

**Edgewood College MBA Alumni Award Dinner**

**Ethical Leadership and Community Service**

**Keynote Address**

**Nakoma Country Club, Madison, WI**

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October 10, 2007

Good evening. Thank you, Scott, for the nice introduction. And also, thank you President Carey, Dr. Kelly-Powell, Dr. Taylor, and Director Matcha for inviting me to share my thoughts on ethical leadership and community service this evening. Congratulations to the distinguished award recipients. I am honored and indeed humbled to have been asked to give the keynote address at this celebration of excellence. I am honored, because, in addition to being recently recruited by Scott to become an instructor in the Edgewood Graduate and Professional Studies adult learning programs, this gives me an opportunity to further the Edgewood College Mission, which reads in part, “The College educates students for meaningful personal and professional lives of ethical leadership,....”

I am humbled because I’m sure that there are many people who could give you a more enlightened, scholarly, and authoritative perspective on this

topic, including tonight's award recipients. All I have to share is 62 years of life's experiences, including 37 years of work in the public and private non-profit and profit business sectors, and how that has shaped me as an ethical person and influenced my community service priorities. I hope that I can live up to your expectations during the next few minutes. I will share my experiences, views and examples of what behaving ethically and serving the community means to me, how these are intertwined, and why it is necessary and important for the conduct of the business that I am accountable for and, in fact, enhance the success of any business enterprise. I will do so in the form of a letter to my grandson, Seth, who was born about three months ago. These are essentially the same lessons stemming from my core beliefs and values that I have taught my children as they grew up, and that I share with my employees and colleagues.

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Dear Seth,

The world is very lucky that you were born three months ago because I'm certain that you will become a very good person and that in your lifetime you will accomplish many things that will make the world a better place. When I've held you in my arms, you seem to be a very sweet and gentle human being and you bring out the goodness that resides in everyone who

gazes upon you. You also seem to be very bright and inquisitive, intently searching my eyes and carefully listening to my voice to understand the meaning of my words, even though at your very young age, barely three months old as I write you this letter, I'm only telling you how beautiful you are and how much I love you and the hopes and dreams I have for you. I hope that I can live up to the expectations that you will have of me, and that I can be an excellent example for you of how to live an ethical and service-driven life. This is a very difficult standard to live up to, but one that I am committed to work toward each day so that you are always proud of me. This will be my most important legacy to you as you live your life far into a future world that, unfortunately, I will not live long enough to witness, but have helped prepared you for.

In this letter, I want to share my own personal and work experiences with you as an example of what you might expect along your own life's journey. I am hopeful that I am able to convey some lessons for you to follow on how to lead an ethical and service-driven personal and professional life; to be trusted and respected by people that you care about and who depend upon you.

You will find that your life will not always be an easy journey. You were born into a very complex and challenging time in world history; a world whose future depends upon how well we prepare you and the children of your generation to make choices that contribute to the betterment of humankind. In spite of the best efforts by your mom and dad, and Oma and me, to expose you to an excellent formal education, and the myriad of grand experiences and opportunities that life has to offer, we will not always be able to shield you from the adversities that life brings. We will not be able to prevent you from being affected by disappointing human relationships and conditions, although most will be positive and rewarding and will bring you happiness and fulfillment. In your growth and development we will teach you how to effectively cope with the more challenging aspects of human relationships so that you can be a positive role model for your family, friends, colleagues, and community.

Human relationships and interactions are the source of life's positive and negative experiences. That is, the choices and decisions that people make, whether right or wrong, no matter how trivial or significant, always affect other people, either as individuals or as groups in society. Decisions that have moral consequences, which are a constant factor in human existence

and interaction, are the basis of ethics, and understanding the difference between right and wrong and the affect your choices have on people, other living creatures, and the environment is fundamental to the success and happiness that you will have in life. That is why your parents and grandparents will begin teaching these principles to you very early in your existence, so that you will grow up with a code of conduct and sense of responsibility to guide your interrelations with others and the environment around you. As you grow and mature you will learn from other teachers and mentors in your life including public and religious school teachers, athletic coaches, scout leaders, college professors, civic leaders, and friends and colleagues that you will choose throughout life. You will also learn from reading about courageous men and women whom throughout history made difficult choices and sacrificed themselves in order to serve others. Fortunately, there are many more people known for their greatness and humanity than will be remembered for being corrupt scoundrels.

Most ethical situations are black and white and simple for us to correctly respond to. They are at the extremes of how our culture, through our early education and acculturation, such as, the Ten Commandments, the Golden Rule, the Cub Scout Promise, and historical fables hardwire our brains to

think and act automatically in the right way. For example, you will be taught early that “honesty is the best policy”, exemplified by the father of our country, George Washington who said “I cannot tell a lie”. You will learn that it is wrong to harm animals or murder someone (thou shall not kill). You will be taught that it is right to respect your elders and teachers and to help an elderly frail neighbor cross the street. Choices to do the right thing are so natural for most of us in our daily lives that we are hardly aware that there might be an underlying ethical implication. But for some people, in all walks of life, these lessons were not learned. One can pick up the newspaper or watch television news any day to unfortunately see too many disappointing examples of serious breaches of ethics and betrayal of public trust. For example, recently football fans were dismayed that a prominent NFL head coach admitted to illegally filming opposing team’s play signals. But some fans, astonishingly, were appalled that this coach would be publicly ridiculed and fined for such cheating and un-sportsman-like conduct. These fans commented to reporters that “it’s ok, everybody does it,” meaning cheating to succeed. This is distressing to me and should be to society. Cheating is wrong and can harm others, including people close to you, as well as yourself. Another recent example is the CEO of Whole Foods, previously respected for creating one of the best places to work in

America, but who was caught attempting to fraudulently devalue a competitor in order to make them an acquisition target. And then, sadly, there's Marion Jones.

The failure of ethical leadership in an organization is very destructive, demoralizing to the workforce, breeding public distrust, and ultimately resulting in organizational decay. Moral failures will also lead to destruction of personal relationships.

It is, however, the vast gray-zone of what is right or wrong given a special set of circumstances that create so-called ethical "dilemmas" for us to evaluate as we make decisions and choices. These, you will discover, are always the most difficult and why there is a vast field of ethics. For example, you can find over one million google "hits," representing the vast breadth and depth of perspectives on the subject. The same range of ambiguity exists in the health insurance business, that I can speak to with some authority, where each day thousands of clear-cut correct decisions are made regarding benefit coverage, and a few difficult ethical dilemmas are raised such as the denial of benefit coverage for procedures or drugs considered experimental

because they are not approved by the FDA, or they are enormously expensive, but arguably could save a human life.

If making the right decisions were easy, obvious and predictable we wouldn't need laws such as the Federal Sarbanes –Oxley Act to protect us from the Enron's of our economy, government regulations and oversight, independent audits, and professional ethicists to help us interpret what is the right thing to do. It is ironic to me, and admittedly idealistic and naïve, that society needs ethics oversight committees to monitor the behavior of our elected officials including police officers and Supreme Court judges, and other professionals that we hold in high esteem such as clergy, lawyers and doctors. The reality however, as Professor Denis Collins points out in his recent book, Behaving Badly, is that we are “ethically imperfect people.” He further notes that “ethical perfection is a goal that is always a few steps into the future where it remains our entire lives.”

Seth, I would like to emphasize that your ethics will define who you are as a human being, that is, your character, and that there is no distinction between how you will think and act in your personal or professional life. Ethics is at the core of your being and is not controlled by an easy switch that you can

turn on or off when it's convenient. Your character is defined by what you do when no one is looking. Ethics is also how you feel about a decision, that is, what your gut tells you is the right thing to do.

My ethical journey began with my parents, your great grand-parents, who were kind, ethical, and service driven people. My father was a public health physician who dedicated his professional life to improving the health of economically disadvantaged and underserved people, including eradicating tuberculosis and reducing the incidence of diabetes among Wisconsin's Native American Indian population. My mother was a nurse, working until she was 70 years old, dedicated to improving the health of underserved young women. From their professional example, I learned about a career of service to others and society. Very early they taught me the difference between right and wrong, not only by what they said, but also by what they did. My mother, who lived until age 91, but not long enough to know that you were born, said that the most important thing in life is trust and respect. Stephen Covey must have known my mother because he wrote about this in his Seven Habits of Highly Effective People. He said that you are trusted by others if you are trustworthy, that is, if you consistently behave in ways that cause people to trust you. My mother used to say that you can lose a lot in

life----money, material possessions, a job, a loved one--- and you can recover; but if you lose the trust and respect of others, you lose your self-respect and then you cannot be successful or happy. She taught me that this was the most important character trait. I have learned that you earn trust and respect through consistently behaving in an ethical way with other people. I have not always made the right choices, however I have learned important lessons from these transgressions that have made me a better person. I've always remembered my mother's advice and it has served me well.

My parents also taught me to respect others; to look beyond the color of their skin, their ethnic background, religious beliefs, sexual orientation, or their national origin. These lessons came especially from my father, who was born and raised in Eastern Europe before and during WW II and who experienced first hand as a young man the hatred, bigotry and murder exacted on minority population segments because of their differences. My mother, born in the United States, demonstrated her moral courage by traveling to Europe in 1939 to marry my father and set in motion efforts to rescue his immediate family from certain death by bringing them all safely to the United States.

And there are many others throughout my formative years who served as good examples for me, including teachers, religious leaders, my wife Lynn of 40 years (your grandmother, whom you know as Oma) and her parents. In over twenty years of formal education, I can count on one hand, the specific teachers who positively influenced me, setting examples of high standards of personal conduct and achievement. Even our three children (your mom and two uncles), provided me moral guidance in my respective roles of husband and father; because when I have sought approval and looked into their eyes and hearts, the reflection indicated to me what to do. This is not unlike the feedback employees communicate to me from time-to-time that causes me to give serious reflection on what is the right thing to do.

These are lessons that I have carried forward into my work life that guide my decision making and the teaching and coaching I provide to my colleagues and employees.

I lead an organization with a major responsibility to the community, not only in the services that our customers pay us to provide, but also the expectation that we are an important part of the fabric of the community. Physicians Plus is a \$380 million health insurance enterprise with over 103,000 local

customers, 2,600 providers of care, 130 employees, and a multiplicity of business partners and vendors. We are the 25<sup>th</sup> largest business in Dane County. About 25% of people living in Dane County depend upon us to effectively coordinate and pay for their health care. They depend upon us to fairly and equitably administer our products and services according to legal requirements. This is serious and complex business and we take our responsibilities seriously. Employees and customers rely upon me not just because of what I believe, and what I say, but primarily upon what I do. That is, how my actions reflect the sincerity of my values. So, I can preach to employees about the benefits of behaving ethically, but the proof in the pudding is my personal behavior that my colleagues and customers observe on a daily basis.

I have made creating an ethical culture at Physicians Plus a high priority for the company, starting from the top of the organization, the Board of Directors. Proper ethical behavior has been established as the most important value guiding the company's directors, officers and employees. I welcome and speak to all new employees at quarterly employee orientations. I speak to them about our company's Mission, Vision and interrelated core values: People, Ethics, Stewardship, Quality, and Community. The Mission

reads in part “delivering excellent products, services and quality care to those who depend upon us,” and the Vision is “Superior Service Every Time,” both embodying the ideal of a service driven organization.

I set a high priority to understanding the organizational barriers to consistently being viewed by employees and customers as an ethical enterprise. I have conducted many conversations with my colleagues to fully understand where we’re not hitting the mark and where there are opportunities for improvement. The answers generally fall into four related categories: transparency of decisions, that is, do all stakeholders understand the decision, why it was made and how it was made?; perceived fairness in decision-making, that is, have all relevant points of view been considered and do the broadest number of affected stakeholders benefit?; open and two-way communication, that is, do leaders not only communicate information, but also hear it through effective dialogue?; and accountability, that is, do we do what we promise and what people expect of us? I also set a clear expectation that all leaders, about 20 in our organization, are committed to follow “A Management Philosophy” of 15 expectations, including: “accepting and nurturing a culture of mutual trust, open communication, and respect for all employees, customers, and stakeholders” and; “behavior and

actions that demonstrate high ethical standards”. In the most recent Great Place to Work Survey, a national survey of employees in hundreds of companies conducted in the past 20 years by the GPTW Institute in San Francisco, Physicians Plus results regarding employee perceptions of ethical leadership approach national GPTW benchmarks.

Board meetings begin with an ethics discussion, lead by the Board Chairman. This may be Board dialogue about a general topic, for example a relevant, contemporary public issue, such as premium affordability, or a specific clinical policy matter such as the addition of extraordinarily costly bio-pharmaceuticals to the drug formulary. Annually, all directors and officers sign confidentiality and conflict-of-interest statements that are filed with state regulators. All employees sign a Code of Conduct statement.

All new employees participate in employee orientation sessions within a few weeks of joining our company that begins with a two hour session that I present. Unequivocally, the most important topic that I address is ethics. I impress upon them the importance of ethics----consistently behaving in a way that customers, partners, shareholders, and employees can trust and rely on. This can be an important differentiating factor for our business. We are

in the health insurance business. We will not be in business if our customers, who pay our salaries, do not trust that we operate with the highest standard of ethical conduct. This standard cannot be breached or we will be out of business. This is an expectation of all employees and partners, and there is little tolerance for non-compliance. For example, we recently terminated a relationship with an insurance agent for violations of ethical conduct, anticipating that this may lead to a loss of 1,200 customers and related revenue and profit, because the agent may transfer the customers to competing insurers, which he subsequently did. We would rather forego the revenue than have this person be associated with our company.

As a leader of the company, I must be a role model of ethical behavior, at work and in my personal life. That is a prerequisite duty that is expected of and accepted by all successful business leaders. Several years ago in Portland, Oregon, when I became a CEO of a company following in the footsteps of a disreputable character, I learned the lesson of modeling good behavior for employees. I had inherited an executive office with a personal bathroom. However, on my first day, perhaps out of habit, I chose to use the general employee men's room. At the end of the day, my assistant told me that the hot topic of the day, buzzing throughout the building, was the

positive impression that I had made by using the public facilities. To me, it seemed natural and simple. To employees it was symbolic of who I am.

They saw my leadership as authentic rather than elitist. From this example, I understand that employees will evaluate not only what I say, but also what I do, as illustrations of my moral character, in this case that I might be “one of them.”

In spite of efforts to keep ethical issues at the forefront of our thinking, there are some ethical dilemmas that are beyond our business to independently impact. They require community-wide, state or federal intervention. The most obvious is the uninsured population in our community and in the United States. It is a shameful ethical problem, in my opinion, that in a country as wealthy as ours we have not found a way to insure 50 million citizens, including 40,000 in Dane County, against the cost of illness.

According to a recent national survey, this is now recognized as a national crisis, deemed by many respondents to be more significant than the Iraq war.

Maybe this will be solved in your lifetime. Other ethical dilemmas that are outside the scope of our business to autonomously solve are decisions regarding benefits for people with certain conditions such as obesity and coverage parity for people with long term behavioral health needs.

Service to the community is a personal and visible expression of ethical behavior. Bob Dylan's song "Gotta Serve Somebody" expresses this ideal very well (I'll quote part of the lyrics without the music):

“...You may be a businessman or some high degree thief,  
They may call you Doctor or they may call you Chief,  
But you're gonna have to serve somebody,  
yes indeed your gonna have to serve somebody.....”

The point that he makes here and throughout the rest of the song is that no matter who we are we serve somebody. I'm from a generation inspired by President Kennedy's challenge, "ask not what your country can do for you, but what you can do for your country." This was my call to pursue an education and service oriented career at the age of 19, with my parent's encouragement, and to volunteer in non-profit organizations today.

At Physicians Plus, superior service to our customers is an inherent part of our mission and vision. In addition, we view active participation in community service as an important corporate value. All employees are given 16 hours each year in addition to other vacation and holidays to volunteer time to needed community service. About one-third of our employees annually participate in the United Way Day of Caring. Physicians Plus is the

ranked in the top 10 corporate contributors to the United Way. We are also active in supporting many community charitable organizations through donations and/or volunteerism, such as Juvenile Diabetes, the American Heart Association, and the YMCA. Our senior leadership team and I set an example by serving in various community organizations with the goal of improving our community.

Seth, I also want to share with you a quote by Gandhi, from a book entitled Leadership: The Inner Side of Greatness by Peter Koestenbaum. He writes, “In Agra, India, near the Taj Mahal, there is a hotel where guests find posted the following quotation from the greatest servant to humanity of the twentieth century, Mohandas Gandhi.” The quotation is as follows:

“A customer is the most important  
Visitor on our premises.  
He is not dependent on us,  
We are dependent on him.  
He is not an interruption of our work,  
He is the purpose of it.  
He is not an outsider to our business,  
He is part of it.  
We are not doing him a favor by  
Serving him,  
He is doing us a favor by giving us  
An opportunity to do so.”

I have shared that quotation with my employees so that they do not forget who pays our salaries.

Seth, I am also proud to tell you that Physicians Plus' ethical and service leadership are contributing factors in qualifying us to become the first health plan in the country to qualify to receive the distinguished Malcolm Baldrige National Quality Award. We are one of 14 organizations in the US to achieve a site visit this month to determine whether we will be a 2007 award recipient. If we are successful, your grandfather will accept the award on behalf of our employees by the President of the United States. We are also the only health plan to have been recognized for our quality by the Wisconsin Forward Award.

In summary, I will conclude this letter with thoughts to guide you as you learn, grow and develop over the years to come in your personal and professional life.

1. Create a personal ethical vision. How do you want to lead your life? What kind of person do you want to be? How do you want to be remembered?

Your ethical vision will guide your personal and professional life.

2. Discover your ethical heroes. You will identify a few very special people in your life who will influence your development as you become a unique and special person. These may be ordinary people or extraordinary leaders that you admire and emulate as ethical role models.

3. Choose your friends and colleagues wisely. Surround yourself with ethical, honest and trustworthy people so that you reinforce each other's good habits and choices. Build your relationships by modeling ethical behavior.

4. Understand that moral choices define human relationships. Will you be truthful, fair, and equitable in your dealings with others? Remember, it's not how much you can take with your hand, but how much you reach out to give to others less fortunate than you are.

5. Behave with integrity. Be consistently truthful and honest in your relationships so that you will be trusted. Remember, small acts of dishonesty may eventually lead to serious unethical consequences.

6. Practice the philosophy of service above self. As I used to tell your mom, being compassionate is understanding that "it's not how big you are, but how big your heart is" that counts in life. Do your decisions and actions benefit all concerned?

7. Remember to do what you believe and what you say. People will observe what you do and their trust in you will rely on your consistent behavior.

8. “Life is the sum of your choices”. This seven word quote from Ralph Waldo Emerson, who you may read when you’re older, summarizes the point of this entire letter

Seth, I hope that this letter gives you some positive guidance throughout your life and that it will reinforce your natural goodness, trying to always do the right thing and serve others so that you are trusted and respected by your fellow man, and so that you feel accomplished and happy. Please also share these ideas with your beautiful older sister, Natalie, whom I also deeply love and who will also accomplish many great things in her life, including loving, protecting, and teaching you.

Love always,

Opa

Madison, Wisconsin

October 10, 2007

Thank you for allowing me to share this letter with you, and I now look forward to joining you in the celebration of our distinguished award recipients.