



PRICE PROPOSITION THROUGH COMPETITIVE BENCHMARKING FOR A BANGALORE HOSPITAL

Arushi Joshi

Student, IIHMR University

Dr. Vinod Kumar SV

Professor, IIHMR University

DOI: <https://doi.org/10.52458/9788196869458.2023.nsp.eb.ch-13>

Ch.Id:- IIHMR/NSP/EB/MWIIHHT/2023/Ch-13

INTRODUCTION

Benchmarking is a strategic process involving the comparison of performance characteristics among distinct organizations, often competitors, with the aim of facilitating individual performance enhancement in the market. The primary goals include gaining a comprehensive understanding of competitors and customer requirements, fostering the rapid diffusion of innovations across industries, and identifying areas for improvement in management processes [1]. The foundation of benchmarking theory lies in performance comparison, gap identification, and management process changes [2].

A review of benchmarking literature highlights several key contributions:

1. Assisting organizations in recognizing strengths and weaknesses based on shifts in supply, demand, and market conditions.
2. Revealing achievable performance levels through observation of others and indicating the potential for improvement.
3. Enhancing competitive advantage by encouraging continuous improvement to maintain world-class performance and elevate competitive standards.
4. Improving customer satisfaction by establishing new standards and goals for quality, cost, product, and service.
5. Driving changes and improvements in quality, productivity, and efficiency, leading to innovation and competitive advantage.
6. Providing a cost-effective and time-efficient method for generating innovative ideas from practical examples.
7. Fostering awareness of new developments in the relevant area and boosting employee motivation.

However, despite these advantages, challenges such as time constraints, competitive barriers, costs, lack of management commitment

and professional human resources, resistance to change, poor planning, and short-term expectations are acknowledged as major obstacles to successful benchmarking research. Poorly executed benchmarking exercises can result in the wastage of financial and human resources, as well as time, potentially tarnishing an organization's image [3].

RATIONALE

The main purpose of competitive benchmarking lies in creating a distinct value proposition. Essentially, the greater the knowledge an organization gains about its competitors' products, the better it can understand how to differentiate its own products. Customers seek unique value propositions that set a product apart from others in the market. By positioning itself to emphasize value, such as unique features, additional services, or customization options that competitors cannot replicate, a business can stand out. Similarly, a hospital can only achieve this effectively by understanding the strengths and weaknesses of its competitors in terms of what they excel at and struggle with.

RESEARCH QUESTION

What were the key components involved in developing Competitive Benchmarking?

RESEARCH OBJECTIVES

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

RESEARCH METHODOLOGY

This research employed a semi-experimental design, specifically a field experiment, to investigate interventions in a real-world setting rather than a laboratory. A custom tool, validated through a logical algorithm, was developed for data collection, focusing on prices from competitor hospitals, line items across departments, and discharge summary details from the HMIS system. The study, conducted in a

Bangalore hospital, utilized an Excel-based tool for analysing tariffs, health packages, and surgical packages. The sample size of 200-line items from nine main groups was determined through stratified sampling, considering high revenue-generating items. The study showcased benchmarking steps and tool development, emphasizing the importance of pricing in healthcare. Dummy data, created by adding a fixed amount to original prices, ensured confidentiality without compromising the study's validity or outcomes.

RESULTS & DISCUSSION

The study's findings revealed notable insights into the revenue distribution and markup percentages across three hospitals. In the Out-Patient Department (OP), the investigation, procedure charges, and consultation percentages were meticulously examined, with distinct markups observed. Benchmarking against Hospital 1 as the reference point demonstrated varying performance, indicating competitive strengths and weaknesses. Further exploration of investigation and bed charges provided a nuanced understanding of how each hospital's markup percentages compared within these categories. The In-Patient Department (IP) analysis, focused on general, semi-special, ICU, and special bed categories, underscored Hospital 1 standing compared to Hospital 2 and Hospital 3, that synthesized the key findings, enabling a comprehensive analysis of pricing competitiveness. The comparison of premiums over Hospital 2 and Hospital 3 highlighted specific strengths and areas for improvement.

CONCLUSION

It was recommended to include an expert with a medical background, preferably a medical doctor in the team which undertakes the pricing process. A proper pricing plan needed to be prepared by the Hospitals. Coordination among various departments and units needed to be ensured when the process was undertaken.

REFERENCES

1. Beckford, J. (2016). *Quality: A critical introduction*. Routledge.
2. Camp, R. C. (1998). *Global cases in benchmarking: Best practices from organizations around the world*.
3. Elmuti, D., & Kathawala, Y. (1997). *An overview of benchmarking process: a tool for continuous improvement and competitive advantage*. *Benchmarking for Quality Management & Technology*, 4(4), 229-243.