William Donelan

Keywords: William Donelan, William Anlyan, David C. Sabiston, James Wyngaarden, Agnes Sabiston, Ralph Snyderman, Duke University Health System, Duke Hospital North, Department of Medicine

Summary: During the interview, Donelan reviews his professional career path at Duke. He discusses the business administration side Duke's transformation into a premier academic hospital. Donelan talks about his relationship with David C. Sabiston and David C. Sabiston's legacy at Duke.

Stewart [00:00:00] OK, great. This is Emily Stewart and I'm interviewing William Donelan, who was the Executive Vice President and Chief Operating Officer of the Duke University Health System. It's March 10th, 2020, and we are speaking on the phone. So, could you start off by talking a little bit about kind of where you grew up and how you ended up working at Duke?

Donelan [00:00:27] OK. I grew up in Washington, D.C. And immediately after college, I was looking for a job, as a recent graduates do, and I ended up applying for a job at Duke. And I got hired. This was in the spring of 1969 and I was hired as an insurance office supervisor in the medical private diagnostic clinic. Which was the medical division of the faculty practice plan at Duke. And over time, I was fortunate enough to get my graduate degree in management at what is now the Fuqua School of Business at Duke. It was then just the graduate school of Business. J.B. Fuqua hadn't made his naming gift yet. And the business school at Duke had started an evening graduate program so I could work and then go to school at night. And I took advantage of that. And one thing led to another, I was promoted to an assistant business manager position in the medical private diagnostic clinic and then as an assistant business manager in the Department of Medicine at Duke. And in 1974, I was further promoted to be the business manager of the Department of Medicine at Duke.

Stewart [00:02:26] Great. Where did you go... Where did you get your undergrad degree?

Donelan [00:02:31] At a small Jesuit school in West Virginia. Which is now Wheeling University. When I went there in the late [19]60s, it was Wheeling College.

Stewart [00:02:45] Oh, OK. And was your degree in business?

Donelan [00:02:47] No. No, it was in political science.

Stewart [00:02:50] Oh, wow. That's funny how life works out.

Donelan [00:02:56] Yeah. You always have to leave room for serendipity.

Stewart [00:03:00] Yeah. So, did you want to be a politician or work in the government?

Donelan [00:03:04] No. It was just... It was a liberal arts degree. I was interested in politics, but it was much more, you know, as opposed to a degree in engineering or physics. It was substantially broader than that. It has a political science focus, but it was really a liberal arts educational background.

Stewart [00:03:30] OK, gotcha. So, when you started in 1969, Dr. Sabiston was there, correct?

Donelan [00:03:40] Correct. He was the chairman of surgery.

Stewart [00:03:42] So, did you interact with him much when you started or was it more when you got promoted?

Donelan [00:03:49] No, I interacted with him, you know, I would say increasingly, but when I became the business manager of the Department of Medicine in 1974, I really had much more interaction with Dr. Sabiston and the other clinical chairmen. Duke was an interesting place. It was a young school of medicine. It had gained from the early [19]30s to the beginning of the [19]60s, a reputation as a medical school producing clinicians, that is to say, doctors who, when they finish their training, would go into practice. And the medical center at Duke was became regarded as an excellent clinical care center. Beginning in the [19]60s, the early [19]60s, Duke entered another chapter in its evolution of its medical enterprise. Bill Anlyan, at that time in the early [19]60s, became the head of the medical center and the dean of the medical school. Dave Sabiston became chairman of surgery in the latter part of the [19]60s. 1967, Jim Wyngaarden became chairman of the Department of Medicine. And that triumvirate, Anlyan, Sabiston and Wyngaarden, really began the evolution of Duke as the sort of premier, nationally recognized medical school that is has become since. Anlyan was a believer in strong chairman positions in the medical school departments and his sort of management philosophy was, "Let me get the very best people into those roles and then let me get substantially out of their way and I'll be there if there are disagreements or things that need to be sort of guided from the top." But by and large, Duke entered the second stage of its evolution with a national reputation as a chairmen's school of medicine that is very strong departments, very strong chairmen and Sabiston and Wyngaarden were kind of the two who ran the biggest and most successful departments within the medical schools. So, they were key leaders in the development of the Duke we know today.

Stewart [00:07:20] How would you characterize your relationship with Dr. Sabiston?

Donelan [00:07:26] Well, it was good. Not just Dr. Sabiston, but certainly Dr. Wyngaarden, who I work directly for. But in those times, we're now in the [19]70s, I was, I assume, doing a good enough job that I became sort of the senior business manager among the departmental business managers and the one who interacted most with the chairmen, particularly Sabiston and Wyngaarden. But all of the chairmen overall. It was an interesting time because Duke was beginning to outgrow its original facilities in terms of Duke Hospital and so on and some of the medical school laboratory areas, and so we were entering a period where they were going to need to be pretty substantial capital investments to expand facilities and so on and... It was a complicated time because the rest of the university was cautious, not the leadership, not Terry Sanford and Ken Pye, who at that time was chancellor of the university, functioning as the university's chief operating officer, if you will. Terry and his presidency was more of an outward facing president. Ken Pye sort of dealt with the internal workings of the university overall. But at that time, the senior leadership at the University, Sanford and Pye in particular, saw that the university needed to provide for the continuing growth and development of the medical enterprise. But some of the other components of the University academic components, the other schools, the faculty at large were cautious about that because they, you know, I think rightly were concerned that if resources went into developing medicine, it might limit resources available for developing other parts of the university. So, it was a bit of a

complicated time and I had the opportunity to engage with the Medical Center leadership, Sabiston and Wyngaarden and Anlyan in particular, in trying to sort of thread the needle in terms of the relationship with the rest of the University and the need to commit a lot of resources to the evolution of the medical school.

Stewart [00:10:51] So, would you ever say that you had a personal relationship with the chairman or was it mostly just professional?

Donelan [00:11:00] No, I think it was personal as well. You know, we didn't go have sherry in the faculty club at the end of the day, but they knew me well and I knew them well on a personal level as well as a professional level.

Stewart [00:11:15] Yeah.

Donelan [00:11:16] Sabiston several times tried to recruit me to be business manager of the Department of Surgery. So, he obviously thought I was worth the trouble.

Stewart [00:11:28] I interviewed his business manager. His name is slipping my mind.

Donelan [00:11:33] Mike Slaughter.

Stewart [00:11:34] Yes. Yes. So, that's funny. Do you remember your first interaction with Dr. Sabiston? Some people have really funny stories about that.

Donelan [00:11:50] Well, probably my first interaction was one of his first efforts to recruit me. And it was a little bit delicate because Wyngaarden had a, I think, a plan for me to move into the departmental business manager role. And I'm sorry, I got another call coming in, so that's why I paused.

Stewart [00:12:34] Oh, no. That's okay.

Donelan [00:12:34] So, and Wyngaarden had made it pretty clear to me that if I continue to grow and develop, as I had over the last several years, that he would want to offer me that job well before that time line kind of came into play. I got asked to come and visit with Dr. Sabiston. Who I had not had a lot of interaction with. Some, but not as I interacted with him later and he said, you know, we had this conversation about, "I know Jim has..." Jim Wyngaarden, "has plans for you. But I'd like you to think about coming to work for me in the Department of Surgery." So, that was my first real engagement. I ended up saying, no, thank you. But in a very sort of politic way. But you know. But after that, because of the complexities of the success of the medical center at Duke and the need to continue an expansion program. I spent a lot of time with the chairmen as a group and with Dave Sabiston and Jim Wyngaarden, in particular, thinking about how to manage. You know, one of the interesting things Emily, at the time, is whatever capital, investable capital existed in the medical center, it really existed within the clinical department. The hospital at that point was viewed as a high-quality teaching hospital. But it was not particularly financially successful. So, it wasn't generating the kind of money for reinvestment and growth that the hospitals do today in the Duke University health system. It was a different world then and the faculty practice plan, the private diagnostic clinic, was actually a separate legal entity from Duke. It operated with a contract with the University that defined its relationship to the University. So, you had these clinical chairmen who were the, if you will, the board of directors of the medical of the private diagnostic clinic. Sabiston and Wyngaarden being the two senior ones. And so, Bill Anlyan as the head of the Medical

Center, had to deal with them, not only as his direct reports in terms of their academic role as chairman, but he also had to deal with them as a separate entity when they were in their role as the leaders of the practice plan. And so, the practice plan had all the money, and that was in the form of reserve funds that were held in the departments and were most directly under the control of the clinical chairman. And surgery had a big pot of money and medicine had a big pot of money. So, when it came time to talk about investments and so on, how to manage that, the planning of the capital for those investments and so on. And the other thing at that time, as the University moves towards the creation of what was known at the time as Duke Hospital North. It was not a complete replacement of Duke University Hospital, but it was a substantial expansion of Duke University Hospital. It was about one hundred-million-dollar capital investment in the [19]70s and for the first time, the University was going to have to take on debt. You know, in order to expand its facilities, and that really made the academic council nervous because they were afraid the University was going to put at risk the overall University. The university, as I said, had never debt that before and had never made these kinds of major investments really since the beginning, since the initial development of the University. So, we spent a lot of time with Sanford and Ken Pye working out a plan for how to invest and what kind of debt to take on and how that debt would be secured, and we ended up with a series of agreements between the University and the medical center leadership, particularly the clinical chairs and particularly Sabiston and Wyngaarden, that said the first backstop in paying off the debt would be to call on those reserve funds that were held in the clinical departments. And that was a complicated agreement to work through. And long story short, it ended up satisfying the concerns of the of the nonmedical components of the University and the faculty and the academic council, which was the sort of faculty Senate, if you will. And since then, you know, just to give you a snapshot into day, what ended up happening is the hospital became larger and became more financially successful. There was a lot of work that went into that, but it came became financially successful and it became the major source of capital for both replenishing needs of the Medical Center and also investing in new initiatives and new programs. So, the balance changed. The departments which had really control over most of the investable resources in the [19]60s and in the [19]70s. That changed in the [19]80s and up till now to be more of a hospital oriented financial success story.

Stewart [00:20:25] Wow. Thanks for giving the history on that. That's very interesting. Kind of an unrelated question, did you work much with Mike Slaughter on these things?

Donelan [00:20:39] Yeah. Although in the aspect of things that I was just explaining, the general group of business managers, including Mike. Mike was a young guy on the job. He succeeded somebody named Bob Berry, who had been the business manager of surgery and went on to, excuse me, to head the surgical division of the private diagnostic clinic practice plan. So, Mike replaced him. But Mike was young and junior and was less involved in this. He wasn't uninvolved, but not really in the formulation of the of the strategy that ended up being developed.

Stewart [00:21:37] OK.

Donelan [00:21:39] But yes, over my years at Duke and I was there forever. So, I have worked a lot with Mike Slaughter. I went on to take on the senior management role in the hospital and 1981. So, at that point, my interaction with the chairmen and the departments was evolving, you know, just as the medical center was, was growing and transforming. I was kind of in the middle of that. So, I interacted with all the chairmen and all the business

managers. But it was from a different perspective than when I was the business manager of the Department of Medicine.

Stewart [00:22:28] And so what was your title when you got promoted again?

Donelan [00:22:35] Well, I... There's a funny little story that goes with this. I was in the Duke Hospital North, the new hospital, if you will. Opened for business in about 1980.

Stewart [00:22:57] OK.

Donelan [00:22:58] It was built in the late [19]70s and then opened in the [19]80s. At the beginning of the [19]80s and the first couple of years it did not do well, you know, we had taken on debt and so on, which and debt needed to be... the annual debt service needed to be paid by the operations of the hospital. And so, things weren't going well. The hospital lost money for two years. Everybody was nervous. So, I got approached by Ike Robinson, who was the CEO of the hospital, he had been the chief of the Division of Nephrology and the Department of Medicine, and had taken on the responsibility when Duke Hospital North opened as the leader of the hospital activities and he had a management team who were not physicians working under him. The hospital wasn't going well. So, I got another one of these, "could you come and talk to me?" phone calls from Bill Anlyan's office. And I show up there and here's Bill Anlyan and Ike Robinson sitting there. And they wanted to talk to me about taking the senior management role in Duke Hospital that they weren't satisfied with how things were going and they wanted to make some changes. I had never run a hospital in my life. I was happy as could be being the business manager of the Department of Medicine and the sort of the senior management interactor with all of the chairmen as a group. And, you know, there are things about life in an academic medical school department that are fun. You get to interact with the trainees, particularly the residents in training, the young faculty members and so on, helping them to the extent you can to be successful and I liked all of that. So, I said, "You know, I'm flattered, but I don't know anything about running hospitals and I like what I'm doing now, so I'm not interested." Well, that didn't go over well, and I think what Anlyan and Robinson were looking for is someone who was very well known to the clinical chairmen and very much trusted by the clinical chairmen in the hospital role that they were going to make changes to fill. So, that conversation ended, I went away and the next day in not so very much longer period of time, I get a call from Anlyan's office and he says, "I want you to come to a meeting with me with President Sanford." And I said, "Why?" What ended up happening is they wouldn't take no for an answer. And so, I got over there with these two power figures in the University and they insisted that I take on the role, which I did. And, you know, things went well. And, you know, the rest of the story kind of ensues from that. But so, I moved into this different position trying to help us all make this new, larger, debt leveraged hospital be successful. And it did become successful.

Stewart [00:27:44] So, is that when you technically became executive vice president and chief operating officer of the Duke University health system?

Donelan [00:27:53] Well, that takes us to another chapter.

Stewart [00:27:57] Okay.

Donelan [00:27:57] At this point, the medical enterprise of Duke University was pretty uncomplicated. It was the medical school. It was Duke University Hospital. And it was the

private diagnostic clinic, the faculty practice plan. Those were the three major elements. OK?

Stewart [00:28:19] OK.

Donelan [00:28:21] When I got talked into taking the responsibility for management of the hospital, it was just Duke University Hospital, there wasn't a health system at that point.

Stewart [00:28:35] OK.

Donelan [00:28:36] OK. And I think my title was Chief Operating Officer, Duke University Hospital.

Stewart [00:28:42] OK.

Donelan [00:28:42] And that's the way the world was through the [19]80s. OK.

Stewart [00:28:51] OK.

Donelan [00:28:52] And the early part of the [19]80s was really stabilizing the operation of this expanded more complicated and more financially demanding Duke University Hospital. And then, as we approach the latter part of the [19]80s, what was happening around the country was a lot of expansion and consolidation of academic medical enterprises. Places like the University of Pennsylvania and so on, were expanding their capabilities by acquiring hospitals, by acquiring community-based physician practices and so on, to try and position themselves to have more geographic reach.

Stewart [00:29:55] Mhm.

Donelan [00:29:56] OK. And so, as we headed to the end of the [19]80s, Bill Anlyan was nearing retirement from his role as the head of the medical center, which he had held since, if memory serves me, 1964. And Duke went through recruitment for a replacement for Bill Anlyan, and the person who was recruited was someone who had been at Duke and had left to go into the pharmaceutical world. His name was Ralph Snyderman. And Snyderman was at Genentech as the chief medical officer for Genentech, which was one of the first of the new wave of pharmaceutical companies using a sort of genetic information to create effective new pharmaceuticals. So, Ralph, was at Genentech. He came out of the search process as the as the top choice for the University to replace Bill Anlyan. And when Ralph was in place, which was like 1989, he and I talked... I had known Ralph when he was Chief of Rheumatology at Duke, which is a division within the Department of Medicine. So, he wasn't an unknown person to me. And he asked me to take a broader set of responsibilities.

Stewart [00:31:50] OK.

Donelan [00:31:51] OK. And for a period of time, I functioned as the Chief Financial Officer for the medical center while maintaining my role with within the hospital and sort of working as the senior administrative person for Ralph, who was the new Chancelor for Health Affairs. And then in the [19]90s, we looked at expanding this relatively simple three-part medical enterprise. Again, the hospital, the medical school and the faculty practice plan. And we looked at a growth program that would have us acquire some community-based hospitals, create some distributed physician practice activities and so on. And I was

a key part with Ralph in developing that scheme with the Board and the University leadership at that time. Keith Brodie was president of the University. That led to what exists today. The Duke University health system, which has several hospitals, a community-based physician, practice activities and so on. So, when we created the health system that's when I got that title that you were asking me about.

Stewart [00:33:28] OK. Alright. Well, that takes us full circle about your time at Duke.

Donelan [00:33:37] Let me give you some more comments about Sabiston.

Stewart [00:33:39] OK. Yeah. I was going to ask you one of my questions. I want to make sure we hit. Were you there when he retired?

Donelan [00:33:46] Yes.

Stewart [00:33:47] OK. Do you remember the process of looking for a new chair of the Department of Surgery? The atmosphere at the hospital when he retired?

Donelan [00:33:57] Well, you know, David had been one of the absolute key individuals in what I would say is the modern version of Duke Medical Center. And so, when he... When retirement was in view, it was a major sea change. You know, Sabiston had... Just a couple of comments. He was a major contributor to developing the organizational culture of Duke. OK. He was... His residents referred to him as T.M. T.M. was the man.

Stewart [00:34:59] Oh. I've heard that.

Donelan [00:35:00] Yeah. OK, so. So, he was... he believed in hard work. OK. He was very demanding. You know, you didn't wear blue jeans and a sweater.

Stewart [00:35:20] Right. I've heard that too.

Donelan [00:35:22] Around David.

Stewart [00:35:26] No facial hair.

[00:35:26] That's right. So, he was old school. And there's a lot to recommend old school. So, he had a significant impact. And he was the premier academic surgeon in the country for most of his career. He led all the surgical associations. He was a member of the Royal College of Surgeons in Great Britain. You know, he was a... He was very well recognized for quality. And he also led a department that that was number one in the country in terms of NIH funding for research. And he developed a program within his residency training program in which there was a year of required research laboratory work. Which meant if you wanted to be a surgeon and train and the Duke program, you were gonna have to spend an extra a year doing that, at least an extra year doing that.

Stewart [00:36:46] Right.

Donelan [00:36:47] Because you're going to have to learn how to do research, and he created a structure with a department to enable his residents and young faculty to really develop their research capabilities and develop a publication list. Because his intention was to create academic surgeons.

Stewart [00:37:13] Yeah.

Donelan [00:37:14] OK. He didn't want to just create surgeons to go into clinical practice. He wanted to create academic surgeons to lead the growth and development of surgery in America's medical schools. And the way he kept score of how well he was doing in his professional life was how many of his trainees and faculty went on to academic surgery leadership positions.

Stewart [00:37:46] Right.

Donelan [00:37:47] Elsewhere. That's really what he cared most about. I've had a number of conversations with him about that over the years. That's what really satisfied him. So, you know, I think... So, you have this this almost legendary figure who has been in place for, you know, what, 30 years almost.

Stewart [00:38:20] Right.

Stewart [00:38:21] And he's going to retire. And you replace it so that... Search processes in universities and so on are, you know, highly structured and you get a search committee that, you know, represents a lot of different elements of the specific programmatic area where you're that you're recruiting the leader for. But also, other elements of the University participate in the search process as well. So, you know, we went through a pretty standard search and ended up identifying an individual, Danny Jacobs, as his successor.

Stewart [00:39:12] Yeah. Wow. Do you have any specific stories about Dr. Sabiston that you would like to share?

Donelan [00:39:25] Oh, no, I don't really have a lot of little anecdotes. I mean, the people who worked with him directed people like Mike Slaughter and so on probably would.

Stewart [00:39:42] Yes, they do.

Donelan [00:39:46] I mean, you know, I mostly. You know, I think by characterization of David as a person... I'll say this is not an anecdote of the sort you're asking about. But, you know, David grew up in eastern North Carolina in a very small town, a very small community. And, you know, he wasn't... His family situation growing up, they didn't have a lot of money. It's not like his daddy was a doctor and so, he was going to be a doctor, too.

Stewart [00:40:29] Right.

Donelan [00:40:32] So he brought... He was a real bootstrap guy. I mean, this is an individual who, you know, came from an atypical background in terms of becoming the kind of individual, the kind of figure that he became in academic medicine, the US. And people who have come up that way have succeeded against the odds. By and large believe that if I can do it, anybody ought to be able to do it. So, he had very high expectations of everybody that he interacted with. Whether they were his residents, whether they were his faculty, whether they were people like me that he had to interact with in terms of his day to day life within thi Institution. And, you know, he didn't suffer fools gladly. He was very genteel and gentlemanly. But he also had a characteristic that that when he was not pleased with something, he became sort of crimson from his neck up.

Stewart [00:42:04] I've never heard that.

Donelan [00:42:05] You know, you could tell when he was not pleased with something.

Stewart [00:42:13] Right.

Donelan [00:42:14] But for all of those demanding expectations that he presented. He was not particularly confrontational. OK. He would... Let's say you're in a meeting around a complicated set of issues. And the outcome of the meeting is not going in a direction that David wanted it to. OK. And he would have his own set of reasons for why he wanted it to be one way and if it was not going that way, he wouldn't sort of make a scene in the meeting or bang his fist on the table. He would articulate his point of view, but he wouldn't press more. But after the meeting, he would get on the phone with everybody involved at the meeting one on one and sort of works the issue further. So...

Stewart [00:43:16] That's interesting.

Donelan [00:43:18] That was a style that he had.

Stewart [00:43:22] Did you ever interact with Mrs. Sabiston?

Donelan [00:43:27] Aggie was to David Sabiston what Mickie Krzyzewski is to Mike Krzyzewski. She was kind of the mother of the Department of Surgery.

Stewart [00:43:41] Okay, that's a great way to describe her.

Donelan [00:43:46] Yeah, she was A. His alter ego and B. She was the she was the warmth to his sort of demanding hard charging self. She would interact with the residents and the resident's wives if they were married and so on. And, you know, the Sabiston household would host an awful lot of warm gatherings for the folks, particularly in the Department of Surgery. She is a wonderful woman. I thought the world of her.

Stewart [00:44:38] Yeah. Is there anything else you think we should know; you should have on record about Dr. Sabiston? I know that's a broad question.

Donelan [00:44:52] Yeah, well, you know, I think there are without doing an injustice to all the people who have put their shoulder behind the Duke wagon to allow the development of the Duke University health system and the medical enterprise of Duke to be what it is today. Sabiston is one of just a very small handful of people that you could point to and say they delivered... They did all the things necessary to enable Duke to be what Duke is today. You know, there's and... That's critically important, I think. I'll say again Duke's life story can be written in some chapters. You know, there's the beginning. There's the evolution of a regionally recognized excellence in clinical care and that production of physicians who went off into private practice around the North Carolina, Southern Virginia, North and South Carolina area, that's a second chapter. There's this third chapter, as I said, that began in the [19]60s and there were... And that's really, it's evolution as a more complete medical center with strong research programs. And in that era, you had Anlyan, as I said, who had this, I think very important management style. To allow the place to really grow and develop. I'll give you an analogy, Duke at the beginning of the [19]60s was like the United States was when the frontier was, you know, where Kentucky and Tennessee and Ohio are now, OK? There was a whole country out there that that the United States could grow into. OK. And at Duke, there was a whole country out there where Duke could become a national institution with highly regarded research programs

and so on. And that that frontier mentality and reality was something that I think Bill Anlyan recognized and he recognized that the Duke would best grow and develop if he got excellent people in place and let them do their thing. OK. That was a management style that obtained really from the beginning of the [19]60s through the end of the [19]70s, by the end of the [19]70s, Duke was generally regarded as one of the premier academic medical institutions in the country. And that had happened A. Because of Anlyan management style and B. Because there were excellent people in place, recognized that in this in this window of time I'm talking about, Phil Handler was the chairman of biochemistry. He went on to lead the National Academy of Sciences.

Stewart [00:48:54] OK.

Donelan [00:48:55] Dan Tosteson was the Chairman of Pharmacology. He went on to lead the Harvard Medical School. OK, so those were both leaders in the basic science departments. And then you had Wyngaarden and Sabiston in the clinical departments. And that group of people are what made possible what we see today when we look at Duke University.

Stewart [00:49:29] Wow. Well, that's always the questions I have prepared. You have taught me a lot kind of about the history of Duke.