

Managing Services
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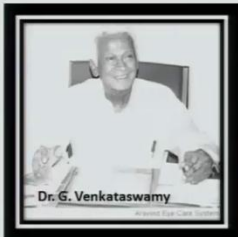
Lecture – 21
Case Study on Service Excellence – I

Hello, I am Jayanta Chatterjee from IIT, Kanpur and we are interacting now for these 8 weeks on services management and the contemporary issues in today's world in the service business and in all businesses, looking at them with the service philosophy. In the last session, we were discussing about a great example from India about creating service excellence.

We will take up that live case study on Aravind Eye Care Foundation and look into it in detail with particular emphasis on certain aspects, which will help you to configure, processes versus excellence in any service that you manage. I had requested you last time to go to the website of Aravind Eye Care, Aravind Eye Hospital, the foundation. Actually through Google search or on You Tube, you will find many quite good case studies and presentations from famous researchers, academicians, practitioners, journalists on Aravind. It is a globally recognized model for service excellence.

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THE ARVIND EYE HOSPITAL, MADURAI, INDIA



VISION :

- Cataract Surgery on a Global perspective
- Offer quality eye care at reasonable cost
- Provide services to rich and poor alike

DREAM- "Eradication of Needless Blindness"
by creating a private, non profit eye hospital that would provide quality eye care

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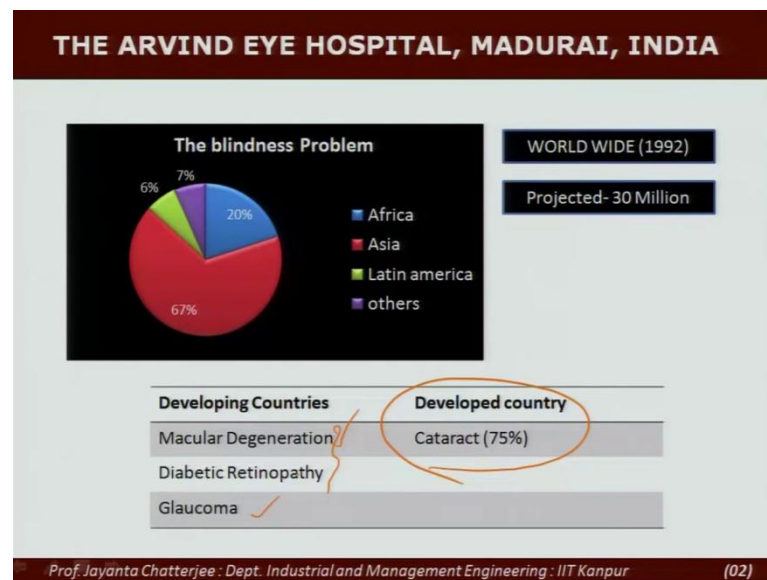
Let us look at few salient facts, Dr. G. Venkataswamy, popularly known as Dr. V. It is his vision that created this great service organization. He started with few trusted

associates and family members and the starting point was very simple and this is an important point, that very seldom you create a service model for excellence with the big bang in trying to become everything for everybody.

Most of the time, success examples comes from this kind of focus, cataract surgery from a global perspective, offer quality eye care, global standard eye care at reasonable cost. Now, eye care itself can be number of different procedures, number of different operations, surgeries, examinations, but Dr. V decided to start with cataract surgery. First step, very concrete, very crisp and the ambition was very clear, quality eye care at reasonable cost at global standard and provides service to rich and poor alike.

Dr. V had evaluated and he has spoken about it, many of his speeches are available for you to listen to on You Tube that eradication of needless blindness, needless because he examined and he understood that many people who are helpless or who were helpless at that time, as blind could have been saved, could have been given normal life with proper eye care at appropriate time.

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These are some startling data, these are the kind of... This is another important point that when people from Aravind Eye Care they speak, when they present their value proposition, they very seldom talk in the air, they do talk about vision, they do talk about philosophy, they do talk about their mission. But, what is remarkable is that, they are

always grounded in good facts and good data and I will discuss with you today that how that data can be interpreted to create service excellence.

So, they looked at that this problem of blindness is a global problem, but it is particularly an acute problem for the developing world, for countries like India, other parts of Asia, Africa, Latin America and so on. He also found that besides cataract, which is a widely occurring melody. In developing countries, there are other critical raising problems like macular degeneration, which is quite connected to diabetic retinopathy and ever increasing melody, unfortunately in a country like India today and of course, there are age related and otherwise often occurring problem like glaucoma and so on.

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APPROACH

- High quality service process at low cost
- Replicate tested process steps
- Removing non-value adding steps
- Economically self sustaining Model- By generating enough Revenue from the paying Patients to recover the cost of free care to the Majority

Reference: 2005 Joe Tidd, John Bessant, Keith Pavitt

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But as I mentioned Dr. V decided, the Aravind team decided that they will focus on cataract, they will provide high quality service at low cost and the reason, they choose cataract, because they analyzed that this is a melody that can be treated; that can be attended to with replicable tested standard process steps. So, in the last few sessions, we have been talking about service blue printing, creating the process map, creating the flow diagram.

Obviously, to create a process map or a flow diagram, you have to have discretely identifiable process steps. This is an example, where in this health care service example, there are process steps which can be replicated and which are clearly identifiable. And

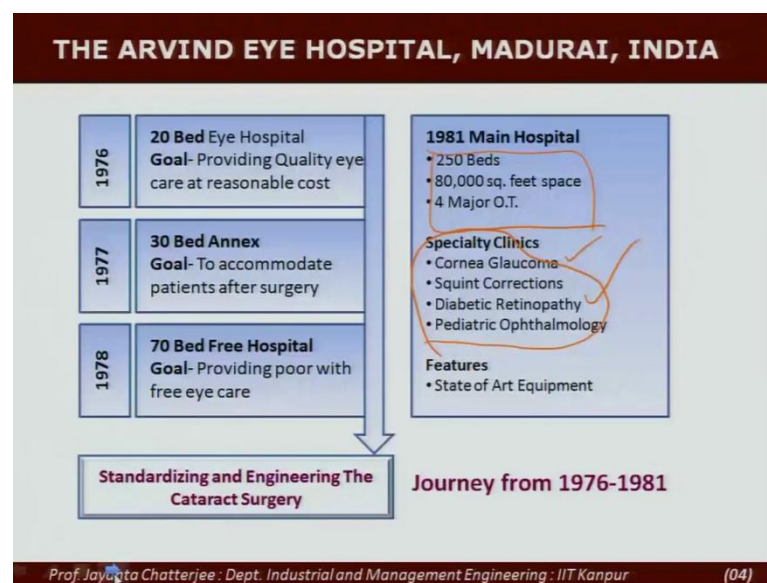
therefore, you can do this that we had discussed in an earlier session; that is removing the non-value added or non- value adding steps.

So, no pillar to post, no movement which is unnecessary through the process flow, no time spend waiting or as little time wasted in waiting as possible. The other great thing of course, this is coming in the area of service business model, Dr. V found that if Aravind could provide high standard global standard eye care, there were many people who were willing to pay at a reasonable level, he understood that he could create a global standard facility.

Then, people would come, paying patients would come in preference to many other options they might have had, because of the service excellence. And he created a business model, where the paying patients, few paying patients could subsidize many patients care, who were unable to pay, who were at the bottom of the economy pyramid, they did not have the resources to get proper treatment.

So, many researchers like Joe Tidd, John Bessant, Keith Pavitt, they are all world famous researchers in the field of innovation, in the field of entrepreneurship, in the field of new business creation. They have all studied Aravind and they have all admired this combination of high philosophy, innovative business model with very prudent, very scientific data based process management.

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So, you see another example here in this slide, the steps followed by a good service business, which takes small steps, secure steps, before they take the leap. So, 1976 in Madurai, Aravind Eye Hospital started as at 20 bed, next year it went to 30 bed, they goal initially was providing quality eye care at reasonable cost. They actually in those days did not have proper post operative care facilities, next year they added that.

The patients could be in house for a certain time after surgery till they were well enough to be discharged to go home. In 1978 from 30, see the first step therefore, was a small step, secure progress, 2 years later from 30, they went to 70, 3 years later from 78 to 81 from 70 they went to 250, because they are already mastered the process. They have already worked out the naughty points that already worked out the bottle necks and therefore, they could now go to a 250 beds 80,000 square feet major facility with four operation theaters.

So, between 76 and 81, 5 years progress from 20 to 250, but not in one jump progressively, working out at every level, at every incremental step, the process flow the solving of the bottle neck points optimizing the touch points. So, all the different issues that we have talked about in some of the previous sessions, you see a display here at Aravind, so it is say, very good case study to fully understand many of the issues that we have discussed in the previous sessions.

So, by 1981 they had created number of different not only cataract, but by that time, they had gone into diabetic, retinopathy, they had gone into cornea, glaucoma treatment and so on.

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THE ARVIND EYE HOSPITAL, MADURAI, INDIA



Eye Hospital, Since 1976

HORIZON 1	Objective:
"Short Jump Initiative"	• Fortifying and extending the company's objective
1984	Building up of 350 bed free Hospital <ul style="list-style-type: none">• 36,000 sq. feet space• 2 major OT and Minor theatre for Septic care• Medical Personnel from main Hospital
Strategy	ASSEMBLY LINE PROCESS
	Building of Hospitals in Tirunelveli (1985), Theni (1988) and other places of Tamil Nadu

Three Strategy Horizons

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So, what happened next was the next big jump. So, this is they have called it or rather the people who are studied this in their case studies, they have often called this in terms of the strategic management frameworks, the short jump, the major growth initiative and so on. So, you see by this time, World Wide people had started talking about how Aravind Eye Care introduced assembly line like process in intricate health care.

So, health care earlier or cataract operation was more like a craft, the Doctor, the most high value person in the whole process flow did number of steps himself or herself and therefore, each patient occupied a lot of time, the Doctor's time. So, Doctor utmost could do may be 10, 15, 20 operations in a day. Aravind hospital introduced industrial engineering, good understanding of manufacturing science and deployment of that understanding in eye care.

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WSJ.com THE WALL STREET JOURNAL ONLINE

From.....
.....McDonald's.....
.....To
.....Mc.
Surgery

"A blind person is a mouth with no hands,"
is an Indian saying that Dr. V liked to quote.

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So, wall street journal wrote a famous article that from McDonald's to Macs surgery.

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McDonalds, has managed to spread its golden-arched empire across the planet based on

- Systematic ✓
- high volume production of a range of meals offered at low cost
- Idea of reproducibility
- All McDonalds outlets operate on the same model
- Staff are trained in a core set of skills which are common to all its operations

Reference: ©2005 Joe Tidd, John Bessant, Keith Pavitt
www.wileyurope.com/college/tidd

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Why did they say that, because the claim to fame or why McDonald was at that time and he is today a top service brand, a synonyms for service excellence is because, they have worked out a systematic work flow, high volume production at reasonably low cost, very important with the idea of reproducibility. So, steps after steps, after steps and easily reproduced from Cancers USA to Calcutta India.

So, all the McDonalds outlets, they operate on the same process model and the staff are therefore, trained very accurately across the world in a core set of skills, which can be replicated, which can be taken from one end to the other end ensured with good measures of time and motion, so that they are optimized. We will see in the next session how Aravind Eye Hospital used those principles that could be learned from McDonalds.

Dr. V was very fond of talking about the McDonalds level of good service at low cost reasonable cost and wall street journal wrote about from McDonalds to Mac surgery. How they adopted those principles and created this world class phenomenon in South India now emulated in. So, many countries across the world, we will study in greater depth in the next session.

Thank you