**Operations Analytics - Individual Assignment Answers**

**Business Model Innovation at the Shouldice Hospital**

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*Instructions*: Read the Shouldice Case and the related POM article. Then, respond to the following questions by typing your answers in the accompanied Answer Sheet. Save and name your file with your ID number. Convert it to PDF and submit a single PDF file online via Blackboard.

**Answer to Q1.**

**Q1a.**

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| ***Shouldice*** | ***Competitor (General Hospital)*** |
| ***Variety:***  Shouldice Hospital specializes exclusively in hernia repair procedures. This means that the entire process from patient admission to post-operative care is highly specialized and focused on the specific treatment. This approach allows Shouldice to perfect its procedures and offer the best possible treatment to its patients. It has a team of surgeons who specialize in hernia repair surgery and have performed thousands of procedures. This degree of specialization is rare in Canadian general hospitals, which offer a wide range of medical services, including emergency, surgery, cardiology, oncology, and many other disciplines. This can result in a more fragmented approach to patient care and less specialization in a particular area. | ***Variety:***  General hospitals in Canada offer a wide range of medical services that can benefit patients in need of different types of treatment. However, because hospitals must spread their resources across specialties, facilities may have less expertise in a particular specialty. As a result, patients may have to wait longer to see a specialist for surgery and receive less individualized care. |
| ***Service Experience:***  It offers patients a very personal and comfortable experience that is tailored to their wishes and preferences. The hospital is known for its excellent customer service and attention to detail. This is partly because Shouldice only offers one type of surgery, so it can focus entirely on making the experience as easy and pleasant as possible for patients. In addition, the hospital has a relatively high number of staff per patient, ensuring that patients receive personal attention during their stay. | ***Service Experience:***  It may be more institutional or clinical and less focussed on the patient experience. Due to the large number of patients and the wide range of medical interventions, there may be longer waiting times and less individualized care. However, general hospitals may have more resources, such as specialized equipment and additional staff, which can be an advantage in some cases. |
| ***Treatment Process for Customer:***  Shouldice has developed a new, non-lattice method for tension-free bridge repair that has excellent results and low recurrence rates. The clinic uses a standardized treatment method for all patients, ensuring consistent results and eliminating possible errors or problems. This standardized procedure has been refined through years of experience and has proven to be very successful. Shouldice also offers a comprehensive aftercare program to help patients recover quickly and get the help they need during the recovery process. | ***Treatment Process for Customer:***  Depending on the patient's condition and the surgeon's predisposition, hospitals may use several alternative treatment techniques. This may result in greater differences in outcomes and length of recovery. In addition, general hospitals may have less experience in a given surgical procedure, which may affect the quality of care and the risk of problems arising. On the other hand, general hospitals may have access to a wider range of resources and be better prepared to deal with unforeseen problems or emergencies. |
| ***Total Cost to Employee, Patient & Insurer:***  It has a clear and all-inclusive pricing structure where patients pay only one fee for their entire hospitalization and treatment. Hospitals charge reasonable fees for specialized services. | ***Total Cost to Employee, Patient & Insurer:***  They bill separately for different services, making it more difficult to predict the total cost, and this may result in higher overall costs for the patient. Prices may also vary depending on the patient's insurance and the healthcare required. |
| ***Quality:***  It is known for its high quality of service and low recurrence rate in the treatment of inguinal hernias. The hospital has a team of surgeons specializing in the treatment of pulmonary hernias. | ***Quality:***  Depending on the operation and the surgeon's experience, they have varying success rates, which can affect the likelihood of recurrence and long-term sequelae. |
| ***Time Lost:***  Because the treatment process is more efficient than in a traditional hospital, patients can return to normal activities more quickly. Patients usually stay in the hospital for only a few days and can return to their normal activities within a few weeks. | ***Time Lost:***  The recovery time depends on the type of procedure and the patient's condition, which may result in a prolonged absence from work and other activities. |
| ***Variability in Demand:***  With a special focus on hernia surgery, demand is very steady. | ***Variability in Demand:***  Given the wide range of health services and the unpredictability of health crises, the demand for these services is even more diverse. |

**Q1b.**

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| ***Shouldice*** | ***Competitor (General Hospital)*** |
| ***Quality***  Shouldice has developed standardized treatment methods and a complete aftercare program to reduce the risk of problems and ensure the best possible outcome for our patients. Our surgeons are highly skilled in specialized tension-free hernia treatments, which have been perfected over decades. Patient satisfaction is a top priority at Shouldice and they strive to provide a quality experience to every patient that enters their clinic. | ***Quality***  General hospitals offer a wider range of quality care because they offer more services and have a less specialized approach to patient care. Although they have more resources and equipment, they may have a higher risk of problems or errors due to a large number of patients and more complex treatment procedures. However, they can offer a wider range of specialists and services, which can be an advantage in some cases. |
| ***Resource Management (Nurses/Medical Staff)***  Shouldice has a high nurse-to-medical staff ratio, meaning one nurse cares for a limited number of patients, allowing for more individualized care and better communication between patients and nurses. Shouldice's nurses are also trained in specialized procedures to treat hernias in a stress-free manner, allowing them to provide expert care to patients throughout their treatment. | ***Resource Management (Nurses/Medical Staff)***  Due to a large number of patients and the wide range of services, the ratio of nurses to medical staff is low, which can result in less individualized care and less time spent on each patient. In general hospitals, however, more specialized medical staff are available, which can be an advantage in some cases. |
| ***Resource Management (OR/Medical Equipment)***  Shouldice has several operating theatres and a large stock of specialized equipment for hernia treatment, and Shouldice has a high ratio of operating theatres to medical equipment, making it possible to treat a large number of patients while ensuring that each procedure is performed with the utmost precision and safety. | ***Resource Management (OR/Medical Equipment)***  General hospitals have a lower ratio between the number of operating theatres and medical equipment due to a wider range of services and the higher cost of specialized medical equipment. This can result in longer waiting times for certain procedures and, in some circumstances, lower quality of care. On the other hand, general hospitals have more resources and are better able to cope with unexpected crises or difficulties. |
| ***Facility Design***  Shouldice offers a device specifically designed to treat inguinal hernias. The facility has spacious patient rooms, large common areas for social gatherings and rehabilitation, as well as specialized operating rooms and equipment. This design allows us to provide our patients with high-quality services while ensuring that every patient has access to the resources they need for a successful recovery. | ***Facility Design***  The facility is less specialized because it offers a wide range of services. They have more resources and equipment but may not be optimized for certain procedures or patient needs. Conversely, general hospitals have more space and resources available to patients, which can be an advantage in some cases. |
| ***Scale, Quality & Costs***  Shouldice is a smaller hospital than most hospitals in Canada that specialize in hernia care, so they can offer more personalized care and a higher level of expertise. In addition, they are also able to manage demand more effectively with limited intensive care and standardized treatment pathways. | ***Scale, Quality & Costs***  Most general hospitals are larger, and they offer a wider range of services and more staff than hospitals in Shouldice. This can result in longer operating waiting times and less personalized patient care. In addition, general hospitals, although offering a wider range of services, may not have the same expertise and specialization in hernia surgery as hospitals in Shouldice. |
| ***System Operation***  The hospital has an established protocol for admitting and assessing patients, and a team of qualified doctors and adheres to a strict schedule with a limited number of patients per day. | ***System Operation***  A large number of patients and a wide range of services allow Canadian hospitals to operate a more complex and diverse system, leading to longer wait times and less individualized patient care. |

**Answer to Q2.**

If I were the director of Shouldice, the key qualities I would look for when interviewing a physician for a position at the hospital would be his or her prior knowledge and experience in the field of hernia repair, regardless of his or her experience or acquired knowledge related to other pathologies, since that is the activity he or she will be performing in his or her position every day without exception.   
In addition to this, I would be looking for an employee with the ability to work collaboratively with other members of the medical team, a commitment to providing high-quality patient care, and alignment with the values and culture of the hospital.

When comparing the typical physician and staff profiles at Shouldice to those at a general hospital, there may be some differences in the competencies and experiences that are prioritized. For example, in terms of physicians, as mentioned above, they will only be evaluated on their ability to care for hernias and not on their skill or knowledge related to other types of pathology.   
  
But also if we focus on other types of personnel such as nurses, they will have to be prepared to give the necessary post-operative support to patients and taking into account again that the hospital only treats hernias, the problems or sequelae that a patient may have the following days will always be similar, So when hiring a nurse I would make sure that she is aware of what the possible post-operative problems of a hernia are and if she knows how to deal with them, unlike a nurse in a general hospital who in theory should be able to give more general support and be aware of any type of situation.

**Answer to Q3.**

The basis of the high level of quality control at Shouldice is the concentration on a specific surgical procedure, as we have already explained in previous sections, this allows the staff to be extremely specialized in these very specific processes and to reach a very high level of expertise. They also have a very demanding training program for all their staff which ensures that their employees are kept informed of the latest trends and technologies related to this procedure.  
  
The second aspect that makes Shouldice's quality control standards so high is related to the treatment of patients, they understand that a surgical process can create feelings of stress and anxiety in patients and they try to create a reassuring environment and experience to reduce them, this includes among other things, personalized attention, well-designed facilities, constant and detailed information about the situation of each patient and their recovery process.  
  
Finally, in terms of monitoring actual quality and patient outcomes, Shouldice also has very high-quality control standards, this is because they constantly undergo audits to ensure that the process carried out meets the quality expectations they offer, they are also a hospital that learns from their system because they collect data on all cases and then analyze it to identify process steps with potential for improvement and rea

**Answer to Q4.**

As already mentioned in the previous section, Shouldice's strategic service vision is based on offering a very specific service with a very high quality of medical care, as well as a pleasant environment suitable for recovery. Regarding the vision dimensions:

Target market:   
It only cares for patients suffering from abdominal hernias, and also focuses on people who want a high-quality and specialized service. The staff, facilities, and operations system are designed to cater solely to this demographic.

Service concept:  
The concept of service that they have developed at Shouldice is based on identifying the needs and preferences of the patient and developing the process around them, giving the client the utmost importance throughout the entire process.

Operating Strategy:  
Shouldice’s operating focus revolves around efficiency and quality. Among them is an efficient approach that allows patients to receive fast and effective treatment while maintaining the highest quality standards. This is accomplished using standard treatment methods, a highly trained and specialized team, and state-of-the-art equipment and technology.

Support systems:  
Shouldice encourages employee assistance and growth because they understand how critical employee happiness and well-being are to their success. Employees get ongoing training and education, as well as the use of cutting-edge medical technology and equipment. They also have a supportive management style, a cooperative and collaborative culture, and open communication channels. As a result, the workforce is more motivated and dedicated, resulting in better patient care.

**Answer to Q5.**

I personally have been lucky enough to never need the services of a hospital for a minimally complex operation, so the opinion I can give comparing hospitals may not be the most appropriate, in addition to the fact that I have only attended public hospitals in Spain, which may not correspond to the rest of the hospitals in the world, having said this:

One of the key differences between Shouldice and other healthcare settings is the focus on a specific type of surgery and the dedication of all resources to that procedure. Most general hospitals offer a wide range of services, which can result in a more diffuse approach to patient care. This can sometimes lead to longer wait times for patients and a less personalized experience.

In addition, Shouldice's striving for patient satisfaction and comfort sets it apart from many other healthcare settings. This includes features like private rooms and a dedicated team of nurses who provide specialized care for patients. These efforts to improve the patient experience can lead to greater satisfaction and better outcomes.

However, one point in general hospitals' favor over the Shouldice approach is that it can be scalable to other healthcare settings or different types of procedures.

**Answer to Q6.**

The main problem that Shouldice may have is undoubtedly the competition and this is because, the competition in the healthcare industry is becoming more and more intense, which may lead to Shouldice seeing reduced market share and reduced profit line.

Other problems that are mentioned in the text are, increasing the capacity of the hospital while at the same time maintaining control over the quality of service, the future role of the government, and the use of the name Shouldice by potential competitors.

**Answer to Q7.**

Regarding the ethical problems in the selection of potential patients, we could highlight the discrimination against overweight people, since Shouldice has a policy of not accepting patients who exceed a certain amount of weight, to increase the ratio of success in their operations (this is because being overweight is an added problem in hernia treatment), the debate can be opened as to whether it is ethical to stop treating overweight people just to maintain a success rate in operations when it's obvious that those people also have to be dealt with somehow.

In addition, another ethical problem that Shouldice is incurring would be discrimination against the poorest segments of the population, Shouldice only accepts patients who have the money to pay for the service, so people with less purchasing power may be left excluded from the service and this is somewhat unfair because all people should have access to quality medical services.

**Answer to Q8.**

Of course, marketing campaigns are required in the business, and even more so when it is an expanding market and competitors are beginning to appear. It should not be complicated for the hospital if it already has a respected name, a developed method, and a lot of experience in the industry, plus word of mouth from customers should carry out some kind of marketing strategy to attract new customers. The only nuance of developing this strategy is that the hospital itself mentions that they are scared of the effect on demand that it could have, but if the hospital increased its capacity, it would no longer be a problem and it could increase profits a lot, besides closing the door to those competitors who try to copy the method.

**Answer to Q9.**

Abrir los sábados || 20% || 0 ||

Nuevo espacio || 50% || 4M ||

Diversificar

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| Abrir los sábados | Abrir un nuevo espacio para camas | Diversificar |
| It does not require a fixed initial investment, the cost would be the cost of hiring the personnel, in addition to the fact that it would allow, depending on the availability of the beds, to operate a few more people. | It would increase the efficiency of the process since it improves the most inefficient stage and this means that the number of patients "processed" can be increased much more than, for example, opening on Saturdays, when even if the hospital is open longer, the surgeons will not be able to operate because the beds will be full. | It increases the number of potential customers much more than the other two options. |
| It would not do much to increase demand since the stage that congests the hospital the most is the last stage, the resting stage, and people who are operated on at the end of the week do make use of the facilities, so it would not improve the efficiency of the process and would trigger a change in the hospital that would displease some of the staff. | The negative point is that it entails an initial investment of 4 million €, in addition to the costs associated with the increase in patients, in terms of personnel, supplies, etc...  But this is not a serious problem considering that demand is growing and that it will be able to be amortized in the future. | Diversifying is riskier than opening a new bed space only, since the method developed and for which the hospital has a good name is for the treatment of hernias. There is some risk that they may not perform these new operations as successfully or simply not be as well known. Also considering that it requires even more initial investment than opening a new bed space (new space, new staff, new machinery, etc...) it does not make much sense to pursue this strategy, since the problem with this process is not one of demand, but of the hospital's capacity to meet that demand. The hospital can perfectly well invest in increasing its establishment of beds and do some marketing and as the demand is growing in that sector and also competitors are beginning to appear, it is very likely that they will increase the number of customers. |

**Answer to Q10.**

From what I have found on the web and the number of hospitals they have open, it can be deduced that they took the second option, to increase the capacity of the process they were already carrying out, as observed in the table above, it was the best in terms of points for and points against.   
Today you have 3 hospitals in Toronto, Canada and they are still specialized in the treatment of hernias, it is logical to think that if your process is not able to satisfy all your potential customers (even without marketing), it is a better option to increase the capacity or efficiency of your process than not to diversify and take risks to develop other products.