



INTER OFFICE MEMO

BILL BREHART

DET

TO: ALL MANAGEMENT EMPLOYEES **AT:**

DATE 7/11/85

FROM: WILLIAM E. FLAHERTY **AT:**

SUBJECT: IMPROVED COORDINATION AND INCREASED DELEGATION
OF OPERATING MANAGEMENT RESPONSIBILITIES

This memo is intended to communicate additional steps being taken to enhance our organization's effectiveness. Previously we reported that senior management would place top priority on strategic management; coaching and leadership on critical corporate issues; and strengthening working relationships between individuals and groups.

Today, we are announcing a change in organization directed at improved coordination and greater delegation. The change involves creating a series of management teams, each fully responsible for corporate-wide performance of our business in a principal segment of the Florida market. The segments to be recognized at this time are:

- (1) Local Groups
- (2) Individual ("direct pay")
- (3) National Accounts
- (4) Government Accounts ("Medicare")
- (5) H.M.O.s

Each team will have an operating executive from the following areas: Marketing, Operations and Finance. These three managers will be responsible for assuring that all aspects of corporate operations combine effectively to reach their team's business goals. In addition, a product manager from Cost Containment will assure that needed programs are operational in support of the efforts of their teams to compete in its marketplace. In addition to their leadership in an operating management role, each team will prepare and submit for approval an annual plan and budget. Further, they will play an integral role in the development of a strategic plan for their respective market segments.

The members of each team will be responsible for communicating and coordinating within their functional groups. Chairmen of each team will be appointed by Executive Staff based on recommendations of the members. Executives assigned to a team will retain their current responsibilities in the functional area. Generally, all functional areas will be realigned to match the market segments to the extent feasible. In turn, the teams will be supported by a facilitator from the Training & Development Department and a member of the planning staff from Corporate Planning. Finally, approved business plans will be the primary measure used to evaluate management performance.

The PPO Product Division will be responsible for working with the traditional insurance market segment teams and developing an overall business plan for PPO products. The plan will reflect unit sales, revenues and operating costs, as well as resource schedules indicating the extent to which their products are integrated into the operating departments serving the market segments.

Since each team will be meeting regularly to fulfill their collective responsibilities, the corporate Operations Committee will be terminated and replaced by these groups. In the case of a major corporate-wide initiative, the need for joint meetings of teams, or their respective chairmen, will be determined by the participants.

In summary, the change in our method of management should accomplish the following:

- (1) Move operational decision-making to the vice president and director level, thus supporting Executive Staff in its efforts to focus on strategic management.
- (2) Greatly reduce the barriers to effective coordination by reducing the number of persons any one manager must contact.
- (3) Reducing the complexity of work issues by confining them to a single market segment whenever possible.

Currently, the HMO Division and the Government Programs Unit are generally organized in a manner consistent with this approach. However, work continues in units such as the Claims Division in order to align our traditional functional units in support of these market segments. In order to act promptly, interim assignments have been made and others will be communicated in the next sixty days. The assignments are shown below:

| <u>SEGMENT TEAM</u> | <u>MARKETING</u> | <u>FINANCE</u> | <u>OPERATIONS</u> | <u>COST CONTAIN- MENT PRODUCT COORDINATOR</u> |
|---------------------|------------------|----------------|-------------------------|---|
| GOVERNMENT | C. Scott | | N. Oplinger S. Davis | |
| H.M.O. | Vacant* | Vacant* | J. Peterson | N/A |
| LOCAL GROUP | R. Pralle | J. Discenza | L. Payne | T. Dunn |
| DIRECT MARKETS | R. Cunningham | D. Bahn | Vacant* | B. Benevento |
| NATIONAL ACCOUNTS | Vacant* | - | - | - |

* Candidates for these positions are yet to be assigned or recruited.

** On an interim basis, the National Account Coordinating Committee will assume daily operating responsibility for the National and Special Account Segment. Ray Massicotte, Dennis Smith, Tom Keane and George Lewis will represent their respective areas in the interim.

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We believe that a tremendous competitive advantage exists for any organization which positions itself to be adaptive to market needs and which responds to changes through creative problem-solving, timely decision-making and rapid implementation of those decisions. These changes are designed for that purpose, and we are truly excited about the opportunities that lie ahead.

We look forward to your support and cooperation which is critical to the ultimate success of the organization.

-- W. E. Flaherty

WEF/jr

Dist. A-D