Blue Cross Blue Shield of Florida

INTER OFFICE MEMO

TO: All Employees AT: DATE 2/10/88

FROM: William E. Flaherty AT:

SUBJECT: ORGANIZATION REALIGNMENT

As we continue the development of 1988 plans, senior management has selected a limited number of issues (objectives) that represent the highest priority initiatives for the corporation. These include: (1) improved corporate-wide customer service; (2) achieving profitability and improved effectiveness of HMO operations; and (3) developing corporate-wide marketing plans and supporting strategies. In addition to these major initiatives, there are a significant number of crucial issues requiring attention and coordination. These include: (1) corporate-wide cost reduction and performance improvement; (2) continued progress toward a low-cost producer position in our markets by reducing the cost of needed medical care; and (3) improving the effectiveness of the organization. All of the foregoing must be accomplished concurrently with continued daily operations and numerous departmental improvements.

After considering the needs of corporate management for support in achieving these objectives, it has been determined that we must reduce the number of persons reporting directly to the president. This will permit increased time and attention by focusing support efforts on each issue.

Establishing corporate-wide marketing planning, as well as the operating plans for 1988, consists of a very large number of complex issues. In addition, it will be essential for this planning to be integrated with both corporate strategies and operating plans. After matching the background and experience of senior management with these issues, I have asked Ken Otis to accept the additional management responsibility for corporate marketing in his role as Senior Vice President, Marketing and Finance. Bob McCaffrey will continue as Senior Vice President and Chief Marketing Executive, and as a member of Executive Staff, but will now report directly to Ken Otis.

Please join with me in extending your support to Ken and Bob as we all move forward with our 1988 major corporate initiatives toward improved efficiency and effectiveness.

-- W. E. Flaherty

WEF/jr

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