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Mall Sullivan University Operations Strategy April 26, 2014 Abstract:

Shoulders hospital has been the best service provider for treating hernias and been in demand since a long time. However, due to the limited capacity of 89 beds the hospital is not able to meet the market demand which is causing it to lose its market share and success. The main constraints mentioned in this case study are the number of beds in the hospital for patients and the number of surgeons to operate.

In order to remove the above two limitations, Shoulders hospital should come up with single solution that can help them to expand their facility without losing the current service quality. The current paper deals with the analysis of current operations followed by few recommendations for improving their facility without upsetting the present work force and the quality of service. About the Company: Shoulders hospital was started by an Ontario born Dr. Edward Earl Shoulders in 1945. Dr. Shoulders showed interest in medical research since 12 yr of age and graduated from University of Toronto.

Dr. Shoulder's work was related to find the cure for pernicious anemia, intestinal obstruction, hydrocephalus cases and his main concentration was to find innovative surgical method for hernia. The Shoulders hospital was initially a six room facility, however the capacity was increased to 36 beds in 138-acre estate and 17,000 square foot main house and then to capacity of 89 beds due to the increasing inflow of patients of both first time and recurring cases. Shoulders method has become so popular for treating hernia. After Dr. Earl, Dr. Bribes Shoulders and Mrs. W.

H Request, the children of Shoulders method inventor followed their father's footsteps and continued practicing and managing the teeth since 1961. In 1965, Dry. Nicholas Boney, companion of Dry. Shoulders started his work as chairman of the board and increased the capacity to 6, 850 operations per year by 1982. They have developed the hospital to a facility with five operating suites, expert surgeons, nurses and staff all working together to treat patients with hernias. History: Dry. Shoulders showed interest in medical research and graduated from University of Toronto in 1916. Dry.

Shoulders served medical examining board during World War II and operated many young men in the army for hernias before their training. Due to he limited number of doctors and hospital area, he invented an ambulation method to provide free service to 70 people and named it as Shoulders method. Shoulders method became popular and a large group of people started contacting Dry. Shoulders to get operated for hernias. The lack of hospital area, beds etc. And the demand from the people allowed him to open a hospital in Toronto, Canada and it gained a demand of 48% from northern part of United States.

The site initially had a hospital with a capacity of 36 beds and a clinic in one building allowing patients to move from one to other for communication and interaction. The site was later expanded to a capacity of 89 beds allowing more patients into the hospital facility. Shoulders Hospital Process: Success rate: The treatment of hernia with no pain and fast recovery is the main objective of the doctors working at Shoulders hospital and had served hernia patients for more than 55 years with 300, 000 cases and 99% success. The

surgeons at the hospital have 100% success rate executing primary and recurring cases.

Customer satisfaction was the primary importance of the shoulders hospital and this was very well taken care by the nurses who provided counseling during recreational activities and socializing vents for patients. The cost of operation was \$1030 which is comparatively cheaper than other hospitals. Also the patients were allowed to work, perform physical activities and meet other patients immediately after the operation to discuss their experience in a comfortable environment. The hospital used word of mouth from the patient and their experience as a sole source for advertising which brought huge demand.

The hospital used standardized equipment for operations thus reducing their operating costs. There were patients from outside the country and were provided with very good care which proves its success. Advantages of Shoulders technique: Unique method Broad patient experience Thoughtful employee policies Experienced surgeons and staff The above mentioned are certain advantages of shoulders technique that differentiate it from other methods used by various surgeons across the country. Situation Analysis: Shoulders method was invented to treat young military men with hernias.

This method became more popular due to its speedy recovery and positive surgical results. Dry. Shoulders after serving for the army started his hospital due to the increase in demand for the treatment. Shoulders method involved operating hernia under local anesthesia and pain killers. The method helped the patients to move from the operating table to their rooms and move

freely immediately after operation to talk to other patients. The patients have dinner together as a routine so that they can discuss and build up their confidence.

The whole process was so successful with 140,000 happy customers due to the positive experience, speedy recovery and lower recurrence percent of 0.8. The technique was popular among the surgeons as it allowed them to have time for their families, daily activities and good wages. The technique was popular among nurses due to the good wages and time for counseling deeds. Though the hospital was running with good success rate, it had its own further challenges with an accumulation of 1200 patients and available resources.

Shoulders hospital needs to come up with a plan to decrease such patient backlog and improve its business with existing quality of service. Problem: The problem that is bothering Shoulders hospital management is that though having a very good method and work force, they are not able to meet the demand and accumulated a huge number of cases (1200 patients). This might cause them to lose their market. In order to sustain its market share, Shoulders hospital should come up with an idea that can increase its capacity without losing its quality of service.

The other problem is that Dr. Boney, the chief surgeon is retiring soon. So, the position has to be filled with someone who has the knowledge of the technique as well as the system. Problem analysis: Shoulders hospital has been treating hernia successfully since 55 years. The fee charged by this hospital for treatment is \$2230, which is very less when compared to other

hospital facilities who charge \$5240. The excessive demand for their treatment method doesn't require any advertising and promotional conducts and was spreading its fame by word of mouth.

Such excessive demand has been compelling to expand their facility; however the management has several fears and concerns such as losing its basic proficiency and market share etc. Expansion and advertising fear: The management has a fear about expansion in response to the demand for their technique as they preferred in improving their services giving complete proficiency. They also feared about competitors using their name in order to promote themselves which might lead Shoulders hospital to lose its name and be blamed in case of any failure in treatment.

Fear about scheduling operations on Saturday: Due to the demand and backlog, if the hospital decides to perform operations on Saturday, they need to set 6 surgeons and 1 supervising surgeon at work on Saturdays. This may disappoint the staff as it's not they signed the contract for. The staff also feared that if they increase the capacity, the quality of service might not be the same. Options: The options would include 1. Performing operations on Saturdays utilizing the existing facility 2. Adding a new floor with 45 hospital beds 3.

Opening off new hospital facility in US. Evaluation of options: The criteria for evaluation include costs, quality, comfort, approvals and discontent among staff members. 1) Performing operations on Saturdays can be considered valid as it would use the existing facility thus saving the cost of new construction and avoiding additional investments. The routine of the hospital

can be maintained same with similar environment and culture. With this option, the number of surgeries performed per week would increase from 165 to 185 (14% rise).

However, there might be a decline in the service quality due to the increase in the work load in the given time period for the staff and the only solution to this problem is to appoint additional staff or by paying additional wages to the existing staff. The benefits of performing operations on Saturdays option would be that it doesn't require approvals from the state, increase in wages and incentives to the staff, reduction in the backlogs and surgeons can spend time with their family.) Adding a new floor plan with 45 beds would increase the bed count by 50% and can still help in maintaining the quality of service, environment and culture. However, adding a new floor plan would cost 2 Million \$ and that can take at least 4 years to recover the costs. It would also require additional staff and surgery rooms due to the increase in the work load by increase in number of beds, housekeeping, laundry and other utility maintenance to accommodate increase in patients.

The construction of new floor can cause disturbance to the existing patients. Also, it is difficult to accommodate the increasing patients in the canteen that would disturb the meal hours. 3) The formation of new hospital facility can solve problems like staff working on Saturdays and increase in wages and incentives of the existing staff as the new facility would need a whole new staff and surgeons reducing the pressure on existing setup. Patients can directly consult qualified surgeons rather going to the unqualified ones as earlier.

However, the quality of the service cannot be maintained as of the existing facility as it would need hiring of very qualified surgeons and staff which is not an easy task. Also, the new staff should be trained to treat patients as in the existing facility. Finally, the formation of new facility and hiring people is not only time taking but also requires huge investment and the patients might not come to visit Toronto campus anymore. So this might not be a better option to reduce the patient backlogs.

Recommendations: From all the above analysis, I would like to propose few recommendations that can help Shoulders hospital in reducing patient backlogs and improve the facility. The first recommendation would be working on Saturdays with slight changes such as making Saturdays as working days in the month of September (high inflow of patients in this month) and adopting a plan of action to synchronize various activities. Also, the additional rooms in the third floor can be used for keeping patients.

The second recommendation would be not to expand or form a new facility in US as hernia operations are common in US and involves huge investment. Also, there can be regulations and issues pertaining to USA government and administration issues to build and run hospital in different country. However, if expanded it might provide new opportunities. The third recommendation would be to patent the Shoulders technique of external hernia treatment so that any other organizations cannot use the name illegally.

The fourth recommendation would be to implement and adapt a succession and retirement plan for doctors and staff and their families. Giving bonus and incentives to them depending upon their efficient performance and seniority,

survey and votes etc. The fifth recommendation would be to continue as a specialized hospital for hernia treatment rather expanding to other treatments thus preventing diversification from its competency. The sixth recommendation would be to increase the nurse-patient ratio by hiring more number of nurses to take care of patients and improve the quality of service.

The seventh recommendation would be to convert the hostel facilities to hospital beds to allow more inflow of patients and decreasing patient backlogs. An eighth recommendation would be contracting with other local and similar facilities as silent partners and team up with their doctors providing them the required training. This would allow holding the existing position in market with no competition. The final recommendation would be to alter the inflow of patients that can prevent adding more beds by utilizing the freed bed-space. Reference: Hackett, J. (2003). Shoulders hospital limited. HarvardBusiness Review.