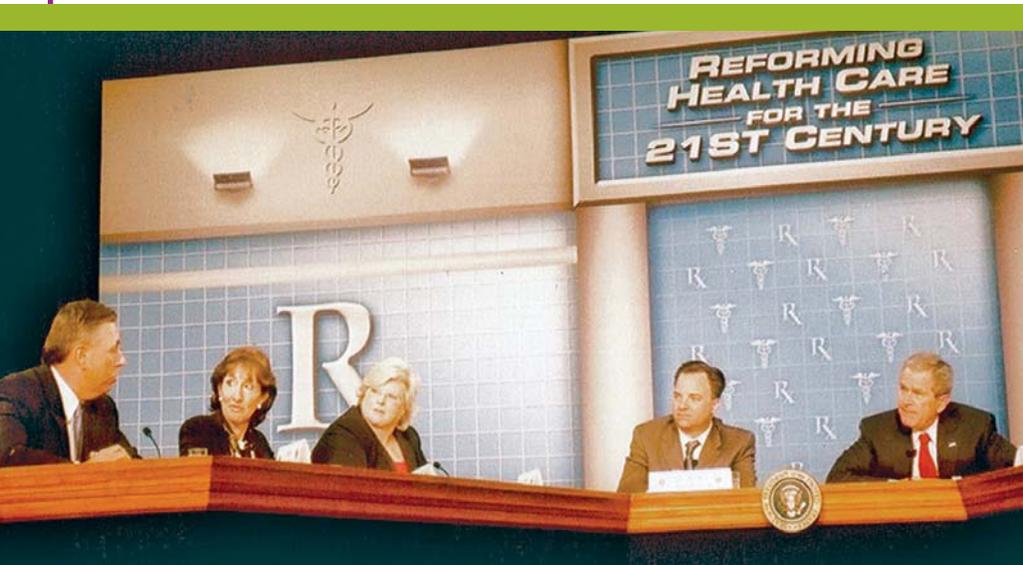


NPES Government Affairs Chair Sounds Out Health Care Reform on Panel with President Bush



Bruce Goodwin, far left, discussed Health Savings Accounts with President Bush and panelists.

W. BRUCE GOODWIN, PRESIDENT OF GLUNZ & JENSEN, INC., AND CHAIRMAN of the NPES Government Affairs Committee, participated in a unique Health Care Reform panel discussion with President Bush at the U.S. Department of Health and Human Services on February 16. Goodwin told the President about his company's success in implementing Health Savings Accounts (HSAs), as a means of stemming the burgeoning costs of providing health care benefits for his employees.

Goodwin's invitation to join this panel was precipitated by a series of meetings held between the NPES Government Affairs Committee with Administration officials over the past two years. During those meetings, HSAs and other NPES government affairs priorities were discussed.

Others on the panel with Goodwin included Dr. Mark McClellan, Administrator of the Center for Medicare and Medicaid Services, U.S. Department of Health and Human Services; Dr. Gail Wilensky, former Administrator of the Center for Medicare and Medicaid Services, now serving as a Senior Fellow at Project HOPE; Robin Downey, head of product development at Aetna Insurance Company; and Dan Evans, CEO of Clarion Health Partners, an academic medical center in Indianapolis, Indiana.

President Bush began the discussion by noting the importance of market forces as a means of keeping health care affordable to employers and employees. His 2007 budget includes proposals the Administration believes will make health insurance more available, more flexible, and more affordable, as a result of putting employer insurance, individually-purchased insurance and out-of-pocket health spending on an equal footing.

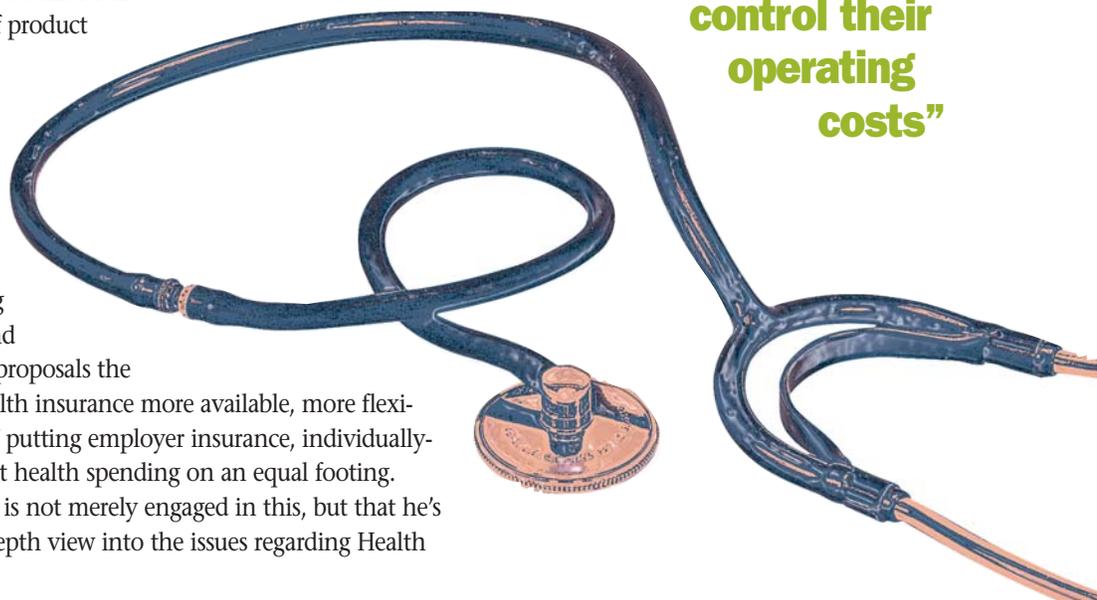
"I was impressed that the President is not merely engaged in this, but that he's extremely well-informed with an in-depth view into the issues regarding Health

Savings Accounts," said Goodwin.

New budgetary provisions would include making HSAs more flexible and accessible, and HSA contributions would be allowed up to a plan's out-of-pocket limit. Additionally, a credit for payroll taxes paid (up to 15.3 percent) on HSA contributions would be allowed to place out-of-pocket spending on an equal footing with health insurance.

Under the current law, workers allow a portion of their pay to be withheld in tax-free, interest-bearing HSAs to pay for out-of-pocket medical expenses. Workers under 65 must have health insurance deductibles of at least \$1,050 (individually), or \$2,100 (family plan). Proponents believe that individuals will become better consumers when they start spending their own money and thus prompt providers to be more competitive. Unused balances can grow and compound from year to year, thus affording participants greater resources as they become older, when costs typically

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increase. HSA participants are required to have a high-deductible health insurance policy in conjunction with their HSAs to cover catastrophic health care needs. Individual employers make the decision whether to pass on to their employees some or all of the insurance premiums for this coverage.

Glunz & Jensen exemplifies a relatively small private sector employer that has successfully employed HSAs as a means to mitigate increasing health care insurance costs, while continuing to provide its employees with comprehensive quality health care. Goodwin believes that certain features of HSAs can be improved to make them more attractive to more employers. His message to President Bush is one he has shared with many business leaders and government officials: HSAs are but one strategic tool that companies can deploy to minimize operating costs in order to compete in today's global economy.

Goodwin is also enthusiastic about the part that associations like NPES can play in influencing public policy. "The role of NPES here is not to promote HSAs per se, but to be an advocate for employers to control their operating costs," says Goodwin. "If folks at our member companies have ideas about health care, which is such a major concern for employers in the United States, we can certainly be effective information providers and channel their messages to the right venue."

*The NPES Government Affairs Committee will continue to closely follow the development of HSAs, and keep the Association membership apprised. For more information contact Government Affairs Director **Mark J. Nuzzaco** at 703/264-7200, or e-mail mnuzzaco@npes.org.* ●

chairman's perspective

Thomas Saggiomo

NPES Chair
President, Agfa Graphics NAFTA

Competitive Strategy

In my last column (*NPES News January 2006* <http://www.npes.org/newsJAN06.pdf>) I addressed some business practices that distinguish everyday companies from the successful companies. "Smart Business" can be difficult at first, especially in the face of growing market pressure. Failure to act can only make it more difficult to transform your company to a winning strategy.

In this installment, I'd like to focus on another important business tenet: plotting a competitive strategy. Two classic business books come to mind.

In 1980, Michael Porter, the acclaimed Harvard business professor, preached in his book "Competitive Strategy: Techniques for Analyzing Industries and Competitors" about successful companies plotting their paths to success. Over twenty-five years of business cycles have transpired since the work was published and Porter's insight still rings true today. While some companies are lucky and they stumble upon a successful competitive strategy, the true winners find their sustained success along a well-planned path. From my perspective, a fundamental approach will always serve us well.

To begin to pave that path to a competitive strategy one must truly understand the current market dynamics and how they are likely to change. Today's business world is filled with opportunities along with a healthy supply of threats. Here are a few pitfalls to consider:

- Many industries face hyper-competition, a dynamic not exclusive to the graphic communications industry. This drives different competitive behaviors.
- Companies are seeing unprecedented increases in their raw material and energy costs. Is this likely to continue or will new materials make the current business model obsolete?
- Competition from international companies is on the rise and shows no signs of abating.
- Accelerating technology shifts and buying habits could be forces working to turn your products into commodities.
- Seemingly irrational competitive pricing behavior is sometimes driven by internal needs. Is this likely to continue?
- Finally, ever demanding customers continue to want "more" from their suppliers all the way through the value chain.

If you are thinking "That sounds like my business," take heart in the notion that you are not alone. In fact, the difference in levels of success lies in how your company responds to these challenges. Choosing and sticking to a competitive strategy is key. Most importantly, be clear on your strategy and pursue it with certainty. Be on the lookout for the bumps in the road that will try to take you off course. Some common diversions include production-driven market behavior — make it and sell it any way, anyhow regardless of real profit contribution. A "fill the factory" strategy rarely offers lasting success. Also watch for



disconnects between senior management intent and the sales and marketing team behavior. These are your team members that have day-to-day contact with your customers and set the tone for your company's value proposition. How you address these distractions is what will keep you focused on your strategy.

The other classic book that comes to mind is "The Discipline of Market Leaders: Choose Your Customers, Narrow Your Focus, Dominate Your Market" by Michael Treacy and Fred Wiersema. Their advice was to choose your winning strategy and really focus your entire enterprise on living it. Customer intimacy, operational efficiency and product leadership are the three areas of strategy. Each requires a different approach and implementation plan. One key point to note is that while it is tempting to claim the high ground in all three areas, it is usually impossible to achieve all three. Know your strategy and implement daily is the mantra.

“ The true winners find their sustained success along a well-planned path.”

Regardless of the short-term changes in the business, once you have chosen the right competitive strategy for your company, continue to follow that path. Regular testing and mid-course corrections will make certain that you remain in control of your business.

You will also build a clear expectation that properly positions your company in the marketplace. This should lead to more loyal and predictable customer relationships. ●