

# A Super Specialty Hospital : What Went Wrong?

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## Abstract

The culture of philanthropy is as old as India itself, which has a history spanning thousands of years. One who enjoys abundance without sharing it with others is indeed a thief, says the *Bhagavad Gita*. According to the New Companies Act, 2013, corporations need to spend 2% of their last 3 years' average profits on CSR activities starting the current fiscal year. The case study is about a project started by a wealthy family of Kolkata to provide medical facilities to middle-class people. From a modest beginning of a polyclinic to a mega super specialty hospital and the closure of the same within a month is the gist of the case. The case highlighted the unethical and unprofessional attitude of employees, especially the doctors who were supposed to be highly qualified in the field of social work. The case study revealed why being hands-on at a job and technical expertise are a must for the success of any project. A project- social or otherwise - needs people who are sincere and hard working. The doctors and the staff appointed by the management lacked the above qualities. The doctors as well as other employees misused the infrastructure of the hospital for their personal gains, which was disapproved by the management. This led to the closure of the hospital and thus put the middle class needy people in inconvenience.

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**“Athaazha Pazhnikaarundo (Is there anyone left without Supper)? This was the question that every feudal landlord in Kerala used to ask before closing their main gates every night”**

**F**or India, philanthropy is not a new phenomenon. This is evident from the story of the *Mahabharata* narrated below:

After the fratricidal war of Kurukshetra is over, and Yudhishthira is anointed the king, he conducts sacrifices and community feasts to feed the hungry and poor in his kingdom. During one of these events, a mongoose, half of whose body is golden, enters the arena and rolls about on the ground. When questioned, it states that it was testing if Yudhishthira was truly charitable or not, and narrates the story of a poor Brahmin and his family, who sacrificed their frugal meal to feed a mendicant. When the mongoose rolled about in the dust of the Brahmin's house, half of its body turned golden. Since then, it has been on the lookout for an act of charity similar in merit to that of the Brahmin, but has failed to find it even at the Pandavas's abode. As seen in this story from the *Mahabharata*, the act of giving, treating others' pain as yours, helping others at the cost of one's own well being has been held in high regard, and even as an essential part of one's existence to this day.

The culture of philanthropy is as old as India itself, which has a history spanning thousands of years (Baxi & Ray, 2012). One who enjoys abundance without sharing with others is indeed a thief, says *Bhagavad Gita*, a 700 verse Hindu scripture that is part of the *Mahabharata*. There are many who continue to imbibe these values, even though the India of today may bear little resemblance to the civilization described in this text.

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Take the case of Hema Das (name changed), a poor domestic help who set up a charitable hospital in West Bengal. At 23, Das lost her husband and had to fend for herself and her four children. Her husband died because they could not afford proper medical treatment. The memory stayed with Das, and she decided to try and help people who may face similar difficulties. She did a host of odd jobs - from cleaning dishes to selling vegetables, and managed to save ₹ 20,000. She educated her son, Ajit Das to become a doctor with the help of some philanthropists. In 1996, with the help of some locals and her savings, she set up a small hospital, working out of a hut. Today, the hospital is run under the umbrella of a renowned trust in Kolkata.

Examples of philanthropy across different segments of the society are not difficult to find. For Akshay Kumar and Krishna Patel, both Indian Institute of Technology (IIT) alumni, it was a choice between helping the underprivileged and working in high paying corporate jobs. They choose the former after realizing that economically disadvantaged students did not have enough opportunities to access resources for higher studies. The duo founded an institution, which mentors high school students and works with them to prepare them for higher education. They draw on their network, comprising of IIT engineers and students from other private engineering colleges, who in turn work with underprivileged children.

Charity and philanthropy have been in the ethos of Indian traditions. Individuals and religious institutions have been contributing to the welfare of the poor since antiquity. Alms giving, offering food, and giving *Zakat*, the Muslim tradition of giving, are some of the forms of charity motivated by Indian religious beliefs. There are similarities and differences in the way of giving in India and the rest of the world (Baxi & Ray, 2012).

According to the new Companies Act, 2013, a corporation needs to spend 2% of their last three years' profit on CSR activities starting the current fiscal year. The November 2012 India Giving report by Charitable Aid Foundation (CAF) found that philanthropy in India has the potential to soar in the next decade, with more than half a billion people giving for religious and charitable reasons each year. The study, based on interviews with nearly 9000 people from across the country, found India has the potential to become a global philanthropic power house. Overall, the report found that most people in India - 84% of the 836 million adults - gave at least once a year (Mapple & Harrison, 2012).

A question strikes in one's own mind - whether it is compulsory to be a corporate to undertake social activities or a person like Mrs. Das can accomplish such types of activities? In India, there is no dearth of generous people. The charitable activities at individual level many a times go unnoticed.

## The Case

Dr. Basu (name changed), an administrator of a hospital, along with his siblings, was troubled due to their sudden decision to close down their super specialty hospital, which they had built in the name of their mother as a charitable hospital for the middle class people as a part their philanthropic activities. The hospital was one of the top hospitals in the town set up with the latest machineries imported from other countries in the field of Ophthalmology, Cardiology, Orthopedic Surgery, and General Medicine. In addition to a resident medical officer, the management had hired the top-most doctors from the town as consultants. Just 15 days had passed since the trail month of its operations. The family had invested nearly ₹ 7 crores to set up such a super specialty hospital.

🔗 **Background of the Owners :** Dr. Basu and his siblings belonged to a wealthy business family, who had been into business for more than 100 years. As Dr. Basu put it, “money was never a problem for them”. They had so much wealth (money, real estate, other assets) that even many of their coming generations could survive comfortably.

Like other wealthy persons in town, after independence, Dr. Basu and his siblings (after graduating from University of Calcutta) went abroad for their higher studies, never to come back to look after their family business, and took up foreign assignments after completing their studies. Dr. Basu was a Doctorate from

Harvard University, Cambridge, Massachusetts, and an MBA (Finance), from the University of Massachusetts. Besides, he held a masters degree in Economics (International Trade) from the University of Calcutta, India.

After completing his higher studies, he worked in various international institutes of repute such as The World Bank and McKinsey, holding various posts such as Regional Manager, and later on as a Consultant. His area of specialization and expertise included Entrepreneurship Development, Micro/Small Enterprises Planning and Development, Strategic Management, General Management, Leadership and Team building, Institution Development, Capacity Building, Project Management, and Risk Analysis. He had more than three decades of experience dealing with the relevant projects/programs requiring, among other things, the above skills at the local and national levels in developed and developing countries. Such was his educational and experience background. His siblings too were as academically accomplished as he was.

✍ **A Modest Beginning :** After working for 33 years at the international level for top organizations at the executive level and later on as a consultant, Dr. Basu landed in his own mother land with a zeal to work for the disadvantageous group of the society. Dr. Basu had entrepreneurial experience as well - as he had successfully started a few entrepreneurial ventures.

In the beginning, a small polyclinic was set up for the benefit of the middle class people, wherein a general physician along with some specialists provided consultancy free of cost to the people. However, it was reimbursed by Dr. Basu on the basis of per patient visit to the poly clinic. It was a huge success. However, it was noticed that many walk in patients were unwanted guests who just walked in to abuse the facilities provided at free of cost. At this juncture, the management took a decision to charge the patients a modest consultancy fees of ₹80 per visit. This fee, along with an equal contribution from the management, was paid to the doctors. Everything worked fine for almost 3 years, which resulted in the family's decision to set up a super specialty hospital.

✍ **From a Modest Beginning to a Giant Step – The Birth of the Super Specialty Hospital :** The polyclinic was a huge success. Many middle-class people from the locality took the benefit of the same by paying a modest fee, which otherwise was priced dearly in the private hospitals. The awesome success of their polyclinic motivated the owners to go in for expansion and modernization of their philanthropical project, and they decided to set up a super specialty hospital in the memory of their late mother. Money was not a constraint for the management, but they needed dedicated, hardworking, and sincere people to run their dream project.

Soon, work began on their project, which was a distant dream, but was achievable for them. Immediately, the management bought a two storied building for a sum of ₹ 1.5 crores and spent another ₹ 50 lakhs on its repairs, interiors, and modernization so as to make it suitable to run a hospital. Various modern gadgets and machineries were installed, which were imported and were the first of its kind in India. The owners planned to provide super special consultancy and treatment in the fields of Ophthalmology, Cardiology, Orthopedic Surgery, and General Medicine and Surgery, and accordingly, the set up was created. This cost them around ₹ 4 crores. The necessary support staff was appointed, consisting of a receptionist cum appointment assistant, a clerk, an accountant, office boys, nurses, and technicians. One part time dedicated lady doctor - Dr. Revati was also appointed. The lady doctor was a perfect match for their dream project as she had the passion to work for poor people, was less money minded, and above all, was sincere and hardworking. The only constraint she had was that she preferred to work part time and in the early afternoon shift due to her family problems, and this condition of hers was quickly approved by the management.

Top doctors of the town in the above -mentioned fields were appointed on a consultancy basis, and they were paid handsomely on a per patient basis. These doctors had their own successful practice, or else, they were working in other hospitals on a similar basis. Their job was to diagnose the walk in patients and treat them accordingly, including surgery. The initial investment in this hospital by the non-corporate business family was too high, but their sheer determination towards philanthropical activities did not deter them from investing in a

non-productive, capital intensive massive project. All the necessary permissions for the mega social project were obtained in a record time of 15 days, which otherwise takes more than 1 year in a metropolitan city like Kolkata.

The operations of the hospital were headed by Dr. Basu himself, who was not from a medical background and neither did he have the experience of working in a similar project. After a successful run of its operations on a trial basis for one month, the hospital was thrown open to the general public from middle class families under the watchful leadership of Dr. Basu himself (as the Head of Operations). The hospital received a lot of publicity, and patients and their attendants started coming to the hospital in droves - some even started arriving at half past four in the morning for an appointment with the doctors.

✍ **Downfall of the Project like a Pack of Cards :** It was like any other day in the first month of its operations. Early in the morning, Dr. Basu, while having his regular rounds of the hospital, saw an old lady with his granddaughter weeping in a corner. On enquiry by Dr. Basu himself, he was told that it was her second day in the hospital for an appointment for an eye examination.

There was machinery, first of its kind in Kolkata, which could perform specialized tests on the eyes and examine 20 patients per day. It required prior appointment, which was obtained by the patients by standing in a queue early in the morning. On probing into the matter, one ward boy hesitatingly narrated the story behind giving an appointment. It was noticed that the doctor along with the receptionist were giving appointments to the patients of one consultant only, and thus, there was a total misappropriation of the facilities available in the hospital, which went unnoticed for a couple of days. This made the owners to decide that they would close down the hospital which had a humble, but successful beginning but a disastrous end, thus bringing inconvenience to the middle class patients.

## Issues Observed

Some of the issues observed that led to the closure of the charitable project are :

- (1) Though the owners were highly educated, having international experience of executive level, consultancy, and entrepreneurship, they lacked the required expertise of running a hospital - which is a different ball game altogether. They were dependent on outsiders for technical help. That shows that in-depth knowledge of a particular field is must to set up any project. However, corporates may be an exception to this as they create a team of experts before starting a project.
- (2) Most of the licenses were obtained in haste and without following a proper procedure.
- (3) The feasibility study in terms of finances, marketing, and manpower needs was not conducted properly.
- (4) The entire project was based on emotional feelings of the owners.
- (5) Unethical doctors still exist in a profession like medicine.
- (6) The patients too misused the facilities available to them.
- (7) The infrastructure installed was sold or disposed off at throw away prices, and in some cases, free of cost, which caused huge losses for the owners as they had pumped in a substantial amount of money in the project.

## Managerial Implications

Wealthy individuals and families in developing countries have a long tradition of making charitable

contributions to improve education and alleviate local social problems such as poverty, hunger, and disease. For centuries, wealthy-prosperous landowners, aristocratic families, wealthy industrialists, etc. have supported the needy in their countries. Many new fortunes have been amassed by entrepreneurs in these emerging markets as their countries have liberalized, privatized, and globalized (Baxi & Ray, 2012). A number of these newly wealthy entrepreneurs, families, and their companies are “giving back” to their societies through foundations or other charitable institutions. In India too, there are numerous such foundations founded by big corporate houses, including family businesses as well as successful individual entrepreneurs.

However, many such philanthropic works failed miserably owing to many reasons. The above case is one such example, which failed miserably. The family who started the hospital is a wealthy business family, who has been in business for over a century. To add to it, the brothers were highly qualified too and successful entrepreneurs.

The case reveals that prior knowledge in a field is of utmost importance. The owners lacked that and were totally dependent upon outside assistance to plan and execute their dream project. The project was started in haste based on their earlier polyclinic experience without following a proper procedure. Proper ground work was not carried out. Another reason for its miserable failure was that the family did not have any corporate background, as betrayal by the employees in such cases is minimum and risky for them in their career.

Thus, it is important that a professional approach is adopted towards philanthropic projects as these are as important as other commercial projects and require a professional team and setting to run the same successfully. These projects need proper research, planning, and professional implementation. Also, the owners managing these projects need to have the required technical know-how to manage such projects. Otherwise, the employees and people associated with the same can take the owners for a ride.

## **Conclusion**

Being hands-on at a job and technical expertise are a must for the success of any project. A project- social or otherwise - needs people who are sincere and hardworking. In the present case, the doctors and the staff appointed by the management lacked the above qualities. The doctors as well as other employees mis-utilized the infrastructure of the hospital for their personal gains, which was disapproved by the management. This led to the closure of the hospital and thus put the middle class needy people in inconvenience.

The owners were wealthy people with money but lacked a corporate setup. This encouraged the employees to work in an undisciplined manner knowing fully that any action from the management against them will not affect their career in any way. This is the exact reason why many corporate run charitable hospitals are doing well.

## **Teaching Notes**

The case can be distributed to management students pursuing entrepreneurship prior to the class for reading and comprehending the concepts such as philanthropy, entrepreneurship, research, planning, and execution. A group wise presentation may be encouraged to elicit the views of the students on the case and how the project could have been saved. The following queries may be answered (just pointers and not exhaustive):

- (1)** What are the factors that need to be considered while starting philanthropic projects ?
- (2)** What went wrong in the above project?
- (3)** Was the management right in closing down the hospital ?
- (4)** What could have saved the project?

(5) Why corporate philanthropic activities are more successful than individual activities?

## References

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