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Folder Title:
Stryker Medical Corporation 3/13/92 [OA 7570] [1]

Stack:	Row:	Section:	Shelf:	Position:
G	26	22	3	7

Tim Simonson
Will FAX
Acknowledgments
by 1:00 pm.

(Duggan/Gershowitz/Nix)
March 10, 1992
Draft One
Stryker

PRESIDENTIAL REMARKS:

STRYKER MEDICAL CORPORATION
KALAMAZOO, MICHIGAN
FRIDAY, MARCH 13, 1992
[time]

[Acknowledgments]

Commerce

I'm here to salute an outstanding group of competitors in one of our leading-edge industries. Stryker is celebrated across the nation and around the world for the quality of your products and the excellence of your management. You're leaders in an innovative industry that makes our country proud.

Let me offer a personal note. I'm a grandfather -- and time after time in recent years I've seen modern medical devices work miracles for other grandparents. I've seen grandparents who had been hobbled for years with arthritis. Now they're running and playing again with their grandkids. Those miracles are thanks to the advances your industry has made with artificial joints.

I am proud of how you at Stryker have gone abroad and captured new markets for your high-quality American products. Exports as a portion of your sales have risen steadily and now account for almost one third of all your sales. You have increasing numbers of customers in Canada and Mexico and Europe - and you're the number one seller of artificial hips in Japan.

[Your industry is growing and creating good jobs for Americans because you give as good as you get. The health care technology industry, which is made up mostly of smaller companies like Stryker, invests an average of 6.3 percent of revenues in

Michael
Fuchs
Commerce
377-0550

research and development. That is nearly double the national manufacturing average.

Your industry alone provides the United States with a favorable balance of foreign trade of four billion dollars. You're solid proof that, given a level playing field, American workers can outthink, outperform and outproduce anyone, anywhere in the world. \\\

Some people can't seem to understand this. They see the challenges of the global economy and they say: Let's draw the blinds, bolt the doors and maybe the world will go away. They push protectionism -- which really means surrender.

The defeatists may carp, but over time they'll become irrelevant. The future belongs to those who have the will to compete. And for my part, I'll continue working with you to open up new markets in Mexico and South America and around the globe.

I'm also working urgently for a climate more favorable for prosperity at home. Later today I'll give a longer speech to the Economic Club of Detroit. There, I'll go into greater detail about the economic growth plan I've asked Congress to pass by March 20. We need new incentives to get the economy moving -- for instance, a new investment tax allowance. We need to get real estate up and running -- and that means Congress should pass my \$5,000 tax credit for young people buying their first homes. We need to reward the risk-takers who create new jobs -- and that means cut the tax on capital gains.

But I'd like to spend the rest of my brief time with you

talking about another battle for the health of economy -- the struggle against excessive regulation. A level playing field outside the United States is all well and good, but you'll never reach it if you have to run yourselves to exhaustion right here at home on an uphill treadmill of overzealous regulation.

In my State of the Union Message, I instituted a 90-day freeze on all proposed and existing federal regulations that could affect economic growth. As much as possible, we are now speeding up rules that will help growth and halting rules that would harm the economy.

I am very concerned about the well-being of America's health technology businesses. Our whole future depends on innovative industries like yours. The Commerce Department recently reported that America's health technology industry is the strongest in the world -- but that if current political and economic trends continue, it would slip behind European and Asian competitors by the end of this decade. And need I say what one of those negative trends is? It is government regulation.

As long as I am President I am determined to roll back the tide of over-regulation. After the 90-day freeze, I'll introduce reform legislation to correct unreasonable rules we can't change simply through executive action. And I will fight with all my might the Congressional liberals who try to impose new and unreasonable regulatory burdens on Americans' livelihood. I've already served notice, for instance, that I oppose the so-called FDA enforcement bill. If Congress sends me any more legislation

with excessive regulation in it, I'll veto it as soon as it hits my desk.

As long as I am President, I'll work to cut needless red tape and get life-saving drugs and devices to those who need them. Regulation of the healing arts and health technologies must be based sound science -- not on ideological politics and scare tactics.

And we need to heal something else -- a legal system that is emptying our wallets and tearing our social fabric apart. That's why I'm asking your support for my proposals to reform the liability system and the civil justice system. You know how bad the epidemic of lawsuits has become: Doctors have quit delivering babies because they fear malpractice suits. Parents won't coach little league for fear of liability suits. I want to be president of a country where people spend more time helping each other than they do suing each other.

Our economy will be strong only so long as it's free. That's the lesson you innovators at Stryker have learned in markets at home and around the world. It's a principle I'll fight for in the public arena, in my go-arounds with Congress -- and as Chief Executive of the departments and agencies that regulate American business.

Thanks again for your warm welcome. And may God bless the strongest, bravest, freest country on earth -- the United States of America.

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This DRAFT

HAS BEEN FACT-CHECKED!

(Duggan/Gershowitz/Nix)

March 11, 1992

Draft Two

Stryker

PRESIDENTIAL REMARKS:

STRYKER MEDICAL CORPORATION

KALAMAZOO, MICHIGAN

FRIDAY, MARCH 13, 1992

[time]

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research and development. That is nearly double the national manufacturing average.]

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Over-regulation here in the United States can give foreign corporations an advantage over American firms. It also can drive U.S. businesses to move factories and jobs overseas. Recently, because of heavy regulation, the number of approvals of new medical devices has dropped dramatically.

Let me assure you: I am determined to roll back the tide of over-regulation. After the 90-day freeze, I'll introduce reform legislation to correct unreasonable rules we can't change simply

W.H. FACT SHEET 1/92

V.P. OFFICE
JOHN CONNSEN

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FAX TRANSMITTAL

TO: Gary Gershowitz - White HouseFAX: (202) 456-6218FROM: Marty Dodge - Kalamazoo County Chamber of CommercePHONE: (616) 381-4000 FAX # (616) 343-0430DATE: 3-11-92Total number of pages 20 including this cover letter.

MESSAGE OR SPECIAL INSTRUCTIONS:

Information as per your request - If
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don't hesitate to call

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL THE PHONE
NUMBER ABOVE AS SOON AS POSSIBLE.

Facsimile transmission sent 3-11-92 at 3:45 P.M.
(date) (time)

by

Marty
(name)

Thank You



Kalamazoo County

Redi-Reference Facts

Fall '92

Area: 576 square miles

Population: 223,411
(1990 census data)

County seat: Kalamazoo

Location:

- Southwestern Michigan, mid-way between Detroit and Chicago.
- Western edge of Eastern Standard Time Zone.
- Ground elevation: 945 feet

Distance in miles from:

Lake Michigan - 35
Chicago - 150
Cleveland - 273
Detroit - 135
Flint - 125
Fort Wayne - 150
Grand Rapids - 50
Indianapolis - 270
Lansing - 70
Milwaukee - 240
South Bend - 70
Toledo - 190

Climate

- Average Mean Temp. (F):

Year 49.7
Jan. 24.7
Apr. 48.7
July 72.9
Oct. 53.8

- Average annual snowfall - 69.7.
- Average annual precipitation - 34.27.
- Prevailing southwesterly winds of 10 mph cross Lake Michigan and help to moderate our climate.

College and University Enrollment:

Western Michigan University - 25,000
Kalamazoo Valley Community College - 20,000
Kalamazoo College - 1,200
Davenport College - 1,000
Nazareth Collge - 800

Churches:

248 churches representing 48 denominations

Hospitals:

Borgess Medical Center (capacity 462)
Bronson Methodist Hospital (cap. 456)
Bronson Vicksburg Hospital (cap. 41)

Industry:

More than 400 diversified manufacturing firms

Major Industries:

Chemical products
Pharmaceuticals
Paper & allied products
Fabricated metals
Transportation equipment
Robots
Aircraft controls
Plastics
Bedding plants

Labor and Employment Data for Kalamazoo MSA October 1991

- Total labor force - 119,300
- Wage & salary employment - 115,100
- Construction - 3,500
- Manufacturing - 28,400
- Non-manufacturing - 83,200
- Government - 19,500
- Unemployment - 7,100
- Unemployment - 5.9%

Transportation:

- Freeways: I-94, U.S. 131
- Airlines: American Eagle, Comair, Continental, Northwest, United Express, USAir.
- Trucking: 26 carriers
- Railroads:
 - Passenger - Amtrak
 - Freight - ConRail, Grand Trunk,
- Bus:
 - Greyhound, Indian Trails.
 - Metro Transit provided by cities of Kalamazoo and Portage

Visitor Services and Information:

- 34 motel/hotel facilities with 2,393 sleeping rooms
- 8 major conference centers with space accommodating up to 1,500 people
- 5 major annual festivals
- Many other annual events/attractions

Communications:

- Television: 1 local station, cable TV (pay TV channels), Public Broadcasting Service, and two local access centers for community programming.
- Radio: 6 AM stations, 8 FM stations.
- Newspapers: 1 daily, Kalamazoo Gazette, circulation 63,212, and 8 weeklies

Financial institutions:

Arcadia BIDCO
Arcadia Bank
Comerica Bank-Kalamazoo
First of America-Kalamazoo
First of America Bank Corporation
Kalamazoo County State Bank
Michigan National Bank-West
NBD Portage
Old Kent Bank & Trust Co.
Portage Commerce Bank
Fidelity Savings Bank
First Federal of Michigan
Standard Federal Bank
— also, 30 credit unions, members of the Kalamazoo Chapter of Credit Unions

Market Facts for Kalamazoo:

Ameritech Publishing, Bell
Marketing Report-Directory areas
— Population: 260,387
— Households: 99,638
— Median household EBI - 30,948

Utilities:

- Gas and electric-Consumers Power Co.
- Telephone - Michigan Bell and Augusta - Hickory Telephone Co.
- Water and sewer - Kalamazoo and Portage municipal systems

Populations of Cities, Townships and Villages:

Population	Tax Rate %	
	Oct. 1990	
Kalamazoo (C)	80,277	76.82
Portage (C)	41,042	59.26
Kalamazoo (T)	20,976	65.32
Oshkosh (T)	13,401	56.81
Comstock (T)	11,834	51.08
Cooper (T)	8,442	58.14
Texas (T)	7,711	49.05
Schoolcraft (T)	3,707	54.89
Pavilion (T)	3,424	53.58
Richland (T)	5,099	52.07
Alamo (T)	3,276	51.43
Climax (T)	2,221	55.60
Vicksburg (V)	2,216	66.96
Parchment (C)	1,958	67.14
Galesburg (C)	1,863	63.19
Schoolcraft (T)	1,517	65.38
Augusta (V)	927	62.77
Climax (V)	700	68.05
Richland (V)	465	58.86

C=City T=Township V=Village
% per \$1,000 assessed value
✓ assessed value under Michigan law equal to 50% of true market value

For more information, contact the
Kalamazoo County Chamber of Commerce
128 N. Kalamazoo Mall, Kalamazoo, MI 49007
(616) 381-4000



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TOTAL P.02

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POPULATION BREAKDOWNS BY COUNTY

Kalamazoo	1990	1980	St. Joseph	1990	1980
White	197,427	192,265	White	56,661	54,256
Black	19,879	15,846	Black	1,600	1,360
Hispanic	3,950	2,605	Hispanic	546	386
Asian/Pacific	3,168	1,417	Asian/Pacific	258	—
Native American	1,017	658	Native American	226	—
Other	1,920	2,192	Other	168	—
TOTAL	223,441	212,387	TOTAL	58,913	56,083
Van Buren			Barry		
White	63,189	60,206	White	49,429	45,259
Black	4,690	5,041	Black	104	66
Hispanic	2,254	1,499	Hispanic	521	420
Asian/Pacific	258	—	Asian/Pacific	144	—
Native American	646	—	Native American	188	—
Other	1,318	—	Other	192	—
TOTAL	70,060	66,814	TOTAL	50,057	45,781
Allegan			Cass		
White	86,760	58,354	White	44,827	44,740
Black	1,448	1,471	Black	3,725	4,150
Hispanic	2,895	2,011	Hispanic	651	337
Asian/Pacific	411	—	Asian/Pacific	191	—
Native American	543	—	Native American	469	—
Other	1,347	—	Other	265	—
TOTAL	90,509	81,555	TOTAL	49,477	49,499

Kalamazoo County



In the early days of Michigan's statehood, the Potawatamie Indians populated this part of southwestern Michigan. The tribe peacefully allowed settlers to clear the rolling hills and cultivate the rich farmland. Many villages were established, including several that bordered the quiet but powerful Kalamazoo River, such as Galesburg, Comstock, and Kalamazoo. Other early settlements, such as Schoolcraft and Cooper, also still exist and thrive today.

The Kalamazoo River provided necessary power for the milling of both grain and paper. The establishment of such operations provided the incentive for long-term industrial growth. Subsequent founding of two institutes of higher education — Kalamazoo College and Western State Teachers College — firmly cemented the base upon which Kalamazoo County would build a healthy cultural and business environment.

Nowhere is a higher premium placed on a richly varied, creative quality of life than in Kalamazoo County. Consistently rating well in national surveys gauging a variety of living conditions, Kalamazoo boasts a quality of life that is among the finest in the state. These ratings are based on many factors, such as housing, climate, education, the arts, transportation, and economics. Newcomers to Kalamazoo find an exciting combination of the qualities that make life enjoyable and rewarding — and that's probably the primary reason why Kalamazoo has been named an "All American City, U.S.A." in past years by the Municipal League.

Exactly halfway between Chicago and Detroit, Kalamazoo County is centered in a market area that contains

60 communities, 2,000 square miles and a half-million people. This geographic midpoint makes us a crossroads for business and industry. Along with a climate moderated by the Great Lakes and a ready availability of human and

natural resources, our location has helped us develop a large and diverse industrial and business community. This diversity sustains the stable and prosperous economic base that characterizes Kalamazoo County.

Kalamazoo County has a pace and lifestyle all its own. Cultural events, shopping and entertainment are plentiful and cosmopolitan in quality and variety. But unlike a big-city megalopolis, traffic jams are rare. Lakes and woodlands are just minutes from anywhere. Sports and recreation are abundant year-round. Live theatre joins with a wealth of orchestras and festivals, and our own art institute, museum and dance company in a cultural tableau that makes us the arts' center in southwestern Michigan.

Known not just for its quality of life, Kalamazoo County is also recognized for its freedom and variety of lifestyles. Parochial and private systems supplement nine public school districts. Our higher education institutions include a major university, two colleges, a community college and a business college. Housing covers a spectrum from traditional to contemporary in urban, suburban or rural environments. Two full-service hospitals ensure quality healthcare. And more than 300 community agencies answer human needs in our 4 cities, 5 villages and 15 townships.

The strength of our economy is in the diversity of our industry and business.

Generated by Kalamazoo County's industries and business, wages and profits are the cornerstones for all the elements that make life good in Kalamazoo — our cultural facilities, parks, schools, neighborhoods and homes. We are fortunate to live in a community where a tradition of industrial diversity helps maintain a stable economy and a prosperous standard of living.

Kalamazoo County's industrial base has always been varied. Around 1865, Kalamazoo County was the first in the United States to cultivate and market celery. The vegetable was so successful that by 1920, we were the celery capital of the nation. While celery farming is no longer an industry here, more than 1,000 farms utilize 45 percent of the available land to raise dairy herds, grain and truck crops.

A century ago, Kalamazoo manufactured carts, buggies, steam engines, windmills, stoves and cement. Between 1902 and 1926, six different automobiles were assembled here. Today, the Checker Motors Corporation still manufactures parts, as does General Motor's Buick-Oldsmobile-Cadillac Division plant, which started in the mid-1960s.

Paper has been a major industry for more than a century. The dozens of mills prevalent in the early 1900s are now consolidated under a few major firms. And their continued importance here has prompted the growth of many paper-related businesses that include specialty papers, inks and chemical manufacturers and printing companies.

A partial listing of our cornerstone companies — those who have long contributed to the county's development — demonstrate our diversity. They include Swift-Eckrich, James River Corporation, Georgia Pacific, Simpson Paper and Performance Papers, Inc., all paper manufacturers; Hercules, Inc., located in Parchment; The Upjohn Company, world leader in pharmaceuticals and chemicals; NWL Control Systems, manufacturers of aircraft and missile components; and the Stryker Cor-

poration, originators and manufacturers of innovative orthopedic beds and surgical equipment.

The Upjohn Company is the county's largest employer. Its concern for human health the world over is reflected in its concern for the Kalamazoo community. Since its founding in 1886, The Upjohn Company has been a leading local benefactor, contributing significantly to all aspects of our county's development. Just recently, the company gave a \$10 million gift to the community — \$2 million a year for five years — to improve the area's infrastructure.

In total, *Fortune's* 500 lists over 20 of the nation's leading corporations with facilities in and around Kalamazoo County. Chemical products rank as the

largest single industry, along with paper and allied products, fabricated metals and transportation equipment. With well over 300 manufacturing firms, the Kalamazoo SMSA ranks seventh in the state in total number of manufacturing employees. Of the total labor force, 33 percent are in manufacturing areas.

FOUNDATIONS FOR GROWTH

Even when business conditions fluctuate in other parts of the state, the economy remains relatively stable in Kalamazoo County. Traditionally, unemployment falls below both state and national

averages, due largely to the variety of industry and business here. Our labor force is plentiful and well skilled. And our labor costs are competitive.

Our county's economy has continued to grow in recent years with new industrial development and expansion. Stryker Corporation has invested more than \$2.5 million in its future in Portage and the Upjohn Company has devoted over \$75 million to two new facilities in downtown Kalamazoo.

Successful, smaller manufacturing firms also elect to locate in Kalamazoo County, including dozens of plastics



The Upjohn Company headquarters and some of its products

Checker has been moving its facilities South — touchy subject here

Employer**# of Employees****Product/Service****1,000 employees or more:**

The Upjohn Company 7000 Portage Road Kalamazoo, MI 49001 — (616) 323-4000	7,500	Pharmaceuticals, chemicals, urethanes, agricultural products worldwide headquarters
General Motors Corporation Buick-Oldsmobile-Cadillac Division 5200 E. Cork Street Kalamazoo, MI 49008 — (616) 384-1100	3,327	Body stamping plant
Bronson Methodist Hospital 252 E. Lovell Kalamazoo, MI 49001 — (616) 341-7654	3,100	Healthcare
Western Michigan University 3062 Siebert Administration Bldg. Kalamazoo, MI 49008 — (616) 387-1000	3,000	Education
Borgess Medical Center 1521 Gull Road Kalamazoo, MI 49001 — (616) 383-7000	2,210	Healthcare
Kalamazoo Public Schools 1220 Howard Kalamazoo, MI 49007 — (616) 384-0100	2,208	Education
First of America Bank MI NA 108 E. Michigan Ave. Kalamazoo, MI 49007 (616) 383-9000	1,759	Banking/full service
James River Corporation 243 E. Patterson Kalamazoo, MI 49007 — (616) 383-5000	1,620	Printing, paper packaging, flexible packaging-bakery, food, grocery goods, consumer disposable products
Meijer, Inc. 5121 S. Westnedge Kalamazoo, MI 49008 — (616) 381-3465	1,500	Retail, good and household products
Portage Public Schools 811 S. Westnedge Portage, MI 49002 — (616) 329-7400	1,000	Education

500-999:

City of Kalamazoo 241 W. South St. Kalamazoo, MI 49007 — (616) 385-8017	900	Government services
County of Kalamazoo 201 W. Kalamazoo Ave. Kalamazoo, MI 49007 — (616) 384-8111	900	Government services
United States Postal Service 1121 Miller Road Kalamazoo, MI 49001 — (616) 388-7211	886	Postal services
Eaton Corporation 13100 E. Michigan Kalamazoo, MI 49003 — (616) 342-3000	850	Automotive parts distributor
Kalamazoo Regional Psychiatric Hospital 1312 Oakland Drive Kalamazoo, MI 49008 — (616) 385-1200	802	Healthcare

500-999 (continued):

750	NWL Control Systems 2220 Palmer St. Kalamazoo, MI 49001 — (616) 384-3400	Automotive stamping and parts	500
500	Checker Motors Corporation 2016 Fitcher St. Kalamazoo, MI 49007 — (616) 343-6121	Automotive stamping and parts	500

250 - 499 employees:

450	Old Kent Bank 136 E. Michigan Ave. Kalamazoo, MI 49007 — (616) 383-6700	Banking/full service	450
392	Beach Products 3825 Emerald Drive Kalamazoo, MI 49001 — (616) 349-2626	Tableware and giftware	392
389	Durometallic Corporation 2104 Factory Kalamazoo, MI 49001 — (616) 381-2650	Fluid seals and packing	389
370	Swift Edrich 631 Second St. Kalamazoo, MI 49007 — (616) 381-4114	Sausage and meats	370
350	Georgia Pacific 2425 King Highway Kalamazoo, MI 49001 — (616) 382-2890	Printing and converting papers	350
350	Simpson Paper Company 336 W. Washington Vicksburg, MI 49097 — (616) 649-0510	Tech and printing papers	350
350	Stryker Corporation 420 Alcott Kalamazoo, MI 49001 — (616) 381-3811	Surgical and hospital equipment	350
320	Borroughs Manufacturing Corporation 3002 N. Burdick Kalamazoo, MI 49007 — (616) 342-0161	Steel shelving, office furniture merchandising, storage, display equipment	320
316	Pumpkin Products P.O. Box 175 Kalamazoo, MI 49003 — (616) 381-5500	Pneumatic valves and devices, gas	316
300	Allen Test Products 8001 Angling Road Kalamazoo, MI 49002 — (616) 329-7600	Automotive diagnostic and test equipment	300
300	Kalamazoo Valley Community College 6767 West O Ave. Kalamazoo, MI 49009 — (616) 372-5000	Education	300
250	Consumers Power Company 2500 E. Cork St. Kalamazoo, MI 49001 — (616) 381-6131	Gas and electricity	250
250	Mead Products 4141 Manchester Rd. Kalamazoo, MI 49001 — (616) 382-0390	School supplies, stationary, loose leaf binders	250

Up to 249:

200	Plastic Engineering Inc. 1821 Vanderbilt Rd. Kalamazoo, MI 49002 — (616) 327-6788	Plastic parts and molds, industrial chemicals	200
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Stran's
Dutch
Heritage,
Locally

And provide for our spiritual selves.

Within Kalamazoo County, more than 200 established churches and places of worship represent over 50 different faiths and denominations. This strong religious community provides a myriad of community and social programs, ranging from prisoner rehabilitation to counseling and shelter for runaway youth. The county also serves as the center of the Episcopal Diocese of Western Michigan and the Catholic Diocese of Kalamazoo, each with its respective cathedral and bishop.

In the city of Kalamazoo, the streets bordering Bronson Park make up "Church Square." Here, five of the county's pioneer churches face the park, all but one rebuilt at least once on or near the original sites. The oldest original edifice is the First Baptist Church, with portions of its structure dating back to 1853.

The greatest single spiritual and cultural influence on Kalamazoo County may have been the arrival of the Hollanders and establishment of the First Reformed Church in 1850. The influx of the Dutch contributed greatly to the community's character, still evident in the county's orderliness, its love of flowers and large horticulture industry, and the Dutch families that continue to contribute to our culture and prosperity.

In the late 19th century, the Unitarian Peoples Church raised a loud voice for social concerns. Under the ministry of Caroline Bartlett, the Peoples Church was a civic center housing a kindergarten, women's gym, a club for young black men, manual training classes for men and boys, as well as other activities. In 1899, Miss Bartlett's manual training programs were adopted by the public schools, making Kalamazoo the first district in the state to offer vocational education. A short time later, the kindergarten plan also was adopted.

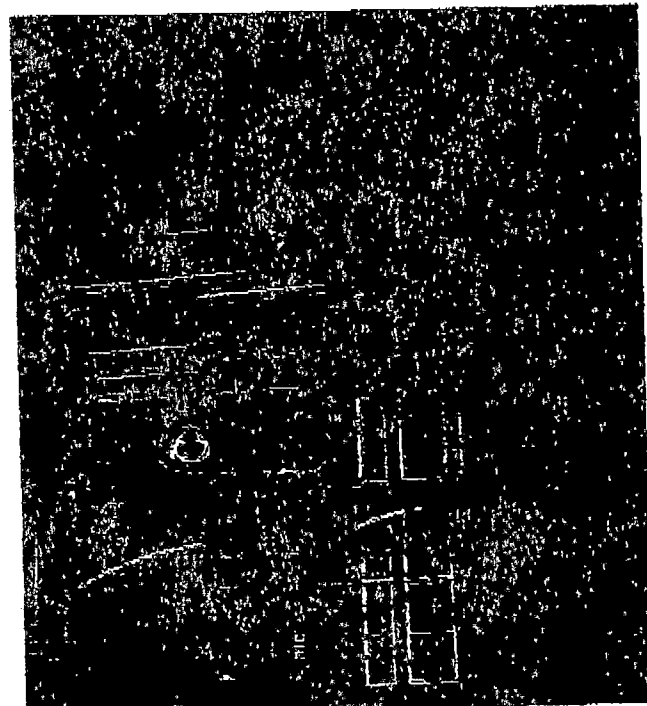
In 1976 Kalamazoo County's religious congregations united and commissioned a sculpture honoring America's Bicentennial. In Bronson Park, Kirk Newman created the bronze grouping of children representing different ethnic and social backgrounds. The children express innocence, freedom, and hope in the future of America. The dedication plaque echoes the words of the prophet Zechariah and represents the character and spirit of the Kalamazoo County Community:

*Where justice and mercy prevail,
children may safely play.*

Historically, the spiritual community has played a vital role in the growth of our social and educational institutions and services. But its most significant contribution is to the character of Kalamazoo County and the people who live here.



Sculptor, Kirk Newman with his bicentennial grouping in Bronson Park



Ladies Library Society, first in the nation



**Greater Kalamazoo
United Way**

NEWS

709 South Westnedge Avenue
Kalamazoo, Michigan 49007-5099
Ph: 616-343-2524 • FAX: 616-344-7250

CONTACT: Ann Marston, Assoc. Executive Director
Carol Janowicz, Communications Director
GREATER KALAMAZOO UNITED WAY
616/343-2524

HOLD FOR RELEASE
(Release Time: 8 PM 2/20)

FAMILY INSTITUTE RECEIVES FEDERAL GRANT

February 20, 1992, Kalamazoo, Mich. -- A new human services agency is being born in Kalamazoo. For the past two years, community citizens have been working on a new concept—an agency whose primary purpose is to strengthen the family. Today in Kalamazoo officials of The Upjohn Company, Rev. Otha Gilyard and officials of the Greater Kalamazoo United Way came together to present the Family Institute. The Family Institute, now incorporated in the State of Michigan, has received its not for profit status and, with the help of the GKUW has received a three year \$467,736 demonstration grant from the Federal Government. This grant assures the birth of the Family Institute. This first Federal Grant for the Prenatal Services Support Team project, will focus on creating an integrated family support facility to support pregnant women and young mothers by offering access to several health services in a home-like environment.

Rev. Otha Gilyard of Mt. Zion Baptist Church and Dr. Theodore Cooper of the Upjohn Company worked with a coalition of community organizations and agencies since the Fall of 1989 to establish a place where people could come together to work on common problems and receive support and service to cope with the stresses associated with drugs, crime and the worsening economy. The goal was to design and implement a highly integrated community family support system for parents of children ages 0 - 6 years, regardless of the age of the parent or number of children in the family. Funding and administrative support for the planning process was provided by The Upjohn Company and the Greater Kalamazoo United Way.

The Family Institute was approved by the Northside Coalition in March, 1991, and articles of incorporation were filed and approved establishing the Institute as a non-profit agency under Article 501 (c) (3). Chair of the Family Institute's Board of Directors is Jim Greene.

The Family Institute planning committee did extensive research on community attitudes and desires. The efforts included four focus groups, a neighborhood door-to-door survey reaching 468 individuals and a community meeting attended by over 100 people. A variety of support groups, workshops, classes, mentoring programs, parent-child "life-planning" sessions and advocacy activities will be provided for families needing general support. The Prenatal Services Support Team (PSST) project is the first effort to connect the Family Institute with established community services.

#



KALAMAZOO, MICHIGAN

Institute aims to help families

CRAIG THOMAS
GAZETTE STAFF WRITER

At 7:30 tonight, a new human service agency is expected to be launched in Kalamazoo.

The dream of a Family Institute will become a reality, according to the Rev. Otha Gilyard, pastor of Kalamazoo's Mount Zion Baptist Church. Gilyard, along with officials of The Upjohn Co. and the Greater Kalamazoo United Way, will explain the agency's purpose: to strengthen the family.

Details of a major federal grant and a building to house the institute also are expected to be announced. The Family Institute has been incorporated as a non-

profit agency and is expected to receive substantial financial assistance from Upjohn, the locally based pharmaceutical firm that recorded \$3.4 billion in sales last year.

In 1989, Gilyard and Theodore Cooper, chairman and chief executive officer of Upjohn, began lobbying for an agency that would be centered around a child-care center where parents could bring their children.

In addition to a place to bring children, parents will be encouraged to participate in discussions with other parents at the institute. The institute will seek to teach parents how to become better parents through a combination of self-help, one-on-one coaching and group classes.

As more and more families evolve from the traditional mom-dad-children configuration, social institutions -- from law to educa-

tion to social service agencies -- are stepping in to ensure the welfare and development of the children.

Adding to the muddle is the lack of agreement even among health-care and family-welfare professionals on what constitutes a family.

Deloris Jordan Phillips, an associate professor of social work at Western Michigan University, previously told the Gazette that the concept of "a family" is not all together clear.

"We assume that the nuclear family is the norm, but it is becoming less so," Phillips said. "Single-parent, same-gender, blended families and variations of the nuclear family are becoming more common."

Society is having to intervene in what used to be traditional family matters, Kalamazoo County Prosecutor James Gregart said. "We remember the dream, but the reality is nowhere near our fondest hopes."

"I think the Family Institute is an attempt to maintain the positive and necessary aspects of family living and still provide a wide latitude to allow people to choose their own configuration," Gregart said in previous interview.

"But that does not mean we should allow those people who are procreating to walk away from their responsibilities."

A reception and news media briefing is set for tonight in the board room of the Greater Kalamazoo United Way to officially mark the start of the new agency.



Cooper



Gilyard

KALAMAZOO GAZETTE ■ FRIDAY, FEBRUARY 21, 1992

METRO & CLASSIFIED

\$467,786 federal grant launches Kalamazoo's F

AIG A. THOMAS
STAFF WRITER

A federal grant of \$467,786 is easing the birth of the Family Institute, a new human service agency unveiled Thursday in Kalamazoo.

The institute received the three-year demonstration grant with the help of the Greater Kalamazoo United Way. Institute officials said at the agency's christening ceremony at the United Way headquarters.

The non-profit institute is designed as a highly integrated community family support system for parents of children up to age 6, regardless of the age of mother or number of children in the family," said James E. Greene Jr., the institute's board chairman.

The institute will provide medical services and seek to teach parents how to become better parents through a combination of self-help, one-on-one coaching and group classes.

The federal grant is expected to support the first of several major programs, including the Prenatal Services Support

Team project. The funds will help create a facility that will offer a wide range of health services in a single location for pregnant women and young mothers.

Greene said the institute expects to serve 75 clients the first year, 150 clients the second year and 175 clients the third year of the grant.

"We come here tonight to celebrate a new birth," said the Rev. Otha Gilyard, a dominant force behind the institute. "But it is important to note that there is work yet to be done."

"We want to strengthen and to empower the family, but we don't expect it to be the cure for all social ills," said Gilyard, pastor of Mount Zion Baptist Church.

"I'm absolutely delighted that this agency has been created," said Theodore Cooper, chairman and chief executive officer of The Upjohn Co. "The focus will not be on what government can do, but what people here want to do."

In addition to Cooper's personal support, Upjohn contributed \$15,000 for planning costs and \$30,000 in an unrestricted grant to help get the institute

started, said Ann Marston, associate executive director of the Greater Kalamazoo United Way.

Greene announced that a permanent site is being negotiated and will be named in the next couple of months. But for now, the temporary site is set to open in a building on the city's North Side.

The center will be working with the Family Health Center and a group of obstetricians and gynecologists at Bronson Methodist Hospital, Greene said.

Kalamazoo Mayor Beverly Moore said she is encouraged by both the makeup of the 17-member board of directors and the fact that preventative measures are being funded.

"The notion that 'if you can't measure prevention, then don't fund it' doesn't appear to be operating here," Moore said. "The creation of this agency is evidence that there is a willingness to fund prevention, which is so logical."

Moore also said she is pleased that four area minority doctors have agreed to take time out of their own private practices to support the institute.



The Upjohn Co. Chairman Dr. Theodore Cooper and Dr. James E. Greene Jr. describe the help they found the agency. Greene

**OFFICE OF MINORITY HEALTH
Minority Community Health Coalition
Demonstration Grant Program**

COVER SHEET: Attach to Completed Application

Applicant Organization: Greater Kalamazoo United Way
Project Director: W. Thomas Dugard, Jr.
Title of Project: Prenatal Services Support Team

1. Abstract: Describe the proposed project in 250 words or less.

This project will improve the health of minority mothers and children by creating an integrated family support facility providing pregnant women and young mothers access to several health services in a home-like environment that includes child care, laundry, and food. This facility is one project planned by the Family Institute, a coalition of community organizations and agencies that has been working together since the Fall of 1989.

The facility will enable participants to meet a variety of family needs at one location, as recommended recently by the National Commission to Prevent Infant Mortality (1991). Prenatal and neonatal care and information, social support, and substance abuse services will be available. Referral and intake into other services will be coordinated here. While these needs are being attended to, child care will be provided and the week's laundry can be done. A congenial environment, with snacks available, will encourage learning, networking, and mentoring. Though the facility will be located within walking distance of many potential participants, transportation will be available to those who live farther away, are too sick to travel easily, or need to meet appointments elsewhere.

Specific health problems to be addressed include infant mortality, sexually transmitted diseases, and chemical dependency. The interrelatedness of these problems makes an integrated approach essential.

2. Indicate which health problems the project will address.

- | | |
|---|---|
| ☐ physical activity/fitness | ☐ nutrition |
| ☐ tobacco | ☒ alcohol and other drugs |
| ☐ violent and abusive behavior | ☐ educational and community-based programs |
| ☐ unintentional injuries | ☐ environmental health |
| ☐ occupational safety and health | ☐ heart disease and stroke |
| ☒ maternal and infant health | ☐ diabetes and chronic disabling diseases |
| ☐ cancer | ☐ other _____ |
| ☐ HIV infection | |
| ☒ sexually transmitted diseases | |

3. Indicate the race/ethnicity of the group the project will target.

- | | |
|--|--|
| ☐ Asian/Pacific Islander | ☒ African American |
| ☐ Hispanic | ☐ Native American/Alaska Native |
| ☐ Combination (indicate below): _____ | |

Of Every 100 Children Born in Kalamazoo Today ...

- 14 will be born out of wedlock.
- 40 will be born to parents who divorce before the child is 18.
- 5 will be born to parents who separate.
- 2 will experience the death of one parent before their 18th birthday.
- 41 will reach the age of 18 "normally".



The Challenge

Social, economic, environmental and familial forces are putting many of our children educationally "at-risk." Their ability to learn and motivation to stay in school is severely hampered by forces out of their control. As a result, they have uncertain futures as students, workers and citizens, and ultimately, are unlikely to become productive members of our society.

The Response

The Kalamazoo Area Academic Achievement Program is a visionary, innovative program to assist these "at-risk" children from failing academically or dropping out of school. It combines financial incentives toward post-secondary education in conjunction with three supportive component programs to address the complex problems of these "at-risk" students:

- **Parenting Component** — enlists help of students' parents to provide encouragement, support and assistance in their child's academic success.
- **Mentoring Component** — brings business and community members into personal contact with KAAAP students for additional guidance, support, role modeling and learning.
- **Work Experience/Co-op Component** — implements a work experience program enabling 7th - 10th grade KAAAP students to experience different occupations. Also, develops cooperative and part-time jobs for students as they reach 11th and 12th grades.

Beginning early in the development of these future employers (~~at the age of 7th~~ ^{4th Grade}), students can earn financial credits rewarding attendance, conduct and acceptable academic performance. At the same time, their parent(s) learn to provide encouragement and support. Students are also introduced to mentors in the business community and later, have an opportunity to gain practical work experience.

Possible cash incentives available through the program, by graduation, can reach up to \$4,000 for each student. These dollars will be funded through an endowment campaign, currently underway. Its goal is \$4.3 million and was launched with a contribution of \$500,000 from the Upjohn Company. *(Over Next Five Years)*

Our Success Depends on You

As a business person, the success of these children should be a prime concern to you. It is businesses like yours which will eventually find themselves bearing the burden of increased training costs or unemployment costs as those children who do not succeed enter the workforce. Strengthening local education benefits your business in a variety of ways:

- it provides you with a pool of qualified workers to draw from in the future.
- it is a valuable asset when recruiting employees from outside the area.
- it provides a valuable tool to local economic development efforts, creating a stronger economy.

To succeed we need your participation. Your contribution, whether financial or through volunteer work done through one of KAAAP's component programs, is crucial to the success of our children, our community and ultimately of your business.

To participate contact the Kalamazoo County Chamber of Commerce at 381-4000.

Enterprise/March 1992 13

KAAAP — helping kids like Bobby map out a better future

by Marty Dodge

Bobby, at the ripe, old age of 10, already has his future mapped out. Tragically, Bobby's map shows only dead ends and blind alleys.

It doesn't lead to a college or trade school, a decent job, or a home in a nice neighborhood. It doesn't even include a high school diploma.

When he grows up Bobby wants a family and a job he can support them with. Trouble is, he probably won't have the skills or abilities a job like that will require.

Bobby still enjoys school. He goes to class every day and makes decent grades. But, each day it gets a little harder. His world seems full of potential roadblocks. He knows life can throw things his way to make it pretty tough — his mom has told him so.



This year, KAAAP will help 100 KPS students overcome obstacles keeping them from graduating with students like these in the year 2000.

It would be easier to do well in school if he could get some encouragement and know he had a chance to afford college or a trade school. But his family lives from paycheck to paycheck and there just isn't anything left to save for the future.

His mom does her best, raising four children by herself on \$12,000 a year. People tell her school is important, but most of the time she's too busy trying to put food on the table and keep her kids off the street to see how Bobby's doing in school. Besides, all things considered, she figures she's managed all right without a high school diploma.

This is how Bobby sees his map. How does he know his map looks like this? Easy — he's already seen it. It's the one his older brother Roy has used, and it won't be long before it becomes Bobby's legacy.

Bobby isn't a real child, but his story is for many children in the

Kalamazoo Public School system. Every day more and more children see their maps leading only to bleak futures. Even though many of these children have the potential to do very well, many will falter, unable to overcome negative circumstances over which they have no control.

These children are considered educationally at risk.

A large and complex problem, it calls for a well-thought out solution. Enter, the Kalamazoo Area Academic Achievement Program.

KAAAP offers children such as these tools and resources to remove obstacles barring them from successfully completing school.

Scheduled to select 100 fourth-graders for participation by March's end, it combines financially based, incentives toward post-secondary education with parenting, mentoring and work-experience components. Based on academic performance, attendance, citizenship and dedication, the reward for participating students, by graduation, can contain up to \$4,000 in cash and post-secondary tuition credits.

Children will be selected based on nationally recognized criteria that place them in the ranks of potential drop-outs. Using these criteria selection points have been assigned, based on family income at or below the poverty level, single parent homes, siblings who've experienced learning difficulties, low birth weight, and parent(s) educational level.

"We are finding kids, generally, that like to come to school, and kids who do, considering their circumstances, relatively well. That would be at the very low average or the very high, low-achievement rate. These are the kinds of kids that we try to designate for KAAAP," Gary Compton, KPS director of elementary education, explains.

"They're showing, despite all of the factors which are working against them in their life — the forces over which they have no control — some spark, that they can do it and that they have some achievement level," Compton added.

Each year another 100 fourth-graders will be enrolled in the program, so that, by the year 2000, when members of the pioneer

KAAAP class graduate and receive their incentive dollars and credits, some 900 Kalamazoo County students will be involved. The intention is to spread the program to all school systems that are included in the Kalamazoo Valley Intermediate School District.

"The research that's out there on programs similar to KAAAP is very strong, real positive research ... All of the components that make this thing work — the parenting, the mentoring, providing experiences in the world of work, and then the money — all four of those things taken together provide a real strong link to families and kids that don't stand much of a chance to make it. This is real," Compton said.

However, an effort this size doesn't come cheap. Volunteers are now calling on local businesses to raise money necessary to establish a \$4.3 million endowment to allow the funding mechanism of the program to become self-perpetuating.

Horton Named New KAAAP Director

The Kalamazoo Area Academic Achievement Program (KAAAP), an effort to assist local students to overcome obstacles putting their educations at risk, has hired Marty Horton as its executive director.

The program will select 100 fourth-graders for participation by the end of March. Horton's charged with leading it through its fund raising and early stages, a task she says she's anxious to undertake.

"What is needed from me is to be a manager. ... It's really a good fit. I can see it from all the different perspectives. I've been in education, been working with employers, and worked with at-risk kids."

The innovative program, organized by the Chamber of Commerce through a cooperative effort of business people, community leaders and local educators, offers students financial incentives and personal support to keep otherwise promising students from falling prey to factors, beyond their control, which keep them from staying in school.

Horton says her generalist's background should serve her well in her new role with KAAAP. Among her other work experience, she established and served as direc-

A generous gift of \$500,000 from the Upjohn Company kicked off the program's community fund raising effort this past summer. However, to reach the \$4.3 million goal more support from local business is needed.

Business has much to gain from supporting the program. As a Stanford University researcher recently pointed out during a presentation on "The Economics of Educating the At-Risk" earlier this year at Western Michigan University: for every \$1 invested in educating at-risk students there is a six- to seven-fold return from tax revenues and avoidance of social welfare costs, unemployment compensation, and criminal incarceration.

KAAAP volunteers will contact businesses to solicit support over the next several weeks. For those concerned about the future work force of our community, this can be a great opportunity to help our children map out a much more promising, productive future. ■

tor of an alternative high school in Plainwell and served as employer development director of the State Technical Institute here. She is a graduate of Pace University, in New York City, took graduate courses in special education at Columbia University and received her master's of business management at Nazareth College.

Horton says interaction with the children participating will be a key to their success. "It's important to set up a structure to keep good track of the kids and their mentors, otherwise we're not doing the job the program was designed to do. Those kids have to become a known quantity." Horton says she's committed to those KAAAP kids, parents and teachers. "I don't want to be sitting in an office to do that. I want to visit those kids and make sure people know we're behind them, and give them support."

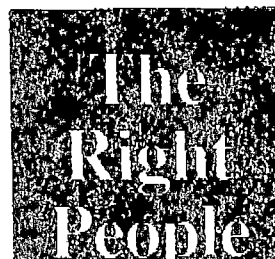
"The onus is on the kids. That's what I really like to see. And there is a respect for the kids. I think that is something of great import to me — that these kids have choices. All we can do is help them create a vision of what their future might be like. But, it's really up to them." ■

KTS Industries Celebrates 125 Years

KTS Industries, 608 Harrison St., Kalamazoo, recognized by the Historical Society of Michigan as "one of the oldest manufacturing firms in the state and the third oldest in the city of Kalamazoo," is celebrating its 125th anniversary.

In the 1920s KTS pioneered the use of unit glass tanks and lining tile in the pulp and paper industry.

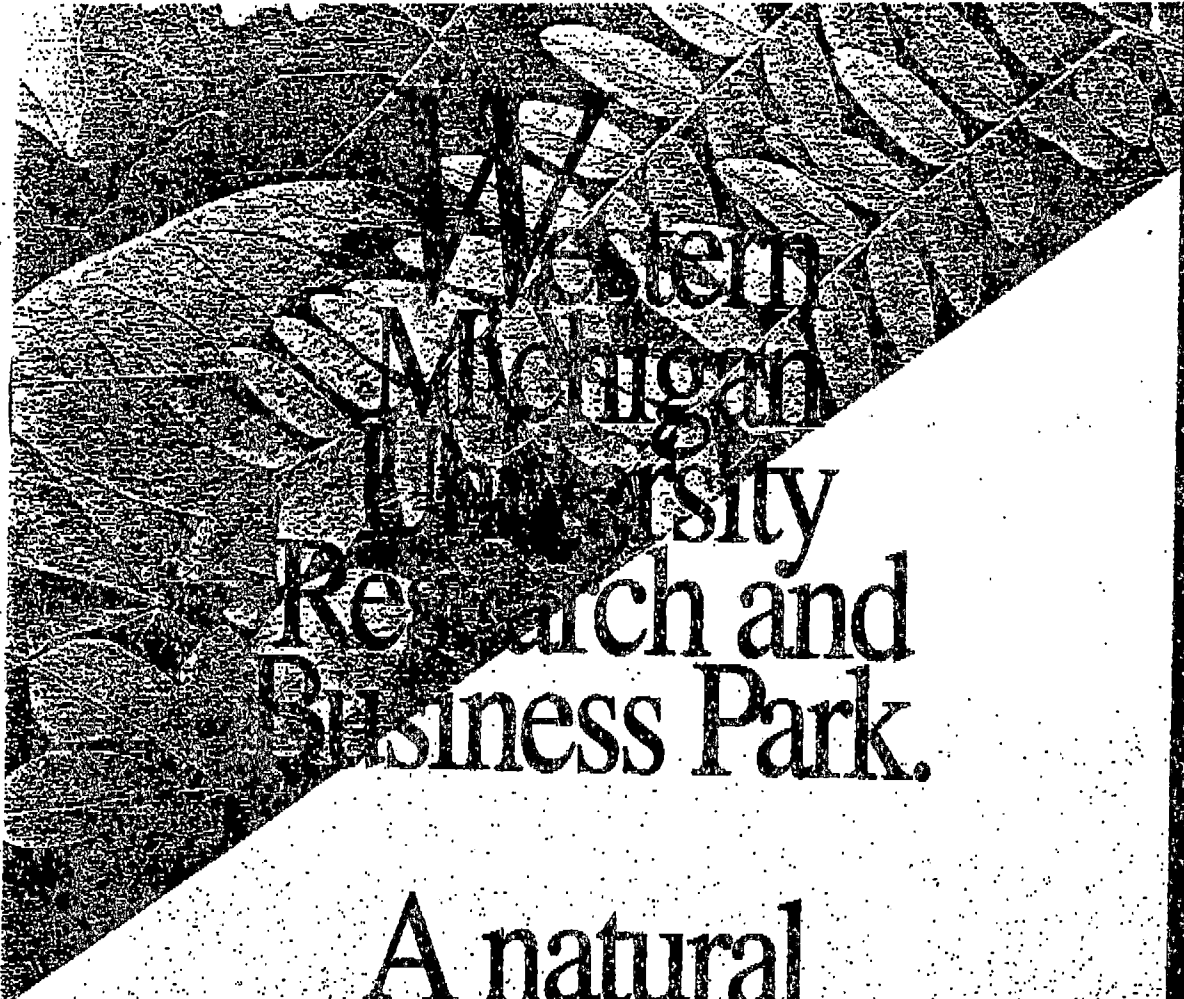
By 1939, the company turned its attention to metal cutting band saws, introducing the first Kalamazoo Saw that year. By 1950, the



Specializing in Professional & Office Services

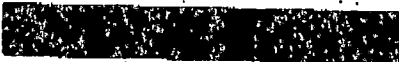
- Secretaries
- Receptionists
- Word Processors
- Admin. Assistants
- Bookkeepers
- Data Entry
- Legal/Medical
- Light Industrial

Short Term Long Term or



Western Michigan University Research and Business Park.

A natural
location.



WESTERN MICHIGAN UNIVERSITY

A natural location for nearby talent and resources.

A natural location for the new park, you'll have access to Western Michigan University's rich pool of human, intellectual and research resources and campus facilities.

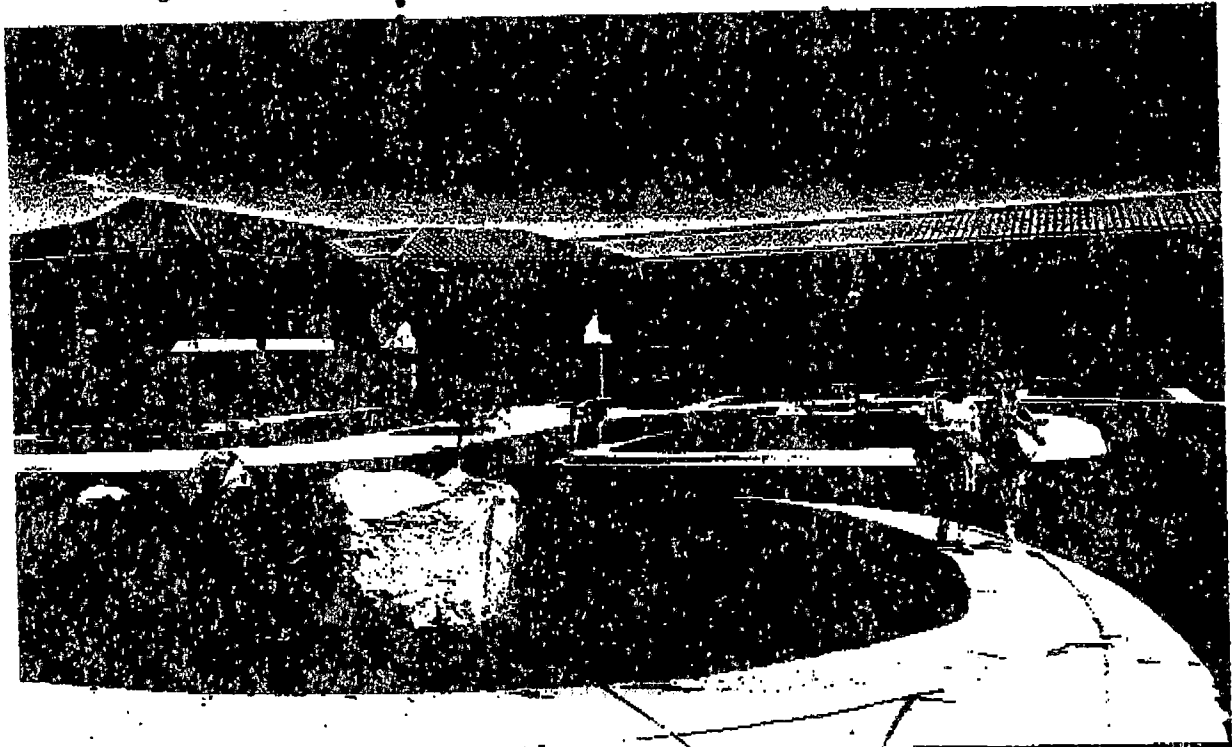
WMU is the state's fourth largest university, offering more than 220 programs to some 28,000 students. And, with 25 percent of its students seeking advanced degrees, WMU is one of Michigan's five graduate-intensive universities.

The strength of Western's

graduate offerings, including 73 doctoral programs, has been recognized by the prestigious Carnegie Foundation, which designated WMU as the only Doctoral I university in the state of Michigan. This reaffirms the continuing development of Western Michigan University as a research-oriented institution with extensive graduate programs. The university's academic strength can be attributed to a full-time faculty of 750 members. Seventy percent hold the

highest degree in their field.

WMU's expanding role as a research-oriented university — reflected in more than \$12 million in external support each year for research and sponsored programs — offers numerous opportunities for interaction and education. One example is WMU's state-of-the-art Paper Pilot Plant that was awarded a \$1.3 million Environmental Protection Agency grant to conduct research on office paper recycling. Another is the nationally



A natural location for business and research.

You think a place this
wide open, this beauti-
ful and this natural
should be located in the coun-
tryside. It's not. Western
Michigan University's Re-
search and Business Park
is a peaceful and tran-
quil place in the
heart of Kalamazoo's
business district. It's
located off Interstate
131, the park-
way to Kalamazoo's
main business district.

business and commerce, in-
cluding the Kalamazoo/Battle
Creek International Airport,
Western campus, top hotels,
freight train, daily Amtrak ser-
vice and Kalamazoo's nearby
rail and commercial services.

The Western Michigan
University Research and
Business Park offers
some distinct advantages to
tenants, including:

- the desirability of south-
west Michigan's premier loca-
tion for companies on the cut-
ting edge of technology and

innovation.

- access to the University's
educational resources and re-
search services in business, sci-
ence, applied technology and
engineering.

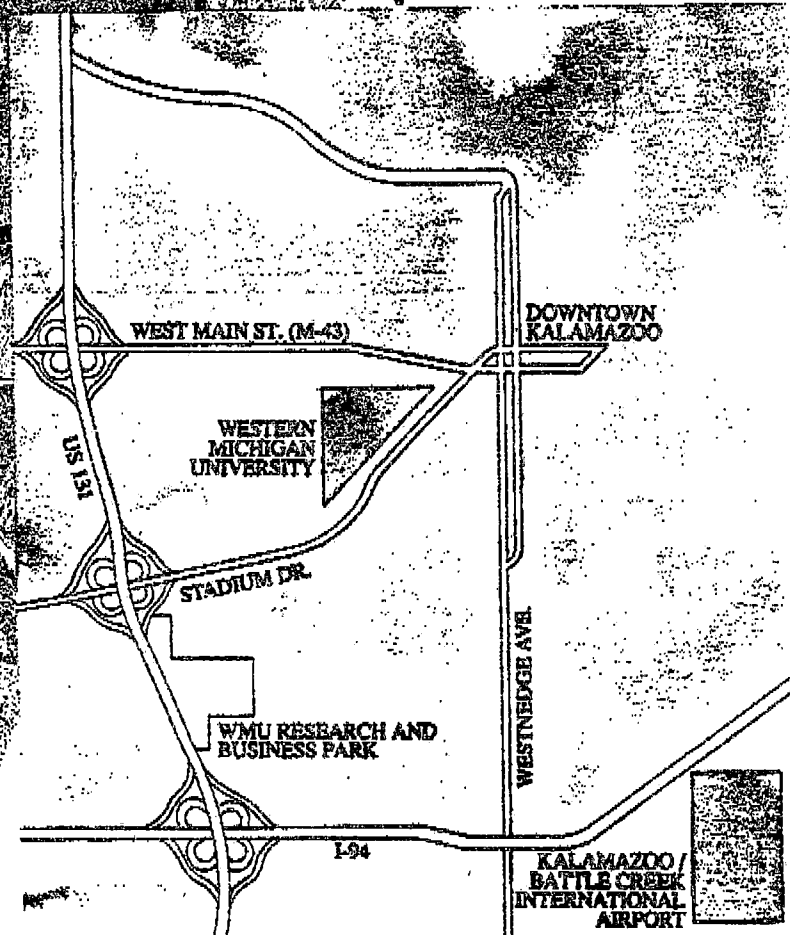
- the superiority of a care-
fully planned, environmentally
sensitive site design, with prop-
er development controls, and

- compatibility with other
tenants who are engaged in
similar business and research
activities.

Surrounded by oak savan-
na, windswept grassland
and century-old trees, the
park's setting helps to generate
an atmosphere of innovation,
growth and vibrancy... exactly
the kind of environment sought
by fast-growing, high-tech
companies.

WMU's Research and Busi-
ness Park will, in fact, include
firms engaged in research and
development, business ser-
vices, laboratory testing and
product development.

The 300-acre park will re-
flect a natural, environ-
mental approach to site
planning and design. It is near
Asylum Lake, a natural pre-
serve, and is a neighbor of
Parkview Hills, an award-win-
ning, environmentally sensi-
tive, residential community.
Canada geese, white-tailed deer
and red foxes are frequently
seen in the area.

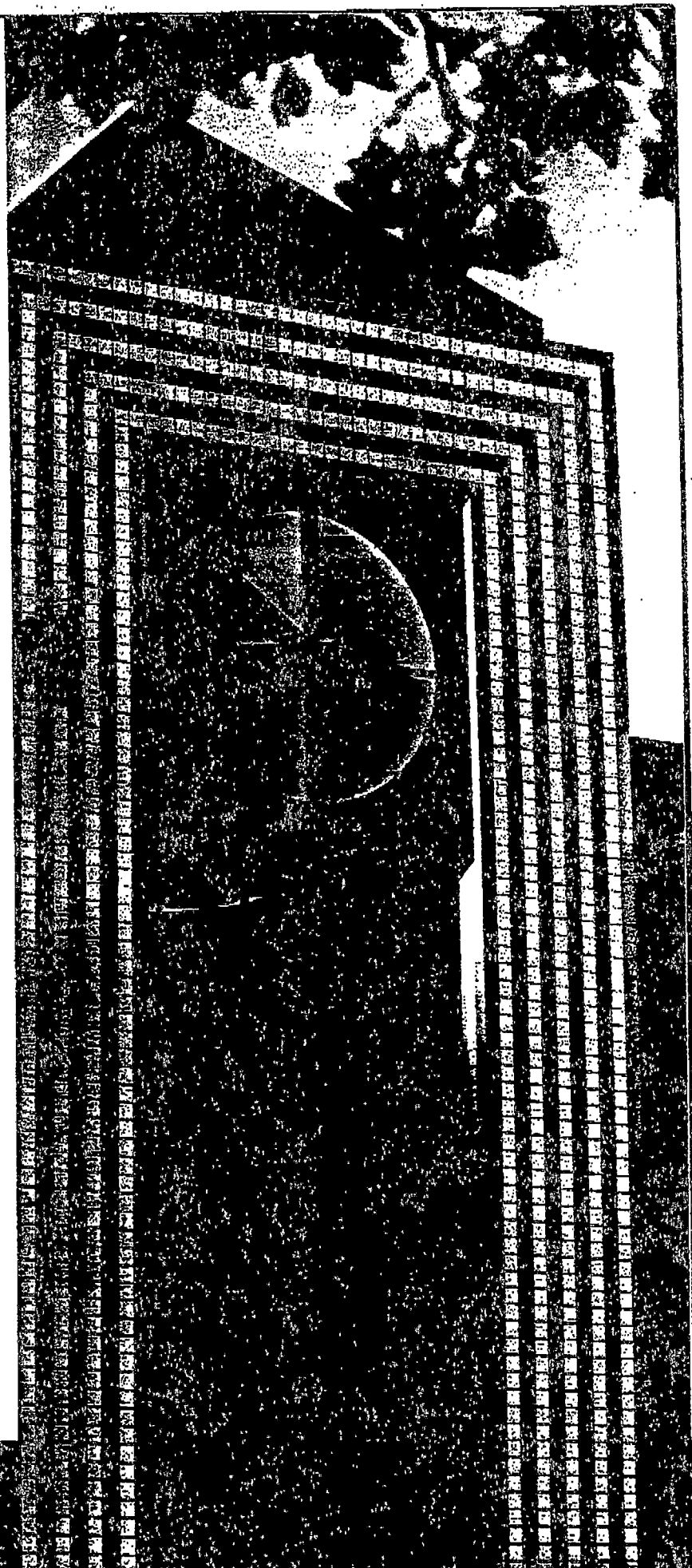


recognized Institute for Water Sciences, which undertakes research, graduate education and public service programs in the study and preservation of our nation's surface and groundwater resources.

The new face of WMU includes \$100 million in construction and renovation, including the new \$20.1 million Haworth College of Business building. The college offers fully accredited programs at both graduate and undergraduate levels. Conferences, presentations, large and small meetings, focus groups and teleconferencing may be held at the Haworth facility and the nearby Fetzer Center.

The University Libraries, including the newly renovated and expanded \$27 million Waldo Library and Computer Center Complex, contain almost three million volumes — the largest collection in west Michigan. With computerized databases and a staff of professional librarians, research materials are easily accessible.

The University also participates in the Michigan Information Technology Network, which offers educational programming and access to more than 100 statewide centers, institutes and programs via satellite TV.



A natural location to live, play and work.

Kalamazoo County is a beautiful area with a great environment. It's a great place to live, play and work. With a diverse and growing economy, the county has provided many opportunities for its residents. Many of the county's industries are located here, including those in pharmaceuticals, medical equipment, injection-molded test products and paper processing.

Kalamazoo County boasts a population of over 223,000 with 23 percent of the adult population over 25 having four or more years of college, a number significantly above the national average.

Top firms like The Upjohn Company, Stryker Corporation, Durametallic Corporation, Allen Test Products and First of America Corporation have established headquarters here, while General Motors Corporation and James River Corporation operate major manufacturing facilities.

Kalamazoo County is also home to Borgess Medical Center and Bronson Methodist Hospital. Both are nationally recognized for their state-of-the-art care, medical research services and specialized care units.

The public education system in Kalamazoo County is excellent. In its 79 schools, the teacher-to-student ratio is one teacher for every 18 students. And that personal attention

has paid off. In recent years, Kalamazoo County's average SAT scores have significantly exceeded the national average. The quality of the region's educational system is also reflected in the Kalamazoo Area Math and Science Center, which offers advanced courses for gifted high school students in math, science and computers.

In addition to primary and secondary education, there are several institutions of higher learning, including WMU, Kalamazoo College, Davenport College and Kala-

mazoo Valley Community College.

The thousands of people who move here each year are pleasantly surprised at the cost and quality of housing. According to 1990 U.S. Census Bureau data, the median price of a home in Kalamazoo County was \$62,800, which is considerably less than the national median. From the tree-lined

boulevards of stately
hoods and historic di-
sleek, suburban subdi-
the region offers a wi-
of housing opportuni-

Year-round attrac-
clude professio-
amateur theater
nies, a symphony, vis-
name groups at WMI
Auditorium, and col-
vals in picturesque B
Park. Additionally, th-
classic aircraft and ca-
rums, an art center and
nationally recognized
zoo Nature Center.

Sports fans will en-
joy Kalamazoo Wir-
tessional hockey.
There's also Western
University's NCAA I
football, basketball, l-
and volleyball teams.
well-organized softb-
ball, hockey and soc-
for youth and adults.
USTA National Boy-
18 Tennis Champion
Little League Girls V-
ries are also held her-
there are 17 public a-
golf courses, two ski
cross-country ski tra-



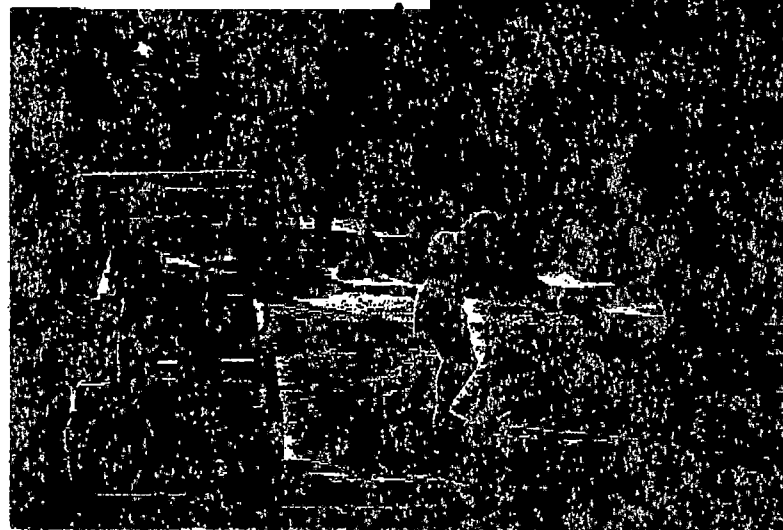
boulevards of stately neighborhoods and historic districts to sleek, suburban subdivisions, the region offers a wide variety of housing opportunities.

Year-round attractions include professional and amateur theater companies, a symphony, visiting top-name groups at WMU's Miller Auditorium, and colorful festivals in picturesque Bronson Park. Additionally, there are classic aircraft and car museums, an art center and the internationally recognized Kalamazoo Nature Center.

Sports fans will enjoy the Kalamazoo Wings, a professional hockey team. There's also Western Michigan University's NCAA Division I football, basketball, hockey and volleyball teams. And well-organized softball, baseball, hockey and soccer leagues for youth and adults. The USTA National Boys' 16 and 18 Tennis Championships and Little League Girls World Series are also held here. Plus, there are 17 public and private golf courses, two ski resorts, cross-country ski trails, 64 pub-

lic parks, and many indoor and outdoor courts for tennis, one of the area's most popular activities.

The Western Michigan University Research and Business Park brings together a number of unique advantages for tenants, including an aesthetically pleasing, environmentally sensitive location; the educational and cultural richness and support of a major university, and proximity to a growing, progressive community and lifestyle.



**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ESTIMATES
NOVEMBER 1991 (Preliminary)**

Area	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
United States	125,396,000	117,110,000	8,286,000	6.6
Michigan	4,564,000	4,153,000	411,000	9.0
Major Labor Markets				
Ann Arbor MSA	168,800	158,100	10,700	6.3
Battle Creek MSA	63,700	58,200	5,500	8.7
Benton Harbor MSA	77,900	70,800	7,100	9.1
Detroit MSA	2,111,000	1,914,000	197,000	9.3
Flint MSA	187,000	165,400	21,600	11.5
Grand Rapids MSA	384,700	357,400	27,300	7.1
Jackson MSA	64,300	58,300	6,000	9.4
Kalamazoo MSA	120,100	113,400	6,700	5.5
Lansing MSA	241,600	227,200	14,400	6.0
Muskegon MSA	67,700	59,700	8,000	11.7
Saginaw-Bay-Midland MSA	188,600	174,000	14,700	7.8
Upper Peninsula LMA	142,400	125,700	16,700	11.7
Major Counties (18,000+)				
Allegan	60,825	56,950	3,875	6.4
Barry	24,475	22,600	1,875	7.6
Bay	54,375	49,875	4,500	8.3
Cass	22,975	20,950	2,025	8.8
Clinton	31,025	29,025	2,000	6.5
Eaton	53,500	50,425	3,075	5.7
Grand Traverse	36,475	33,725	2,750	7.5
Gratiot	19,750	18,000	1,750	8.8
Hillsdale	19,750	18,125	1,625	8.2
Ingham	157,050	147,725	9,325	5.9
Ionia	20,125	17,950	2,200	10.9
Isabella	32,775	30,775	2,000	6.1
Kent	281,275	260,475	20,800	7.4
Lapeer	34,150	29,650	4,500	13.2
Lehew	43,250	39,025	4,225	9.8
Livingston	54,925	50,250	4,675	8.5
Macomb	369,325	334,425	34,900	9.5
Marquette	30,925	27,600	3,350	10.8
Midland	37,075	34,450	2,650	7.1
Monroe	63,525	56,925	6,575	10.4
Montcalm	25,000	22,200	2,800	11.2
Oakland	565,050	523,750	41,300	7.3
Ottawa	103,475	96,925	6,550	6.3
Saginaw	97,200	89,675	7,525	7.7
St. Clair	65,775	58,550	7,225	11.0
St. Joseph	27,025	24,200	2,825	10.5
Sanilac	20,750	18,400	2,350	11.4
Shiawassee	35,075	31,200	3,875	11.1
Tuscola	25,550	22,825	2,725	10.7
Van Buren	33,825	30,375	3,450	10.2
Wayne	958,600	860,925	97,675	10.2

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LOCAL NAME
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3-11-92 3:54PM

*** SEND ***

NO	REMOTE STATION I. D.	START TIME	DURATION	#PAGES	COMMENT
1	93367116	3-10-92 12:20PM	4'23"	6	REMOTE WAS BUSY
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3	415 557 9238	1:36PM	3'11"	4	
4	1647	5:25PM	0'05"	0	
5	12024561647	5:30PM	1'16"	2	
6	5049255148	5:38PM	4'46"	6	
7	12024561647	6:17PM	1'15"	2	
8	12024561647	6:53PM	2'44"	6	
9	83367116	7:13PM	0'13"	0	
10	93367117	7:16PM	0'50"	0	
11	202 336 7080	7:17PM	4'57"	8	OP66/ OK
12		3-11-92 9:25AM	3'38"	5	
13	12024561647	9:45AM	4'51"	10	
14	12135466409	9:52AM	5'25"	7	
15	93367116	10:13AM	3'37"	5	
16	4562983	11:18AM	0'41"	1	
17	2138258709	12:27PM	0'47"	1	

TOTAL 0:43'21" 63

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NO	REMOTE STATION I. D.	START TIME	DURATION	#PAGES	COMMENT
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2	CCITT G3	1:12PM	1'57"	4	
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4	CCITT G3	3:48PM	14'21"	16	
5	CCITT G3	4:05PM	1'23"	2	
6	CCITT G3	4:21PM	1'01"	2	
7	202 331 0275	4:53PM	1'47"	2	
8	4249068	5:22PM	1'06"	2	
9	LEGISLATIVE AFFAIRS	6:10PM	4'01"	8	
10	CCITT G3	6:33PM	3'14"	5	
11	2028610747	6:46PM	2'42"	6	
12	CCITT G3	7:03PM	1'19"	2	
13	CTR FOR SECTY POLICY	10:46PM	2'03"	3	
14	CCITT G3	3-11-92 9:32AM	2'06"	4	
15	202 357 7009	9:36AM	2'59"	7	
16	CCITT G3	11:17AM	0'36"	1	
17	517 335 4656	11:25AM	13'41"	25	
18	517 335 4656	11:44AM	23'07"	46	
19	CCITT G3	12:08PM	13'34"	12	
20	CCITT G3	12:46PM	1'00"	2	
21	517 3352521	1:05PM	7'04"	12	4: 1
22	CCITT G3	1:17PM	2'06"	3	
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29	MLK JR FED HOLIDAY C	2:35PM	1'04"	2	
30	2014012405	3:03PM	4'38"	4	
31	OPD	3:24PM	2'43"	5	OP32/ OK
32	CCITT G3	3:30PM	1'30"	2	
33	CCITT G3	3:35PM	18'57"	21	

TOTAL 2:28'12" 230

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Date: 3/10/92

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Michelle Nix	WH Speechwriting	202-456-7720
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ROB CREAMER	MARINE ONE	703 640 2364
Harry Carmichael	Stryker	616 329-2100
DAVID SIMPSON	STRYKER	616-385-2600
Mike Gould	AF Aide to the President	202-395-1747
Dennis McCarthy	U.S. Secret Service - Grand Rapids	616/456-2276
Thomas F. Farrell	U.S. Secret Service - PPD/ASAC	202-395-4011
Dick Grossenbacher	U.S.S.S. Grand Rapids	456-2276
DON BALBERCHAK	USSS / PPD	344-8300
Gary I. Moston	Stryker - Facilities	329-2100 (x117)



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Kalamazoo, Michigan 49001-9799

(616) 329-2100
(800) 327-0770
FAX: (616) 329-2300

Date Sent:

March 12, 1992

Fax Number:

202 456-6218

Attention:

GARY

Company:

WHITE HOUSE

From:

Tim SimonsonStryker Medical

Number of pages
(including fax transmission page)

SIX

Message:

Thanks!

1.

March 12, 1992
8:45 a.m.

DRAFT

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John W. Brown
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STRYKER CORPORATION

John W. Brown, Chairman, President and
Chief Executive Officer

Founded by Dr. Homer Stryker in 1941

2,669 Employees Worldwide / 745 in Kalamazoo

1991 Sales \$365 Million

1991 Sales Growth 30%

15 Years of 20%+ Profit Growth

International Sales 31%

2.

OSTEONICS DIVISION

517 Employees

Allendale, New Jersey

1991 Sales \$150 Million Worldwide

1991 Sales Growth 22%

State-of-the-Art Orthopaedic Products

. Hip Implants

. 15% U.S. Market Share

. Knee Implants

. 6% U.S. Market Share

Pioneer in Hydroxylapatite-Coated Implants

Market Leader in Hip Implants in Japan

3.

ENDOSCOPY DIVISION

468 Employees

San Jose, California and Arroyo, Puerto Rico

1991 Sales \$75 Million Worldwide

1991 Sales Growth 65%

Arthroscopy

19% Market Share

Laparoscopy

14% Market Share

The World Standard in Medical Video Systems

Stryker's Fastest Growing Business

4.

INSTRUMENTS DIVISION

585 Employees

Kalamazoo, Michigan and Arroyo, Puerto Rico

1991 Sales \$80 Million Worldwide

1991 Sales Growth 25%

High Quality Precision Surgical Instruments

37% U.S. Market Share

Innovator in Battery Powered Instruments for Large
Joint Surgery

Post-operative Blood Reinfusion System

40% U.S. Market Share

Building a Larger Facility in Kalamazoo

5.

MEDICAL DIVISION

450 Employees

Kalamazoo, Michigan

Clackamas, Oregon

Uden, The Netherlands

1991 Sales \$60 Million Worldwide

1991 Sales Growth 25%

Specialty Stretchers and Beds for Hospitals

30% U.S. Market Share

Innovative Patient Handling Solutions

200 The Best Small Companies

November 11, 1991 Four Dollars

Forbes

How we define the best

Both growth investors like John Templeton and value players like Warren Buffett could probably find some interesting stocks below. While the 200 Best Small Companies in America must show consistent increases in sales, earnings and return on equity during the past five years, we also apply value criteria, including a requirement that long-term debt not exceed total stockholders' equity.

How did we pick the 200? We began with all publicly traded U.S.-based corporations with sales between \$5

million and \$350 million. Firms with declining sales and/or earnings were automatically screened out, as were stocks priced under \$5. To ensure reasonable liquidity, we eliminated stocks with fewer than 1 million shares outstanding or average daily trading volume of under 1,000 shares. We also dropped limited partnerships, real estate investment trusts and banks. Raw data come from Los Angeles-based William O'Neil & Co., 1991 earnings estimates from the Institutional Brokers Estimate System.

The 200 Best Small Companies in America

- Rank - this year	- Rank - last year	Company/business	Return on equity 5-year average	latest 12 mos	5-year EPS growth rate	Latest 12 mos sales profits — (\$ mil) —	Debt/ equity	Quick ratio ¹	Recent stock price	Market value ² (\$ mil)	Latest 12 mos EPS P/E	Est 1991 EPS
108	115	Stryker powered surgical instruments	16.8%	19.5%	23%	\$342 \$28.8	1%	2.00	\$27	\$1,283	\$0.62 43.5	\$0.64

Ranking The 200 Best Small Companies

Where They Rank				Company	Exch	Ticker symbol	5-year average ROE	Sales (\$mil)	Profits (\$mil)	Market value* (\$mil)
5-year average ROE	Sales	Profits	Market value							
108	1	19	7	Stryker	o	STRY	16.8	342	28.8	1,283

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years— with co as CEO		Undergraduate graduate college	College degrees	—Compensation (000)— salary other stock + bonus gains total				—Stockowned— % mkt val* (000)
John W. Brown Stryker	57	15	15	Auburn	BS	440.0	22.0	—	462.0	4.78 61,271

John Brown's Stryker Corp. has grown at better than 20% a year since he joined the company in 1977. For how much longer? Forever, replies the ebullient Brown.

Focus through decentralization

By Zina Sawaya

HOMER STRYKER'S cleverness nearly got the better of him. Fifty years ago the Kalamazoo, Mich. orthopedist invented a mobile hospital bed with a frame that pivoted from side to side so that doctors could position injured patients while keeping them immo-

bile. He soon won a contract to supply the beds to the Army, and his little business was off and running. But when World War II ended, the government canceled its contract, and Homer Stryker was stuck with huge inventories.

What to do? More of a doctor and a tinkerer than a businessman, Stryker turned to professional managers. They started selling the beds—technically known as stretchers—to hospitals. The business was saved, and Dr. Stryker continued with his medical practice and his inventions. Soon he came up with a second product—a cast cutter, still used in hospitals today, which removes casts without ripping a patient's skin.

These days Stryker Corp. continues to churn out new ideas for the hospital market. The Kalamazoo-based firm—which has made our list of the 200 Best Small Companies in America for ten years straight—now offers an array of niche products, including bone drills and saws, hospital beds, hip implants and video cameras for internal surgery.

Stryker earned \$24 million last year (before a \$10 million gain from a patent settlement) on revenues of \$281 million. With a five-year average return on equity of 16.8%, Stryker ranks 108 on 1991's Best Small Companies list.

The man behind Stryker's success is John Brown, a 57-year-old Tennessean who took over as president in 1977. An Auburn University graduate, Brown came to Stryker after Homer's son, Lee Stryker, who



Michael L. Armstrong

Stryker Corp. Chief Executive John Brown

Decentralization, diversification and a fixation on 20% growth.

had run the company since the mid-Sixties, died in a plane crash. Prior to Stryker, Brown ran a subsidiary of Bristol-Myers Squibb that made surgical instruments.

While Stryker had a well-established niche in the hospital market, the company was not without problems. When Brown took over, the family-owned firm was still reeling from Lee Stryker's death and recovering from a couple of managerial fumbles. Most members of its sales force had quit after their compensation system was changed from commissions to salary. And an unrelated disagreement with union officials over workers' salary had led to a monthlong strike. (Stryker's workers have since voted out their unions.)

Brown's first moves were to establish a formal budgeting system, cut costs and rebuild the sales force—by putting it back on commission. He then turned his focus to the company's product line.

"Stryker's name was bigger than the company," recalls Brown. At the time, nearly 70% of Stryker's revenues was coming from hospital beds. Leveraging the strength of Stryker's name with hospitals, Brown added hip implants and medical video cameras, and beefed up his line of surgical power tools. Stryker's surgical group, which includes these products, makes up over 80% of the company's sales and most of its profits.

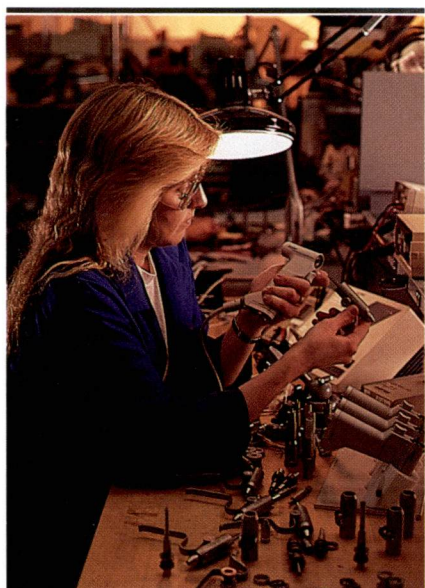
Next, Brown broke the company into several divisions, allowing each to operate autonomously. Autonomy for the managers was not the same thing as freedom. Brown told them that he wanted each division to grow at no less than 20% annually. "That's the law," says the soft-spoken but iron-willed Brown. A law he has successfully enforced. Stryker has posted 20%-plus earnings growth every year since 1977.

Brown uses a sort of friendly intimidation to get his message across. "When I inherited the medical division, sales were flat," says Harry Carmitchel, who was hired in 1987 to run the lagging hospital bed operations. "My first month, he [Brown] comes up to me and wants to know why it's not growing already." Carmitchel introduced a series of new products and strengthened his sales force. And as

the quarterly growth chart posted in his plant's hallway indicates, he brought the division up to snuff.

Brown's divisional strategy has proved critical as Stryker's product line has grown more complex. Instead of one sales force peddling everything from maternity beds to high-tech machinery, each division now has its own, often highly trained, sales staff. "It's achieving focus through decentralization," says Brown.

The specialized sales teams also helped Stryker better meet its cus-



Assembling a surgical drill
Listening to doctors for new ideas.

tomers' needs. Stryker's salespeople act as a de facto research and development team. As such, most of the company's new product ideas come from salesmen standing in the operating room next to the physician. There they can observe the doctor in action, write down his comments and come up with ways to improve a saw, a hip implant or a hospital bed.

Case in point: Eye surgeons kept complaining about a bed's lack of flexibility at the head level. It was hard, they said, to position a patient's head. Stryker people took note. Next year the company will roll out a bed with a movable head rest—an incremental change but an innovative one, and one that will bring higher margins than the standard bed.

Since 1986 Brown has almost quadrupled research and development

expenses, to about \$25 million this year. While the salespeople bring back specific requirements for product improvements, a staff of more than 150 does the actual engineering and design work in Stryker's labs. The combination keeps Stryker's product line growing. Half of Stryker's current products were introduced in the last five years.

Another hot new product is a tiny, \$18,000 video camera used with a laparoscope for gall bladder surgery. Rather than making a major abdominal incision, the surgeon punctures the abdomen and inserts a laparoscope—a long instrument used to peer inside the abdominal cavity. Aided by the camera, which projects a clear and accurate image on a large color screen, the surgeon can swiftly remove the gall bladder. Instead of a two-week hospital stay, the patient is out the next day. Pressure to hold down health care costs have made this a brisk seller.

Brown may use some of the company's \$64 million in cash for acquisitions. But chances are it won't burn a hole in his pocket. Over the past five years Brown has spent only \$15 million. He points to Stryker's acquisition of Osteonics Corp., a maker of hip implants, as a model. When Stryker acquired it in 1979, Osteonics had a promising new product and zero sales. Stryker's Osteonics division is now one of its most profitable operations. Says Brown: "We buy ideas, not companies."

Stryker has been public since 1979, when the Stryker family decided to sell stock to free up some of its assets. Its o-t-c-traded shares have since risen twofold, to a recent 28½. (The family still owns 24% of the company, worth \$325 million.)

This year Cowen & Co. health care analyst Daniel Lemaitre expects Stryker to earn \$31 million, or 65 cents a share, on revenues of \$360 million. With the stock at a hefty 44 times expected 1991 earnings, the market seems to think Brown can maintain Stryker's impressive growth rate for the foreseeable future.

For his part, Brown insists that he has no intention of letting up on his ambitious growth goals. "It's not just 20% this year," he says. "It's 20% forever."

Split

Forbes ■ December 9, 1991

SIR: Re "Focus through decentralization" (Nov. 11). The article states that Stryker's shares have risen twofold to a recent \$28.50 since becoming a public company in 1979. Stryker's shares have risen forty-one-fold after taking into account six stock splits since 1979.

—JOHN W. BROWN
*Chairman and Chief Executive Officer
Stryker Corp.
Kalamazoo, Mich.*



STATE OF MICHIGAN
International Office
Michigan Department of Commerce
525 W. Ottawa, P.O. Box 30225
Lansing, Michigan 48909
Telephone: (517) 373-6390
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DATE: March 12, 1992

PAGE: 1 of 1

TO: Gary Gershowitz
White House ResearcherFROM: Pat Vander Voord
Senior Trade Specialist

COPIES TO:

Fax #: (202) 456-6218

SUBJECT: Michigan Export Info.

Urgent

Normal

FYI Only

Respond By:

Gary:

Finally got the following data from Ed Christie, Acting Director, USDOC Detroit Regional Office. His telephone is (313) 226-3650.

Latest figures re transportation equipment:

Total Michigan production: \$68 B

Total Michigan export of
transportation equipment 8 BRepresents 12.5 % of total 12.5%
transportation equipment
manufactured in Michigan.

31,000 jobs directly related
to transportation equipment
exports.

Michigan transportation
equipment manufacturers 689.0Michigan transportation
equipment manufacturers
considered small businesses
employing fewer than 500. 629

Best regards,



FAX COVER SHEET

The Office of Automotive Industry Affairs

U.S. Department of Commerce



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Remarks: See attached

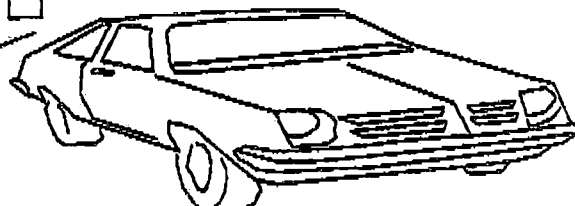
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Gary,

Census didn't have exactly what you wanted. (I checked a number of possible sources and they all said that Census was the only possible source.) The closest Census could come was a category called Transportation Equipment which includes more than motor vehicles. For Michigan they reported exports of \$10.7 billion in 1990 and \$12.96 billion in 1989 (1991 isn't available yet). Production numbers are even not available for 1990 or 1991. The best they could do was 1989 when \$69.8 billion was produced in the Transportation Equipment category. Sorry, it's as good as we can do.


Al Warner
377-0669

Regulatory Climate for Health Care Technology Deteriorating

Background

The health care technology industry, composed principally of smaller companies, invests an average 6.3 percent of revenues in research and development -- about double the national manufacturing average. A key determinant of the industry's ability to help patients and compete in the world is the environment fostered by the industry's chief regulator, the Food and Drug Administration.

1. Premarket Review of New Technologies

FDA's premarket review process seems in the early stages of a structural deterioration that is delaying product approvals and could cause a U.S. device lag for years to come. The agency's own data, which many believe is understated, shows nearly 20 percent increases in the review periods for both breakthrough and incremental innovations. The number of breakthroughs approved in fiscal year 1991 is expected to fall by more than 40 percent.

FDA should not require factory inspections as a prerequisite to clearance of incremental technologies. Though manufacturers are subject to inspection at any time, FDA is now considering making completion of an inspection a prerequisite to clearance of incremental technologies under the so-called 510(k) premarket review process. Such a requirement could result in devastating delays in patient access to improved technologies. (A similar requirement is a major cause of the projected 40 percent decline in the number of breakthrough approvals in fiscal 1991.)

FDA should clarify its new "clinical utility" requirement for approval of breakthrough technologies. Ambiguities in this requirement may further delay product reviews. More generally, FDA's reviews should be coordinated with those of two other agencies within HHS that review technologies for purposes of Medicare approval, the Health Care Financing Administration and the Agency for Health Care Policy Research. Despite the similarity in the showing a manufacturer must make to each of these agencies, there is little indication of awareness -- let alone deference or coordination -- among FDA and the other HHS reviewing entities.

FDA should allocate its resources in a balanced manner which reflects the two -- equally important -- missions of ensuring public access to life saving technologies and enforcing strict standards of safety and effectiveness. The device industry is unique among FDA-regulated industries in functioning under a statute that authorizes civil penalties, recalls, and subpoenas -- enforcement tools that exert a powerful deterrent effect. But the neglect of the approval side of the equation poses a threat equally serious. Beyond this, FDA should have adequate appropriations -- a need particularly acute now because the agency must divert existing resources to implement more than 15 sets of regulations under the Safe Medical Devices Act of 1990 (SMDA). According to FDA, implementing a relatively minor provision of the new law caused 510(k) reviews to lengthen by 15-20 days.

2. SMDA Implementation

Device Tracking

SMDA requires FDA to issue regulations specifying how manufacturers should "track" certain technologies over the life of the patient or product. In mid-October, FDA released a listing of the actual product types that the agency proposes be subject to tracking.

This new information allows more precise estimates of the costs of the proposal to industry. FDA's own analysis identifies the adverse effects on small companies, finding that "while the number of affected small manufacturers is not large, the impact is, and therefore the agency expects that there will be some manufacturers who will leave the market."

The costs of device tracking to industry should be carefully evaluated.

Hospital Reporting

Beginning in late November, SMDA requires hospitals and other health care providers to report alleged device problems to manufacturers and, in some cases, directly to FDA. Under SMDA, manufacturers are responsible for evaluating the reports that come to them and deciding whether they warrant being passed on to the agency. Thus, the law intended manufacturers to play a useful screening role by helping to limit the number of unnecessary reports FDA receives.

At the same time, FDA's existing Medical Device Reporting (MDR) regulations require a manufacturer to report to FDA any time the manufacturer receives a statement from a health care professional that reaches a conclusion that alleged device problems have occurred. Since FDA contends that under MDR a variety of hospital and other provider personnel (including those not directly involved in the adverse incident) should be considered health care professionals, manufacturers will effectively be required to send most if not all the new hospital reports to FDA, thereby converting an information screen into an information floodgate.

Upon the effective date of hospital reporting, FDA should eliminate the MDR requirement that manufacturers report all statements by health care professionals.

3. Summary Point

Unless arrested, the deteriorating regulatory environment could:

- slow delivery of life saving technologies;
- increase costs to bring innovations to market to the point where smaller companies will leave the market (diminishing competitiveness, increasing foreign ownership);
- squander scarce R & D resources, slow rate of innovation in one of the nation's most globally competitive industries.

**FDA ACTION ON SILICONE GEL BREAST IMPLANTS
IMPACT ON U.S. DOMESTIC EMPLOYMENT**

	JOBS ALREADY LOST	INCOME PER EMPLOYEE	ANTICIPATED OTHER CUTS	TOTAL POTENTIAL EMPLOYMENT LOSS
BIOPLASTY	130	\$20,000	70	200
MENTOR	120	\$25,000	50	170
DOW CORNING	137 23 sales reps	\$29,000		160
McGHAN	0	\$20,800	215	215
		TOTAL POTENTIAL EMPLOYMENT LOSS		745
		TOTAL POTENTIAL INCOME LOSS		\$14,072,000

BIOPLASTY

Since the breast implant investigation started, Bioplasty has cut approximately 130 jobs, out of a total of 200 (i.e. approximately 65 % of total employment). At approximately \$20,000 per year, this amounts to a total payroll loss of over \$2,600,000.

Were the FDA to continue the current moratorium, or require an IDE, Bioplasty would very likely exit the silicone implant business entirely. Whether or not this would entail the loss of the remaining 70 jobs would depend on whether Bioplasty could get FDA approval for a new product called "Misty Gold" which was developed to address some of the problems identified with silicone gel implants. Misty Gold is currently "pigeonholed" by FDA. Bioplasty has filed a second appeal, but can get no response from FDA. Although technically the product could be marketed pending appeal, Bioplasty won't take the risk because of the enormous liability in the current environment.

This makes the point that, in addition to eliminating employment in current generation products, the current regulatory environment has a further "chilling effect" on potential employment in next-generation products and thus precludes the structural adjustment which is necessary to keep jobs from disappearing entirely.

MENTOR

Mentor employs 300 persons in its breast implant division, out of total employment of 800.

Starting with the initial round of deficiency letters, Mentor laid off 60-70 employees. With the announcement of the moratorium on January 6, they laid off 50 more, for a total of approximately 120. At an estimated \$25,000 yearly payroll per employee, this amounts to a \$3,000,000 loss to the local economy. (See attached local press accounts).

Should the FDA require an IDE for silicone gel implants, or extend the current moratorium (which Mentor believes is all but inevitable) Mentor would exit the business, with the attendant loss of 50 more jobs (for a total of 170).

DOW CORNING

Dow is in the process of exiting the silicone gel implant business. This will entail closing down the whole plastic surgery line, since the remaining products do not generate sufficient volume. A total of 137 jobs are being cut, with a cost to the local economy of over \$4,000,000. In addition to Dow Corning manufacturing employment, commission agents who sell the product are now in the process of releasing 23 salesmen, bringing total lost employment to 160.

MCGHAN

McGhan has 215 employees in the silicone breast implant business, which until now has been the company's total business. McGhan has not yet cut any jobs, because they are making a major effort to switch to saline implants. McGhan views future employment as an "all or nothing" proposition. Anything short of a complete endorsement of the product's safety by FDA would leave the company so vulnerable to the plaintiff's bar that they could easily be forced to exit the business entirely. At approximately \$20,800 per employee, the cost to the economy would be almost \$4,500,000.

stryker

CORPORATION

2725 Fairfield Road
Kalamazoo, Michigan 49002Mail to: P.O. Box 4085
Kalamazoo, MI 49003 4085
(616) 385-2600DAVID J. SIMPSON
Vice President,
Chief Financial Officer
and Secretary

March 16, 1992

Mr. Gary Gershowitz
Office of Speech Writing
The White House
Via Fax #202/456-6218

Dear Mr. Gershowitz:

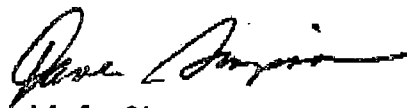
This is to confirm that Stryker Corporation had international sales of \$111,000,000 in 1991 which represented 31% of our overall sales.

I would also like to confirm that Stryker Corporation was founded by Dr. Homer Stryker, an orthopaedic surgeon, in 1941.

Attached are the relevant pages from our employee handbook relating to Stryker's Drug Free Workplace Policy. The employee assistance program noted in the handbook is covered by our health insurance program.

Very truly yours,

STRYKER CORPORATION

David J. Simpson
Vice President, Chief Financial
Officer and Secretary

DJS/pjp

Attachments (1 Pages)

DRUG-FREE WORKPLACE POLICY

Stryker has a strong commitment to providing a safe working environment for all of our employees. As employee substance abuse can endanger the safety of employees and the community in which we work, we support the goal of a drug-free workplace including prohibiting the unlawful manufacture, distribution, possession, or use of any controlled substance, drug, alcohol or related products in the workplace. Stryker intends to comply with the laws and regulations pertaining to a drug-free environment (including the provisions of the Drug-free Workplace Act, D.O.D., D.O.T., and other federal agency requirements). We will do so while upholding our company values of treating employees with dignity and respect.

As employees, we are each responsible for understanding and abiding by Stryker's policy pertaining to a drug-free workplace, including notifying Management of any criminal drug statute conviction occurring in the workplace no later than five days after the date of conviction. We are also responsible as individuals for obtaining professional help to deal with substance abuse problems. Employees needing assistance are urged to contact a representative in the Human Resource Department for guidance into a professional Employee Assistance Program (EAP).

Any employee whose job performance, in the judgment of Management, is affected by alcohol or substance abuse, or who poses a threat to themselves or to a third party, and who refuses to participate in a testing or treatment/rehabilitation program, or who is convicted of a criminal drug statute, will be subject to corrective action up to and including discharge.

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EMPLOYEE ASSISTANCE PROGRAM

A number of work related and personal problems may impact upon an employee's job performance. Understanding this, the Company, utilizing the professional services available locally, has established an Employee Assistance Program.

The Employee Assistance Program is designed to provide a professional referral and assessment service for an employee experiencing family, marital, financial, emotional, alcohol or other substance abuse problems that are adversely affecting your job performance, or work attendance. This confidential service can be utilized by contacting a Human Resource Department representative, who will make the necessary appointment for the employee with an employee assistance counselor. This counselor will assist you in identifying and evaluating your problems and refer you to programs in the community which are effective in addressing the respective condition or problem.

TO OUR STOCKHOLDERS

It gives me great pleasure to report that 1991 was an excellent year for Stryker Corporation. Net sales climbed to \$365 million, a 30% advance over 1990. Net earnings reached \$33 million, a 40% increase over our 1990 earnings before the extraordinary gain recorded last year. On this same basis, our earnings per share of \$.70 also represented a 40% increase.

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In 1991, for the fifteenth consecutive year, we reached our stated goal of 20% annual growth in earnings — indeed, we outpaced it by a comfortable margin.

SURGICAL GROUP

Our Surgical Group comprises three divisions: Endoscopy, Osteonics and Instruments. All three are technology leaders, and their leadership was once again rewarded by the market in 1991, as Surgical sales advanced 31%.

Endoscopy

Stryker Endoscopy produces high-quality video cameras, scopes, light sources and instruments for use in less-invasive surgical procedures. This division initially focused exclusively on arthroscopy equipment for the orthopaedic surgeon operating on the knee, and it continues to play a leading role in this market. But in the past two years, Endoscopy has successfully broadened its focus to include laparoscopic equipment for the general surgeon.

The market for laparoscopic equipment grew at a truly explosive pace during 1991, as a great many general surgeons learned and applied innovative, less-invasive techniques. Already, of the 550,000 cholecystectomies (gall bladder removals) performed in the U.S. in 1991, over half were less-invasive procedures.

Stryker was in an excellent position to participate in the new laparoscopic cholecystectomy market. Because of our arthroscopy business, we already supplied the only medical video system on the market to deliver a broadcast-quality image. The resolution and color clarity of our 777 3-Chip Camera remain unrivaled to this day.

For several reasons, we anticipate continued growth in the endoscopy market. First, less-invasive techniques are gaining acceptance for a considerable number of surgical procedures — a number that will grow as medical technology continues to evolve. Second, growth is likely to be patient-driven: patients will demand a procedure that gets them back to normal life in a matter of days rather

than open surgery that entails a long, uncomfortable period of recuperation. Finally, growth in this market is already global in scope.

We expect the general endoscopy market to evolve in the 1990s much as the arthroscopy market did in the last decade. The entry of numerous suppliers will result in excess capacity and, ultimately, a market consolidation. We know how to prevail under these conditions. As in the past, our keys to success in the 1990s will be keeping our technological lead and staying market focused.

3

Osteonics

Orthopaedic implants from Osteonics registered solid sales growth in 1991.

Hydroxylapatite (HA) was one of the most exciting stories of 1991. During the year we launched the first HA-coated hip stem to be released commercially in the U.S. We believe that surface treatment with hydroxylapatite will prove to be a major stride toward faster patient rehabilitation and improved implant longevity. Following the receipt of FDA permission late in 1990, we first released HA on our Omnifit hip stem. In mid-1991 we received FDA permission to release HA on our Omniflex hip, which is the state-of-the-art prosthesis for younger and more active patients. We launched the HA-coated Omniflex hip in September.

During 1991, Osteonics also introduced a low friction ion treatment (LFIT) for the cobalt chrome bearing surfaces of both hip and knee implants. Polyethylene wear debris is believed to be a major cause of implant loosening. LFIT technology decreases the friction between the cobalt chrome and polyethylene components of an implant, thereby reducing polyethylene wear.

In 1991 Osteonics also introduced a new hip stem that is designed specifically for revision surgery.

Instruments

This division produces top-of-the-line surgical instruments such as bone saws and drills, as well as other operating room equipment for use in orthopaedic surgery.

The CBC-ConstaVac Blood Conservation System continued to be a great success for Stryker Instruments in 1991. This system collects blood lost after joint replacement surgery and makes it available for reinfusion in the patient.

Stryker Instruments also realized substantial growth in the sale of battery-powered heavy-duty surgical instruments. Its latest generation of these products, System 2000, rapidly gained favor with surgeons around the world.

MEDICAL GROUP

I am especially pleased to report the turnaround at Stryker Medical, which produces specialty beds and stretchers. After several years of rethinking and re-tooling, this division is once more contributing to Stryker's overall growth. Our stretcher sales were up sharply in 1991, as numerous hospitals turned to Stryker for our Renaissance Series products, which were introduced in the last two years.

Medical Group sales, which include results of our Physiotherapy Associates subsidiary, increased 25% in 1991.

INTERNATIONAL

Stryker's strong sales organizations in the Pacific, Europe and the Americas distribute our products in every one of the world's markets. International sales volume increased 35% in 1991 and accounted for 31% of our overall sales for the year, as compared to 29% in 1990. We are gradually nearing the day when our international sales volume will equal our domestic sales.

Japan is our largest market outside the U.S. In 1991 we were pleased to extend our long-standing relationship with Matsumoto Medical Instruments, Inc., which is the largest distributor of medical devices in Japan. As well as being our largest customer, Matsumoto has truly become our business partner. This relationship has helped make Stryker the leading hip implant company in Japan, and I am especially pleased that Matsumoto began distributing our knee implants in Japan on January 1, 1992.

In Europe, the creation of a dedicated sales force for endoscopy products has helped us achieve substantial growth in sales. Our Osteonics line continued to sell very well in Europe. In France, which has been a very strong market for Osteonics products, we released our HA-coated knee implant during 1991. We are concerned, however, about forthcoming price limitations in the French implant market. In Italy, where we were already a market leader, the successful launch of our electric heavy-duty powered instruments led to further gains.

Stryker Americas had an excellent year. In Canada, our direct sales force is gaining momentum in penetrating the hip and knee implant markets as well as in expanding sales of our instruments, endoscopy and medical product lines. Throughout Latin America, and especially in Mexico and Puerto Rico, our Osteonics and endoscopic systems continue to be well received in these extremely cost-conscious markets.

5

SAPLINGS AND SEEDLINGS

We have gone to some lengths to make sure that, like a healthy forest, Stryker Corporation always has a good mix of saplings and seedlings growing up among its taller trees. Physiotherapy Associates is one of our sturdier saplings. This organization now comprises 27 physical therapy clinics located primarily in the Southeast. The clinics focus on returning patients to work and play following injury or orthopaedic surgery.

Our dental implant business is growing fast. In terms of fixation and comfort, dental implants are a great improvement over dentures. Stryker Instruments is a leading producer of low-speed drills for oral surgeons. In 1990 we acquired a high-quality system of dental implants that we had already been marketing in conjunction with our drills. In 1991 we increased our dedicated dental implant sales force by 30%.

Finally, I am delighted to report the 1991 formation of our newest division, Stryker Biotech, and the appointment of Samuel Yin, Ph.D. as its director. This new division is the outgrowth of long-term research into human osteogenic protein that has been funded by Stryker and conducted by Creative BioMolecules, Inc., a privately held biopharmaceutical company based in Hopkinton, Massachusetts. Human osteogenic protein occurs naturally in the human body and is directly implicated in a cascade of cellular events that result in bone growth.

In November 1991, the Food and Drug Administration approved an Investigational Device Exemption (IDE) for Stryker to begin human clinical trials of our Osteogenic Protein Device. This bone growth device is composed of a human recombinant osteogenic protein (OP-1) and a bioresorbable carrier to provide a scaffold for bone growth. In pre-clinical studies, the Osteogenic Protein Device has induced the formation of new bone when implanted into bone defect sites. The human clinical studies, which began in 1992, will compare the efficacy of the Osteogenic Protein Device to autografts in the repair of non-union fractures.

LOOKING AHEAD

As the day rapidly approaches when Stryker will become a Fortune 500 company, we remain firmly committed to the principle that has brought us this far: growing big by thinking small. We are a highly decentralized company composed of small, highly focused and autonomous operating units. Our experience has confirmed that managers in small, focused teams will devote exceptional amounts of time and energy to becoming market leaders. We will retain this small-company vitality even as we grow larger as a corporation. The key is to keep our management organization as flat as possible and to split off small, independent business units as our existing divisions grow larger.

We are fortunate in having talented, ambitious people at the head of all our divisions — people who rise to great expectations. In fact, at all levels of our organization, both in the U.S. and abroad, the people of Stryker are reaching higher and achieving more.

Our belief in the future is reflected in the size of our commitment to research and development, which topped \$23 million in 1991 and will be higher yet in 1992 and beyond. That is the price of leadership — a price we pay with full confidence that the medical markets will continue to show a powerful appetite for products that are innovative, cost-effective and high in quality.



— John W. Brown

Chairman, President and Chief Executive Officer

STRYKER ENDOSCOPY*The World Standard in Medical Video Systems*

JUST A FEW YEARS AGO, A PATIENT AWAITING gall bladder surgery could expect a four to eight day hospital stay followed by a full month's convalescence at home. Today, thanks to a less-invasive surgical procedure known as laparoscopic cholecystectomy, this same patient can expect to go home after a day in the hospital and to return to work within a week. This procedure enables a surgeon to remove the gall bladder with just four small punctures in the abdomen. By sparing the patient the trauma and pain of a major incision, laparoscopic cholecystectomy also saves the health insurer the costs of a prolonged hospital stay and frees the employer from the burden of an extended employee absence.

The U.S. laparoscopic market reached \$650 million in 1991, and it is the fastest growing market segment in which Stryker participates. Stryker's competitive edge in this market is the unmatched quality of its medical video imaging equipment. Whether it is attached to a laparoscope (for looking inside the abdomen) or to an arthroscope (for looking inside a joint), Stryker's 777 3-Chip Camera sets the world standard for sharp, natural-color images.

Today, laparoscopic techniques are revolutionizing general surgery just as arthroscopic techniques revolutionized knee surgery a decade ago. Less-invasive procedures for appendectomies, hernia repairs, bowel resections, hysterectomies and thoracic surgery are rapidly gaining acceptance. And while it took some five years for arthroscopic techniques to spread from the United States to other parts of the

world, the spread of laparoscopy has been virtually instantaneous. Stryker has filled orders for laparoscopic equipment not only from Western Europe and Japan, but also from Taiwan, the Phillipines, Mexico, Saudi Arabia, Singapore and Poland.

While developing new customers among general surgeons, Stryker Endoscopy continues to gain share in the arthroscopy market, where its product line includes arthroscopes, powered instruments, manual instruments and light sources, as well as a range of micro-video systems. In 1991, Stryker's arthroscopy business grew at roughly twice the 12% pace of the overall arthroscopy market. The Company now ranks second in this \$200 million market.

In 1991, Stryker introduced the SE4 arthroscopy power system, a fourth generation of these surgical instruments that incorporates new developments in brushless motor technology, new features and additional cutters and burs.

To keep pace with the growing demand for its products, Stryker Endoscopy doubled the size of its facility in San Jose, California and substantially enlarged its facility in Arroyo, Puerto Rico. It also boosted its sales force by more than 40% and stepped up the pace of R&D spending by 70%. With more than twice as many engineers on staff, Stryker Endoscopy is well prepared to continue its strategy of continuous incremental improvements in existing products and carefully targeted new product introductions.

OSTEONICS*State-of-the-Art Orthopaedic Implants*

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DURING 1991, OVER 380,000 PEOPLE IN the U.S. and a comparable number in other countries underwent orthopaedic surgery for replacement of a hip or knee joint. Most of this surgery was occasioned by severe arthritis or trauma. Arthroplasty, or joint replacement, is in the mainstream of orthopaedic practice, and it has already helped millions of people on five continents to live with more mobility and less pain. In 1991, the U.S. market for reconstructive orthopaedic products grew by 13% to reach \$1.25 billion. Arthroplasty is a dynamic medical specialty driven by a continuous search for devices offering greater mobility, implant longevity and patient comfort. With the population of the U.S. and other countries living longer and more active lives, this search has gained added importance.

Osteonics has long been a leader in the development of technologically superior orthopaedic implants. In 1991 Osteonics became the first company to market a hip stem in the U.S. with hydroxylapatite (HA) surface treatment. HA is a naturally occurring calcium phosphate material that demonstrates a high level of biocompatibility due to its resemblance to living bone. Osteonics conducted years of pioneering research on the orthopaedic application of HA, and it has marketed HA-coated implants in Europe for five years. On the basis of its clinical experience in both Europe and the U.S., Osteonics believes that HA has the potential to produce great improvements in implant performance.

Osteonics has played a primary role in educating orthopaedic surgeons about HA, and in June 1991 it conducted the first televised symposium in its history. A panel of five surgeons and two bioengineers presented their experience with HA-coated implants to a viewing audience of 1,300 medical professionals in 61 different sites in the U.S. and Canada.

During 1991, Osteonics continued the development of a new knee implant engineered for superior fixation. Osteonics believes that this device represents a significant advance over existing designs, and that it will lead to substantial gains in clinical performance. The new knee was commercially released early in 1992. As a result of a highly streamlined process of research and development, it was launched just 18 months after conceptual work began.

International sales of Osteonics products continued to be very strong in 1991, particularly in Japan. Osteonics is in the process of releasing its CDH hip prosthesis engineered with the help of five leading Japanese universities which is specifically designed for congenital dysplasia of the hip prevalent in Japan.

In Europe, building on its five years of success with HA-coated hips, Osteonics completed its first full year of clinical experience with HA-coated knee implants.

During 1991, Osteonics made significant investments in its global technology base to keep pace with the growing worldwide demand for its products.

STRYKER INSTRUMENTS*High-Quality Precision Instruments for a Wide-Range of Procedures*

HIGH-QUALITY POWERED INSTRUMENTS IN a surgeon's hands translate into reduced time in surgery and improved clinical results for the patient. Stryker Instruments provides surgeons in specialties ranging from orthopaedics to plastic surgery to thoracic/cardiovascular surgery with a technologically superior line of powered bone saws and drills. Stryker ranks second in the \$95 million U.S. market for powered surgical instruments.

Long-term research on batteries and electric motors helped Stryker develop the first successful line of battery-powered heavy-duty surgical instruments. Battery-powered instruments are highly maneuverable and eliminate the need for an additional power cord in the sterile field of the operating room. In 1991, Stryker Instruments launched System 2000, its third generation of these products. Incorporating the most sophisticated technology on the market, the new instruments are smaller, lighter, more powerful and longer-running than their predecessors. To meet its own exacting standards, Stryker produces the electric motors for these products in-house.

Battery-powered surgical instruments are less popular in Europe because sterilization techniques in use there would significantly shorten the life of a battery. During 1991, Stryker Instruments introduced a line of electric heavy-duty instruments designed specifically for the international markets. The first major innovation in powered instruments that these markets have seen in more than a decade, these products are the smallest, lightest and most powerful available.

In 1991, the CBC-ConstaVac system continued to be one of Stryker Instruments' most exciting products. Following joint replacement surgery, this device drains the wound and recovers the blood for reinfusion in the patient. In many cases, CBC-ConstaVac entirely eliminates the need for banked blood. Particularly in a time of widespread concern about AIDS and other blood-borne diseases, auto-transfusion is good medicine.

The Stryker Command Microelectric System has been another continuing success. These small, light instruments give oral, plastic and hand surgeons the power, maneuverability and visibility they need to work in small areas of the body. Early in 1992, Stryker introduced its second generation of Command instruments.

During 1991, Stryker Instruments made a substantial increase in its commitment to research and development, accelerating its drive for technological advances in electric motors, gear transmissions and autoclave-resistant electronics for its next generation of products. This division also broke ground on a greatly enlarged manufacturing facility in Kalamazoo, Michigan.

STRYKER MEDICAL*The Intelligent Choice in Specialty Beds and Stretchers*

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AMERICAN HOSPITALS ARE UNDER SEVERE financial pressure. With labor costs accounting for well over half their total expenditures, hospitals are seeking innovative ways to improve operating efficiency.

Stryker Medical has designed its specialty stretchers and beds to help hospitals improve their utilization of staff and space. In 1991, for example, it introduced a stretcher with on-board equipment for full-length x-ray imaging. Closely resembling a radiology table in its operation, this product saves time and minimizes patient movement in the critical first stages of trauma treatment.

Increasingly, hospitals are segregating their business by patient type. In redesigning its stretcher line over the past three years, Stryker Medical was therefore careful to tailor its products to meet specific patient needs within the hospital. In 1991, for example, it introduced a pelvic exam stretcher for the emergency room. While this product can be used for examinations or births when required, it is flexible enough to double as a regular emergency room stretcher as well.

During 1991, the Medical Division took two important steps toward better customer service. First, it expanded its sales force by 25% and split it into two teams, one dedicated exclusively to beds and the other to stretchers. This will bring additional focus to each area. Second, it more than doubled the size of its field service force. Today, Stryker is the only company in the industry to provide hospitals with dedicated

field support to keep their beds and stretchers operating at peak performance.

Customers have responded to Stryker Medical's approach. The U.S. market for specialty beds/stretchers totaled \$145 million in 1991, and Stryker ranked first in emergency, recovery and transport stretchers, second in maternity and intensive care unit beds, and third in surgery stretchers. While the specialty bed/stretcher market grew at approximately 4%, Stryker Medical's product sales grew by more than 20% in 1991.

Substantial investments in manufacturing and in research and development have enabled the Medical Division to achieve dramatic improvements in products and significant reductions in costs in recent years. As a result, both sales and profits have climbed. Further investments in the Medical Division can be expected to produce continuing above-market growth in the coming years.



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STRYKER ENDOSCOPY, OSTEONICS,
Stryker Instruments and Stryker Medical
all operate in distinct niche markets and
employ distinctive sets of technological
skills. But in spite of these differences, all
share a single set of core principles: a sharp
focus on market needs (including the need to
contain health care costs), a commitment to
quality in products and customer service,
and a dedication to technological
innovation. Stryker's skill and tenacity in
pursuing these principles have made the
Stryker name a byword for excellence
among medical professionals around the
world.

200 The Best Small Companies

Forbes

November 14, 1991 Four Dollars

How we define the best

Both growth investors like John Templeton and value players like Warren Buffett could probably find some interesting stocks below. While the 200 Best Small Companies in America must show consistent increases in sales, earnings and return on equity during the past five years, we also apply value criteria, including a requirement that long-term debt not exceed total stockholders' equity.

How did we pick the 200? We began with all publicly traded U.S.-based corporations with sales between \$5

million and \$350 million. Firms with declining sales and/or earnings were automatically screened out, as were stocks priced under \$5. To ensure reasonable liquidity, we eliminated stocks with fewer than 1 million shares outstanding or average daily trading volume of under 1,000 shares. We also dropped limited partnerships, real estate investment trusts and banks. Raw data come from Los Angeles-based William O'Neil & Co., 1991 earnings estimates from the Institutional Brokers Estimate System.

The 200 Best Small Companies in America

- Rank - this year	- Rank - last year	Company/business	Return on equity 5-year average	Return on equity latest 12 mos	5-year EPS growth rate	Latest 12 mos sales — (\$ mil) —	Debt equity	Quick ratio ¹	Recent stock price	Market value ² (\$ mil)	Latest 12 mos EPS	P/E	Est 1991 EPS	
108	115	Stryker powered surgical instruments	16.3%	19.5%	23%	\$342	\$28.8	1%	2.00	\$27	\$1.283	\$0.62	43.5	\$0.64

Ranking The 200 Best Small Companies

5-year average ROE	Where They Rank Sales	Where They Rank Profits	Where They Rank Market value	Company	Exch	Ticker symbol	5-year average ROE	Sales (\$mil)	Profits (\$mil)	Market value* (\$mil)
108	1	19	7	Stryker	o	STRY	16.8	342	28.8	1,283

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	Years with co	Years as CEO	Undergraduate graduate college	College degrees	Compensation (000): salary + bonus	other stock gains	total	Stock owned %	market val* (000)
John W. Brown Stryker	57	15	15	Auburn	BS	440.0	22.0	462.0	4.78	61.271

THE 200 BEST SMALL COMPANIES

John Brown's Stryker Corp. has grown at better than 20% a year since he joined the company in 1977. For how much longer? Forever, replies the ebullient Brown.

Focus through decentralization

By Zina Sawaya

HOMER STRYKER'S cleverness nearly got the better of him. Fifty years ago the Kalamazoo, Mich. orthopedist invented a mobile hospital bed with a frame that pivoted from side to side so that doctors could position injured patients while keeping them immo-

bile. He soon won a contract to supply the beds to the Army, and his little business was off and running. But when World War II ended, the government canceled its contract, and Homer Stryker was stuck with huge inventories.

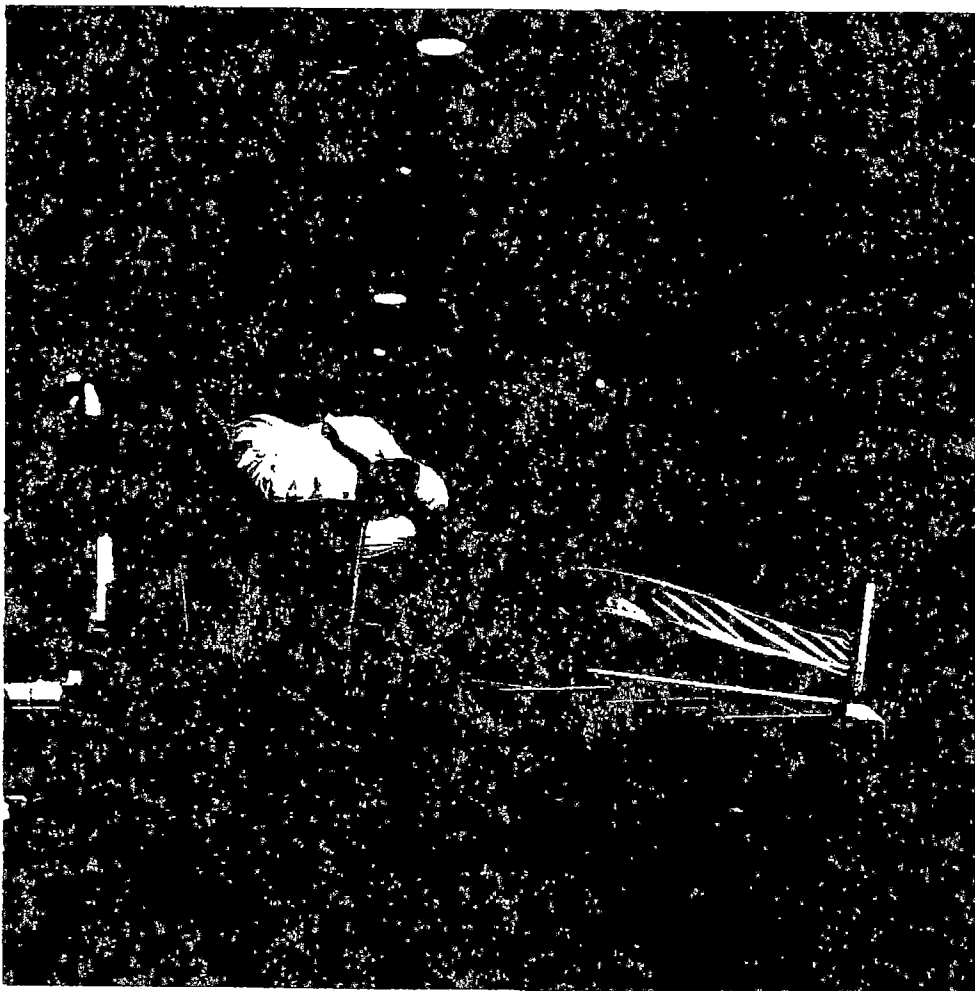
What to do? More of a doctor and a tinkerer than a businessman, Stryker turned to professional managers. They started selling the beds—technically known as stretchers—to hospitals. The business was saved, and Dr. Stryker continued with his medical practice and his inventions.

Soon he came up with a second product—a cast cutter still used in hospitals today, which removes casts without ripping a patient's skin.

These days Stryker Corp. continues to churn out new ideas for the medical market. The Kalamazoo-based firm, which has made its way into the 200 Best Small Companies, has enjoyed a ten-year streak—its 10th year in a row—of more products, including bone pins and screws, hip spurs, hip implants and undergarments for internal surgery.

Stryker earned \$24 million last year, before a \$1 million gain from a minority investment in revenue of \$291 million. With a 1991 average return on equity of 17.8%, Stryker ranks 118th in 1991's Best Small Companies list.

The man behind Stryker's success is John Brown, a 57-year-old Tennesseean who took over as president in 1977. An Auburn University graduate, Brown came to Stryker after Homer's son, Lee Stryker, who



Stryker Corp. Chief Executive John Brown

Decentralization, diversification and a fixation on 20% growth.

Split

Forbes ■ December 9, 1991

SIR: Re "Focus through decentralization" (Nov. 11). The article states that Stryker's shares have risen twofold to a recent \$28.50 since becoming a public company in 1979. Stryker's shares have risen forty-one-fold after taking into account six stock splits since 1979.

-JOHN W. BROWN *Chairman and Chief Executive Officer*
Stryker Corp.
Kalamazoo, Mich.

■ EYE ON WALL STREET

BY JACK EGAN

A shareholder's report card

There's no shortage of available yardsticks for weighing, judging and ultimately ranking leading companies. But at a time when both executive pay and management accountability (or the lack of it) to stockholders increasingly are front-burner issues, a new tally by United Shareholders Association is especially pertinent.

Unlike, say, the well-known *Fortune* 500, which is based solely on sales volume, USA's "Shareholder 1,000" measures what investors care about: how a company's stock is doing and how its management creates value for investors rather than rewarding itself. "One of the big problems in executive compensation is that packages are often based on size—the bigger the company, the bigger the pay," notes Ralph Whitworth, head of USA, a self-styled grass-roots organization founded in 1986. Size, he says, means nothing to investors unless it directly relates to the bottom line. General Motors and IBM may be among the largest companies in America, he observes, but their financial performance in the past few years has been decidedly subpar. Accordingly, GM shows up 577th and IBM 561st out of 1,000.

USA assigns a score to each of the 1,000 companies based on marks in four areas. Stock performance is worth 50 percent of the total—half long-term and half short-term. Attention to shareholder rights is worth 25 percent. Executive compensation counts for 15 percent; frugality is a plus. And the final 10 percent, a new feature this year, measures the percentage of shares owned by management. A high percentage is viewed with approval, because executives have a direct stake in the company's performance. "They think like owners rather than bureaucrats," notes Whitworth.

Bargain CEO. For the third straight year, Wal-Mart, which last year overtook Sears as the largest U.S. retailer, is in first place. The booming discount-department-store chain not only ranked high for its sizzling and sustained rise in stock price (up 94 percent in 1991 and 4,800 percent over the past 10 years) but also paced the rest in parsimonious executive compensation. Wal-Mart Chief Executive Officer David Glass's pay package totaled \$980,000 in 1990. That's a lot—but it was some 90 percent less than what the other CEOs in the survey would have received had their companies done equally well.

Many high-ranked companies are fast-growing smaller firms. No. 2 Stryker Corp., for ex-

ample, makes medical and surgical products and had sales last year of only \$360 million. But its earnings rose 40 percent and its stock went up 220 percent, moving it up from the 20th spot last year. The top 10 are dominated by retailers, however, with the Gap and the Limited on the list with Wal-Mart. The common denominator among the top firms is that they are leanly run companies that have positioned themselves as leaders in fast-growing market niches.

The report also focuses on each grade separately. Companies beyond Wal-Mart that scored best in executive pay, for example, were Food Lion, a grocery chain based in the

Southeast; Berkshire Hathaway, an investment conglomerate whose chairman is investor extraordinaire Warren Buffett, currently serving as head of Salomon Brothers; Stewart & Stevenson, which makes diesel and gas-turbine engines, and Hannaford Bros., the largest grocer in Northern New England.

Time Warner was dead last, done in by gargantuan rewards to Chairman Steven Ross and other executives. Last week, the media company's well-remunerated president, Nicholas J. Nicholas Jr., was forced out by the board. He apparently failed to win a power struggle

with Ross, who last year epitomized the overpaid CEO with an overall compensation package of almost \$80 million. Athletic-shoe manufacturer Reebok International; Legent Corp., which makes software; Freeport McMoran, a mining and energy company, and Chris-Craft Industries, a diversified broadcasting firm, get marks almost as black.

The highest grade for management ownership—based on the CEO's share holdings as a percentage of actual compensation—goes to Lawter International, a maker of printing ink and pigments. Berkshire Hathaway again scored high, followed by software giant Microsoft; Nike, the athletic-shoe maker, and retailer Petrie Stores.

A company scores higher in shareholder accountability if, for example, it eschews rules that entrench existing management, like antitakeover measures. Bear Stearns, the Wall Street brokerage, is first here for the second successive year. But most companies don't get high marks. Only 74 have adopted confidential shareholder voting procedures for corporate elections. And over half have lucrative severance packages for executives. Among the beneficiaries: Time Warner's just departed Nicholas.

RICHARD GAGE—USNEWS

THE BEST	
1 Wal-Mart Stores	Retailer
2 Stryker	Medical products
3 Stewart & Stevenson	Engines
4 Mylan Laboratories	Pharmaceuticals
5 Gap	Specialty retailer
6 Berkshire Hathaway	Conglomerate
7 Family Dollar Stores	Retailer
8 Federal National Mortgage Association	Mortgage intermediary
9 Fifth Third BankCorp.	Banking
10 Limited	Specialty retailing

... AND WORST	
1 Southeast Banking	Banking
2 Bally Manufacturing	Casino operation
3 Orion Pictures	Movies
4 Continental Bank	Banking
5 Cincinnati Milacron	Machine tools
6 Transco Energy	Natural gas
7 Hibernia Corp.	Banking
8 SPX Corp.	Banking
9 Time Warner	Movies, media
10 National Data	Data processing

*Included with \$50 annual membership in United Shareholders Association (1687 K Street, N.W., Suite 770, Washington, DC 20006).

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had run the company since the mid-Sixties, died in a plane crash. Prior to Stryker, Brown ran a subsidiary of Bristol-Myers Squibb that made surgical instruments.

While Stryker had a well-established niche in the hospital market, the company was not without problems. When Brown took over, the family-owned firm was still reeling from Lee Stryker's death and recovering from a couple of managerial fumbles. Most members of its sales force had quit after their compensation system was changed from commissions to salary. And an unrelated disagreement with union officials over workers' salary had led to a monthlong strike. (Stryker's workers have since voted out their unions.)

Brown's first moves were to establish a formal budgeting system, cut costs and rebuild the sales force—by putting it back on commission. He then turned his focus to the company's product line.

"Stryker's name was bigger than the company," recalls Brown. At the time, nearly 70% of Stryker's revenues was coming from hospital beds. Leveraging the strength of Stryker's name with hospitals, Brown added hip implants and medical video cameras, and beefed up his line of surgical power tools. Stryker's surgical group, which includes these products, makes up over 80% of the company's sales and most of its profits.

Next, Brown broke the company into several divisions, allowing each to operate autonomously. Autonomy for the managers was not the same thing as freedom. Brown told them that he wanted each division to grow at no less than 20% annually. "That's the law," says the soft-spoken but iron-willed Brown. A law he has successfully enforced. Stryker has posted 20%-plus earnings growth every year since 1977.

Brown uses a sort of friendly intimidation to get his message across. "When I inherited the medical division, sales were flat," says Harry Carmitchel, who was hired in 1987 to run the lagging hospital bed operations. "My first month, he [Brown] comes up to me and wants to know why it's not growing already." Carmitchel introduced a series of new products and strengthened his sales force. And as

the quarterly growth chart posted in his plant's hallway indicates, he brought the division up to snuff.

Brown's divisional strategy has proved critical as Stryker's product line has grown more complex. Instead of one sales force peddling everything from maternity beds to high-tech machinery, each division now has its own, often highly trained, sales staff. "It's achieving focus through decentralization," says Brown.

The specialized sales teams also helped Stryker better meet its cus-



Assembling a surgical drill
Listening to doctors for new ideas.

tomers' needs. Stryker's salespeople act as a de facto research and development team. As such, most of the company's new product ideas come from salesmen standing in the operating room next to the physician. There they can observe the doctor in action, write down his comments and come up with ways to improve a saw, a hip implant or a hospital bed.

Case in point: Eye surgeons kept complaining about a bed's lack of flexibility at the head level. It was hard, they said, to position a patient's head. Stryker people took note. Next year the company will roll out a bed with a movable head rest—an incremental change but an innovative one, and one that will bring higher margins than the standard bed.

Since 1986 Brown has almost quadrupled research and development

expenses, to about \$25 million this year. While the salespeople bring back specific requirements for product improvements, a staff of more than 150 does the actual engineering and design work in Stryker's labs. The combination keeps Stryker's product line growing. Half of Stryker's current products were introduced in the last five years.

Another hot new product is a tiny, \$18,000 video camera used with a laparoscope for gall bladder surgery. Rather than making a major abdominal incision, the surgeon punctures the abdomen and inserts a laparoscope—a long instrument used to peer inside the abdominal cavity. Aided by the camera, which projects a clear and accurate image on a large color screen, the surgeon can swiftly remove the gall bladder. Instead of a two-week hospital stay, the patient is out the next day. Pressure to hold down health care costs have made this a brisk seller.

Brown may use some of the company's \$64 million in cash for acquisitions. But chances are it won't burn a hole in his pocket. Over the past five years Brown has spent only \$15 million. He points to Stryker's acquisition of Osteonics Corp., a maker of hip implants, as a model. When Stryker acquired it in 1979, Osteonics had a promising new product and zero sales. Stryker's Osteonics division is now one of its most profitable operations. Says Brown: "We buy ideas, not companies."

Stryker has been public since 1979, when the Stryker family decided to sell stock to free up some of its assets. Its o-t-c-traded shares have since risen twofold, to a recent 28½. (The family still owns 24% of the company, worth \$325 million.)

This year Cowen & Co. health care analyst Daniel Lemaitre expects Stryker to earn \$31 million, or 65 cents a share, on revenues of \$360 million. With the stock at a hefty 44 times expected 1991 earnings, the market seems to think Brown can maintain Stryker's impressive growth rate for the foreseeable future.

For his part, Brown insists that he has no intention of letting up on his ambitious growth goals. "It's not just 20% this year," he says. "It's 20% forever."

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FINANCIAL HIGHLIGHTS

	1991	1990	% Increase
Net Sales	\$364,825,000	\$280,634,000	30
Earnings Before Income Taxes and Extraordinary Item	53,345,000	38,100,000	40
Earnings Before Extraordinary Item	33,075,000	23,625,000	40
Extraordinary Gain		9,910,000	
Net Earnings	33,075,000	33,535,000	-
Earnings Per Share of Common Stock:			
Before Extraordinary Item	.70	.50	40
Extraordinary Gain		.21	
Net Earnings	.70	.71	-
Average Number of Shares Outstanding	47,526,000	47,396,000	-

1

EARNINGS BEFORE EXTRAORDINARY ITEM

Compound Annual
Growth Rate 24%

\$ Millions