

LET'S SOLVE A CONSULTING CASE



PROBLEM STATEMENT

Your client is ABC Hospital in Kolkata. Over the last two months, they have been facing a decline in revenues and would like your help in figuring out why this may be happening.

INTERVIEW THREAD

Interviewee: Understood. Before we move into why the revenues may be declining, I would like to understand the situation better. Is ABC a chain of hospitals, or are we talking about a single establishment? Are we talking about Pre-Covid times?

Interviewer: There is only one hospital. It is located in East Kolkata. The year is 2020, and the pandemic is at its peak. What else would you like to know?

Interviewee: I would like to know how much revenues have declined. Have other hospitals in the area seen a similar decline? This will help me understand if the issue is specific to our hospital, and I can drive my hypothesis accordingly.

Interviewer: Makes sense. Revenues have declined by 8%. A few other hospitals have reported a decline as well.

Interviewee: Interesting. As per my knowledge, hospitals have numerous revenue streams. These include medical services, advertisements, rent charged to vendors who have set up operations in the hospital and miscellaneous services like parking and refreshments. I would like to know if I'm missing anything. If not, we can identify the segments facing a decline and delve deeper into that.

Interviewer: This seems quite comprehensive. Why don't we look at medical services?

Interviewee: Sure. We can further break down revenues from medical services into consultancy charges, diagnostics, treatment and pharmacy sales. I would like to understand which of these services has taken a hit in the last two months. Consultancy includes preliminary meetings between the patient and the doctor.

Interviewee: By diagnostics, I'm referring to all the pathological tests and scans conducted by the hospital. After the diagnostics stage, treatment would involve processes like surgeries. Here, I would also like to account for bed charges in the In Patient Department (IPD). Lastly, I would like to know if our in-house pharmacy is facing a decline in revenue.

Interviewer: The revenue earned from diagnostics has seen a major decline.

Interviewee: Okay, that's interesting. Is the decline uniform across the In Patient Department (IPD) and Out Patient Department (OPD)? Also, do we have data on which tests and scans are facing this decline?

Interviewer: Good question. We are facing this decline only among Out Patients. You can assume all tests and scans are facing this decline.

Interviewee: Makes sense. Now that we have a fair idea of the key driver of our revenue decline, I will now try to isolate the reason for the same. I would first like to understand if there has been a change over the last couple of months in our capacity to cater to the Out Patients. However, since other hospitals have reported a similar decline, this seems unlikely.

Interviewer: There has been no change in our facilities or capacity to cater to the demand.

Interviewee: That means we are facing a reduction in demand for our diagnostic services.

Revenue from diagnostic services = Number of Out Patients * Percentage requiring tests/scans * Percentage opting for our diagnostic services * Number of tests/patient * Charge/test.

Do we know which of these factors has seen a decline?

Interviewer: Yes, we do have data on that. The number of tests prescribed to our Out Patients has not seen a change. Our charges have remained the same as well.

Interviewee: Interesting. Either the patients are not getting the tests done at all, or they are getting it done elsewhere. The latter seems more likely as medical tests are usually not skipped by individuals. This means they are getting their diagnosis done elsewhere. Again, there are two ways in which this may be happening:

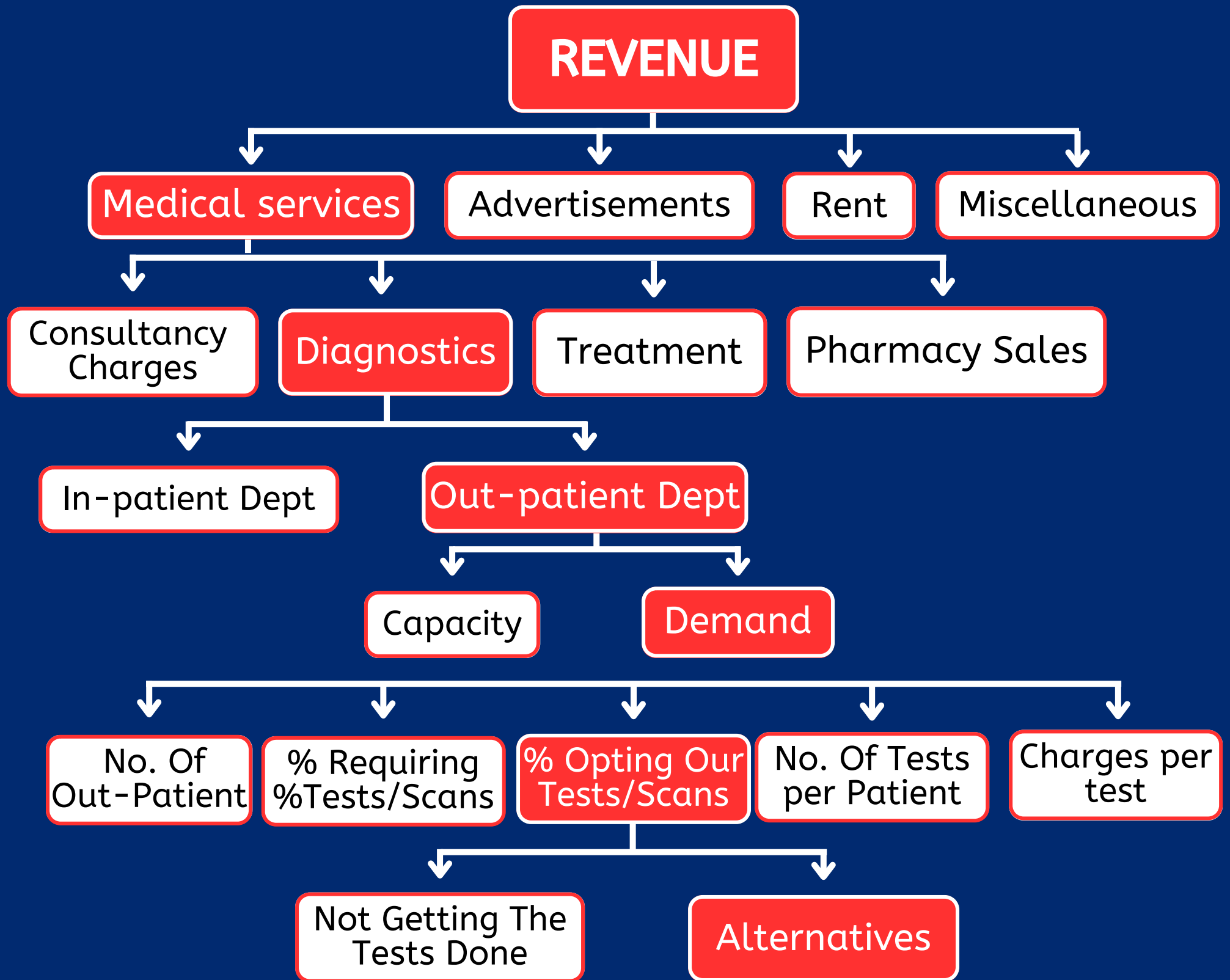
1. Self: Through easy-to-use equipment such as BP machines
2. Externally: Through other hospitals or alternate establishments such as diagnostic laboratories

Since the pandemic, home services which are app-based have also caught on quickly.

Interviewer: Spot on. Recently, our hospital introduced a tele-consulting service on its application. Hence, our patients were no longer required to come to our hospital to consult doctors. They are now getting tests done by laboratories which visit their houses and collect the samples. This is both convenient as well as safer. We can end the case here.

THAT'S A WRAP!

FRAMEWORK



CONSULTING FELLOWSHIP

Mentors from

McKinsey
& Company

BAIN
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Dalberg

Deloitte. **BCG**

accenture

- 1 2.5 or 6 months, 10 mentors, and 30+ hours of live mentorship on Consulting careers, CV making (including 1:1 edits), Guesstimates & Case Interviews.
- 2 Rigorous interview practise through real-time guesstimates solving & buddy teams for mock cases.
- 3 Placement Assistance through employee referrals by our MBB & Dalberg mentors. Regular job updates from consulting firms. Industry Breakdown for cases.
- 4 Live case project (& certificate) with a real life client & business problem. CV templates & interview preparation resources along with 1:1 Mentorship.

SIGN UP

(Registration Link is in the comments)