

**15.232 Business Model Innovation:
Global Health in Frontier Markets**

Class 9

**Sustainability and Scale:
Narayana Healthcare**

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Fall 2013

Today's plan

- Logistics and notices
 - Note deadlines for sending Nick final decks and executive summary
 - email today regarding schedule of presentations
- Narayana Hrudayalaya case
- Prahalad & Mashelkar reading, class review
- Great guests for our last three classes!

Photo: <http://forbesindia.com/slideshow/magazine-extra/day-in-the-life-of-devi-shetty/1852/752>

Forbes, India: Shetty and his son Viren stand atop the hospital building and assess the progress on the Health City plan.

Photo: <http://www.nejm.org/doi/full/10.1056/NEJMp038180>

Surgical Ward, Nanded, India: The three surgical wards overflowed with patients. Some patients had to double up or take a place between the beds on the grimy floor.

Photo:

<http://content.time.com/time/photogallery/0,29307,1711814,00.html>

Young patients and their families wait in a makeshift anteroom at Lohia Hospital in New Delhi.

video to show in class

- <http://on.wsj.com/NBiAJ7>
- runtime 4:30

Video: "[India Brings Heart Surgery to the Masses.](#)" November 20, 2009. WSJ Live.

Screenshot of Indian Hospital webpage removed due to copyright restrictions.

<http://www.aljazeera.com/programmes/indianhospital/> 6-part documentary (can only watch outside US; iTunes ditto. Sorry—let me know if you find from another source!)

Selected resources

Five years post-case: An excellent overview, serves as case coda

- Wall Street Journal, 2009: **The Henry Ford of Heart Surgery**

Nine years post-case: Good analysis of performance and finance, great second case coda

- Economic Times, 2013: **How can Dr Devi Shetty quadruple Narayana Hrudayalaya in five years?** (related [slideshow](#))

More multimedia

- <http://www.satyamevjayate.in/issue04/> full video is available (Dr Shetty dubbed over in Hindi—let me know if you find in English or subtitled anywhere!)
- NPR radio interview May 2013
<http://www.npr.org/2013/05/31/187570902/devi-shetty-founder-of-narayana-hrudayalaya-hospital>
- BBC radio Interview Jan 2011 <http://www.bbc.co.uk/programmes/p00cz9dt>

daily financial data

Every day at 12 noon, our senior doctors/administrators get an SMS on their mobile with the previous day's revenue, expenses, and profit/loss margin.

As doctors, we know exactly what is happening with our organization. For us, looking at the P&L account at the end of the month is like reading a post-mortem report. You can't really do anything about whatever losses you have. But looking at the account on a daily basis is a diagnostic tool; you can take remedial measures. With doctors, you can't change their behaviour by preaching. You produce the data. You tell them exactly how many days the patient stayed there before the operation, how many days in the ICU, how many days post-op, and what the cost of material used for the operation was. All this information cannot be generated without the help of IT. Narayana Hrudayalaya has invested heavily in IT, and we are now reaping the benefits.

Flow chart removed due to copyright restrictions. See Figure 2, p. 24, Kothandaramn, P., and S. Mookerjee. "[Healthcare for All: Narayana Hrudayalaya, Bangalore.](#)" UNDP Case Study, 2008.

**DOES THIS SHOW THAT
THE ARAVIND
APPROACH APPLIES
ELSEWHERE?**

The eyeball is the same in
India, Africa, or America

Thulasiraj on generalizability

The need

- large population affected
- cuts across all economic strata
- equity issues
- cost-effective interventions



**Compassion-
owning the
problem**

The approach

- productivity
- focus on quality
- patient-centered care
- efficiency
- cost control
- achieving scale

NH: what happened next?

Health Insurance

....we convinced the state of Karnataka to launch a health insurance plan called 'Yeshaswini Micro Health Insurance', which operates on a premium of five rupees per month. Today, we have close to 4,000,000 farmers who have availed the benefits of this insurance scheme. Over a period of 10 years, more than 450,000 patients have undergone various types of operations, including major heart operations, at a cost of just Rs 5 per month.

We are now trying to convince our policy-makers to float a scheme through which every mobile phone subscriber in India pays 20 rupees over and above the regular bill, thereby enabling us to create the most robust and scalable health insurance program in the world.

Poor people in isolation are very weak, but together they are very strong.

voice of the customer

We have a complaint management system (CMS) that keeps track of all the problems a particular hospital faces in a day. We don't discourage complaints. We instead celebrate them. So, it helps me in calling out ... the COO of a particular hospital if he says things are fine, while in reality, I know that there were 184 complaints registered that day.

When we started the CMS, we registered 200-300 complaints a day, but now, it is down to about 60 to 80 complaints. This is the power of information.

Figure depicting surgery cost comparisons removed due to copyright restrictions. See Anand, Geeta. "The Henry Ford of Heart Surgery: In India, a Factory Model for Hospitals Is Cutting Costs and Yielding Profits," *The Wall Street Journal* November 25, 2009.

Photo:

http://www.apollohospitals.com/international_patient_services/images/ahmedabad/hospital/Ward-View.jpg

Ahmedabad Hospital, ward view.

Photo: [http://www.indiahospitaltour.com/images/innerpage/narayana-gallery/centres-excellence%20\(1\).jpg](http://www.indiahospitaltour.com/images/innerpage/narayana-gallery/centres-excellence%20(1).jpg)

Narayana Hrudayalaya's Pediatric Cardiac team.

Quick review: examples and themes

- CFW shops
 - Hello Healthcare
 - Riders for Health
 - Avahan India AIDS Initiative
 - SMS For Life
 - Aravind
 - BRAC
 - Living Goods
 - Narayana Hrudayalaya
- clear mission
understand patients
address care delivery bottlenecks
standardize operations
leverage scale
leverage own experience
finance growth
manage inputs: cost, variability
avoid capital investment
increase utilization
partner with others
marketing
task/job design
training
measure performance, respond

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