

Creating Opportunity

**An Interview with Phil and Jocelyn Hagerman,
Skypoint Ventures and The Hagerman Foundation**

EDITORS' NOTE *Phil and Jocelyn Hagerman, a husband and wife team, have committed their lives to making a difference. After years of service to communities through donated time and resources, they determined that establishing a foundation would allow them to create greater impact and positive change. The Hagerman Foundation (thehagermanfoundation.org) was established in the summer of 2014 with one passion in mind – to brighten and improve the lives of future generations. The Hagerman's core values of family, community and education create the Foundation's framework of giving. The Hagerman Foundation aims to build a legacy of hope for generations to come by supporting organizations that promote education, life skills, entrepreneurship, ministry, counseling and the arts in surrounding communities.*

COMPANY BRIEF *Skypoint Ventures (skypointventures.com), is in the business of creating ideas and bringing them to fruition through thorough execution at every level. It uncovers, enhances, accelerates and turns visions into reality. Skypoint was created in 2014 out of a desire to provide a vehicle for change in the Vehicle City. Phil and Jocelyn Hagerman had a dream to create something that would not only help aspiring entrepreneurs, but that would help the community. They used their collective passion to recruit a leadership team with experience but, more importantly, the heart to make a difference. The Hagerman Foundation was formed to aid the revitalization of Flint and surrounding communities by partnering with organizations, programs and projects that support growth of individuals and enhance the culture of the world.*

When you look at your commitment, both personally and professionally, to Flint, Michigan, will you discuss your history with Flint and how important the community and city are to you?

Phil: In its heyday in the '70s, Flint was a tremendous place to have our healthcare business, Diplomat Pharmacy. Many people don't realize what a tremendously thriving economy Flint had in the '60s and '70s – with dual incomes from General Motors, it had one of the highest per capita household incomes in the country. General Motors also provided some of the best healthcare benefits in the U.S. Being in the pharmacy business in General Motors territory was a tremendous living and



Jocelyn and Phil Hagerman

a great place for us to grow Diplomat. We continued to grow the company in this area and, over time, Diplomat became one of the nation's largest specialty pharmacies.

We were always appreciative of the platform we had based on employer-sponsored healthcare coverage providing good benefits and programs for most everyone in our community. This made Flint a great place for us to build a framework for Diplomat.

Diplomat didn't go national until around 2000, when we decided to broaden the company to the national level, but the heritage of being started in Flint was always there.

We were in a hyper-growth mode from 2006 until 2016. During this time, we went from \$30 million in revenue to around a \$4 billion and dealt with many complexities and challenges during that wild growth period. In 2009, we bought the Great Lakes Technology Center, which had housed General Motors best engineer and design people from around the world. They decided to sell it and put it up for auction, so we bought a significant part of it, moving from 40,000 square feet to 550,000 square feet. This is when our deeper relationship with the city started.

We always had a good relationship with the community, but we were just one of the players. In 2005, Diplomat had about 40 employees; today, we have over 2,000.

When we bought the Great Lakes Technology Center, the city embraced us. There was little positive news coming out of Flint in 2010 – the automotive industry was suffering through its worst time and we had the banking crisis on top of that.

For Diplomat to come in and agree to buy a 550,000-square-foot facility within the city and commit to hiring 1,000 people in five years, it was something the city grabbed a hold of and they were incredibly supportive. We had a great opportunity to step up and be a feel good story for the city, and our team did just that. It almost felt like the city had a heavy burden and was counting on our good news story to lift them during what was one of the city's lowest periods.

It became part of our commitment to not just grow our business and do well, but to also give back to Flint and to be part of an anchor story.

How important was it to convey Diplomat's entrepreneurial story in terms of what Flint needed at the time?

Phil: Everything we do today is built on the early lessons I learned at Diplomat. We realized that we didn't have to do what everyone else



Phil Hagerman at the ribbon cutting of the revitalized Ferris Wheel Innovation Center

was doing well; we had to try to do the things that other people didn't do well. Entrepreneurship is about finding a way to support people and improve on processes that are not being properly served or managed.

We grew Diplomat in areas where the big chains weren't doing a good job of taking care of people. As the healthcare industry changed, Diplomat changed aggressively with it, and started to lead. We became a leader in the nation in specialty pharmacy starting in 2005 with oncology care.

Everything we're doing today around the Entrepreneur Center, The Ferris Wheel, and the Dryden Building is driven by those early experiences I had in recognizing there is a way to serve people who are being poorly taken care of.

Where does Flint stand today in its transformation and redevelopment?

Phil: Around 2010, Flint was looking for something other than automotive. It was clear to the community that, if they didn't diversify the city, the city was going to be in for a hard time for a long time. We were embraced because we were in healthcare. Flint recognized it needed a more diverse base – healthcare, technology and different forms of manufacturing other than automotive.

Jocelyn: I wasn't born or raised in Flint so I didn't see things in Flint during its heyday, but when we started to do business downtown about four years ago and working there daily, I have seen a tremendous transformation. At one point, there were no cars on the street – now you must look to find a parking spot.

The water crisis was a real challenge for Flint residents. What I have learned through this is that Flint residents are resilient, strong and ready to revitalize and take back their city. Community stakeholders are digging in their heels and allowing this crisis to be a catalyst for change. We are determined to see a better Flint.

Will you discuss your vision for creating Skypoint?

Phil: Skypoint wasn't built to deliver small measured returns; it was an opportunity for me to take my entrepreneurial spirit and do things that would swing for the fences. This was important for both Jocelyn and I, and also for the city in terms of jobs.

We weren't looking to invest in small companies that could go a short way; we were looking to invest in next-generational technologies and companies that could show ten times growth.

Skypoint is an early-stage venture firm looking for transformational business opportunities. It is an exciting venue for me to feed my entrepreneurial spirit and try to do some things that are different from the day-to-day operational issues required in running Diplomat.

Jocelyn: There is a real estate component of Skypoint and it has had a visual impact on the city.

One of Skypoint Ventures first endeavors was to purchase three decimated buildings, one that had been vacant for over 30 years. Both Skypoint Ventures and The Hagerman Foundation offices



A rendering of the Flint River project

reside in one of these historic revitalized buildings, the Dryden building, built in 1902, that housed the original offices of General Motors. The second now houses The Ferris Wheel. The Ferris Wheel is an innovation center designed to relieve the inventor of the entrepreneurial burden. We celebrated its ribbon cutting ceremony with both Michigan's Governor and Lieutenant Governor opening the first three floors this past November and are currently completing the revitalization of the remaining four floors. We had over 400 people at the grand opening, the first activity in the building in over 30 years. We are still in conversations regarding the final use of the third building, and are seeing an influx of more businesses coming to Flint and more people taking part in the city's accelerating transformation.

Phil: In those early days, we decided to send a message to the city that new investment money was coming into Flint. The city was just starting to make a turn, but it hasn't caught fire yet. Several groups of people had been investing in the city but more momentum was needed. Between the two buildings we renovated, we have invested \$15 million and that was a big investment at a critical time. This was an exciting opportunity for us to join with people who had been working so hard in Flint's revitalization.

Is Skypoint's focus specifically on Flint or is it broader?

Phil: Skypoint's main goals and real estate are primarily focused on Flint, but we do look at, and have investments in companies outside of Flint and outside of Michigan.

The bulk of Skypoint's jobs are going to be in Flint, but we may invest in companies that are in other areas of the country.

Will you touch on the Skypoint process in terms of how you decide where and with whom to invest?

Phil: Historically, Skypoint has looked more at disruptive opportunities or technologies. As we grow and build The Ferris Wheel Innovation Center, we see tremendous opportunities for Skypoint and for Flint.

How important has it been to attract top talent to Skypoint?

Phil: Talent is what it's all about. At Diplomat I had the chance to bring some of the most talented people in our industry to Flint and to Diplomat. We really need to bring complementary skills together here. Skypoint's President and Chief Innovation Officer, David Ollila, is a

true innovator, a cross between an inventor and an entrepreneur, which I think is rare. He's helped us elevate Skypoint's ability to bring other entrepreneurs together and create more momentum around entrepreneurship in general.

Jocelyn: It has been a process for us to learn what our needs are, as well as what our limits are.

Phil: Creating this was new for us and it has been a learning experience. We have a lot of local talent, and for us, it's about finding the right kind of talent to match up with the skill sets that Jocelyn and I have and to put Skypoint in a position to thrive over the long term.

Why did you create The Hagerman Foundation and what are your hopes for its impact?

Jocelyn: Phil and I have always had a philanthropic spirit. When we knew we were going to do the IPO of Diplomat, we knew we were going to have more access and a stronger presence with our philanthropy.

We created the Foundation with the mindset to fully define our goals. We want to be strategic, find our niche and make a lasting impact. Phil and I have similar visions of what is important to us within the community.

The biggest underlying belief we both share is in helping people help themselves – empowering individuals through education and collaborating with community partners to truly move Flint and Genesee County forward. This may be in supporting tipping point projects or programs that help families and our community as a whole.

Phil: Jocelyn and I both feel strongly that we don't only want to thrive on checkbook philanthropy. We center our philanthropy around three focus areas: Family, Education and Community, but what drives me the most is being a catalyst to get something started. I'm interested in writing a check that will self-perpetuate others to carry a project or idea to fruition. We thrive on projects like the revitalization of the historic Capitol Theatre, which celebrated its ribbon cutting in early December.

I'm very big on creating momentum and getting people behind the work of our Foundation so that our smaller donations can become huge.

There was a project to restore and naturalize the Flint River as it flows through downtown Flint. The project also included the removal of the Hamilton Dam, one of Michigan's most dangerous dams. These plans had been on the books since 2004 with little, if any, progress. When we looked at it in 2015, we knew it needed to happen. We awarded a grant for \$200,000 to get the engineering brought back up to speed, but we didn't have the pocketbook to make the project a full reality. Our money, however, got people energized and behind the project. Our grant was able to leverage \$15 million dollars in public and private funds for the overall \$35 million project. Some of the funded elements include the removal of the Hamilton Dam, the construction of non-motorized pathways that connect east and west and a pedestrian bridge that connects north and south.

Jocelyn: This is how we have been able to leverage our money appropriately, to get things going that were on the back burner.

Education, be it higher education or family literacy programs, is such a huge driver for people helping themselves. I would like to spend even more of our philanthropic dollars on these initiatives.

Phil: What also differentiates us is that we want to be specific and targeted. We don't have the resources to write a million-dollar check to solve world hunger, but are in a great position to support local charities that are serving the specific needs in their community.

We want to see the effect of our money and know we can touch the lives within our community.

Jocelyn: One of my passions is helping the underprivileged in the areas in which they live. There are several foundations in town that have done research and engaged the community to learn what is most important to its residents. We want to be a piece of a bigger puzzle. I love partnerships where we can fill in the gaps. We can't do it all but, through collaboration with other funders and community partners, we can step in and see real change take place.

Phil: When we look at philanthropic giving for our Foundation, we seriously consider who is leading the organization. It is critical for us to know the leaders and that we can trust how things will be run.

We hadn't done a lot of work with Carriage Town Ministries in the past, but after meeting with its leadership, and hearing about the need for a healthcare clinic that would serve the homeless population, we knew we could make a difference. We were so impressed with Carriage Town's leadership and their self-sufficiency program that we couldn't wait to get started. We had the confidence they could successfully manage and serve the vulnerable in Flint.

Jocelyn: Leadership is certainly one of the biggest determining factors we evaluate before making our final decisions on giving.

Does the experience you gained in the private sector naturally translate to the philanthropic world?

Jocelyn: I only worked at Diplomat for a few years, but working with Skypoint and the Foundation, I feel like it all comes back to quality business, leadership and sustainability.

Will you highlight some of the key projects you support?

Phil: The biggest project we were involved with was the Capitol Theatre. Many of us within the city believe that a thriving Capitol Theatre can bring 1,500 people into downtown Flint during the week and on the weekends. As such, it is the biggest opportunity to change the overall economic direction of the city. When the Capitol Theatre was at risk of going backwards and falling apart, we partnered with other foundations and wrote a check to ensure it moved ahead.

For many years, The Charles Stewart Mott Foundation had been doing much of the heavy

lifting in the community. Flint now has The Community Foundation of Greater Flint, The Ruth Mott Foundation, The United Way, many local foundations and, now, The Hagerman Foundation. We can all play our role. We may not write the big checks, but we can be a catalyst to get things started.

The second big project for us has been the Flint River. We took 10 people out to tour rivers in Colorado to help us establish a vision of what ours could be like. We then awarded a grant to get the engineering updated and, from there, others took over and raised the rest of the money.

Jocelyn: The Friends of Berston Field House is another exciting project we supported. It's located in North Flint and has recently reopened as a community center. In its heyday, it was one of the epicenters for sports in the community. We just finished a grant for the build-out of a family literacy center in the basement. It's helping parents and children and is a safe place for them to go and develop the skills needed to further their education.

The people in the community are very protective of that building and what is going on there, and that is very rewarding to see.



Dedication of the Health Screening Clinic of Carriage Town Ministries

To be successful in these efforts, is the key element finding the right partners?

Jocelyn: Partnerships and relationships are key in making things successful, if one can establish mutual respect. Having buy-in and skin in the game is important to creating progress. We need to earn people's trust and have an open dialogue. Philanthropy isn't going into someone's community and telling them what they need. It needs to allow them to own some of the process and the change they want to see take place.

Phil: Supporting and aligning with local leadership has been one of the hallmarks of what has allowed us to be successful. We have sometimes written a check to hire the right people to be able to take something that is working well and perpetuate it.

There is an incredible grit and strength within the people of Flint, and there is a huge desire for many of them to give back. While we hear a lot of the negativity surrounding Flint, there is a strong foundation of people across the city who have a desire to make a difference and improve, and that is powerful.

Jocelyn: One of the big things Phil has been able to bring to the table in this town is getting people together. He will invite people to a boardroom for a meeting to get everyone's ideas on the table, and then help the group work together on what to move forward with. Creating relationships of trust with city leaders, and the people who live here, has been very helpful.

Phil: I heard a quote recently that said, "Talent is equally dispersed across the world, but opportunity is not." In Flint, particularly as the automotive industry crashed and the economy was so weak, opportunity disappeared from this community. Our job, not just as a foundation but also at Skypoint, is to help bring opportunity back to this community. We want to provide opportunity through the Foundation for people to thrive in a safe environment and to get an education. Skypoint gives the opportunity for us to foster entrepreneurship and act as an innovation center for people who have ideas and to develop and grow those businesses here in Flint.

What is your message to those who might not know Flint and the transformation that is taking place?

Phil: When I talk about Flint, I talk about the whole ecosystem of living here. When we look at the community here, there is the Midwest mentality of kindness and an open, caring personality. Southeastern Michigan is also spectacular – there are 20 lakes within 25 miles of here as well as rivers and streams. It's a beautiful part of the country. One can live in Flint, but they can also live in a suburb that is 15 miles out and be on a beautiful lake.

The cost of living here is close to half of what it is in New York and California.

There is an opportunity to combine the right personality with the right culture and community and it's a compelling story. Every single person we bring here says they had no idea we had so many assets.

Flint also has a cultural center that one would expect to find in a city of three million people. The Flint Cultural Center has the Flint Institute of Arts, Flint Institute of Music, Flint Youth Theatre, the world-class Longway Planetarium, the Sloan Museum and The Whiting Auditorium, a 2,000-seat performing arts venue, all created back in the day with generous support from General Motors and its leadership.

General Motors created a cultural infrastructure in this city that doesn't exist in cities of this size anywhere in the nation. With the support of the Mott Foundation and others, it has been meticulously maintained and it's beautiful.

Jocelyn: When we're dealing with a smaller area like Flint, with all this opportunity, our dollars can go further. We can see a far quicker turnaround and can get more things done in Flint than in most areas of the country. Phil and I commonly urge people to come and visit Flint. They are shocked with the beautiful community they see and the strength and commitment of the people. We are thrilled to be taking part in Flint's future. ●