

FEATURE

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INFORMATION**FEATURE**

Jack Goeken's Innovative Ideas Save Lives

You might have never guessed that Jack Goeken, founder of MCI, grew up in downtown Joliet, Illinois behind his father's church and a macaroni factory. One of his first jobs was repairing radios for an appliance shop. He later opened his own radio repair shop. Jack Goeken thought that he could sell more two-way radios if these radios allowed truck drivers to communicate with their home offices between St. Louis and Chicago. To make it possible, it was necessary to obtain licenses from the Federal Communications Commission (FCC). AT&T, the Bell System, GTE and Western Union vigorously opposed the granting of these licenses. This idea was strongly opposed by AT&T, to protect its monopoly. The opposition ended six years later - the FCC granted licenses to MCI. The FCC granted Jack a license that effectively broke down the AT&T monopoly. This chain of events led him to develop MCI as it is known today. What was it that led him to this self-made success? In one word, innovation.

What does being an innovator mean to Jack Goeken? Goeken says, "An innovator does not go by the standard rules. The standard rules may say use five coats of paint. An innovator says that by using a different material, I wouldn't have to use any paint, so it will be cheaper and will last longer. When looking at a problem, an innovator doesn't look at how someone else solved it, an innovator thinks of a new way of doing it." This clearly describes Goeken's idea that started MCI with a new and better way to deal with voice and data transmission. Whereas AT&T used a network of wiring, MCI used existing technology from the early 1940's in a new way with microwave signals.

Goeken vividly remembers the six-year battle with the corporate monopolistic giant to receive a license. In the courtroom, Jack recalls that the Bell system had 13 attorneys and 20 to 30 experts. In MCI's corner was Jack Goeken and one attorney. Jack commented that, "What made this unfair was, once a witness was excused, he or she could not be called back. AT&T would cross-examine a

witness, while in the meantime, Illinois Bell and Southwestern Bell attorneys were taking notes. AT&T would then sit down and the Illinois Bell attorney would begin to cross-examine. If AT&T forgot to ask something they would slip a note to the Illinois Bell lawyer to ask. In the meantime, all of the experts are handing the lawyers notes. The Bell system had all of this extra time to cross-examine, and our one attorney, once he excused the witness, it was too late." The unfair situation did not stop him though. Jack's belief in his idea and his perseverance brought about a win, and led to the formation of MCI.

Jack attributes a lot of his success to many of the relationships he formed along the way. "Every time somebody wrote an article about MCI, for example in the New York Times, I would fly out to New York and go to the reporter and introduce myself. How many guys go out and actually thank reporters for the stories? Over the years, you start building relationships because they know that you appreciate it. When they would write an article on MCI, the reporters would then remember the good things," Goeken says.

When asked about what he would change if he could do things over, Jack responded with a grin as the memories sort through his head, "Tell you the truth, I had so much fun, even through the bad times. When I look back, the bad times are all part of the experience. If everything was easy, I wouldn't have the satisfaction of succeeding."

Jack did not stop with MCI; he continued to combine his love of microwave systems with his love for flying. Goeken went on to create Airphone, Inc., which was later bought out by GTE to become GTE Airphone, Inc. Today, thanks to Jack Goeken, you cannot ride on a plane without the availability of a telephone on board.

Goeken's challenge with the air to ground service was that it had never been done before. That did not stop Jack Goeken, rather he rose to the challenge. His response to this, "Well, no one had ever gone to the moon before, and it was done." And Jack did just that; he found technology to make it work.

Shortly after the World Trade Center crisis on September 11, 2001, the New York Times contacted Goeken, and asked him how he felt about saving so many lives. Jack's response was, "What do you mean?" The reporter commented that The Airphone saved thousands of lives. It was Jack's phone that passengers had used on United Airlines Flight 93, which if it wasn't for the telephone, the airplane that crashed in Pennsylvania may have crashed into some other building killing many more people.



Jack had no idea that his phone might someday be used to save lives, but he has envisioned life-saving products. Recently he developed Global MED-NET, Inc., a service that transmits medical information to emergency rooms. This product prevented the possible death of his own daughter. Sandra Goeken was the second person to use the service. Ever since Sandra was little she would show horses at horse shows. Because of her popularity, when she came out on the horse everyone yelled and cheered. Once, the horse was startled and jumped sky high. Sandra fell off the horse, broke her tailbone and was unconscious.

Sandra was rushed to the emergency room, her blood pressure very low. The doctor was unaware that she had been born with a heart valve problem. He prepared to give her a drug to bring her blood pressure back up. Since she had normally low blood pressure and the treatment would have doubled her blood pressure, the result could have been a stroke, paralysis, or even death. Before the doctors administered the drug, they received a message through Global MED-NET, Inc. of her heart valve problem and normally low blood pressure.

Goeken has chosen Southern Illinois University Carbondale as the beta site for Global MED-NET, Inc. Goeken chose SIUC because of his daughter's long standing involvement and because "it is not a big college but it is big enough to experiment. SIUC is a good proving ground because faculty and staff are aggressive and look at new ideas and say lets try it."

In addition to MCI, Airphone, Inc., and Global MED-NET, Inc., Goeken pioneered FTD Mercury Network, which was acquired by FTD Corporation; In-Flight Phone Corporation, which was acquired by MCI; Personal Guardian; Personal Safetyware, Inc.; Air Telemetry; and Wireless Works, Inc. When asked about how many more innovative ideas are to come, Goeken responded, "There are so many opportunities. I have so many ideas but I just do not have enough time to accomplish them all."

The Secrets to His Success

To find his ideas, Jack keeps his mind open and uses common sense. "When you have an idea, you have to believe in what you are doing and get pioneers to support you because they are not going to run to your door. If you have a product that you do not believe in, or you do not believe in yourself, then no one is going to believe in you."

Once the idea is formed, the next step is to realize that "with anything you do, you have to know what is possible and what is not possible. Do not waste your time doing the impossible. What is impossible? I cannot think of anything that is impossible because sooner or later somebody is going to figure it out. There are roads where you have a dead end, and there are different roads to get to the end, so you can change your direction. But do not change the objective. If you turn down a road that is a dead end, find another road. I know that no matter what, I am going to make it work. Do not give up. Soon you will find out how to make it work. Opportunity is there for change. Everything I have done was not Einstein science; it was just simple common sense."

Jack Goeken continues to develop new ideas. Once the ideas are successfully implemented he begins his next idea. When asked why he didn't stay with MCI, Goeken explains that there is a wide gap between an innovator and a manager. "So many entrepreneurs think they can run their own business. But building a business and running a business are two different things. I will get my product up to where I am going to be in the lead position; bring in other people and sell the company or take it public; and then get other people to manage and run it. Then, I go and start another company."

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What Can SIUC do to Promote Innovation?

Goeken offered insights to help students develop an innovative spirit. "You can't teach a student to be an innovator or entrepreneur. The individual has it in their blood. What professors can do is to give them the knowledge that if these guys can do it, you can do it. Being successful in innovation takes perseverance. A class could only introduce them to understanding that setbacks may come along, but don't let the setbacks bother you. Just bounce back and keep moving ahead. If you do an experiment and you have 10,122 failures, 10,123 may be the successful one. So you never know when success is coming, so keep pushing. If you believe it is going to happen, then it will happen."

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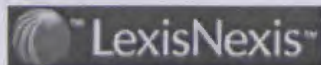
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HEADLINE: WorldCom: past memories, future scenarios; Consultant's Corner; Column

BYLINE: Kuehn, Richard A.

BODY:

When the news of WordCom's accounting debacle came out on June 26, I took it personally, because I was there at the beginning of MCI some 30 years ago: I ordered the first circuit on MCI's Chicago-to-New York route.

My interest in MCI stemmed from a chance meeting back in 1969. At the time, I was teaching a course for the American Management Association, and a short, pudgy GE mobile radio distributor from Joliet, IL had been booked to speak on the future of what was then referred to as the Specialized Common Carrier industry. The fellow was named **Jack Goeken**, and his company was called Microwave Communications, Inc., which is where the MCI acronym came from.

When I met Jack he had already been pressing his case before the FCC for several years, and he was seeking a microwave radio license for the construction of facilities between Chicago and St. Louis. My prognostication at the time: "Right, like that'll really happen."

No matter what you thought of his idea, however, you couldn't help but be captivated by Jack's enthusiasm and ingenuity once he began explaining his vision for an industry of private-line suppliers who'd compete against AT&T. He wasn't shy about describing a world where there'd be services that were not yet available and how that would benefit American business. Today, more than 30 years later, we've heard those same promises ad nauseum; back then it was new and rang true.

Limited Goals...Initially

Jack never proclaimed to be a technical giant but he was streetwise, and you couldn't help but admire his dedication to that vision. Indeed, it was that perseverance that ultimately created the competitive communications service industry that we know today.

His initial plan was to construct a private microwave network from Chicago to St. Louis, allowing customers who had purchased mobile radios from him to dispatch vehicles throughout the state from a single site. When he filed his application to construct the microwave route, he was immediately opposed by AT&T, Western Union, Illinois Bell (now part of Ameritech) and, because of the St. Louis

termination, Southwestern Bell.

Jack had thought the application process would be strictly pro forma; he never anticipated the opposition. Indeed, the fact that the opposition was so intense made him realize that, as he tells it, "Maybe I was on to something bigger than I thought." And so he amended his application to become a "Specialized Common Carrier"-a carrier that would provide services not then available from the monopoly carriers. I've never gotten over the irony of the situation: if the incumbents had not filed their interventions, the competitive carriers might never have emerged.

AT&T's strategy was to prolong the case, hoping Jack would run out of money. And they succeeded, at least at first. The FCC eventually dismissed Jack's application, ruling that the proposed circuit drops were within Illinois and the Commission lacked jurisdiction over intrastate service. By then, Jack didn't have the \$ 10,000 needed to file a new application that would exclude intrastate service.

But soon thereafter, he received a letter from a college professor who wanted to know the status of his application. He sent the professor a copy of the FCC documents, and that proved fortuitous: The professor happened to be an advisor to the House Small Business Subcommittee. After reviewing the matter, that subcommittee forced the FCC to accept Jack's modified application without requiring payment of another filing fee.

The case was off and running again, and Jack eventually found a way to finance his plan. That's when Bill McGowan entered the picture, and he wanted to take Jack's modest plan and expand it nationwide. By the mid-1970s, the initial Chicago to St. Louis route was completed and work was under way on a Chicago-New York path.

Meanwhile, the then-fledgling MCI was also busy marketing private-line circuits to customers, but McGowan and Goeken were coming to realize that they couldn't support a nationwide network on revenues from specialized common-carrier circuits. That's when they hit on the idea that was to become MCI's ExecuNet service. ExecuNet used either dedicated connections to an MCI switch or dial access to place a switched call. At that time, "dial access" meant dialing a local 7-digit number, inputting a 14-digit identification code and then dialing the 10-digit number to the desired destination, and only certain cities could be reached.

As expected, the incumbents went ballistic, and that launched the antitrust case and years of litigation. Eventually, MCI was legitimized, and the rest, as they say, is history. Jack eventually had to give up his MCI franchises, but he remained an entrepreneur. He went on to found Airphone, and today's he's chairman of a conglomerate of small companies that offer wireless solutions for firms in health, safety and security.

Irony Shapes Company's Future--Again

So when I heard about WorldCom's \$ 3+ billion accounting screw-up, I couldn't help but feel nostalgic. I thought about Jack and the countless other good MCI people I've met throughout the years. I decided to call Jack, who I hadn't spoken with in years, and ask him what he thought about the situation.

When I finally tracked him down, all he could say about MCI/WorldCom's current predicament was, "It's a shame. I think of all of the people who put their heart into the initial vision to create, from nothing, the world's second largest long distance carrier. I feel sorry for them and for the shareholders."

As we continued to chat, he re-marked, "You know, the biggest reason for MCI's success in the beginning was the media' and he then proceeded to describe how all the news coverage of the MCI vs.

AT&T battle kept the company's name in the headlines at a time when it couldn't afford PR or advertising. As he spoke, I couldn't help but again notice the irony: The media's harsh coverage of WorldCom today is likely to ultimately seal the company's fate.

Having said that, assuming no more bad news comes to light (a big assumption these days!), I don't believe that the network that today serves MCI and WorldCom customers will disappear. Regardless of whether it enters and then emerges from bankruptcy, or is purchased and becomes part of some other organization, I expect existing customers to be served.

Two Scenarios For The Future

How well those customers will be served, however, is another question. Since it has laid off 20+ percent of its workforce (and counting?), customer support will, no doubt, deteriorate. However, most major customers with multiyear contracts have few options that would not subject them to early termination penalties, and portions of each of those agreements will expire each month over the coming years. So what makes sense as a strategy going forward?

One possible scenario is that interexchange carriers that remain standing will use the WorldCom "problem" as justification to begin raising rates. That wouldn't be surprising, given the reduction in the number of competitors and the now common knowledge that profitability is a problem for all the carriers.

But it's not clear that they can make a rate increase stick. To begin with, customers have to be willing to accept an increase, and [see no evidence that they're in such a generous mood. The rest of corporate America isn't exactly doing great either.

Second, it's highly unlikely that the carriers will move in lockstep. In any given contract bid or negotiation, one carrier will always be "hungrier" than the others.

And here's another scenario: Assume for a moment that both Global Crossing and WorldCom pass through bankruptcy and emerge without the debt burden they're carrying today. With a paid-for, viable network, and their debt burden--and interest payments--eliminated, their cost of operations would be significantly below any of their competitors. This could trigger a whole new pricing structure, one low enough to make any customer think twice about switching carriers, regardless of their financial condition.

Conclusion

It is not too early to speculate about WorldCom's prospects, but it's hard to know what the future will bring, at least as of early July. Bankruptcy? Prices up? Prices down? Predatory pricing? All of these, and probably a few more possibilities.

But no matter what happens to MCI/WorldCoin, our industry will never quite be the same. I feel like I lost a friend

Companies Mentioned In This Article

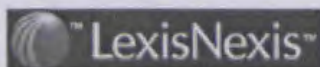
AT&T (www.att.com)

WorldCom (www.worldcom.com)

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HEADLINE: Mr. Goeken's opus MCI co-founder wants to revitalize failing company

BYLINE: Mike Comerford Daily Herald Business Writer

BODY: This has been a rough year for John "Jack" Goeken.

The man who co-founded MCI in the early 1960s was forced to watch his stock values disintegrate.

He declines to specify how much he lost but said it was "several million."

So why does he sound so optimistic?

"To me, life is so exciting right now," said Goeken, whose newest venture is The Goeken Group Corp., a safety and medical services and products group based in Naperville.

"There is so much to do," Goeken said. "You've got to be out there changing things. You may not be successful but you've got to try. And don't listen to the people who say, 'You can't do that. Nobody's ever done it like that.'"

That's not to say he's not angry at the WorldCom executives that bought MCI in a stock and debt deal valued at \$37 billion in 1997, a deal he now believes may have been fraudulent. Bankrupt WorldCom recently said it misstated its earnings by about \$7.1 billion.

Won't sit idly by

But Goeken isn't the type to sit idly by as he witnesses his creation fall into disarray.

"It's disgraceful, what those managers at WorldCom were up to," said Goeken.

"We're in the process of putting together a group to represent MCI and WorldCom shareholders," he said. "We're trying to get some former MCI people on the board of directors and get new management at MCI to get it going again."

Goeken is rounding up about a dozen former MCI shareholders and bondholders to back a takeover of the WorldCom board of directors by telecom industry experts. They've already held meetings on whether to call for a special shareholder meeting or seek to gain a board presence through a regulatory ruling.

"We'd keep all the parts of the company that were profitable and put it into MCI," he said. "Our board

will be from the communications sector and will be interested in making MCI a success instead of being busy building a paper empire."

Revitalizing the second largest long-distance provider in the country would be project enough for entrepreneurs half his 71 years but Goeken says that while he's at it, he may start up a firm to compete with local telecommunications providers.

Stabilizing MCI and entering the depressed local telecommunications industry look like huge long shots to analysts. Goeken remembers how daunting it looked in the early 1960s when he and four colleagues were taking on AT&T.

And some industry observers say entering the telecom market when other established firms are floundering may have its own kind of logic.

"He may be seeing a depressed industry where he can pick up assets cheaply," said Dan Phythyon, senior vice president of law and policy, U.S. Telecom Association, an advocacy association representing local telecom providers.

"And new entrants don't have the same regulatory rules so he'd actually have a regulatory advantage when it comes to packaging and bundling."

A question of timing

Others are more skeptical about Goeken's ambitious vision during what amounts to a telecom industry implosion.

"With the kind of credentials he has, you have to take him seriously," said Terry Barnich, president of New Paradigm Resources Group, a Chicago-based telecom consulting firm.

"Even companies coming out of bankruptcy with reorganized debt are finding revenues aren't meeting expenses," said Barnich, who was chairman of the Illinois Commerce Commission from 1989 to 1993. "I'd tell him what I tell everyone - before you do anything like that, take a hard look at the arithmetic."

Nevertheless, Goeken has faced stiff odds in the past.

At a time when AT&T was a monopoly in the long-distance market, MCI came in with a much lower data transmission error rate, higher voice channel capacity and bundled services such as overnight data transfers.

MCI didn't clobber AT&T with lower pricing, Goeken is fond of saying, it won business with newer technologies and tailored services.

The increased speed of data transfers cleared the way for other innovations such as fax machines and the Internet, said Goeken, who isn't shy about how his accomplishments contributed to other breakthroughs.

After leaving MCI in the early 1970s, Goeken founded a variety of companies, including a digital phone firm, In-Flight Phone Corp., which he eventually sold to MCI. Earlier, he founded Airfone, an analog airplane phone firm which he later sold to GTE. After Goeken ceded control, both Airfone and In-Flight eventually filed bankruptcy.

The Goeken Group has been developing three companies since 1995. Global MED-NET keeps patient medical information online to hospitals. PolyBright uses lighting technology for safety gear and other products. And Personal Guardian is a locator device that signals the location and other information about a patient in critical condition.

All the pieces in places

"Up to this point we have been building the companies," said Goeken, who predicts the group will have about \$60 million in sales this year. "This is the year when everything is coming together and operating."

With all the products, services and companies he's founded over the years, daughter Sandra Goeken admits even she is amazed.

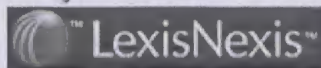
"Ninety-eight percent of true innovation comes from people like **Jack Goeken**," said Sandra Goeken, president of The Goeken Group. She's worked for her father for about 25 years.

An inductee in the Chicago Area Entrepreneurship Hall of Fame, Goeken said he wants to give MCI some of the same magic that it had when it first started out.

"A lot of existing companies have lost that fighting spirit," Goeken said. "That's what we want to do at MCI, come up with that fighting spirit again."

GRAPHIC: Jack Goeken heads The Goeken Group in Naperville and is aiming to reorganize MCI and may even get back into the local telecom market. Marcelle Bright/Daily Herald **GRAPHIC: John 'Jack' Goeken's** resume

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HEADLINE: He Took On Ma Bell And Won; Be Bold: William McGowan's vision helped break down AT&T and build up MCI

BYLINE: BY REINHARDT KRAUSE

BODY:

William McGowan had strong opinions. And he wanted everyone to know his mind.

McGowan insisted on a quote being placed on the program at his funeral, even if it ruffled one of his brothers, a priest.

It read: "The meek may inherit the earth, but they'll never increase market share."

And take share is exactly what McGowan did.

He grabbed customers from one-time phone monopoly AT&T Corp. He built Microwave Communications Inc., the forerunner to MCI, into the nation's second biggest long-distance firm.

McGowan made his mark in the phone business. But first he had to change government policies that stood in his way.

In the late 1960s, McGowan's feisty start-up wanted to crack open AT&T's monopoly over long distance and local phone calls. MCI planned on using microwave-radio links to offer services.

McGowan knew years of battles in courts and with federal regulators lay ahead. Also knowing that it pays to be prepared, he hired the best lawyers he could find.

McGowan chose downtown Washington for MCI's headquarters. The location would enable MCI's legal team, he figured, to stay on top of AT&T's regulatory filings.

Aware that good relationships are the foundation of good business, McGowan hired lobbyists to curry favor with influential lawmakers in Congress. McGowan described MCI in those days as "a law firm with an antenna on top."

And he had to be patient. In 1974, MCI filed an antitrust suit against AT&T. The start-up's legal tactics helped prompt a Justice Department investigation into Ma Bell.

In 1980, MCI won \$1.8 billion in damages from AT&T. Four years later, federal Judge Harold Greene

ordered the divestiture of AT&T.

Its local business became the seven regional Bell Cos. Meanwhile, McGowan had MCI's marketing machine put AT&T under attack.

Love Of The Game

"McGowan was a builder and a fierce competitor who loved the game of business," wrote Lorraine Spurge in "Failure Is not an Option."

MCI didn't possess Ma Bell's research and development. Instead, McGowan relied on MCI's equipment suppliers to make technical advances.

When MCI's microwave system became overtaxed, McGowan told his engineers to look for alternatives.

By 1987, MCI had a coast-to-coast fiber-optic long-distance network up and running. McGowan had large computer switches routing MCI's calls. A year later, MCI offered worldwide direct-dial service to 146 countries.

Asked once what MCI stood for at a shareholders meeting, McGowan replied: "Money coming in."

A business model that depends on recurring revenue -- customers paying monthly bills -- seemed solid to McGowan.

MCI had actually posted its first profit in 1976. That was eight years after McGowan, then a self-employed management consultant, arrived at the struggling company.

The turnaround owed much to McGowan's management style. "A hard-working person is no match for one who's enthusiastic," he said.

"His cocky self-assurance seeped through the ranks, metamorphosing into a kind of entrenched corporate arrogance," said James Murray in "Wireless Nation."

To breed enthusiasm, McGowan gave away responsibility and power liberally. He hired people who could think for themselves.

He gave senior managers freedom to look into new areas. He created regional divisions where managers could run their own show -- as long as they produced.

That freedom led to product innovations.

In 1974, MCI rolled out a private-line service for businesses called Execunet. In 1991, MCI rolled out the "Friends & Family" rate plans that offered consumers up to 20% savings.

Delegating authority is key, McGowan believed.

"If you're going to be in a business of any size, you're going to have to develop the kind of leadership qualities that allow you to attract good people, guide them, encourage them and ultimately trust them -- and let them go and do their jobs," he said. "Oh, sure, you have to take deep breaths, but mostly you have to trust them."

McGowan avoided job descriptions and written procedures. He reorganized MCI every six-12 months so that senior managers could learn different sides of the business.

At the same time, the reorganizations would encourage idea exchanges among senior managers, he believed. This brainstorming would help MCI adapt to industry changes quicker, McGowan said.

The telecom industry was far away from McGowan's origins in Pennsylvania's coal country.

His father -- a railroad engineer and union organizer -- and his schoolteacher mom taught McGowan to work hard. As a teen-ager, McGowan worked nights as a clerk and dispatcher for Central Railroad of New Jersey.

School Days

He didn't want to make the railroad business his life's work, however. McGowan yearned for a college education. So he attended the University of Scranton, and later Kings College in Wilkes-Barre by day, and worked nights at the railroad firm.

McGowan entered Harvard Business School with the GI Bill's help. However, it wouldn't cover all his expenses.

So McGowan set his sights on becoming a Baker Scholar. Harvard gave students full scholarships if they earned grades in the top 5% during their first year.

McGowan devoured books and studied around-the-clock. If he was sitting, he was studying.

He earned the Baker scholarship.

After graduating, McGowan worked in the movie business for three years. Full of ambition, though, he didn't like working for other people.

Putting his MBA to work, McGowan went into the consulting business. He advised ailing companies on improving their capital structure.

McGowan usually obtained an equity stake in the distressed companies if they survived. Spurge says McGowan identified a key failing in ailing businesses: They lacked operating procedures that identified and fixed problems before they got out of hand.

Once in control of MCI, McGowan made sure management controls were in place.

In early 1968, McGowan made contact with **Jack Goeken**. Five years earlier, Goeken had started Microwave Communications.

Goeken's plan: sell communications services to truckers along Route 66 from Chicago to St. Louis via microwave-radio towers. The firm, though, had struggled.

McGowan agreed to pay off its debts and take a hand in running the firm. He and Goeken, though, differed on strategy.

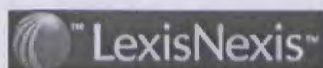
Goeken wanted to build a microwave-based network to serve niche markets. McGowan thought bigger. He dreamed of taking on mighty AT&T.

In 1974, Goeken moved on to other telecom ventures. McGowan, however, stuck to his vision and set out to topple AT&T.

In addition to hiring a top-notch legal team, McGowan had to raise capital to bankroll MCI's expansion. Unafraid of new avenues, he ventured into the high-yield bond market, a relatively new financing method in the high-tech world. He raised the money he needed.

A compulsive smoker, McGowan suffered a heart attack in 1986. Realizing his mistake with his health, he underwent a heart transplant in 1987 and began a regimen of healthy eating and regular exercise. He died in 1992.

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Mobile Radio Technology

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HEADLINE: Love or hate MCI: deal with it

BYLINE: Bill McCarthy Editor bmccarthy@primediabusiness.com www.iwce-mrt.com

BODY:

From the mind of a two-way radio dealer in 1963, MCI went on to challenge AT&T's 20th century monopoly on American communications and - for better or worse - helped create the communications market of the 21st century.

Jack Goeken was a manufacturer's rep selling two-way radios for General Electric out of an office in Springfield, Illinois, when he and four others devised a scheme to sell more radios. They could build microwave towers along Route 66 and sell radios to truck drivers and dispatchers. After a protracted fight, MCI prevailed against AT&T and other phone companies and was granted its license to establish towers between St. Louis and Chicago in 1969. Bill McGowan, a financial genius who joined in 1968, helped Goeken build a national network by acquiring leases on land to build the towers.

AT&T fought every MCI move. In 1974, MCI filed a civil suit against AT&T arguing Ma Bell violated the Sherman Antitrust Act. The Justice Department also brought a suit against AT&T that year. MCI prevailed in 1980, and in 1984, Federal Judge Harold Greene broke AT&T's control over regional telephone companies, and communications changed forever in the United States.

At the end of the 20th century, MCI built arguably the best IP backbone on the planet, mostly through acquisition. People could argue that MCI became everything it fought against in AT&T, when telco upstart WorldCom absorbed it. Then it also became a symbol of the greed and disappointment of the dot-com bust.

WorldCom has admitted to fraudulently overstating revenue by at least \$9 billion. WorldCom, which is expected to emerge from bankruptcy in September, agreed to pay a \$500 million fine levied by the Securities and Exchange Commission.

While trying to shake off the WorldCom name like a kid with something sticky and bad on his finger, the company defends its ethics and service record as it tries to re-brand itself as MCI once again.

That has not been easy. The company fired more than 30 executives and replaced the board of directors.

But even the Gray Panthers - a senior citizens lobbying group since 1970 - jumped on MCI for allegedly pilfering or squandering some members' retirement.

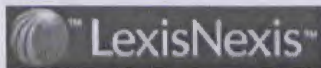
So it is no surprise that controversy followed announcements that MCI won at least a \$20 million contract from the Department of Defense to provide a cellular telephone system in Baghdad, and a seven-year deal for high-speed data communications from the National Oceanic and Atmospheric Administration that has a ceiling value of \$11 million.

After all, scandal-plagued companies such as Enron and Arthur Anderson have been banned from doing business with the government. But MCI says it has not received any special consideration and has an exemplary track record providing voice and data services to government.

Remember, WorldCom was the largest reseller of wireless services in the United States before it quit the wireless business in 2002 because it was bleeding red ink.

MCI is an easy company to love-to-hate, but never count MCI out. Although it may seem far-fetched at the moment, don't be surprised when MCI rolls out a push-to-talk service. After all, MCI is an old radio company and a survivor. There are likely wireless services in MCI's future, like it or not.

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HEADLINE: McCaw Lawsuit Circles AT&T Wireless

BYLINE: By George Mannes, Senior Writer

BODY:

In the investing world, some lawsuits are like volcanoes: You can safely ignore them for years -- unless, of course, they decide one day to erupt.

That's the situation faced by AT&T Wireless (AWE:NYSE), the chief defendant in an obscure legal battle it inherited in a 1994 acquisition.

So far, AT&T Wireless has successfully avoided liability in the case, rooted in events that took place 14 years ago.

But an eight-week-long trial stemming from the case -- a trial which is expected to go to the jury this week -- provides an opportunity for significant financial damage to the wireless carrier. As AT&T Wireless reported in a Securities and Exchange Commission filing earlier this year, the plaintiffs in the case have asserted claims for damages totaling \$8.2 billion.

Though damages that large are rarely awarded in civil cases -- and even more rarely upheld on appeal -- damages even a fraction of that amount wouldn't exactly be welcome news for AT&T Wireless shareholders. A damages award of \$400 million -- another figure apparently kicked around in the case -- would more than erase the \$357 million in net income, available to common shareholders, that the carrier reported in the first half of 2003.

Yet the outcome of the trial -- final arguments are scheduled for Tuesday -- remains far from certain. AT&T Wireless, in fact, prevailed at an earlier trial in the case, though that decision was reversed when an appeals court indicated that certain issues that had been decided by the trial judge needed to be resolved by a jury.

"We firmly believe that the case has no merit," an AT&T Wireless spokesman said Tuesday, "and we're optimistic the jury will agree."

AT&T Wireless shares, which have ranged between \$4.91 and \$9.18 over the past year, fell 15 cents Tuesday to close at \$8.12.

The company is scheduled to release third-quarter financial results after Wednesday's market close.

The cast of characters in the case -- being heard in DuPage County Circuit Court in Illinois -- reads almost like the answers to a telecom industry trivia quiz.

One party in the lawsuit is In-Flight Phone Corp., a company founded by **Jack Goeken** -- not only a co-founder of MCI in the 1960s, but also a co-founder of airplane telephone pioneer Airfone in the 1980s. Goeken started In-Flight Phone after selling Airfone to GTE (now part of Verizon (VZ:NYSE)).

Another player is McCaw Cellular Communications, a cellular-telephone empire built by Craig McCaw and sold to AT&T (T:NYSE).

The plaintiffs in the case -- a shareholder group that took over the case from In-Flight -- allege that McCaw Cellular stole trade secrets from In-Flight Phone in 1990 as the two companies, and others, prepared to apply for Federal Communications Commission licenses enabling further airplane-to-ground phone calls.

Following up on a complaint originally filed in 1993, a 1996 amended complaint alleges that McCaw Cellular expressed interest in making an investment in In-Flight. After McCaw Cellular signed a confidentiality agreement, In-Flight provided McCaw with proprietary business, financial, marketing, operating and engineering information so that McCaw could conduct due diligence before making such an investment, according to the complaint.

After In-Flight made this information available to McCaw Cellular, according to the complaint, McCaw announced it wouldn't invest in In-Flight. Instead, allege the plaintiffs, McCaw Cellular used the information it had gained to file a separate application for an FCC license in a partnership with Hughes Network Systems, creating unfair competition for In-Flight.

Goeken subsequently sold In-Flight to MCI, while the McCaw-Hughes partnership, Claircom, ended up at AT&T when Ma Bell bought McCaw Cellular.

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