm not sure if I've ever said it to Bob but one day I'll probably say it to him, if I'd have listened to the opportunity, taken advantage of the opportunity that Bob gave me I would probably have been in the NFL.

LNS: Why is that?

PI: Because he provided some of us an opportunity for some of us to work out with the sprinters to improve our speed and we had some world-class sprinters at that time. And the only thing that kept me out of the NFL was speed and I was just didn't take that enough as a priority because clearly he could have gotten me where I needed to go in terms of that and looking at it in hindsight I said I was fast enough and I didn't need it.

LNS: Sometimes youth can be a tough teacher.
LNS: So you left, what happened after you graduated from Eastern?

PI: I went to work for a company called Household International which was the parent corporation of Household Finance and I got involved in a program that was teaching me to become initially a commercial loan officer. And they called it the MOST Program, Management Operation Special Training and it was an accelerated program, I was assigned the Great Lakes Division. There was one in each division of the United States. I think there were four divisions and it was a fast track program to get you through this and eventually put you in prepare you for what was then a mid-management position. Hopefully become a senior and the make up of their officer staff at that time, their executives were several had come out of that program so it was a thing if you got into that and you stayed with it you were going to get somewhere in their executive ranks over a some stated period of time. I was in it for about eight months and I say this is not what I want to be doing. And their idea of fast track was not my idea of fast track and I didn't like the work, I learned about how credit worthiness is determined and all those types of things and I did also some consumer side work. But I then began to think what can I get involved with that has a great opportunity within it and if I'm good, I won't be held back because of my age. And I think it's something that has some value to it in terms of our society. As I began digging into some things, healthcare kept coming up healthcare administration was a growing field and a lot of opportunity, it was to expanding all those types of things. I decided that's the way I was going to pursue it. Also wanted to get, ironically, wanted to identify something that didn't have big impact on it by shifts in the economy. To be healthcare was really impervious at that time to the economy shifts. And so I pursued getting some opportunities there and had some interviews at some entry level positions saw very quickly that I needed my Graduate degree then started back. I got down to the finalist in a couple of positions there administrative assistant positions there within the administration at different hospitals. And I lost out on one of those fortunately, I got, I landed on one of them and it was working with __Detroit General Hospital as an administrative assistant and immediately saw that I needed to go back and went back and started my graduate work. Went back to Eastern; people asked me why Eastern? There was one other program that I was considering at the time and that was the U of D's JD/MBA combination. I came very close to doing that. My mother was kind of pushing me at that time to go that route. Because the law piece too, and I thought you know, assuming I like Healthcare the reason I decided to go the MBA route rather than an MHA was because it would be more versatile if for some reason healthcare didn't pan out for me. Ultimately just decided that I wasn't going to use a law degree I'm not going to practice law, why make the investment there?

LNS: It wasn't a sprinting type thing now?

PI: No not there. So I landed that job, I was working at the same time going back for my Graduate degree.
LNS: Were you married at that point?

PI: Yes. I got married in May of 77.

LNS: Now of all of the beautiful women at Eastern, you didn't pick an Eastern student?

PI: No, actually I'd married a gal that I'd known for years that I grew up with we didn't date till late in high school. But she was a model and was very active in the national modeling scene and did the national auto shows and a bunch of that kind of stuff. She was doing her thing and I was doing my thing and we I told her that we had plans that we would probably get married but I said I wanted to be established I want to be out of school working somewhere before we do that. Save some money and about a year out of Undergrad, I guess it was about a year, we got married. I'm happy to say that I've been with that same woman for twenty-one years and we have great kids and good families and that kind of stuff. That's pretty much how it went.

LNS: After you had you had your two assistant and associate administrator role you came back and got your MBA from Eastern and then what happened to you?

PI: Well I finished my MBA in '82 and interestingly enough I got my first CEO job in 1982.

LNS: Where was that?

PI: Detroit Osteopathic Hospital. It was part of a system called Horizon Health System. A tough area of Highland it was located in Highland Park long tradition the hospital had for a lot of years in a lot of different areas. I was twenty-seven at the time so that was kind of unheard of.

LNS: So you felt pretty good?

PI: I felt very good. I had chosen the field that seemed to make sense.

LNS: You had a beautiful wife, a good education, two degrees, things were going great.

PI: Things were going well. I was there two years, we did a major turnaround there. And then I was promoted to the Chief Operating Officer for the Parent Corporation and we had five hospitals at that time. Two out west and three in Michigan. One of the I guess I was probably thirty at the time. One of the first assignments I had was to sell or close the two western hospitals, which is not a fun experience but one that I learned a great deal from. One we sold one we closed. And things went on from there.

LNS: And then after you became the CEO at twenty-seven then, when did you get into the McLaren System?
PI: I was hired here in June 12, 1989 so just about nine years.

LNS: This is a pretty large operation?

PI: Well it is today. When I came here in '89 it was this facility, we were doing about half the volume that this facility does today and our total revenue was just under $90 million we had about 1,400 employees. And we've one of the first things I did, the first four or five months I had to assess the level of managerial officer level and about I guess five months, I decided that I needed to make some changes. Got rid of some people, brought in some new people to round up the team. The team with one exception the team that I built then is here today.

LNS: A decade later, you've had great stability.

PI: The company's grown. I mean we went from $90 million to a million you have over 9,000 employees now. And four hospitals soon to be five and you've got business in fourteen different counties in Michigan. In ________ we're one of the largest systems in Michigan. We just received the ratings agencies in last week we just received a double A rating which there are only twenty-six healthcare systems in the United States that have that rating and we were the third one in Michigan to receive that so that was kind of a financial pinnacle for us to have achieved. So things have gone very well for me personally and for our team and the organization.

LNS: So when you think back, you've had a great life. You've got, I always tell my kids that there's nothing written that every day has to be better than the last day. It seems in your career as the story unfolds that there is constant growth and constant achievement and attainment and things sound pretty good.

PI: I've been very fortunate. Number one, I've had the opportunity to work with some very good people, dedicated people. I've also had an opportunity to work and grow with the Board of Directors they've been very supportive to the management team with good physicians, just the whole package, the employees themselves, the challenges that the industry faces and I've also had great support at home. I work a lot of hours, you know that story. And it can make it very difficult if you don't have that family support there. I've often said and I had this discussion just last week with a group of CEO's in the different industries, you know how do you or do you enjoy your success? And I could tell you know that I wouldn't want this to happen, but if I were to leave this earth today, it's been a great run. There's been a lot of positive things that have happened to me in my life and I've met a lot of good people and enjoyed some of those relationships over the years. It's been real good and you know one of the challenges for me personally is to stop and smell the coffee sometimes. Because one of the faults I have is I don't do that you always look to see what is the next thing that you have to get accomplished.
LNS: However, I hear you play a great game of golf. So somewhere along the line there must have been some free time.

PI: I used to play better. I used to play better. I don't have enough time to play this last year. My game is something.

LNS: Your game is something. All this success.

PI: Well it's balanced.

LNS: When you look back at Eastern, look back at your two degrees from Eastern, your experience in athletics. How did that fit into your success?

PI: Well I think people often say to me you know what is it that college brought to your career what was the experience that you had academically. My own sense is you hate to pick percentages but I probably am only applying at the most ten percent of anything that I learned. It was a process of learning itself.

LNS: So learning how to learn?

PI: Exactly. In other words, how to approach something logically, rationally how to go about taking identifying a problem and from there turning it into a solution and an opportunity. And I think certainly that experience more than anything else I probably brought back from Eastern. And I had as much exposure as I wanted to my professors, didn't have any issues with that. They were always very willing to sit down and work with you if they felt that you were sincere about what it was that you were doing. I think we had some excellent people there in those years.

LNS: When you look at the Healthcare profession, probably there's no segment or sector I guess would be the right word in our society that has been the beneficiary and the victim at the same time of change in America. Certainly the forces of change have affected healthcare and its delivery more than any other area in our society in the last several years. Would you agree with that?

PI: No question. And it's something that I think the average consumer is a bit of a hypocrite about. When our loved one is in need of the services of the industry or ourselves are in need of services from the industry, we want everything that money can offer.

LNS: Plus.

PI: Plus. We want the best technology. We want no stone left unturned. The minute we are out of harms way we become a critic about the cost of healthcare. So my point is it's high cost until I need it, then when I need it I don't want cost to be an issue. I worked hard for this Blue Cross card and I want doctor I want you to do
everything possible to make sure that you haven't missed anything that everything's the best. So we have that phenomenon in our industry. Secondly, Healthcare is a very emotional service, if you will. And people generally will with one exception, having a child, you don't come here because you want to come here. You come here because you are in trouble, you're not usually your best, your family are not their best at the time we deal with you. So we have the added challenge of having to perform above and beyond when other types of service industries need to because of the emotional state in which you and your loved ones are in you have to access the system. That coupled with the dynamics that you mentioned in making this industry far more ____ other sectors of our economy you know ten, fifteen years ago return on investment those types of things weren't things that we focused on. Today, we are sophisticated in our analysis financially as any industry out there and more than most. What we have to go through to collect our money. If General Motors had to go through it. They scoff at the notion and that's ridiculous. So the industry has emerged, some folks have said that we've lost the sensitivity in the industry it's no longer a cottage industry. There are large emerging companies some national that are formed some are publicly traded some are not. Ours as an example is non-profit in this state in Michigan I will tell you that somewhere in the year 2000 sometime in that decade, you will have five or six systems that control ninety percent of the healthcare in this state and they will all be very large companies. And some people are concerned about that notion.

LNS: So you have been through what most people would consider considerable upheaval in the way business is done. You've seen new kinds of standards being imposed from outside. You've seen the creation of external you see a whole change in the standards and the way, there are just so many complexities in. If you were to give a speech or enter a discussion with a person who was starting out in a healthcare field, the management side, a young Phil Incarnati, you would tell him that a great CEO or a great management team has to focus on what aspects?

PI: We like to refer to it as the value tried ad. First of all, healthcare has to be able to demonstrate value. And to me the value should be determined according to healthcare based on costs, quality and patient satisfaction. And one could argue that patient satisfaction, which is an element of clinical quality. Those three elements have to be there. You have to be able to demonstrate them. Now the ability to do that is changing, it is being enhanced over time but the mission of our organization is very simple. McLaren Healthcare System through its affiliates will give the best value in Healthcare in Michigan.

LNS: What other kinds of things that when you look, obviously your physicians have to maintain a certain quality level you have to.

PI: There's a lot of monitoring that goes on. And some of that monitoring relates to their activities and some of it relates to the non-positioned Allied Health activities. The emergence of clinical quality monitoring systems and cardiac and
cancer and a number of different areas that we have spent millions of dollars on to install and have in place that need the providers in helping make care decisions on a concurrent basis, technology more and more the ability to diagnose things at early stages.

LNS: So assessment is a big part.

PI: Always has always will.

LNS: Technology the latest thing. If people want you to spend every cent that there is to spend to take care of them. They also want the best equipment cause you can't do it without the best equipment.

PI: There is the technology but there's also the human compassion end of it that you can't lose sight of. And I think people probably respond more favorably to that than they do any high tech notion that's out there. They want both. They want the compassion piece, they want low cost, they want high tech. Really that's not different from anything else. Americans want it all. And so we should have it all.

LNS: Well that's part of our birthright whether, that's what people feel right?

PI: Having said that there are tremendous opportunities in healthcare. The opportunity all these new advancements and clinical technology and quality and the opportunities out there that organizations are consolidating and merging. I mean we did 329 million dollar merger last October, we have another two hundred and some million dollar merger underway as we speak right now. The Industry is consolidating and what that does breeds some opportunities to create economies and leverage investments and infrastructure information technology those types of things. So this industry is going through what some other industries have cyclically done over the last one hundred years in this country. Healthcare has just been kind of this sacred cow that nobody wants to mess with and it hasn't been legislated. It's happened through natural forces in the marketplace and I think that's why it's working. If you recall, a few years back Clinton's first term there was the move towards we're gonna develop socialized medicine well that failed miserably cause you can't legislate it. Not in this country. So I think they were smart to look back at this and say the market's already moving, let it reform itself naturally. We'll be more pleased with the outcome.

LNS: So you saw us going from In-patient care to out-patient care and there isn't anything that could've happened that hasn't happened while you've been in an administrative role.

PI: Larry, when I got into it we principally ran in-patient facilities that was our job as administrators and chief executives. Now we run healthcare delivery systems.
The full continuum cradle to grave, large systems do. You name the care we provide it. So the In-patient part of our care is just one component now.

LNS: Smaller component now?

PI: In some cases it's getting smaller every year. So we have home equipment, equipment companies, home infusion, home care, we own an ambulance company, we own eighty-five satellite outpatient facilities in a Fourteen County region that I spoke of. All of those things, nursing homes, insurance companies, insurance products.

LNS: So you've become a vertically integrated industry.

PI: No question about it. Not clearly vertical.

LNS: Hold this just for a second. You're appointed to the Board of Regents following John Burton's death that was in 199…?

PI: It was late, actually late '91, but say 1992.

LNS: 1992 and you've been on the Board and now you've been reappointed so your term goes till?

PI: 2003 or 4.

LNS: So another few years, but a few years you've been Chairman of the Board this is your third year? Fourth year? And when you start to look at education. Education is soon to have happen to it probably what has happened to healthcare as the internet world wide web and access to technology we're going to go from this in-patient or on campus education, you see a lot of parallels. They're going to be educating people in a lot of different ways. We're now getting into corporate education, we're starting to move out of this in-patient or on campus education getting in to satellites we'll be getting electronic satellites there's distance learning, these little tails that people see as the educational dog, they're gonna wag the dog those tails are growing bigger than the dog in some ways. You've got a lot of skills in one industry that you might need to provide guidance in another. I don't know. Do you have a response about that?

PI: There are a lot of parallels.

LNS: Faculty and doctors, sacrosanct heavy-duty traditions. Which was not too different that the nature of the medical practice. Everybody was an assistant but they were their own entrepreneurs. And that's the most common concept.

PI: There are clearly some parallels and hopefully some lessons that can be learned more easily. A little less pain than some experienced in the healthcare industry.
Clearly I think there is one constant theme that comes out regardless of what industry of business you're in. Let's face it, education is a big business. And that is that you've have got to go out and make sure that you do your market research and find out who is your customer, and what are they looking for.

LNS: And to add to that, you have this value try ad for education too right? What's the difference between the one that you just mentioned for the hospital and how you would change it for restate it again.

PI: Cost quality and patient satisfaction.

LNS: So when you look at Higher Ed, it's not much different in the student satisfaction, consumer satisfaction, it's the same quality, cost and these are major issues.

PI: The big challenge there is how do you measure, number one. And before you try and measure it, how do you define what makes up each of those three areas; cost is probably the easiest one to do. But clearly people are looking for value more and more regardless of what industry it is.

LNS: You have the outside accrediting agencies who are insisting that we do assessment insisting that we start.

PI: Changing the means by which they determine.

LNS: Exactly. They're starting to look at incoming students and we're saying gees, when you go into a hospital they just don't deal with you they find out what's wrong. They find out what your benchmarks are. And now we're being forced to look at that in Higher Ed. Not that we don't know about these things but now it's becoming a systemic vs. something that basically some schools did better or worse than others.

PI: You've always, you've heard me on occasion question the issue of learning University. Not the notion of what we are trying to accomplish. I think that is, I unequivocally I support that have all the years I've been involved. The tough thing for me is how you measure it. How will we know whether we have been successful or not in creating Eastern Michigan University as the nation's learning University? What are the indicators that tell us that we've achieved that? To me and I know we are beginning to develop some of those. We begin to look at those and say ok, this is where we've been, this is where we are, this is where we have to get to, to be considered American's Premier Learning University. To say it is in my book isn't good enough you've got to be able to demonstrate it.

LNS: So in a Board role. As Chairman of the Board, small Board, eight people. You're gonna have a lot of influence and a lot of impact. How do you demonstrate it? What do you think the role of you as the Chair of the Board and that the Board is
to help the University transform itself so that it emerges as a beneficiary of all that is going to be happening rather than a victim in the coming decade?

PI: I think the Board is really more of a influencing, it's a channeler body. It's a body that tries to create discipline, from a standpoint, not punitive discipline, but discipline in an environment where there is a lot of freewheeling, a lot of free thought, and typically doesn't want to be corralled into a means of measuring things from one period to the next. So in other words, I think our principle other than the fiduciary elements that we have, which I think are obvious and our responsibility to uphold the elements the State Constitution which are set up and in place to do. I think we have to continue to mold academia into that transition that has taken place that you mentioned. And to help make sure that the University and its parts, its family is prepared for those changes and has an opportunity to take advantage of the opportunities or the, to me, the growth. Because what happens, every time there's a major change an evolution of an industry or a business, there's winners and there's losers. There's always a group that misses the mark and falls out and it's very painful. There's also the group that anticipates what's going to happen, prepares for it as an opportunity and cashes in on that opportunity. And I think to me as the Board Chair, I need to make sure together with my colleagues on Board that our University is positioned to take advantage of those opportunities.

LNS: So how do you do that?

PI: I think you have to do a lot of good listening. We're not educators, most of us that sit on there, not in the formal sense. But I think we bring some business disciplines many of us that I think can help us determine whether or not the University is positioned to take advantage of these opportunities. And the advent of a strategic plan is a perfect case in point. Typically, universities don't like to develop strategic plans or if they do develop them they're really not measurable as do you know whether you met the plan or not. And they've got a lot of grandiose, verbose discussion in there but from day one to day two you could be three years, really what have you accomplished vs. what you said you were going to do. And I think that we bring some of that focus that historically the academy doesn't want to be corralled into doing. The other is to hopefully stimulate an environment where people feel challenged, rewarded, acknowledged to continue to do the right things. I don't view us as I said earlier, a punitive body, I view us as a body that oversee and to help stimulate the right culture and the right priorities.

LNS: As I look at major corporations that have undergone significant transformations including a number of industrial companies such as GM, Eastman Kodak, Xerox, all who had very able CEO's. Their Boards decided even though they were able, they were able in terms of the past, not in terms of the future and these people were eliminated from their roles and new people were brought in to transform the Institution. Not that that's a thing I want to pursue as much as the concept that the Board has changed. Boards have changed a lot in America over the last several
years. They have become more independent, they have forced organizations to become more accountable, they have not gotten into the micro-management but they have exercised a new degree of fiduciary relationship and have said that we must be what we say we are. And we have to survive. Do you see that as a, I assume you go to some AGB Conferences and you're in contact with other Educators or other Board Members from other Educational Institutions. Do you see that as an appropriate role for a Board in Higher Education?

PI: Well if there's any question, it's inherent in the fiduciary responsibilities of any Board. And in this case, the Board of a State University or a College. We are a custodian of the public interest. And the public interest in this case of the University or Higher Ed oversight in this case the public interest is fairly broad but it still involves the community at large of the state of Michigan and involves students, involves the constituencies of the University, the Faculty, the employees, the University community itself around the area, the economics of that, I mean there's, it's a fairly complex undertaking and I think to move the town and gown into this new opportunity, this new environment is not an easy movement. I think that I'm fairly confident that our group has done it better than others that I've seen or heard. Size has an issue to deal with it. University of Michigan as an example it's feeling some of those exact issues as we speak. Look at the turnover that the University's experiencing right now. And it's not always just finances that drive this. I think it's an issue of one of the things I prided myself on when you were asking about my background here is that we kept the team together for nearly a decade. And that to me is very important.

LNS: Did that grow out of your football experience that team?

PI: Probably.

LNS: Just joking.

PI: I firmly believe. I've never forced any of my children to participate in sports ever. But I think there are certain disciplines that are certainly applicable as you move on in life. The sacrifice that you make for someone else. What it takes to maybe your performance individually will suffer, but the team's performance is the main goal. Those types of things. In our case it doesn't stop anybody.

LNS: Basketball. When you look at a great physical plant let's say the last couple of years, the last five years, six years we've added a couple hundred million dollars worth of renewal and rebuilding and new building. We have an athletic campus that probably cost some fifty million dollars and we add it all up together. Do you think that was a good investment for the University?

PI: Well, I'm probably the wrong guy to ask.

LNS: Oh you're the perfect guy.
PI: But yes, I think it was a good investment. I think time will tell. Now when you look at the overall two hundred plus million that was put in there, there are certain things that there is no question needed to be done. In fact, the library to me is a plan whose realization is long overdue and it's great that we've been able to do it as grand as we've been able to. And I think clearly will evolve as a learning center for the University. The athletics as an example, there's an element of Higher Ed in this country that athletics is a part that people look towards. Now certain people look for it more than others. I think it's a bonding that has the potential to be a bonding to keep people tied to the University for years. I don't think we've exploited that to the extent that we need to.

LNS: So we have this world class facilities now. I don't think you can have better facilities.

PI: For our type of Institution if you're talking athletics, we've got top forty facilities.

LNS: So what is the Board's role? What do you see the Board's role?

PI: As it relates to athletics?

LNS: As it relates to seeing that those facilities are used to accomplish the goals for which they were constructed.

PI: You're talking the facilities in general.

LNS: No let's just, I'll get to all of this stuff. Athletics. Let's start with athletics.

PI: Well my own sense and I've been fairly outspoken about it in the last six months. We've made an investment there we need to make sure that we've got the programs that justify the investment.

LNS: So we've got to have some winning teams. We got to have some...

PI: Not just the winning teams but it's not just winning it's how you win. And I've always been proud of the time that I've been associated with the University as a Board Member that we haven't sacrificed winning at all costs. We've maintained the integrity of our programs and our recruitments and our graduation rates are improving, at least the latest numbers that I've seen continue to show that. So I think we've maintained a balance now. Those things, the balance can't be used as an excuse for not winning and I think sometimes we have a tendency that pushes that. Mediocrity is not accepted in anything in my line of thinking. I may be an exception to that but I don't think we can afford to be mediocre. So from a standpoint of, I think the Board's role as it relates to these athletic facilities is to make sure that we field type of teams that are competitive enough to justify the investment that we've made and to be able to measure what kind of return does
this mean to the University in terms of the students, the attraction, all the families and all those types of things. What type of prestige? I can tell you, and I'll use it as an extreme because financially it's one of the most successful programs year in year out in the country; and that's down the road at U of M. They can tell you exactly what financially those programs mean to the University. It's very easy to do for them. Now are we ever going to be a University of Michigan in all our sports? No. It's very unlikely. Can we have Top Twenty-five, Top Thirty teams with some regularity in all of those areas? Sure we can. Other teams have done it with far less facility. And even though we've got Ann Arbor down the street that doesn't mean that we happen to live in a state that is loaded with athletic talent. So I'm looking for more to come out of it than has. I think that we need and I know this is in the process of being engaged, somebody who can come in and help advise us as to how we need to promote these programs, these sports, these facilities to the community. Not just the Ypsi community, cause that's important but the statewide community. As you know Larry, we have a hundred and six thousand alumni in this country. Seventy-two thousand reside in the State of Michigan. They are apathetic, a lot of them as it relates to our sports programs. That has to change. We have to find what is it that will drive those people to get rid of that apathy.

LNS: And it's appropriate role for our Board to be highly involved in seeing that that happens.

PI: I think it's important, yes.

LNS: Not making it happen but seeing that it happens.

PI: Seeing that it happens and to support and to support that notion.

LNS: Let's look at technology for another area. No different than what we were just talking about in terms of hospital. Students are going out and going into employment sectors which have the latest technology known to civilization at this point. And they come to school and they don't own their own computers they may not have the latest equipment on the campus in terms of teaching. Is this an important area?

PI: Technology? No question about it. I mean I don't know how you can similar to the analogy that we made in medicine, I don't know how with the advent of the technology explosion how you can separate technology and learning now.

LNS: You really can't, can you?

PI: They're inherently linked.

LNS: Absolutely. So where's the push for that supposed to come from? Well is that a fiduciary push or is that a we wait for the academy to identify it or what?
PI: No, I think that to the extent that it's been identified that the University is lacking in that area and the extent that the Board feels that administration is not reflective of that priority, then we need to make sure that it is made a priority. As you know, we made some investment as of late in technology in the Library itself is an investment in technology. We've also done some other things on the technology front as a result of the student fee. We've got some on-going commitment so I would tell you that yes I think it is important to our length, you can't separate them. It's going to become more important in the future.

LNS: Not just computers. A lot of people only think of computers as technology.

PI: It's not just computers. I mean computers is a vehicle.

LNS: Right.

PI: The other thing is I think we have a responsibility to make sure that as we assess our students that they have the aptitude and the interest to learning in those areas. Because let's face it there are still substantial barriers that people have to the use of technology.

LNS: It's mostly the Faculty and the administration. The students are coming in and they're all up on that.

PI: More often than not, I would say you're right. You see the business world too. I have a Senior Executive in this company where I told him he's not promotable, Senior Executive, he's not promotable until he knows how to use the system.

LNS: Can't ask a secretary anymore to do that. You've got to be able to do it.

PI: I send him e-mails and he has a secretary print them out put them on his desk.

LNS: That's low tech.

PI: But I just give you an example.

LNS: But that's no different than. I'm looking fifty years from now, someone's going to be writing this book on the two hundredth birthday of EMU, right? And they're gonna say, hey 1999, the turn of the century, these people had the decision to make or break the University. I honestly feel that way. As the orientation I have in terms of where my thinking has led in terms of all of this exploration that I've been doing. Both in terms of the book, in terms of this...This generation, our generation, with me and all of the people who are there. That we will do more, we will do more to set the course either correctly or incorrectly and when you even if you are off a couple of degrees when you pull it out fifty years from now, those two degrees or three degrees, that's comes a wide angle there. And so I'm
just curious, I think it would be great. Here we are sitting talking about the future and the present but you talk about the present in terms of where we see the future. Technology, you're in a field that's just gone through and is going through what we're starting to go through in education.

PI: Future investments.

LNS: The whole side. The technology is one. The third area, we go out and consult, we retrain everybody in the whole world from Higher Ed. Not just Eastern. I mean we spend no money on the retraining of ourselves.

PI: I've often wondered about that.

LNS: I'm just curious. I mean as a Board Member, we don't usually get Board Members to chat about these things. It's a phenomenal; it's a paradox, isn't it?

PI: Yeah. It's actually clearly a conflict when you think about it. Department sector uses the University brain trust in this country unbelievably. But again, you wonder how much has been reinvested in retooling the learning process of the learners, excuse me, of the teachers.

LNS: The teachers, the administrators, even the Board in terms of education as a development as a team or you look at it, do you think the Board is a team?

PI: Yeah, the Board itself. You've got eight individuals typically varied backgrounds, typically all very successful in what they did in life or are doing in life. Very busy and I think the biggest challenge that the Board has is trying to find the time to learn to be educated enough to make informed to decisions or to advise on a basis of knowledge.

LNS: Would you feel because the Board isn't at that high level at this point that they may not be in terms of?

PI: I think from what I've seen, I've been on the Board six years, this is as a good a group as we've had.

LNS: But you don't see them as a highly functioning team. When you look at your work team, you see the Board Team as a new concept.

PI: There's no way that a volunteer Board could ever reach that type because, the time that you have to afford to it. My Board of Directors of our company they themselves and they look to management to come with where we ought to be going, where we ought to be doing and they are they sit at the top and say OK, did you do the right things? Did you assess the right areas, have you gone through the process appropriately, is this right, is this a good balance of community
interest and private interest in the things that you're taking us? Is the vision appropriate for the organization for the various communities in which we serve?

LNS: If your Board pushed you harder, if you had people who were on your agenda more clearly, would that make a stronger corporation?

PI: No because I think when you get people that are that involved in it. They begin to manage operationally the detail. They want to get involved and rather than set up as a Board Member, Board Members, I mean, my own philosophy of about Boards, I don't care what kind of Board it is, principally has three of four main responsibilities. One is to establish policy or to improve policy and to oversee its implementation. Another is to select and evaluate the President. A third is to make sure from a fiduciary standpoint the right financial controls and asset preservation systems are all in place. And I guess lastly, is to help set the strategic vision of the organization. Those are four constants.

LNS: When we're talking, we're talking, I'm talking about strategic vision. Let's say, do you think as you look at it, we're talking about all of Higher Ed. We're not just talking about Eastern. You're part of Eastern and I'm part of Eastern. Do you think the strategic vision is at the University?

PI: I don't know. I think it's a moving target. I'm personally not an expert in Higher Ed. I bring certain experiences, I think, that I hope are helpful to the leadership of the Board and to the University. We have to no differently than my industry or the manufacturing industry have to rely on the paid professionals to do these things and we kind of oversee what it is and hopefully one of those things, I mean our Board doesn't really set the vision, our Board approves the vision. And looks at it to determine how we came about it.

LNS: After six years in Higher Ed., you touched, and again, we're talking about the whole field, do you think that boards of Higher Ed might do better if they had a stronger partnership role in the development of the strategic vision or in the, at least in the stimulation of the strategic vision? You're describing a passive concept that the Board waits for the administration, whether it's the hospital, etc. to bring to them here's our strategic, we propose, you dispose.

PI: I don't think governance in this country and higher Ed has the ability, nor should they to develop the vision themselves.

LNS: I didn't say develop, but just stimulate it.

PI: I think we're stimulating it as we speak. The whole notion of having a plan that's measurable to me is an element of stimulation. I mean with the format that is being proposed to us now is a format that we use in the McLaren Healthcare Corporation. Whether it's good or bad, it has served us well. And it wasn't my
imposing it on Bill, it was simply this is what we use here, here's an idea. And it has responsible parts. You've seen it.

LNS: Yes, of course.

PI: So to me there's an example of influencing the vision from a standpoint of measuring the success by which we've attained it. That never would have been there had we not had certain Board Members who bring experiences with them and say I want accountabilities and a measurement system in terms where the tanks are all marching in the same direction.

LNS: Or rolling.

PI: To use someone else's analogy.

LNS: Not mine.

PI: So yes. I think that they can play a more involved role. I think you're gonna see, you already know this, marked differences between how some Boards do it and others. Our Board is far more involved than some of the other Boards in this state as an example. I have friends on the University of Michigan Board and one of them is a member of our governance in one of our subsidiaries and I talk with her every once in a while and it's like there's big differences between they way they conduct their Board meetings and the way that we conduct ours.

LNS: Sure.

PI: And I'm sure it varies throughout the country. So, I think there's always opportunity for more oversight improvement. But I think the oversight is only as useful as it is informed.

LNS: It's a partnership.

PI: Yes.

LNS: One of the interesting facts about Higher Ed. Every Fall I get calls as the VP for having student affairs fall as part of my administrative duties. What's the typical student like? Every year I say there's no such thing as a typical student. In Higher Education itself as a national phenomenon only twenty percent of the students are four-year degree seekers living on campus. So the world is changing.

PI: You can tell the average person out there...

LNS: They don't believe that.

PI: Twenty percent.
LNS: At Eastern, forty-five percent of our students are adult learners, twenty-five percent of our undergraduates are adult learners. There's a big difference. The world is different. How do you think we're responding to that from a Board perspective? Do you think that when we talk to the Board and we pass policies do you still think we are focusing on the living in a dorms freshman who are you know recapitulate our experience so to speak, do you think we're focused on all of those learners out there? Do you think we tend to think more on one way or the other?

PI: I think historically we tend to Institutionalize things. You're analogy of two industries is a good one because that was done in healthcare, too. The notion to make sure we are in touch with the learner and the constituencies of the learner is very important because that will position us to avoid failure from your standpoint of making the right decisions now that affect the next fifty years. Learning is going to continue to evolve and is going to continue to change whether it's through electronic media whatever it is. It is going to continue and I guess the point I would make I guess we have to the network that provides us intelligence of what those changes are going to need to be. Our network on intelligence has got to be very, very good. I guess I would tell you if you're asking me from a Board standpoint am I comfortable that we are on top of that I would say no, not totally.

LNS: This isn't even Eastern. This is the whole field.

PI: I think as a Higher Ed community nationally, that some of us are probably out in front of it than others. The notion of allowing a Phoenix, a Phoenix University to come in here and grab as much marketshare as they have in the State of Michigan is to me is a perfect example of us not being prepared and responsive to opportunities that are out there. And let's face it, those folks tend to cater to a group, in my opinion and I may be all wet, they care less about the quality of the education, they want the sheepskin. That's my sense. Because the sheepskin is keeping them. Not having them is keeping them from the next opportunity that out there. That's my personal feeling. And I don't know anything about Phoenix; they may have a quality product for all I know. But my sense is that it reminds me of another program of another Sister University in the State who had ten, fifteen years ago an MBA Program that was really not an MBA. It was a Master's of Business Arts or something and they didn't have to take G____ it was not governed by the AASCB. And they had floods of people going into this thing. And it was accelerated and you could get through it in no time and you had your sheepskin. You could put on your resume, MBA. And most employers guess what? Didn't question it, didn't care.

LNS: But you had it. You take Phoenix for example since you raised it. There's no different, I mean right now you have all these satellites from McLaren Healthcare right? Everything has to come to this facility.
PI: I'm sorry?

LNS: I mean this facility could blow up tomorrow and you'd still probably eighty percent of your business going on.

PI: That was one of the ideas of diversification and growth, yeah.

LNS: And people who are seeking healthcare are the same people who are seeking education. They're saying

PI: No I know some that are some no.

LNS: I don't mean identical match, but the same philosophy. Gee, I go, now I need to have a blood drawn I just go around that corner and there's a satellite. I used to have to go to the hospital.

PI: It's a question of extremes. The changes that are going on in Higher Ed. Are probably going to be similar experiences to what healthcare has gone through.

LNS: So Phoenix is meeting that need. It's an outpatient.

PI: Well how far do you go? Is it reasonable to assume that campuses as we know them today are going to cease to exist in thirty years from now?

LNS: Are hospitals going to cease to exist?

PI: No, I would say it's unlikely but how they operate at that point is going and the investments and infrastructure and all those types of things are going to continue but maybe in a different way. And should we be looking at more off-campus satellite opportunities? I think we're going to have to look at something related to remote learning differently than what we are doing today otherwise it's going to pass us by and we're going to look at a much different sized University than we have today. But what exactly is that? I don't know. I know we engaged some market research information, I'm assuming we're gonna have some recommendations come forward in the next couple of months as to what we should do with that. Now timing is everything. There's some folks that have already beat us to the punch on some of this. Is it too late? No. No it's not too late.

LNS: Fifty years from now when someone's listening to this tape to write the next history, they're going to know something that we don't know, they're going to know how all of this played out.

PI: Whether our hindsight was twenty - twenty or not.
LNS: But one thing they will recognize that we're aware that the delivery mechanisms have to change in light of the technology that's available to us. In light of what consumers demand for convenience or accessibility or approachability and that people are degree-seeking learners, but they're also problem-solving learners that are out there in large numbers who want education accessible.

PI: Back to what we opened up the discussion with; you gotta know your customer.

LNS: Right.

PI: Or you gotta stay in touch with those customers every year otherwise the minute you begin to taking them for granted is the minute you get in real trouble. Ask General Motors.

LNS: You don't know who your customers are.

PI: It made sense from a financial standpoint from a manufacturing standpoint from a platform car standpoint that's not what the public wanted.

LNS: That's right.

PI: There are painful lessons that one learns. They, fortunately for them and for Michigan as a state they were able to learn that without going down the dumper.

LNS: For the most part.

PI: But there certainly a lot of other automotive companies that have picked up a large share of their former market.

LNS: No question about it.

LNS: 1957 Business Week in the Third Edition, January 17th Issue were all of the economic editors and there was a big article that said the one thing Detroit doesn't have fear to do is foreign competition. There's no likelihood that foreign competition will get a toehold in the American car market. So all of the wisdom, all of the prevailing wisdom all of the Economists were very confident that that ride was going to go on forever. And I guess Phoenix to Eastern or to Central or to U of M or the internet or these national courses are is the same wake up call.

PI: It's important that we heed it. I think anybody that makes _________ of never is looking for a fall.

LNS: Well they certainly are more quotable than somebody who said it may not be.

LNS: Just a couple of more questions. I know you've got to run too. Just wanted to make sure. When you think about the future in terms of your own stewardship as
Chair of the Board give Eastern a mark how would you grade where we are as an Institution?

PI: Well, there's two ways to look how you perform as an organization. One is to compare your results against your peers. The other is to expand the scope and to look at it as an industry period. I think as it relates to our peers, we've done very well. And I think there are various elements by which one can measure that. But our programs continue to be reaccredited at as high level or higher levels with added programming. We've expanded our facilities and have improved them from where we were previously, and in some instances they were in dire need of improvement. The financial performance of the Institution has never been better. At a time when other Higher Ed. Institutions are hurting financially, we've had a pretty constant management team, which I think you heard my opinions about that earlier. So I think when you look at it on a basis of comparing ourselves to our contemporaries, if you will, I think we've done pretty well. Now anticipating what the next wave of competition is not just looking at your contemporaries. It's looking at who's out there who historically may not have been in the game and guess what? They're in the game now. There's a lot of other players out there that are competing. Some quietly, some not to quietly for the Higher Ed. Dollar. And I think we need to begin to be more mindful and get better at tuning in to what our vulnerabilities are there. The other piece that I would say is and you heard me say this earlier and I would say this regardless of it was us or anyone else. We have got to constantly be in touch with the customer. And I think we can do a better job in that arena. The intelligence that we have to maintain on a regular basis. We also have to educate the Board and make sure those things are priorities with Board Members. I think our Board, number one, cares about the University and I think they're intelligent enough if given the information they will be impressed with creating the right priorities.