

# Free case study on netcare's success in south africa

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## **What were the reasons for Netcare's success in South Africa?**

South African private hospital group Netcare Ltd has definitely had a lot of success. This year there was a 25% increase in the profits. One of the main reasons for Netcare's success is that the treatment and the facility of the hospital is world class. The facilities are impeccable providing the best health care service to its customers. Netcare has also been so successful in South Africa because the doctors and the staff are well trained to provide the best service.

Another reason for the massive success of Netcare Ltd is the branching out. The many subsidiaries of Netcare in South Africa has led to more people getting the healthcare services from Netcare hence leading to its success. More subsidiaries mean more market for the services. There are hospitals, pharmacies, dental centers and even emergency services all over the country. A factor that has led to the success of Netcare is the various health services provided. There are many services provided at Netcare hence leading to more people getting their health care services from Netcare. The delicate and huge procedures that have been carried out at Netcare have led to its massive success. Over the years, procedures that were previously not performed in Africa have been performed in Netcare. Kidney transplants and heart procedures have been performed at Netcare. The reason why Netcare has been successful in South Africa is because of the increase in the number of middle class people who prefer private health care.

## **What type of competitive advantage did Netcare have in South Africa?**

The competitive advantage that Netcare had is that it had good resources to enable it have good facilities and qualified staff. Modern healthcare facilities and qualified staff always lead to a health center being better than its competitors. Netcare from the beginning has always had well trained staff who provide impeccable services sending the competitors over the edge. The staff has always been able to attend to the patients and meet their growing needs. The services that are provided in Netcare are only provided in very few healthcare facilities in South Africa giving it a competitive advantage.

Something else that has made Netcare have a competitive advantage over its competitors is its collaboration between Netcare and other international health specialists. This had led to medical specialists from for example Britain and the United States of America coming to Netcare and performing various medical procedures on patients in South Africa.

Netcare has also had competitive advantage over its competitors because of the various branches it has in South Africa. Subsidiaries are always advantageous to a business because branches in different areas afford access to more people in different parts of South Africa.

Another competitive advantage that Netcare has had is that it has enjoyed the benefits of a monopoly. Netcare Ltd is one of the first private hospital groups which have led to it enjoying the benefits of a monopoly. The benefits of a monopoly in this case include ability to provide services to a large group of people and also being able to penetrate more areas because of the

resources available to the monopoly. A monopoly often enjoys the benefits of economy of scale. Another competitive advantage that Netcare has had in South Africa is the availability of diverse services at the healthcare. Most other health providers have not been able to provide a variety of health services to the patients hence this has really provided a competitive edge for Netcare.

The high success rate at Netcare has also led to it having a competitive advantage. The modern facilities and well trained staff have led to Netcare being very successful and hence having a competitive advantage. Patients mostly go to healthcare facilities where they are assured of good services and a high rate of success in their treatment. Another type of competitive advantage that Netcare had in South Africa is the good management it has. The management at Netcare is very good hence it is able to manage the affairs of Netcare very well leading to its success.

The last type of competitive advantage that Netcare had is the media publicity it got. When Netcare started in South Africa it got a lot of media attention which led to it being widely known in the country. This resulted in Netcare having more audience which later led to more customers. Media coverage is always good for any business and it definitely gave Netcare a competitive advantage.

### **What competencies did Netcare acquire in South Africa that is transferable to other markets?**

One competency that Netcare acquired that may be transferred to other markets is that of qualified staff. Qualified staff is needed in almost all markets. Most service providers need qualified staff. This is something that

could be transferred to other markets.

Another competency that could be transferred to other market is that of provision on diverse services. Netcare has hospitals, dental centers, pharmacies and emergency services. This shows that a business is able to operate on a large scale and provide a variety of services to the residents of South Africa, this aspect of provision of various services by one business could be transferred to other markets. A competency acquired by Netcare and were transferable to other markets is that of having subsidiaries in different parts of the country and even different parts of the world. Other markets could use these competencies and be as successful as Netcare. A competency of Netcare's that could be transferable to other markets is that of provision of quality services. Netcare is known to provide quality services to its patients and hence if this competency of provision of good service was transferred to other markets, it could also result in the success for those markets.

One competency that was acquired by Netcare that is transferable to other markets is that of internal training of medical personnel. The training of medical personnel by Netcare led to improvement of the health research center in South Africa.

In 2008 Netcare had the options of expanding internationally or exploiting opportunities at home. What are the pros and cons of each option?

### **The pros of expanding internationally**

One advantage of expanding internationally is that of increasing the revenue of the company. Expanding internationally meant that the business would be

exposed to a wide variety of patients hence automatically increasing the revenue.

Another advantage of expanding internationally is the advantages of economies of scale. When a business operates on a large scale, there are some economies of scale that are got. The cost of operation for example would go down and there are some reliefs associated with operating on a large scale. The cost per unit of output is reduced.

A pro of expanding internationally is having a wide range of qualified employees. If Netcare expanded internationally, it would have a wide range of employees from all over the world who are able to learn from each other and in the process improve the service of Netcare. The healthcare would have been able to provide and solve difficult health issues from among its employees. Once a facility has more and diverse manpower, it is better equipped with dealing with different situations.

If Netcare expanded internationally it would have gotten more prestige and the brand would be known worldwide leading to it having a larger market audience. A major advantage of Netcare expanding internationally would have been that people all over the world would have being able to access quality and affordable healthcare services. This would have been beneficial to a lot of countries especially the African countries. This is because most citizens in many African countries do not have access to quality and affordable health facilities.

If Netcare Ltd had expanded internationally, it would have resulted in more competition with the facilities in those other countries. Healthy competition

among businesses has always been beneficial. With competition the business would always be on its toes hence being able to improve in various areas.

### **Other than the pros, there are cons of expanding internationally, these are:**

Although there are pros for expanding internationally for Netcare, there are cons as well. One of the disadvantages is that the health facility would become too big and lose its personal touch. When a small facility all of a sudden becomes too big it results in the quality of services depreciating. This will often lead to the trust people had in it decreasing over time.

Another con that would happen if Netcare expanded internationally would be that the facility would be hard to manage. If it had expanded internationally, the number of employees and even the supplies would increase in turn occasioning difficulty in management.

Expanding of Netcare Ltd may have resulted in managerial conflicts. Most large organizations have more people at the managerial level and this could be a challenge since it is hard to have coordination among large number of people.

An obvious con of Netcare expanding internationally is that, the cost of operation will definitely rise and since different environments have different working conditions and circumstances, the expansion maybe hostile to the wellbeing of Netcare Ltd.

### **The pros of exploiting the existing opportunities at home**

One of the pros of exploiting the existing opportunities at home is that, the services provided will be quality services. When services are provided for a

small number of people the service tends to be of more quality. Another advantage of exploiting the existing opportunities at home is that, there is a high probability of penetrating a new area and since there is concentration in one area, research and discoveries are likely to happen. If Netcare had concentrated on exploiting the existing opportunities, there is less uncertainty which is always good for a business.

### **The cons of exploiting the existing opportunities at home**

The disadvantage of concentrating on the existing opportunities at home is that the facility is likely to remain at a standstill. There are few opportunities presenting themselves and less room for research. Research is very essential in the medical field.

Another con is that, there is less competition at home and hence there will be less motivation. The disadvantages of a monopoly are likely to befall the business. If Netcare had decided to exploit the existing opportunities at home, it would be exposed to a less number of manpower hence lack of diverse skill in the business.