

Price proposition through competitive benchmarking for a Bangalore Hospital

A project of Manipal Hospitals under the guidance of McKinsey & Company

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Introduction

- **Price proposition** is a promise of value/price to be delivered and acknowledged and a belief from the customer that good value/price will be delivered and experienced.
- **Competitive benchmarking** allows companies to measure themselves against competitors in order to sharpen their own strategies and ensure that they stay ahead of the game.



Rationale

Why this project was initiated?

- Units are facing challenges due to gaps between initial estimates and final bills.
- There is no standardized billing system for all the units.

What results are expected?

- To understand the rigorous process of pricing.
- A standardized billing system across all units.
- Development of various tools to finalize the price change easily in future.



Objective of this project

Aim: The aim is to find out the price proposition of hospital in relation to its competitors.

Objective: The objectives of this study are;

- To develop the tool and steps for telescopic pricing.
- To compare the hospital prices with the prices of competitors.
- To evaluate the impact of price change on revenue.



Research methodology

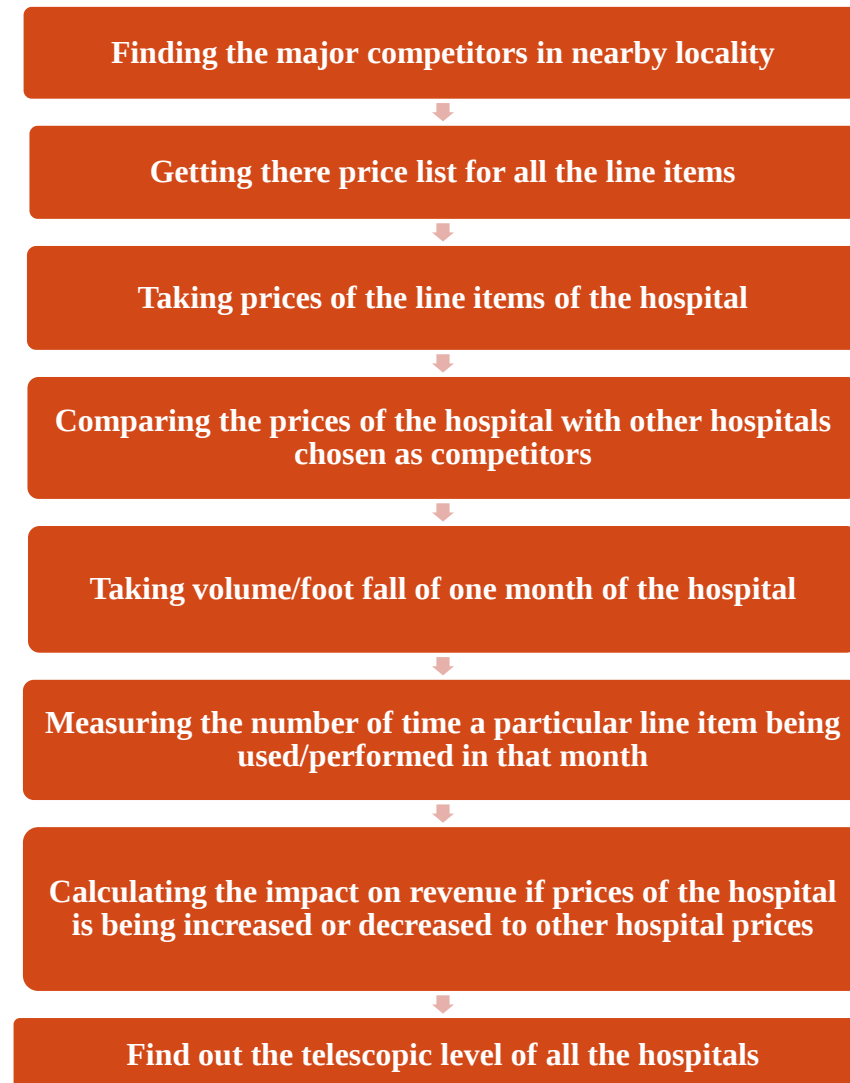
- **Type of research:** The research design of the study was semi-experimental under which field experiment study was conducted.
- **Data collection:** Data related to prices from other hospitals was collected and benchmarking was done on that basis.
 - **Prices** – Maximum of four and minimum of two best competitors in the nearest area were considered to collect the price for benchmarking.
 - **Line items** – Line items under different group and of different department were taken to compare the prices with competitors.
 - **Volume dump** – Volume dump is the discharge summary details that were being collected from IT department through HMIS system for one month.



Research methodology (Cont.)

- **Data analysis:** An Excel based tool was developed for all the tariffs, health packages and surgical packages which was used by hospital.
- **Location:** Location of study was a Bangalore hospital organization.
- **Sample size:** Sample size was 200 line items under the main 9 groups. Selecting 200 line items was due to large sample size under different groups.
- **Sampling:** The sampling method used was stratified sampling.

Data compilation, analysis and interpretation

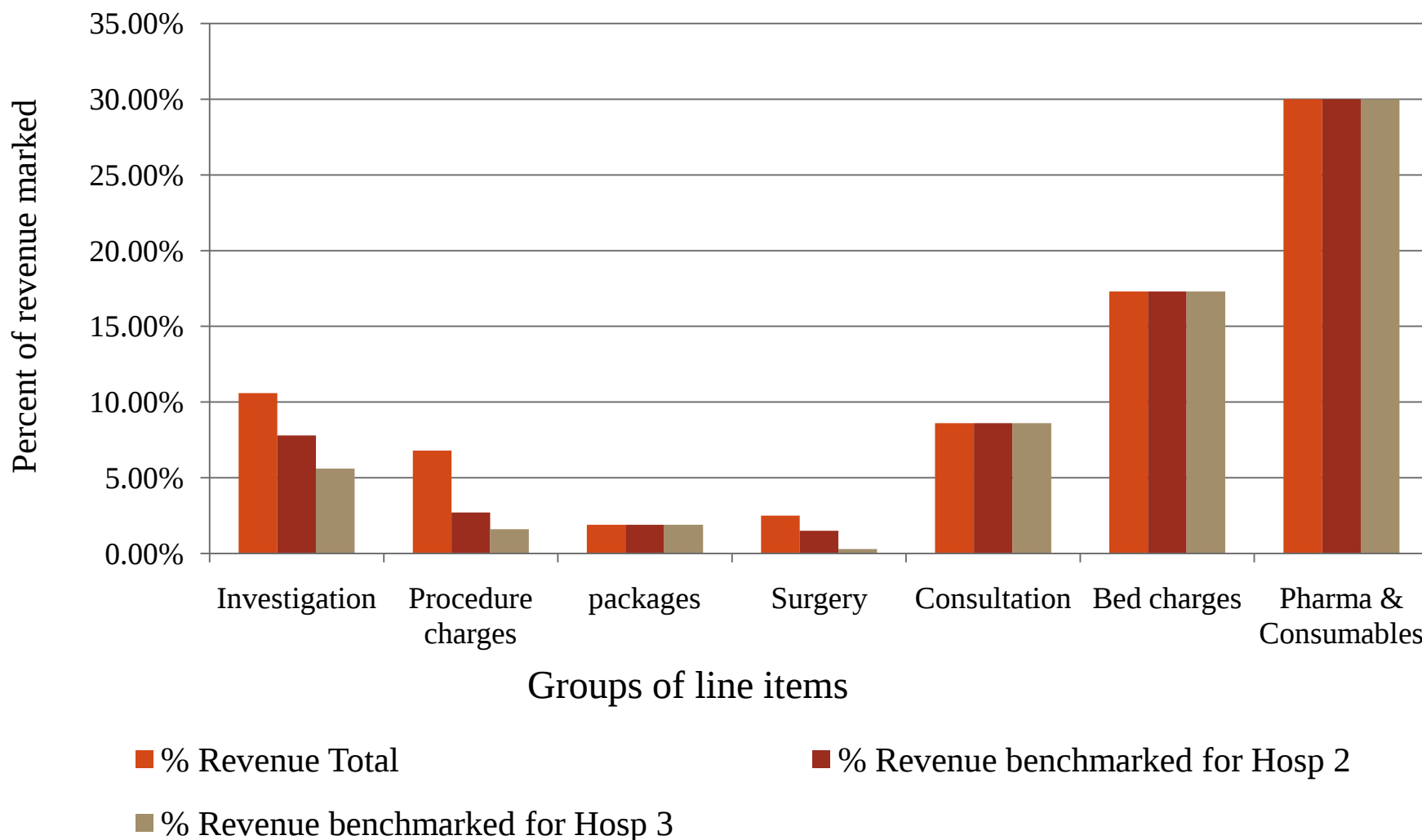




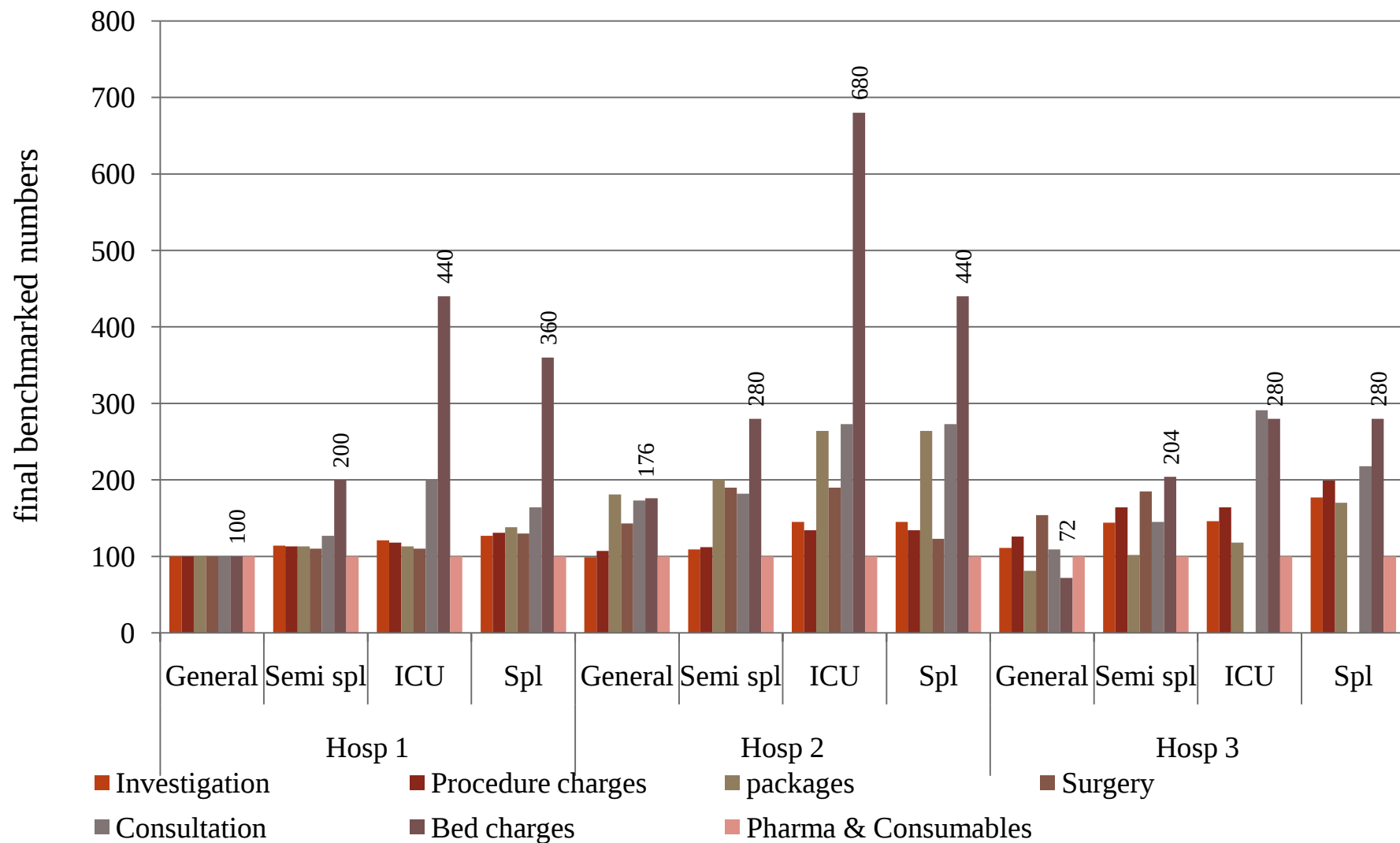
Data compilation, analysis and interpretation

- [final BLR-IB \(1\).xlsx](#)

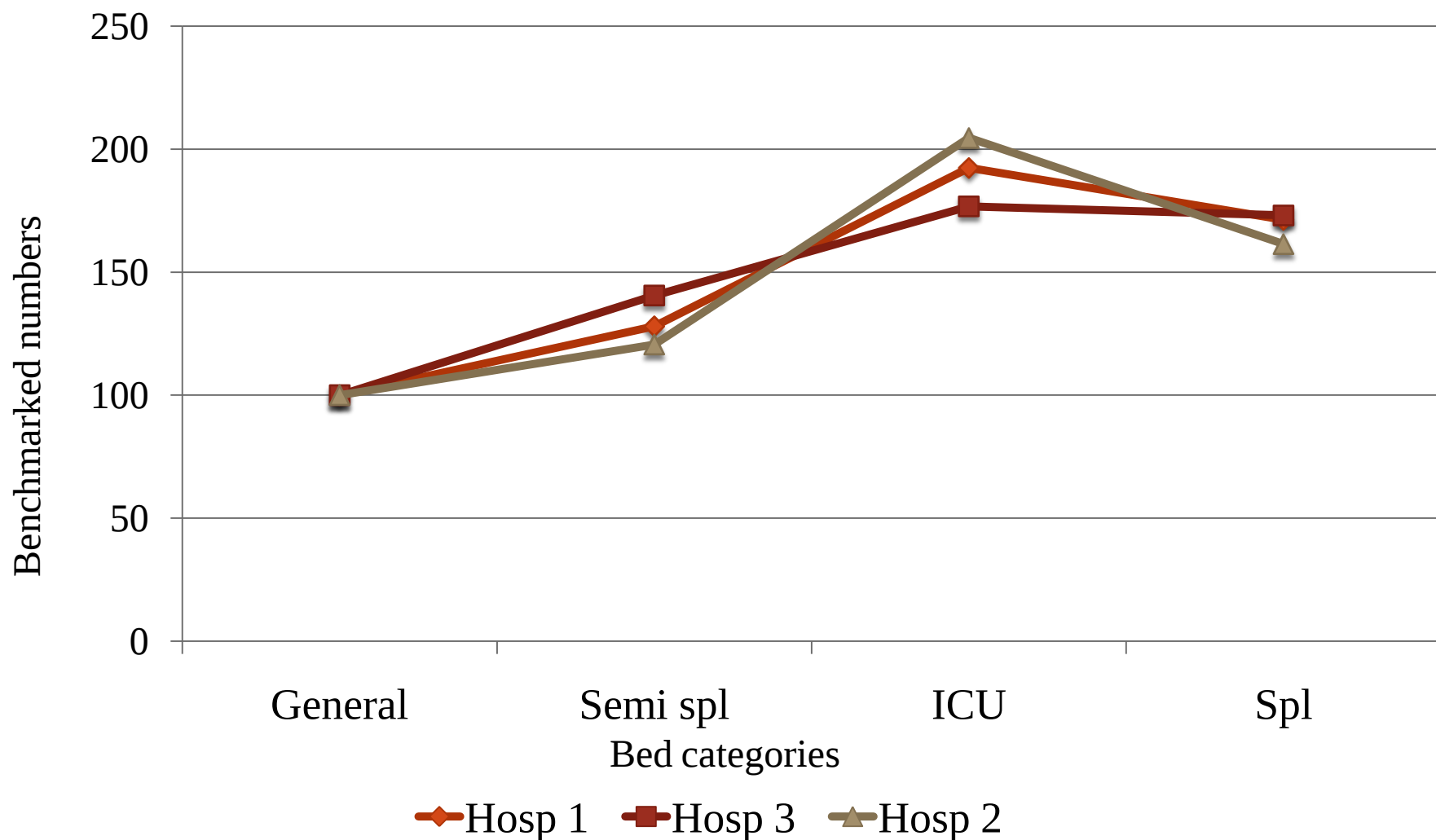
Outcome



Outcome



Outcome





Limitation of the study

- Collection of data from the competitors
- Data confidentiality



Findings

- The use and role of this tool is; once it is prepared the major work is done on the first sheet of benchmarking. Rest everything else is then calculated by formulas that is being put up in the entire sheet. And it can directly give telescopic price and the level where hospital stands as compared to the competitors.
- Competitive benchmarking isn't just about comparing benchmarking numbers, it goes beyond numbers and looks at processes, resources and systems.



THANK YOU!

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