

Aravind eye hospital analysis



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Aravind Eye hospital is an inspiring example of how a great leader with a great vision is all it takes to build a successful organization. And when the vision is that of service to mankind, culture and values play a major role in shaping that success. Dr. V of Aravind Eye hospital was able to bind his organization with his vision and values. Most importantly they had the right business model which supported them through their cause. A critical analysis of the success factors will help us understand if this model can be replicated across businesses and geographies.

Question 1: Can its success be replicated? If so under what assumptions and conditions

Level 5 leadership Someone who blends genuine personal humility with intense professional will

The success of Aravind eye hospital can be attributed to the visionary Dr. V. He was a level 5 leader who built enduring greatness to make his dream of eliminating blindness not only in India but all over the world come true. Such was his strong personality that he could lead, inspire, instil discipline and take everybody along with him to make his dream come true.

He led from the front right using his own life to prove that anything can be achieved through determination, hard work and discipline. The Aravind concept is a model of a successful faith-based and value-driven enterprise. Ever since its inception and throughout its existence, the Aravind concept had been successful largely (or partly) because of the deep commitment to do well (the overarching mission) of their founders (Dr. V and his extended family) other physicians, and staff of the hospitals and eye camps.

Cost Efficient Surgeons in Aravind worked for 60 hours a week against an average of 30 hours in other hospitals. Aravind has managed to beat costs in every area of its service: The hospital's own Aurolab, begun in 1992, pioneered the production of high-quality, low-cost intraocular lenses. Aurolab now produces 700, 000 lenses per year, a quarter of which are used at Aravind. This is one of the main reasons for making these surgeries affordable in India. The rest are exported to countries all over the world.

Aravind even has its own guest house, and students and physicians from around the world come to teach, study, observe, practice — and boost their training. Tossing all market intelligence to the wind, Aravind Eye Hospital has managed to create a huge demand by the quality of its service and the education its customers. This has been made possible by Dr. V who is a doctor to the eyes and a leader to the soul. Quality In spite of the number of surgeries done every day, quality never suffered.

Quality eye care at affordable price was the underlying theme of anything they did. They followed stringent quality standards and standard clinical protocols. For example their infection rates were better than any hospital in the world, a standing testimony that they do not compromise for quality when they are trying to achieve volumes. They had tie ups with leading universities across the world for research and training. They also send their surgeons to advanced countries for training. This helped them to use all latest technologies to their advantage. Access and reach

One of the biggest success factors of the Aravind model was their ability to reach out to the needy. Initially, they were not able to convert a good

number of patients identified for surgery to actually admits in the hospital. When analysed further certain constraints were revealed which ranged from not being able to afford to actually come to the hospital to fear and lack of family support. The management addressed all of those issues by arranging for buses and ensuring people who knew each other were treated together which help them alleviate some of the fear.

This was also supported by the ‘ walk-in’ model in their Free Hospital. In short the management of Aravind Eye Hospital did not leave anything to chance when it came to fulfilling their vision. They were quite aggressive in ensuring that their service reached anyone who required quality eye care – irrespective of social status and geographical location. Flexible business model Dr. V, ably supported by his trusted aides, had conjured a very robust and flexible business model to help him achieve the noble cause.

They had a two-tier pricing approach where the rich partly paid for eye care of the poor. They were offered premium service which justified the cost. To support the huge numbers they were targeting they also effectively used sponsors to finance them. Sponsors were helpful right from creating awareness about the eye camp to transporting the patients to the hospital. The hospital paid for the surgery and medicines. This is a sustainable model, inspite of the fact that nearly two thirds of the patients are treated free of cost. What Dr.

Venkataswamy used was old age business strategies: He increased volumes, built efficiencies and reduced costs making every employee realise that every rupee saved helps in treating more patients. His passion for

eradicating blindness was contagious and staff members took it up as a mission. The model has to be tweaked as per the business requirements. For example, geographical expansion outside the country might require a slightly different approach to the financial model. Also, the outreach model to gain access to people who really need eye care depends on the services offered.

But by and large, Aravind eye hospital is proof of concept that a visionary and team bound by culture is what is needed for building great organizations. *Question 2:* What needs to be done, in order to ensure its continued success, particularly in terms of changes in its Vision, Mission, Structure, Processes, Leadership and Culture Dr. V's Mission – Eradicate needless blindness The sustainability of Aravind eye hospital largely depends on how the values of the founder are carried through generations with same zeal of service to the society.

Dr. V realised the importance of every single employee of Aravind being aligned to his infinite vision. This was evident in the way they gave utmost importance to recruiting the right candidates, taking care of their needs (housing etc) and compensating them well. Though the market might have paid them much more it is no match to the satisfaction derived and experience gained by working in Aravind. There are a few aspects they need to be conscious of to help sustain the vision of the great founder. Alternative Models and tie ups

Reach is crucial to continue the excellent service they are providing in the eye care domain. Also, availability of infrastructure is important to increase

volumes and maintain quality. They should look at utilising their staff who share the vision of the founder in facilities provided by other hospitals. When they do this, they continue to leverage on the values on the organization and also widen the reach of their service. Dr. V's mission was not geography centric. He was 'eying' the entire world to eradicate blindness.

With such a huge task at hand they need to be building an ecosystem which will support them through this. Research and innovate They also have to continuously focus on research and innovation. There are multiple advantages of doing this. Efficiency is one of their critical success factors and innovation brings about efficiency. Also adapting latest technologies helps them stay ahead of the competition. This is essential because volumes are important to them to sustain financial viability It is an added incentive to young doctors who are eager to learn and serve mankind at the same time.

Organizational Structure and Leadership The current organization structure is run by the extended family of Dr. V and it seems to be working quite well. As long as they share the vision of the founder, there is no threat to sustainability. The organization is currently professionally run and the leadership is fully aligned with the goals of the Dr. V. They would just need to expand the base of leadership to suit their ever increasing growth.

Reach is the key to success in a model working on economies of scale and hence the need for strong leadership to back the expansion. The current management needs to review the strength of the leadership team periodically to ensure they don't fall into the trap of frenzied growth not backed by a strong structure. History tells us that when going through this

kind of growth organizations normally lose the culture approach to running the business. Aravind cannot afford to let that happen because culture and value are their key strengths.