Challenges in sustaining a hospital: lessons for managing healthcare institutions

Sunil Kumar Maheshwari

Ramesh Bhat

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Abstract

One of the important components of the private health care sector has been health care facilities set up by corporate sector. The financial sustainability of these facilities is closely linked to the financial performance of the main business. In this paper we examine a case of one such hospital which is part of a corporate facing difficult time and its revival strategy. The revival strategy of a hospital presented here provides many interesting ideas of reviving hospitals which are going through difficult times. In some sense the government hospitals have many similarities like a corporate hospital dedicated to its employees. Like dedicated corporate hospital, the government facilities are required to provide free care or highly subsidised care to its users and depend on financial allocations from government. Both dedicated corporate hospital and government facility depend on budget allocations which in turn depend on good financial health of corporate and good fiscal position of government respectively.

Tinplate Hospital, one of the oldest hospitals in Jamshedpur, was started to extend medical care facilities for its employees in the early 1940's. It graduated into a 210-bedded hospital with 35 doctors and 187 supporting staff in 1990s. The parent company was facing serious financial losses in late 1990s. Due to recurring losses, inadequate operating performances and increasing expenditure the management of the parent company was in a dilemma whether to close down the hospital or at least downsize the staff to save an annual expenditure of nearly Rs. 30 million.

The hospital redefined its offer of services, undertook leadership changes and improved operations to achieve financial independence. It continues to provide free medical facilities to nearly 28000 members of 5500 families of the employees of the parent company.

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1. Introduction

The health sector in India has witnessed significant growth in private sector provision and financing of health care services. Over the years the number of private clinical establishments all over the country has grown significantly. The private sector, therefore, assumes considerable importance in India's health care delivery system. The reason for popularity of these establishments has been their ability to bring almost all types of health care services to the doorsteps of patients. Most of these establishments use latest medical technologies in provision of health services. The utilisation surveys suggest that on an average $3/4^{th}$ of outpatients and $1/3^{rd}$ of in-patients seek care from private providers. About 75 per cent of health expenditure in the country is for private health care treatment. About 80 per cent of the qualified doctors in the country work in the private sector. The private out-of-pocket expenditures have grown at the rate of 12.5 per cent annum.

One of the important components of the private health care sector has been health care facilities set up by corporate sector. Many corporate entities in India have also set-up health facilities which are dedicated to their employees. These facilities depend on main business of these corporate for their financial allocations. The financial sustainability of these facilities is closely linked to the financial performance of the main business. There have been number of cases where the health facilities set-up by corporate face severe financial crisis when the performance of the main business of the corporate goes down. Under these situations the revival strategy of the health facility cannot be closely linked with the main business revival. During this time the health facility has also an obligation to provide free care to all employees. In this paper we examine a case of one such hospital which is part of a corporate facing difficult time and its revival strategy.

The revival strategy of a hospital presented here provides many interesting ideas of reviving hospitals which are going through difficult times. The findings and discussion presented here has also learning for the government hospitals. In some sense the government hospitals have many similarities like a corporate hospital dedicated to its employees. Like dedicated corporate hospital, these facilities are required to provide free care or highly subsidised to its users and depend on financial allocations from government. Besides this the governments perform primarily two roles relating to health sector. First, it frames rules, procedures and policies and regulates the services in this sector. Second, government invests resources in the sector to ensure provision of health services. These services co-exist with private service providers in India. Both dedicated corporate hospital and government facility depend on budget allocations which in turn depend on good financial health of corporate and good fiscal position of government respectively.

Growing financial and fiscal problems at the top may critically affect the sustainability of the hospitals and its operations. Over the years one experiences this happening in many

corporate health facilities and government systems. The present study discusses the decline and turnaround of a hospital with the objective to understand the following:

- What are the turnaround challenges of a hospital and what are the options to make a hospital sustainable?
- What are its lessons to managing health care facilities facing similar situations?

2. The Literature

The turnaround of organisations has been examined with economic, psychological, and sociological perspectives (Argneti 1976; Cameron et. al. 1988a; D'Aveni 1989; Kahneman and Lovallo 1993; Kelly and Amburgey 1991; Khandwalla 1989). The common thread in all these works has been the inquiry about managerial actions that lead the organisational decline and subsequent recovery of organisations.

The turnaround of non-performing organisation is one of the most complex managerial challenges, as different stakeholders become hostile towards the management knowing upon the poor performance of the organisation and organisations lack resources. Management feels stigma. Hence, management of relationship with different stakeholders by changed leadership is essential for turnaround management. Research has consistently indicated that the change of leadership is a prerequisite (Khandwalla 1992) to initiate action for turnaround due to escalated commitment of the existing strategies.

Turnaround actions have received considerable attention of researchers in the recent past. Most of the researchers in this stream have tried to develop typology of turnaround strategy (Schendel et. al. 1976; Ford and Baucus 1987; Khandwalla 1992; Robbins and Pearce 1992). The fundamental tenant of inquiry to develop typology has been to identify consistent mix of different actions to turnaround the organisation. Khandwalla (1992) identified twenty seven set of activities to be classified under seven broad groups namely: (a) personnel changes, (b) diagnosing and troubleshooting, (c) stakeholder or people-management, (d) operations management, (e) management systems and structure, (f) financial management, and (g) strategic management. However, this typology of turnaround management (surgical re-constructive, surgical innovative, non-surgical innovative, non-surgical transformational) is based on retrenchment of people, technology up-gradation and people-management. Zammuto and Cameron (1985) identify strategies on the basis of domain change and cost reduction efforts. His argument for matching the turnaround strategy to the changes in the environment niche has received attention of researchers. Robbins and Pearce (1992) classify turnaround strategy in two types (a) efficiency driven, and (b) competition driven. However the relevance of this literature in the context of health care management is unknown. This study extends this stream of literature to health care management.

3. Methodology

Management of organisational turnaround is a complex phenomenon where multiple subjective realities coexist. Such ontological context suggests the adoption of qualitative research. Further in epistemological terms, researchers need to observe the phenomena to understand the dynamics of actions in organisations, suggesting adopting qualitative research route through case method (Lee 1999). For these and other similar reasons, turnaround and related decision processes have often been studied through case methods (e.g. Allison 1971, Eisenhardt 1989, Pettigrew 1973, Harris and Sutton 1986). The resultant theory through case research provides an advantage of novelty and testability (Eisenhardt 1989) but it requires careful examination of validity of data and possible bias of researchers through collection and interpretation of data through multiple sources.

Five in-depth interviews were initially conducted with the CEO, Head of the hospital and other senior doctors of the hospital. These interviews were largely unstructured and open-ended as author tried to understand the process of the turnaround of the hospital. These interviews provided a detailed list of activities that led to the turnaround. One focused group discussion was subsequently conducted with other staff in the hospital.

The key information during the interviewers was validated from at least two different sources like another interview or documented information. The paper reports only such validated statements. These interviews provided data on decision-making process, leadership characteristics, stakeholders' response, and key actions in the history of the hospital. To further facilitate data gathering and cross validation, three days were spent at the hospital as an observer. In the process some patients were also interviewed informally.

4. The Case Study

Tinplate Hospital is one of the oldest hospitals in Jamshedpur, an industrial town in Eastern India. It was started by a Tata group company - The Tinplate Company of India Ltd. (TCIL), primarily to extend medical care facilities for its employees in the early 1940's. The hospital started off as a very small first-aid post/dispensary. Slowly it metamorphosed into a 60-bedded hospital in 1980 with 8 doctors and graduated into a 210-bedded hospital with 35 doctors and 187 supporting staff in 1990s. The hospital was a captive hospital only for the employees and the families of TCIL. The Managing Director of TCIL stated:

> "*Tinplate hospital was not among the best hospitals in the town. It lacked emergency facilities and Intensive Care Units. For serious and prolonged illnesses, employees used to be referred to other hospitals of Tata group companies i.e., Tata Steel and Tata Motors in the city. However, it was serving well common health care needs of nearly 2000 employees, their families, more than 3500 voluntary retired employees and their families*."

TCIL was facing serious financial losses in late 1990s. Due to recurring losses, inadequate operating performances and increasing expenditure the management of TCIL was in a dilemma whether to close down the hospital or at least downsize the staff to save an annual

expenditure of nearly Rs. 30 million. TCIL, a company, known for its philosophy of social good, employment security, healthy working conditions and human welfare, had tried to alleviate the problems of people who undertook voluntary retirement by extending many facilities such as free education to children, highly subsidised electricity etc. The company had allotted a small plot of land on lease for 25 years to voluntary retired workers who stayed back in the town. The company also allowed them to avail free medical facility in Tinplate Hospital for the self and family. The voluntary retirement of employees of TCIL was necessitated by its own turnaround. Bushen Raina, the Managing Director of TCIL stated:

> "*We were facing serious cash problems. Our losses were more than Rs. 50 million per month in 1998. We had no funds to support operations of the hospital. However, we had promised health care facility to voluntary retired employees in the hospital. I shared my concerns to the hospital management*."

The 210-bed hospital faced certain death when TCIL finally announced in an internal meeting its inability to support the operations of the hospital. But a team of senior doctors was determined to revive the hospital and bring it to fiscal health. A member of the team stated:

> "*I felt sad to visualize a possible demise of nearly 60 years old institution. It provided health care to many. It also provided employment to many people. I was determined to run it without financial support of TCIL*."

Health of the Hospital in 1998

Tinplate hospital was having an occupancy rate of only 40 per cent in 1998. It used to get annual support of Rs. 30 million from TCIL. The general upkeep and hygiene of the hospital was poor. One of the doctors stated:

> "*We had an operating table but it was lying unused. The wards in the hospitals were in poor conditions due to lack of financial budget allocation for maintenance. The whitewashing of the hospital was also not regular. The place did not inspire many of us. There was no specialty in the hospital for which it could be known in the town*."

Internally there were conflicts between doctors themselves. One of the doctors stated:

> "*When senior staff members and the doctors of the hospital were invited in a meeting to accept the challenge of turning the hospital into financially viable hospital, they laughed at it. They also opposed many of the ideas that were developed in the meeting. These people were generally not happy in the hospital*."

The clients of the hospitals were primarily TCIL employees. It was providing free medical services to the families of 3500 retired employees and 2000 current employees i.e. 5500 families or 27500 people, assuming an average of five persons per family. Others in the town used to prefer other hospitals in the town to Tinplate Hospital.

5. Revival Process

With TCIL's serious consideration to stop funding the hospital and to close it down altogether, the then Director, Medical Services decided to revive the hospital and make it into a financially sustainable centre within TCIL. He conducted a series of meetings with doctors and staff of the hospital to brainstorm and develop strategies for revival.

Developing Strategy

The brainstorming sessions with the key stakeholders of the organisation generated ideas to improve the revenue of the hospital. These meetings led to the documenting the main strength, weakness, opportunities and threats of the hospital.

Strengths	Weaknesses
· An old hospital about which people knew well · Many emotionally committed staff and doctors · TCIL's requirement to provide healthcare to its employees · Located in an industrial town · Dynamic leadership of the TCIL's MD	· Not well known for any specialisation · Internal conflicts between people · Low morale of many staff members and doctors · Poorly maintained wards and equipments · Declining financial support from TCIL · No ICU, Trauma Center, and Blood Bank.
Opportunities	**Threats**
· Autonomy to operate and develop strategies · Attract patients from other industrial units who used to send to expensive Tata Main Hospital	· Possible closure of the hospital · Competition from other corporate hospitals

The brainstorming sessions helped the hospital to generate innovative ideas for its revival. Based on its SWOT analysis, the hospital developed following proposals to compete effectively with big and well-known hospitals in the region.

1. **Personalised care**

   Doctors realised that one of the key problems of patients in big hospitals is that they are left alone to move from one location to another within the hospital for registration, investigations, consultations and collection of drugs. The indifferent attitude of staff is a major deterrent in these hospitals. TCIL decided to provide personal care. One of the senior doctors stated:

   > "*We decided to attend every non-TCIL patient with personal care. An attendant accompanied him/her to help in registration and other processes in the hospital.*"

2. **Efficiency and honesty**

   Doctors in the hospital realised that another weakness of the hospitals was a perception among the patients of doing unnecessary investigations. We planned to communicate to corporate houses and patients about our clear intent of not conducting unnecessary investigation. A senior doctor stated:

   > "*We decided not to cheat the patient by conducting unnecessary investigations. We wanted to be known as a fair and honest hospital.*"

3. **Affordable**

   Tinplate hospital people realised that they could attract some patients from outside if they could be provided personalised and honest care at a low cost. They decided to charge the patient the least of all the hospitals in the town. For example, they decided a tariff of Rs. 350 per day in general ward against the prevailing rate of Rs. 700 per day in other similar facilities in the region.

   The hospital decided to slowly build its brand for the quality of care in the town and nearby areas.

The Vision

The hospital identified its Vision statement as:

> *"We shall offer the best health care services on competitive terms and strive for exceeding patients' expectations by delivering added advantages"*.

Networking

Hospital could not have generated revenue from serving and retired employees of TCIL. It was committed to provide free care to nearly 5500 families. Hence, it had to attract patients based on what the hospital could offer. Having decided to attract patients from outside, the hospital administration decided to network with other corporate clients and encourage them to avail healthcare services from Tinplate Hospital.

Comment: They means patients or hospital?

Corporate Heads in Jamshedpur were approached and convinced to send patients for treatment to Tinplate Hospital. Although the affordability factor played a key role, but there were apprehensions among company heads, that by asking its employees to avail cheaper

services, the employees might feel that the management is depriving them of quality services of contemporary big hospitals of Jamshedpur. The Hospital countered the apprehension by asking the company heads to just include the name of Tinplate Hospital in their list of empanelled hospitals rather than making it exclusive for their employees. So if people want to come to Tinplate Hospital, they will get credit and the hospital will send the bill at the end of the month. One of the doctors stated:

> "*Employees in these corporate houses were reluctant to come to Tinplate Hospital, as the hospital was lesser known than other hospitals in the region. The cost of treatment was not important to them as it was borne by the employers*."

To overcome this barrier, the then superintendent of the hospital offered to run the dispensary in their premises. These dispensaries were not being run properly for the lack of willing doctors to manage them. Having got an entry in these corporate houses, patients during their visits to the dispensary were persuaded to visit Tinplate Hospital for further referral. The personalised persuasion of doctors convinced some patients to visit Tinplate Hospital. They were provided personalised care with least trouble, common in big hospitals. Slowly people started coming in Tinplate hospital and they were happy to get personalised care.

Improving the outlook

Encouraged with the initial success and increase in patient volume, the hospital management undertook the job of improving the outlook of the hospital. They outsourced the kitchen services to one of the reputed caterer of Jamshedpur, who agreed to provide good food at a lower rate, owing to high volume. The management also subsequently undertook various renovation works on the hospital in order to give it a facelift. Though it did not cost much, but it gave a much-needed benefit to the hospital.

Faster decision-making and expanding services

Having sensed the initial success, the hospital management realised to undertake many quick changes to reap the full benefits of its initial success. The hospital formed Tinplate Medical Council with the Managing Director of Tinplate Company as its Chairman. The process helped the hospital to speed up the decision making process. It helped the hospital to launch many new services – like initiating health check-up programme, taking up a large immunisation campaign etc. These services were aimed to improve the visibility of the hospital in the area and generate badly needed revenue.

Inducting emergency services

With the hospital starting to generate funds, TCIL agreed to support it for a limited period of time to help it become financially independent. The TCIL MD stated:

> "*The dependence of hospital on TCIL reduced to Rs. 20 million from Rs. 30 million within one year of undertaking change initiatives. Considering that it was continuing to provide free medical care to families of TCIL employees and retired employees, it*

was remarkable. I decided to support the hospital for some more time. I wanted it to become independent revenue surplus sustainable centre."

Encouraged by the initial success, the hospital management initiated the process of procuring high-end equipments and facilities. A senior doctor recollected his conversation with the MD of a company:

"You lack emergency facilities like ICU, trauma Center and blood bank. You refer serious patients to Tata Main Hospital. Hence, it is always advisable to many patients to directly visit Tata Main Hospital even if their illness may not appear serious."

Consequently, the management of the hospital proposed to set-up a full-scale Intensive Care Unit in the hospital. However, internal funds for the same were not available. A proposal to that extent was forwarded to Timken Foundation for seeking grant. The proposal was rejected initially on the ground that the Foundation could fund only public hospitals and Tinplate Hospital belonged to a commercial organisation. The management then came with the idea of forming a trust for running the ICU/Trauma centre. This led to the formation of Dr. T.C. John Memorial Charitable Trust. The trust by-laws were formulated in October 1999 and the trust was registered. Subsequently, it also obtained income tax exemption certificate. This time, Timken Foundation sanctioned a grant of 6.5 million to the trust. The amount was not adequate for setting up the ICU centre. However, the hospital could set-up the entire ICU within the stipulated timeframe and within the budget through price negotiation with the equipment supplier.

Price negotiation skills

HP was the best-known ICU equipments manufacturer. It quoted 3.35 million for the equipment supply. With a grant of only Rs. 6.5 million, the trust could not have spent such money on equipments alone. So the management approached the HP people at national level, but could only achieve discount upto 10 per cent. At last, they contacted directly with their parent office at US, and after an extensive negotiation and HP recognising their "desire to achieve the unachievable" it agreed to supply the whole equipment for Rs. 1.8 million.

Although medical emergencies could be handled by the Intensive Care Unit, but handling surgical emergencies required setting-up of Trauma Centre. Recognising these, the hospital approached Dorabji Tata Trust, and with their grant of 3.5 million it could establish a Trauma Centre to handle surgical emergencies. The hospital also planned to establish a Blood Bank in the near future.

Brand building

For any hospital its major brand is the reputation of doctors attached with it. Recognising the same, the Tinplate hospital aimed at attracting the finest of doctors in the city. Dr. C.D. Singh, a reputed surgeon from Telco Hospital, joined the Tinplate hospital in the year 2001. His joining the hospital gave a big boost towards its brand building effort. According to Dr. C.D. Singh:

> "*I came from Telco Main Hospital where I was the head of Surgery. However, I was not learning new things there. The environment over here is quite conducive to personal as well as professional growth. I am able workout strategy for the hospital. I can buy any equipment with my internally generated funds*."

In its constant endeavour of providing quality care, the hospital management decided of developing unique specialisations. In doing so, it also decided to restrict itself in secondary care, since becoming a tertiary care would have required high investments, technical skills and staff.

The hospital decided to focus on specialised areas like Ophthalmology, ENT, Obstetric and Gynecology as compared to Orthopedics and cardiac care, which are cost intensive. For these particular areas, the hospital decided to procure most modern equipments and attract most experienced doctors to join the hospital. Dr. Singh said:

> "*To build the brand of the hospital for its quality of care we had to be among the best at least in few streams of healthcare. We decided to focus on surgery. I purchased the latest equipment that reduced the recovery periods of patients significantly. I concentrated on ophthalmology and gynecology next. We have purchased latest equipments in these streams*."

The hospital management decided to open up the hospital facilities for private practice. Private practitioners of the city, as well as the hospital doctors were encouraged to examine and operate their private patients utilising the hospital's facilities like Operation Theatre, Radiology, Pathology etc. at a reasonable rates. It helped the hospital to achieve three objectives. First, it increased the bed occupancy and utilisation. The bed utilisation was reported to be 74 per cent in the year 2003, up from 40 per cent in 1997. Second, with the modern facilities available in the hospital, some of most reputed doctors of the city started utilising the services of the hospital. It helped the hospital to develop an image of quality service provider. Third, the doctors of the Tinplate Hospitals started using hospital services to treat their private patients. It enhanced their commitment to the hospital.

Regarding the wards, Dr. Singh recalled how an MD of a company refused to bring his family for treatment as wards with modern facilities in early 2003. The existing air conditioned separate rooms in wards were not liked by them. Immediately thereafter, the hospital added a new block where rooms had attached family restrooms and furnished kitchen for relatives of the patients. Some of the employees of the hospital rated these rooms as the best in the city.

Customer satisfaction

The Director, medical services of Tinplate Hospital stated:

> "*Customer satisfaction is the ultimate determining factor for the success of any hospital, as the message spreads through words of mouth."*

Personalised care to each patient, minimising time wastage in availing hospital services and an efficient patient feedback mechanism helped the hospital achieve customer satisfaction. The hospital computerised the registration procedure, created multiple windows for registration purpose and ensured availability of all the drugs round-the clock to reduce the anxiety of patients.

Employee satisfaction

The hospital management was of the view that only satisfied employees can ensure customer delight in health sector. It undertook various measures to ensure employee satisfaction in the hospital.

- **Continuous Medical Education**

  Continued medical education is among the most important measures to ensure the commitment of doctors (Bhat and Maheshwari, 2004). Innovative ways were identified for continued medical education in Tinplate Hospital. Every Thursday all doctors met for case presentation, experience sharing, and learning new technologies etc. Outside guests were also invited for sharing the knowledge. The doctors were encouraged for outside conferences once a year. The hospital housed a library for improving their knowledge base. It started scheme of loan for purchasing computer facilities etc.

- **Modern equipments and procedures**

  For the specialised areas, the hospital ensures providing the modern equipments and most recent procedures in order to enable the doctors to provide modern healthcare services. The hospital intends to update itself with technology up-gradation. The hospital also encourages its doctors for undergoing new procedures in the hospital that are not available in the city.

- **Professional autonomy**

  A senior doctor stated:

  > *"I found a very poor person whose son was bleeding profusely after an accident. I admitted the child and kept in ICU for many days. I could wave off his bill after knowing his inability to pay. I felt extremely satisfied for having served him free."*

Present Form

Tinplate has shown a remarkable turnaround in the last three-odd years and currently earns more than Rs 2 million a month. The list of companies in Jamshedpur using the hospital for its employees include Public Sector Banks, cement company-Lafarge India, Timken,

Uranium Corporation and several smaller companies of the Tata group. The efficient management of the hospital is evident from the fact that the bed occupancy rate in the hospital which was only 40 per cent before revival has increased to 74 per cent by 2003. On an average 700 patients visit OPD per day. The average length of inpatient stay of 3 days is a crucial indicator of the efficiency and effectiveness in management of the hospital.

The hospital's busy maternity ward is equipped with the latest equipment like a foetal monitor. There is a competent trauma care centre. The management views the transition from being a unit in danger of being sold, to one of the best healthcare facilities in Jharkhand state, certainly a feat worthy of emulation.

The hospital, which even a few years ago was unknown to the people of Jamshedpur, has become a major hub of medical care in the city. The efficient management of the hospital has prompted many hospitals in and around Jamshedpur to benchmark their services against the Tinplate Hospital. Various hospitals also approached the centre for their consultancy in turning out their loss-making organisation into a financially sustainable centre. Tata Refractory Hospital at Belpahar, Tata Special Steel Hospital in Tarapur and Tata Chemical Hospital in Mithapur are few examples of hospital which has sought advice of Tinplate Hospital in turning their hospitals into a financially viable organisation.

6. Findings and discussion

The turnaround of the Tinplate hospital could be ascribed to three broad areas: strategic, leadership and operational. It is consistent with the existing literature on turnaround (Maheshwari, 2004).

Strategically, the hospital decided to expand its services to make its presence felt in a city where better well known hospital already existed. To achieve it, community health initiatives were undertaken. The hospital decided to provide the best care in the city in specialisations that were less capital expensive. Consequently it chose to focus on areas such as ophthalmology and gynecology than on orthopedics and cardiology. They attracted the best doctors to visit the hospital by allowing them to use the facilities of the hospital. The brand of the hospital in those selected areas improved by getting associated with well-known doctors of the city and modern equipments.

Hospital decided to provide personalised care at lower cost to attract patients who generally used to prefer other well-known hospitals in the region. It added emergency services and a new ward to develop confidence among the corporate clients.

One of the strategic directions the hospital took was developing partnerships and networking with various healthcare providers in that region. In health sector the clients approach hospitals through the referral system. In a country where 80 per cent of patients approach to private providers for their basic health needs, they are theones who play an important role in referring the patients to hospitals. One of the important strategic shifts this hospital made was allowing the private doctors to use the facilities at the hospital. This not only helped the hospital to solve problem of man-power resources but also improved the capacity utilisation.

These interactions and partnerships between various providers in health sector can assume several forms and institutional arrangements. The basic thrust of involving private providers is based on the argument that it helps to improve the efficiency of existing limited resources and also it ensures the availability of services, which is important to improve access to health care. This not only ensured provision of quality care to their existing employees but also to community in large. This case suggests that the access to quality care can be significantly strengthened by developing partnerships and collaborations.

The experience of hospital has been good in implementing these partnerships. It is important that while developing such initiatives one takes care of several factors. These are: (i) sharing of information, (ii) involving all stakeholders, (iii) good monitoring mechanisms, (iv) institutional capacity to address complexities. These are described below.

First, sharing of information plays a critical role in strengthening these partnerships. The outsiders while forming such alliances have to make a number of decisions that would involve complex process of information search and analysis. In the absence of appropriate mechanisms for information sharing, the providers would incur high transaction costs. This makes the partnership vulnerable to inefficiency and high cost.

Second, there must be appropriate mechanisms in place to involve all stakeholders and ensuring transparency in the process. One of the ways, which would strengthen the process of developing sustainable partnerships, is through the involvement of all stakeholders and prospective private sector partners. Information, transparency, and stakeholder involvement are critical components. As revealed by the experiences, each proposed partnership involves considerable amount of co-ordination across different entities. Various proposals can not be finalised without involving various departments and parent organisation having significant stakes in the process. To address these issues require developing appropriate institutional mechanisms to handle many of these complex interfaces and conflicts.

Third, appropriate mechanisms to monitor the performance of these partnerships should be in place. Who should benefit from these initiatives is not clear. The hospital in present case had major obligation to meet the health needs of a large number of their own employees. While developing these partnerships there has to be complete understanding on the terms and conditions of use of facilities by the employees. Such guidelines would also help the facilities to regulate their activities so that collaborators do not behave opportunistically.

Fourth, many of these partnerships would involve complex set of incentives, most of them not measurable and as a result may remain inadequately defined. The facilities need good analytical capabilities to understand and address these issues.

Last, institutional arrangements and management structure assume critical importance in managing these collaborations and partnerships. Developing these structures is a difficult task. Once these structures are in place they provide mechanisms to monitor the performance of contracts. Organisations would need to develop and organise the necessary capacity required to manage these tasks in the short run. For example, the management of these initiatives would require high quality financial analysis and project management skills and

capabilities. The Tinplate Company appointed a management post graduate from a reputed institute to augment management skills of Tinplate hospital in 2001.

Leadership of the hospital ensured autonomy to doctors to perform professional duties. Raina ensured autonomy to the hospital to develop strategies for its revival. He was firm in overcoming the internal conflicts in the hospital. He appointed Dr C D Singh as the new head of the hospital despite resistance of some. Singh adopted a consultative but firm style to manage the hospital. It increased the commitment of different doctors and staff. Further, Dr. Singh encouraged doctors to enhance their professional knowledge in different ways. It probably enhanced the professional commitment of the doctors.

Operationally, hospital got equipped with state-of-art equipment in selected specialisation. The appointment of a management graduate in the administration helped the hospital to streamline many of its processes. The procedures right from admission to discharge was simplified and computerised. Drugs were made available round-the-clock. The transactions between the Trust and the hospital were streamlined for accounting and operational purposes. Having improved the hygiene, quality of food and upkeep of the building; the hospital management worked hard to network with doctors outside the hospital and persuaded its own doctors to use hospital facilities for private patients to increase the bed utilisation. Different accounting norms were developed for different kinds of patients. Many of the activities like food were outsourced.

The turnaround of the Tinplate hospital suggests ways to improve the quality of care of hospitals in public health system at different levels. Various measures adopted by the hospital can be summarised in the following way:

Strategic initiatives, leadership directions and operational measures in addressing the revival process		
Initiatives	Intended implications	Specific measures
Expanding speciality services in select area	· Access · Quality · Cost effective	· Identifying areas which are cost effective · Protecting employees and other community from catastrophic financial burden · Continuing medical education programmes
Developing partnerships and networking	· Utilisation of services · Access to Facilities · Human resource issues · Career opportunities	· Various types of incentives
Financing of New Investments	· Cost · Quality	· Negotiating prices · Creating specialised financial channels within the existing set-up · Appropriate technologies after examining its cost-effectiveness.
Organisation and institution	· Autonomy · Capacities to handle new tasks	· Registering hospital as autonomous body under the societies and trust

Table 1

Income & Expenses (Rs. in lakhs)

	2000-01	2001-02	2002-03
Income			
Billing on other companies	67.84	104.75	106.03
Non-entitled dependent and others	59.37	89.57	115.06
Total Income	**127.21**	**194.32**	**221.09**
Expenses			
Medicines/non-medicine items	56.37	98.67	129.01
Other expenses	29.58	44.88	33.88
Staff Welfare Expenses	02.86	05.08	03.17
General Expenses	02.87	01.82	03.42
Telephone Charges	00.53	00.67	00.59
Power Consumption	22.00	17.41	24.25
Salaries and Wages	204.00	198.96	245.95
Depreciation	05.04	05.04	05.62
Repairs and Maintenance	-	22.19	00.99
Bills raised by TC John Trust	-	10.57	22.01
Total Expenses	**323.25**	**405.29**	**468.89**
OPD paid cases	**28698**	**33906**	**17956**
OPD employees	**199197**	**198839**	**191744**
Break-up of revenue from different sources (Rs. In lakhs)			
Pathology	31.90	18.42	20.95
Radiology	5.63	8.49	10.22
Operations	10.31	12.14	10.94
Delivery	11.18	14.15	17.07

Note: Income before 2000-01 was zero.

Table 2

Break-up of earnings (%)

Source	Outside Patients	Non-entitled Dependents of Employees	Doctor's Patients	Associated companies
OPD	07	03	-	90
Operations	19	07	32	42
Delivery	18	27	41	14
Admitted cases	15	11	20	36

Figure 1: Income components

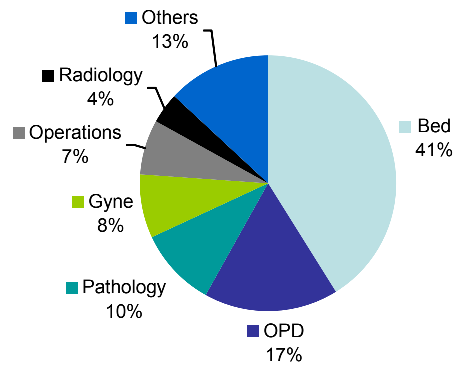

Table 3
Break-up of Department-wise earnings (%)

	2000-01	2001-02	2002-03
Pathology	54.0	34.6	35.4
Radiology	9.5	15.9	17.3
Operations	17.6	22.9	18.5
Birth	18.9	26.6	28.8

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