



Apollo Hospitals
GROUP—
touching lives

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Overview

- Founded in 1983 by Dr. Pratap C. Reddy
- Introduced new form of medical business in India
- First Corporate hospital in India
 - Comprehensive
 - For profit
- Grew out of Dr. Reddy's own practice
- Obstacles: Regulatory and Financial
- Combination of professional management structure and entrepreneurial approach

Vision

- Apollo's vision for the next phase of development is to 'Touch a Billion Lives'.

Mission

- “To bring healthcare of International standards within the reach of every individual. We are committed to the achievement and maintenance of excellence in education, research and healthcare for the benefit of humanity”.

Values

V	Vibrant and Committed Team
A	Align Processes with People, Productivity, Performance, Passion
L	Leadership Opportunities
U	Up gradation of Skills through Continuous Learning and Sharing
E	Excellence in Patient Care
S	Showcase Superior Performance

Indian Scenario

- Demographic advantage in India
- Effect of 270 million middle class population
- Pre and Post Liberationists era
 - State run entities
 - Demand for high quality medical care
 - Poor quality care and lack of advanced facilities
 - Evolution of private medical care and medical insurance in India

Economic, Regulatory and Political Environment

- Economic Development pursued by Indian Government after independence
 - Central planning
 - Import substituting industrialization
- A new round of changes : Introduction of new industrial policy by Prime Minister
- Dismantling of licensing requirement.
 - Elimination of Government monopolies, reduced tariffs and liberalized foreign investment
- Stimulation of private sector growth
- Rao reforms leads to immense market excess

Management Philosophy

- Clear Vision
- High quality medical care “With a human face”
- Had no models to emulate
- Apollo hospital organized around **5 stars**
 - Medical Personnel
 - Medical Technology
 - Employees
 - Hospitality
 - Value

Market Environment

- Enormous , unmet demand for high quality health care among Indians
- Hospital Sector
 - Private Nursing Homes
 - Government Hospitals (State Run Hospitals)
- Factors affecting successful marketing
 - Superior care **at justifiable prices**
 - Encouraging **awareness** of health issues among individual consumers
 - **Referrals** from primary-care physicians
 - Focus on **corporates**

PEST Analysis

POLITICAL

- ❑ Regulatory Obstacles
- ❑ Low Public Expenditure
- ❑ Private Investment

ECONOMIC

- ❑ Growing Income
- ❑ Significant Investment Opportunities for private sector
- ❑ Encouraging Health Insurance Schemes

PEST

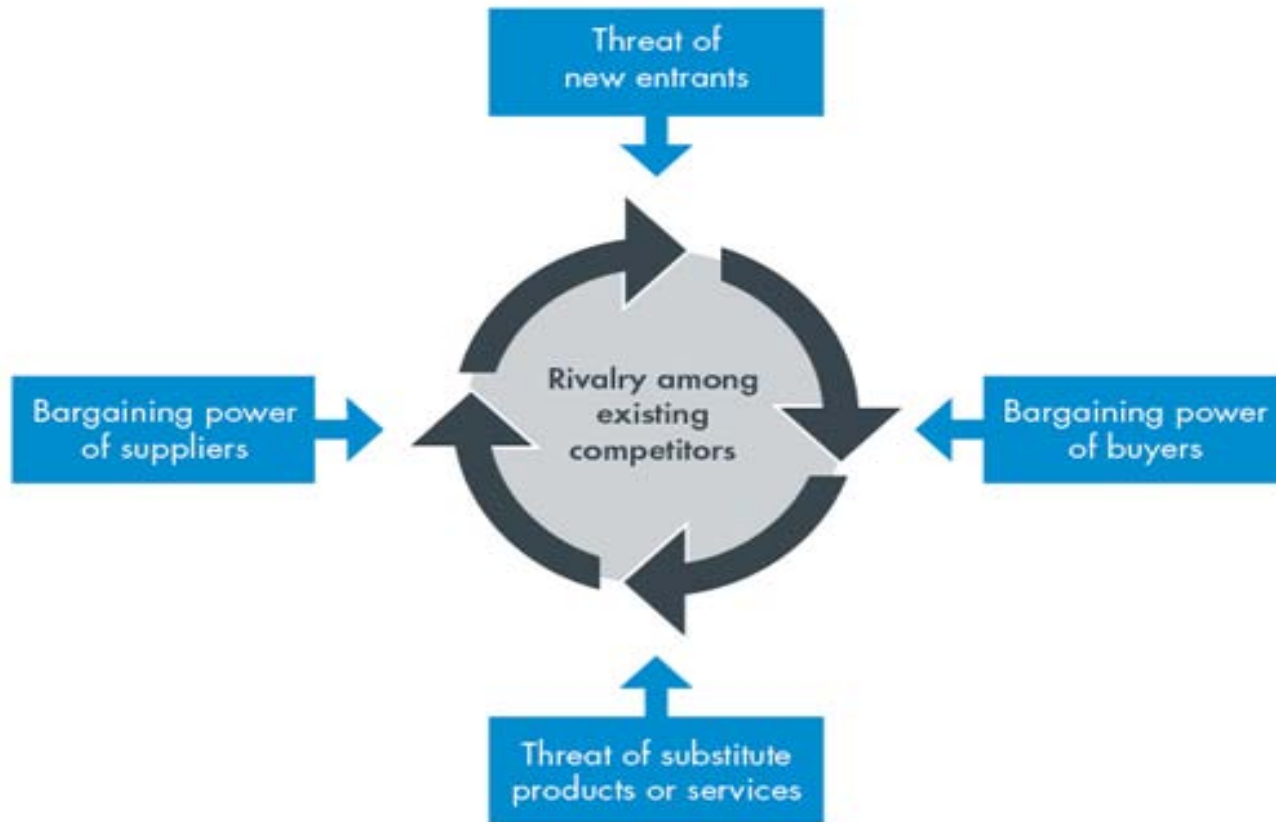
SOCIO-CULTURAL

- ❑ Increase in Life Expectancy & Aging Population
- ❑ Higher Population and Literacy
- ❑ Highly Experienced Surgeons joining hands from abroad

TECHNOLOGICAL

- ❑ Rich experience of Medical Practice in the WEST
- ❑ Quality Service and Low Cost of Healthcare
- ❑ Customized Home Grown Medical Practices

Porter's Five Force Model



Threat of substitutes - Limited

- No substitute of medical care
- A basic requirement
- Healthcare services may be substituted by aroma therapy, acupuncture, stone healing etc.
- Many cheaper alternatives like local physicians are easily available

Threat of new entrants - High

- No Barriers to entry
- Advanced technology and super specialty hospitals
- Hospita Industry- an attractive proposition due to
 - High growth potential of the sector
 - Stimulation to private sector

Bargaining power of suppliers - High

- High attrition among doctors and other nursing staff
- Better offers and commissions from rival hospitals

Bargaining power of Buyers - Limited

- Patients choose hospitals based of fees and locality
- Price matters over quality at times

Rivalry among Competitor - Intense

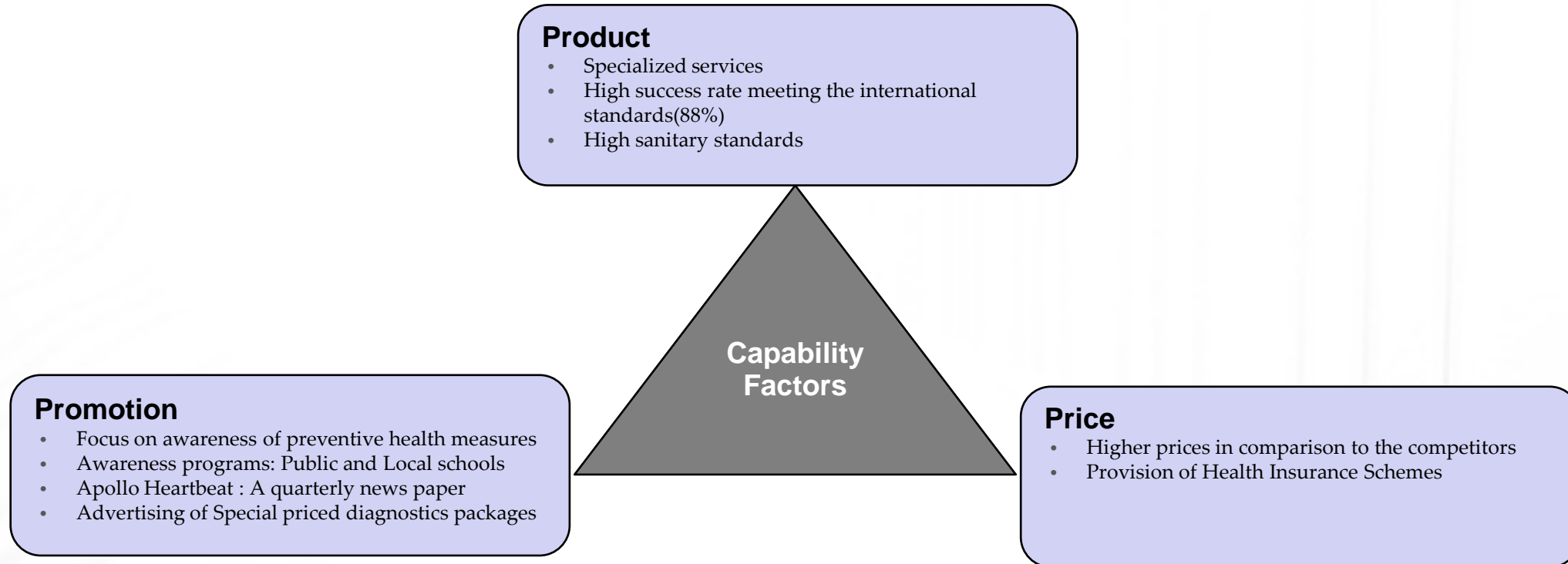
- More medical schools and thus more medical professionals
- Large number of players in the industry
- Govt. Hospitals – A strong competition
- High exit barriers (due to high capital investment)

Strategic Advantage

Financial capability factors

- Initial skepticism faced
 - Convincing investors that a super- specialty hospital was viable in India
- A capital of \$4.6 M issued through shares
- Colleagues contributed to 40% of stock
- By 1995, growth and potential of the company attracted foreign institutional investors.
- Financial performance had not been affected by competition despite the appearance of 5 other private hospitals in Madras
- Readiness of investor to invest

Marketing capability factors



Operational Capability Factors

- Operational Capability Factors
- Effective utilization of equipments
- Average stay of the patient is less in comparison to competitors
- Quick diagnosis & treatment
- High success rate
- A well maintained library provided access to key medical journals & reference books from around the world
- Online bibliography search system

Personnel Capability Factors

- Top caliber renowned doctors and surgeons
- Employees: The “Middle Star” for Apollo
- Team spirit
- An understanding about “Apollo’s large ambitions” in each employee
- Strong sense of Community
- Wages and Compensation
 - Apollo hospital : 10-20% higher than local private hospitals
 - Government Hospitals : Paid slightly higher than Apollo
- Employee benefits
- Induction manual : Dr. Reddy’s view of relationship with employee

Information capability Factors

- Recording of complaints in a computer database that revealed the patterns by
 - Location
 - Type of Complaint

General Management Factors

- Clear vision of Dr. Reddy from the beginning
- Advanced medical care possible at high quality and “With a human face”
- Apollo is organized around 5 stars
 - Medical Personnel
 - Medical Technology
 - Employees: Motivation, Culture, Compensation
 - Hospitality
 - Value: Total opportunity cost, Quality assurance, CHANGE
- High standard and stress on hospitality towards patient
- Emphasis on the fact that every employee contribution matters
- Team oriented culture
- Apollo’s operations geared towards providing outstanding value to patients

SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"><input type="checkbox"/> Integrated Healthcare<input type="checkbox"/> Academic Support<input type="checkbox"/> Effective and latest medical technology<input type="checkbox"/> Consultants reputation	<ul style="list-style-type: none"><input type="checkbox"/> Standalone Pharmacies<input type="checkbox"/> High Attrition rates<input type="checkbox"/> No models to emulate<input type="checkbox"/> Questions about quality control in non-medical areas
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"><input type="checkbox"/> To spread Apollo brand Name across India<input type="checkbox"/> To create joint ventures<input type="checkbox"/> To cater to the growing middle class market<input type="checkbox"/> Venturing into diverse business like Insurance and creating a hybrid of insurance and medical care	<ul style="list-style-type: none"><input type="checkbox"/> High Competition from new hospitals<input type="checkbox"/> Evolving Technology

Thank you