

**Maurer's Healthcare Insight (118)****Be Careful What You Wish For****P. Reed Maurer**

Except those poor souls who suffer from depression, the rest of us believe this year will be better than last year. We are optimists at heart. We wish for health and happiness, hopefully some prosperity as well.

Wishing is drilled into our psyche on every birthday when we are told to make a wish before blowing out the candles on the cake. We wish upon a falling star, we make a wish after throwing coins in a fountain, and after winning a wish bone contest at the end of a turkey meal.

The beginning of a new year is considered the most appropriate time to make a wish list. Some people call these resolutions, e.g. I wish to stop smoking. I wish to lose weight. In companies the wish list is termed "Management by Objectives," e.g. I wish sales will increase 10%. I wish expenses will be reduced by 10%. Oops, I forgot this is to be a serious new year message.

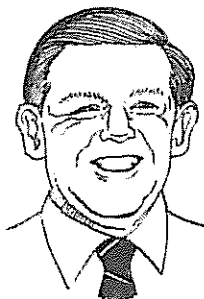
Given so many opportunities to make a wish the act itself is considered risk free. That is, if our wish is not granted we are no worse off than before making the wish and if the wish comes true we are ahead.

However, wishes can have adverse unintended consequences. A kind of quid pro quo; you get this but lose that. Let's take a look at a few examples.

**Company versus Country Culture**

Think of a foreign executive who wishes the Japan operations could have a more company culture versus country (Japanese) culture. To make this wish come true foreigners are assigned to most, maybe all, of the senior executive positions. Of course these people performed well in other markets, are enthusiastic, and appreciate the opportunity to live and work in Japan. They live and breathe the company culture.

Their mission is to teach, not to learn. After all, the company has a proven track record of success elsewhere. Please don't tell us Japan is different or that we do not understand the culture. Business is business, hypertension is hypertension, and cancer is cancer everywhere.



An unintended consequence of making this wish come true is the creation of a "glass ceiling." The ceiling prohibits Japanese nationals from aspiring to high level positions in the company. While some people are quite content to live below the ceiling, those with higher goals will move elsewhere.

You can probably tell a similar story of those who wish for a more country culture.

Over time foreigners are welcomed as visitors but not as residents. The company becomes more Japanese than Japanese companies because of their knee jerk rejection of any idea that did not originate in Japan. Because of this protectionism and isolation the company fails to change as the market changes. The lack of adaptation in any organism or organization leads to a dead end.

**Guidelines versus Guidance**

Think of people in R&D who wish for explicit written guidelines on the requirements for drug development and approval. They are like cooks who want to follow a recipe to bake a cake; not like chefs who create their own pastries.

If this wish is granted the flexibility of negotiating a development plan with the authorities or clinical investigators is lost. There is a round hole for every peg and the square ones are tossed out. Innovation and creative thinking dry up. And if anything goes wrong you can blame the system.

A homogeneous society like Japan can safely lean toward more guidance and fewer guidelines, but a wish for no guidelines is a recipe for chaos. Best to find harmony in a balance between written and unwritten procedures.

**Price Maintenance versus Price Deflation**

This year is shaping up as a critical time for industry proposals regarding reimbursement prices. Many people wished a long time for price stability versus price deflation. These wishes are now under serious consideration.

There is general agreement on the debilitating impact of deflation. The drug industry has for many years, 45 to be exact, been subject to price reductions. The result is new research investments go off shore, and useful drugs sold everywhere else in the world are unavailable in Japan.

Unfortunately drug prices have long been tied to medical fees rather than to value for patients. Medical fees can go up if drug prices go down. This is not a good formula for fostering quality care. Does the quality of medical care go up in direct proportion to the increase in medical fees?

Maybe it is time to grant the industry's wish for price stability of patented drugs, BUT we still need money to raise medical fees, particularly for hospital doctors. So, off patent drugs should be reimbursed at the level of generics, that is, drastically reduce their prices.

The granting of a wish for price stability will be a blessing for companies with a large percentage of their sales in drugs with unexpired patents, and a disaster for companies who are dependent on off patent drugs for most of their revenue. Is it our wish and intention to eliminate companies who do not innovate?

#### **Wishing Is Better than Not Wishing**

Wishing is therapeutic as it reflects optimism and hope. Depressed people lack the desire to make things better because there is no hope for the future. So go ahead and make a wish list for 2010. Do not be satisfied with the status quo.

But before you make a wish, think of what will happen if your wish is granted. A wish that comes true can be both good news and bad news.