

CASE: NARAYANA HRUDAYALAYA: A TEMPLE FOR ALL WHO NEED HEART CARE

Dr. Devi Shetty is an icon of modern entrepreneurship in health care of millions of poor Indian. He pioneered and championed an absolutely unheard of model for treating India's poorest people, for whom money was always a constraining factor for an open heart surgery, which normally costs Rs. 2.50 lakh and Rs. 2,500 per month in post-operative care and medicines. While most of the similar heart speciality hospitals in India are beyond the reach of common masses as they function in corporate style, which does not allow a poor man to enter into their system, Dr. Shetty's "Narayana Hrudayalaya" welcomes them and is still running as a sustainable and effective business model.

Narayana Hrudayalaya (NH) is now one of the largest private hospitals in India and performs more heart surgeries per year than the leading hospitals in the U.S., with matching quality and effectiveness. Dr. Shetty has developed a scalable, low-cost model, where those who can pay are paying for themselves but the hospital is able to treat patients who otherwise could not afford healthcare. Majority of other corporate-type of modern Indian hospitals just do lip service to these poor. NH group currently has 5000 beds in India and aims to have 30,000 beds in the next 5 years to become the largest healthcare player in the country.

STRATEGY OF NH TO MAKE IT COST EFFECTIVE

Dr. Shetty dreams to make cardiac surgery affordable to poor and children by creating a chain of heart hospitals in every state of India. The root of this dream lies in initial generous funding by his father-in-law, who had put just one condition to Dr. Shetty. No poor and children would be turned away for lack of money in NH. Developing NH as one of the best equipped hospitals of world was not very difficult for Dr. Shetty. He got the best collaborators. Indian Space Research Organisation (ISRO) provided satellite services to link small local hospitals in the country with NH so that immediate advice, in the case of cardiac arrest, may be sought by local hospitals from NH. During operation of an infant, anesthetics in U.S. can support the surgeons in operation theatre of NH. Telemedicine is now possible for people located in remote places too. Biocon has supported NH in offering new drugs, which are considerably cheaper than conventional ones. The attrition of doctors is almost zero and they work at a salary, which is almost half of what they could get elsewhere.

NH is not like a typical Government hospital, which lacks doctors and equipments; it now symbolizes the best-in-class. Therefore, rich come here and pay the normal charges as it provides best care and poor come here as they are not going to be turned away. NH business model has some similarity with that of Wal-Mart. It takes advantage of volume in its favor. Twenty four operation theatres and other infrastructure support 50 major heart surgeries daily. This is eight times more than other Indian hospitals. Dr. Shetty himself provides consultation to almost two patients per five minutes. But, all of them are well examined and diagnosed by an expert support team before they meet Dr. Shetty. The large number of pathological tests per day per machine brings down per unit cost due to economy of scale. Some of the expensive machines are on rent from the suppliers so as to save the immediate capital expenditure. However, these suppliers earn regularly by supplying reagents, needed to run the same machine, on use basis. Again, high volume of reagent helps in bringing down the rental cost. Lean staff helps in bringing down cost and reducing corruption.

Many state governments have understood and supported Dr. Shetty's dream of heart care for poor and needy. For example, Karnataka State Government supports India's largest Micro Health Insurance Programme called Yeshaswini at a monthly premium of Rs. 10, to cover around three million farmers.



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Dr. Shetty feels lucky to have treated Mother Teresa, who had a heart attack. As narrated in an interview, Dr. Shetty recalls that one day, Mother, who at that point of time was recovering in the intensive care unit of the hospital, saw Dr. Shetty examining a blue baby. She told Shetty, "Now I know why you are here. To relieve the agony of children with heart disease, God sent you to this world to fix it". Of course, this must have been the touching moment for this paediatric cardiac surgeon and perhaps the best compliment any professional has ever received for the purpose of his being in the profession. No wonder he keeps a wall hanging of Mother Teresa in his office with the following word written below: "*Hands which help are better than the lips that pray.*" He says, "When you do your work without expecting anything in return, just for the joy of brining happiness to others, that's when you'll realize it is not your hands, which do the job, it is the hands of God."

QUESTIONS

1. How does NH plan to scale up its services?
2. Is core competency important for success similar to NH? Think of other examples of similar type.
3. List and explain the enablers, barriers, and success factor of NH.
4. Explore a slightly similar example of "Arvind Eye Hospital." What are its operations strategies and list its enablers and the success factors?

REFERENCES

1. http://www.daijiworld.com/chan/interviews_view.asp?i_id=34 (accessed on 21 April 2010).
2. <http://www.narayanahospitals.com/> (accessed on 21 April 2010).

CASE: TIMBUK2

At the start of this chapter, we described the innovative San Francisco-based Timbuk2. The company is known for producing high-quality custom and classic messenger bags direct to customer order. They have a team of approximately 25 hardworking cutters and sewers in their San Francisco plant. Over the years, they have fine-tuned their production line to make it as efficient as possible while producing the highest-quality messenger bags available.

