

# Capital project essay examples

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In order to foster acceptability of the MRI purchase projects, other facilities involved various stakeholders in all the phases of the project. For instance, some hospitals kept the public informed on the progress of their projects by providing regular updates through partnerships with local media and on the hospital websites. Meanwhile, others promoted acceptance and ownership of the project by locals by soliciting for funding from community organizations. Other hospitals solicited the opinions of their medical staff such as doctors in choosing the most suitable MRI technology for their specific facility. In addition to the previously mentioned benefits of MRI, other benefits cited of MRI projects identified from the literature include higher rates of staff retention because physicians prefer to work with advanced technologies. An increment in downstream costs that follow an MRI such as specialist consultation fees was also realized in most of the other facilities. These facilities were also able to attract patients who would have otherwise opted for other facilities. MRI projects boosted the images of these facilities as providers of quality health care (Siemens Medical Solutions, n. d.).

The lessons learnt from other MRI projects include the need for meticulous financial planning so as to avoid the risk of having a stalled project. This requires the exploration of various financing options such as cash purchase, bank loans, leasing amongst others as well as the determination of the five year potential profitability of the project. However, hospitals that had funded their own MRI projects reported more profits since they did not have to share their revenues with partners. Purchase of MRI equipment scalable for future enhancements is another vital lesson learnt. Technologically scalable equipments have a longer life span and hence eliminate the need to

purchase a new MRI machine every few years. Lastly, since the construction of an MRI facility is an expensive affair that must meet set out specifications, other innovative options can be explored in building these facilities. For instance, one of the hospitals opted to buy a completely refurbished MRI unit from a vendor which was much cheaper and less time consuming (Siemens Medical Solutions, n. d.).

The MRI project portends both financial/capital and safety-related risks to the organization. The purchase, installation and subsequent use of MRI units require careful consideration and compliance with a number of issues. These compliance issues relate to the site and specifications in the construction of the MRI unit that are purposed to ensure the safety of the patients and health care workers in the MRI unit. Further, the hospital management needs to conduct independent evaluations of the MRI equipment to be purchased to ensure the latter complies with the set safety requirements. Other compliance issues relate to the establishment and maintenance of MR safety practice guidelines as well as seeking approval from the relevant government authorities (Kanal et al, 2002; Siemens Medical Solutions, n. d.). Like any capital investment project, the MRI project has inherent capital risks in terms of its profitability to the hospital. A number of risk assessment models such as the breakeven, scenario, sensitivity and Monte Carlo analysis can be used to assess the potential risks and anticipated returns of the project. The bottom line for the various models however depends on the throughput (weekly number of scans). This is because other aspects that form part of the equation in the various models such as the weeks of operation in a year and the charge per scan are not variable whilst

throughput is. As such to ensure that the project is profitable, the hospital management needs to determine and ensure that the minimum number of weekly scans at which the project is profitable is achieved (Gapenski, 2008). Entering into partnerships with managed care facilities, publishing available services on the media, distributing brochures detailing available procedures to physicians who prescribe MR scans and patients, availing hospital personnel for interviews with local media and ensuring community involvement in all phases of the project are some of the strategies that the hospital management can employ to increase the volume of patients who will utilize the MRI unit and hence ensure that the minimum throughput is achieved (Siemens Medical Solutions, n. d.).

## References

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