



BITING THE SILVER BULLET: Costs, CATs, Competition and Challenge

Every employee is sent a copy of Family Safety Magazine. On page 22 of the winter 1979 edition were these headlines: IS THIS X-RAY NECESSARY? Similar articles have appeared in national magazines and local newspapers with increasing frequency.

Most of us are keenly aware of the increasing prices of oil, and we know our product is made on a petrochemically based polyester film.

During the recent holidays, there were several interesting commercials on television. The featured product was a CAT scanner, and it was said to be far more versatile than conventional x-ray techniques, with the added advantage of being able to take low cost photographs of the TV screen in place of expensive radiographs.

The most significant factor in the cost of our product is the price of silver, and this price has gone up almost beyond belief. Ads in the newspapers offer "1200% profit on pre-1964 silver coins!", but the smart money is still in the piggy bank as, at the time of this article, the bullion value of a single silver dollar hit \$36.

The price of oil, the cost of silver; radiation concerns and new technology — considered all together, the future of jobs in the x-ray film business sounds a bit shaky.

In January, the plant played host to a three-day meeting of the top managers of X-Ray Marketing. There are the people who know all there is to know about the x-ray business. After that meeting, there was a chance to ask the questions which come with the daily news: How does the rising cost of health care affect my job? Is the price of silver killing the x-ray business? Do we have any real job security?

We asked Austin Smith, national sales manager: "What is the future for X-Ray

film?" He told us this:

"The x-ray market as we see it today is a very healthy market. There's nothing we can see in the immediate future which is going to replace the product you make at Brevard.

"But the market is in a period of transition. Concern about the cost of health care is making changes in what was a rather undisciplined industry. Pressure from the public is being felt throughout the health care field. Hospitals which were spending very freely for new equipment are shopping more carefully; there's a more active concern for cost and quality. Our customers are asking 'What can we do more efficiently and still maintain high quality health care?' The new cost-consciousness affects the market, but the demand for radiographic products remains high — and competition is keen."

Bob Duke addressed the issue of material costs. "Increases in the prices of raw materials for manufacture affect all makers equally," he said. "The cost of silver is the same to users everywhere, so anyone who makes x-ray film has the same cost problems you have."

Bob, who is sales manager for the Northeast region, talked about the new technologies: "CAT scanners and conventional x-rays are complementary, not competitive. New imaging techniques — xerography, ultrasound and such don't replace radiographs, either. We just don't see them as an immediate threat to our market.

"The critical factor for x-ray film makers is quality. Someone made the statement at yesterday's meeting, 'This must be a good business; everyone's after it!' And there's a message in that: lots of companies make x-ray film. All are good, some are better. The only thing we can sell is quality; consistent, superior quality. If you don't have qual-

ity in today's market, someone else is going to do most of the business."

"Who buys quality?", we asked. "Would you say as many as half the buyers would rather spend more for the top quality product?"

Austin Smith responded, "It's more than that. Seventy percent, maybe more, will buy quality rather than price. But don't be misled by the numbers. The 70% are not all our customers, and



IT'S LIKE THIS: John Golden gets Austin Smith's view of today's X-Ray film market.

the other 30% aren't using poor film. The price buyers are using film which is darned good most of the time. The only way to stay in business with the big market is to sell film which is the best, all the time. And that's where your answers are.

"The Brevard Plant has long enjoyed a reputation for quality, and that's your job security. As long as your product is absolutely the best which can be made, we don't see anything that's going to put you out of business; but in today's market, if quality slips, we're all in serious trouble."

It was a good place to close the discussion. The other members of the group agreed. According to the men who know the market best, our future is in our own hands. Our job security depends, not on silver, oil or new devices — but on the people who come through the gate to make the best x-ray film, nothing less.

"Quality is the key to our futures," said John Golden afterward. "But it doesn't stand alone. We must maintain that level of quality while we contain costs with a keen eye; we have to make the best product at the lowest possible cost and meet all the production schedules every time. The bright future is there only if we approach it with hard, diligent work."

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