



INTER OFFICE MEMO

TO: All Employees

AT:

DATE 8/7/85

FROM: William E. Flaherty

AT:

SUBJECT: ORGANIZATION ANNOUNCEMENT

As we continue to address the strategic management issues necessary for us to win in our market place, the need to match the skills and abilities of our human resources to the diversified and complex businesses in which we choose to compete is essential.

Therefore, it is with great pleasure that I announce the appointment of Robert W. "Bob" McCaffrey to the position of Senior Vice President, Marketing, effective September 1, 1985. Bob McCaffrey will report to the president, with the overall corporate responsibility for the strategic management and strategic planning for the marketing of our products and services. Reporting directly to Bob will be Local Group Sales, Direct Marketing, National and Special Markets, Product Management and Marketing Research and Planning.

Bob brings to Blue Cross and Blue Shield of Florida, a background of nineteen years experience in the sale and marketing of group health insurance and employee benefits. He comes to us from the Equitable Life Assurance Society of the United States, where he held the position of Vice President and Regional Marketing Officer for the Midwest Region located in Chicago, Illinois. In that capacity, he was responsible for six divisions in eleven states, with health insurance premiums totaling more than one billion dollars. Previously, he held management positions with Metropolitan Life and a regional brokerage firm specializing in employee benefits.

I am equally pleased to announce the appointment of William H. "Bill" Reed to the position of Vice President, National and Special Accounts, effective August 5, 1985. Bill Reed will report directly to Bob McCaffrey, along with Vice Presidents Bob Pralle, Local Group Sales; Bob Cunningham, Direct Marketing; Fabian Fuentes, Product Management; and Market Research and Planning.

Bill Reed has been associated with the Prudential Insurance Company of America for the past 25 years, most of which has encompassed a number of positions centered on marketing and group health sales. He recently held the position of Vice President, Group Accounts, Central Atlantic Group Operations, located in the Philadelphia area. Prior to that, Bill was Director of Marketing for the South Central Home Office located in Jacksonville. Bill brings to our organization exceptional knowledge and success in sales management and servicing of large national accounts.

The key to winning in the highly competitive National and Special Accounts arena, as in our other markets, is not only our ability to provide the products that our customers need and want at the most competitive price, but to provide superior customer service on a day-to-day basis. National and Special Accounts has rapidly increased the variety and amount of services it requires from us.

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This ranges from timely processing of claims to the design of "tailor-made" cost containment programs. This intense customer concern has created a need for special attention to supporting and servicing these key accounts. Therefore, I am happy to announce that Tom Roberts, who recently returned to work after a leave of absence for health reasons, has offered to devote his extensive knowledge and expertise to ensure the proper coordination and servicing of such key accounts as the State Group and General Motors. Tom will assume the position of Director of Special Projects and will report to Bill Reed on this key assignment.

Please join me in welcoming and supporting Bob McCaffrey, Bill Reed and Tom Roberts in their key roles and responsibilities as we face our future with determination and confidence to be leaders in the marketing and financing of health care insurance and services.

These changes have been designed to help us develop and implement new programs and services for our markets, but they must be matched by the ability to purchase health care services for customers at a lower cost than today in order that our premiums can become more competitive. Mike Cascone will continue to provide leadership for this crucial element of our corporate strategy. Mike will continue to serve both as Executive Vice President, active in most aspects of corporate strategy, and will also have functional responsibility for the Health Industry Services Group. Based on the work of the past few months, concentrated top management involvement is a critical ingredient for success in this area. As corporate management continues to focus its efforts on corporate strategy to win in the marketplace, it becomes evident that the elements of that strategy are complex and difficult to accomplish.

To support Mike Cascone's increased accountabilities and responsibilities for corporate strategy development, including lowering our costs for health care services, he will attend the Harvard Advanced Management Program from September 20 until the end of this year. He will focus on the latest techniques in corporate management, and when he returns, he will both direct the Health Industry Services Group and assume a crucial corporate leadership role in strategy development. Mike's attendance at this time is imperative due to this program only being offered once annually and our commitment to develop these capabilities prior to the 1986 calendar year.

-- W. E. Flaherty

WEF/jr