G-Lab: Private Healthcare in Africa

Defining growth at a for-profit clinic in Kampala

**Interviewer:** Today we have with us members of the Kampala family clinic G-Lab team. Would you like to introduce yourself, ladies?

**Irina:** Sure, I’ll start. I’m Irina Hogan and I’m a second-year MBA student at Sloan. And I wanted to get a little bit more first-hand knowledge with Africa and I’m also interested with health care. And so I was very excited to take part in the G-Lab class and project and I had a very wonderful experience with it.

**Emmy:** My name is Emmy Linder, I’m also a second-year student. I’m originally from Israel and I decided to take the G-Lab Africa class just because it was a different experience and a different type of industry and a different type of world I guess so it was a very interesting experience.

**Anne:** I’m Anne Reilly. I’m also a second-year student at Sloan and I took the G-Lab Africa class because I’m very interested in entrepreneurship and I wanted to see how you could apply entrepreneurship in developing countries in the health care field.

**Interviewer:** So can you talk a little bit about what the Kampala health care clinic was?

**Irina:** So we picked this project from a list of about two dozen options because it actually had a little less structure than most of the other projects and that appealed to us because we thought that, one we could add more to the entrepreneurs, and two it would give us a lot of flexibility in what kind of deliverable we presented and also what we focused on. So it kind of gave us a lot of flexibility and a lot of wiggle room to pick things we were interested in. And other than that we didn’t know too much. We knew a little bit about the setting and history of the company, but it was very hard to get information either from secondary sources or from our host before we go to Africa to prepare for the project. So we knew that the company was trying to grow. But beyond that, we couldn’t even specify what they defined growth as.

**Interviewer:** Now were you working for the clinic, or was it for a charitable organization or a company that owned the clinic or oversaw it.

**Emmy:** It’s a for-profit clinic, a for-profit private clinic, which caters to the middle-class citizens of Kampala, which is the capital of Uganda. And basically it tries to find a medium between going to the, there’s the government provided health care versus you know, the extremely expensive care yeah. So in the end their focus was trying to find a good bridge for the people in the middle.
Anne: So basically we went in and it was two entrepreneurs. One was the business manager and one was a doctor and they had founded this clinic four years ago. And it had been very successful and they wanted to expand but they didn’t know how. And when we came in it was a little bit daunting because they couldn’t tell us exactly which area to focus on. So we literally went in and scoped the project ourselves. They gave us access to their information and we just started figuring out how the business works, how the market works, and you know, concluded with the direction that they should take the clinic.

Interviewer: Now and you said you had an interesting entrepreneurship, is that your background?

Anne: No, my background is actually in corporate finance for a Fortune 100 company. So kind of a shift, but at Sloan you have a lot of opportunities to explore entrepreneurship and I think it’s very exciting and especially in a place like Kampala where you have a lot of development, entrepreneurship can be very exciting.

Interviewer: Did any of the members of the team have previous experience in either entrepreneurship or healthcare?

Irina: One, our fourth team member had a little bit of experience in healthcare IT. That was his previous job. He worked in something related to electronic medical records I believe.

Interviewer: Now it sounds like for you all in particular, given the lack of information that you had beforehand being able to be on the ground and with the people that you were working for in the clinic itself must’ve been extremely valuable in helping you create some deliverables.

Emmy: Yeah there’s no comparison. I mean, when we were here we were basically working with kind of a black hole. We didn’t know exactly what we were getting into and we hardly had a lot of, I mean we didn’t have a lot of communication with hosts, so we didn’t know what to expect. Once you’re there, you’re in the clinic, you understand who the people are, what their problems, what the industry is like, all that. And just, I wanted to go back to the earlier question of health care. So one of the main things I think we found out which was interesting even though, I mean our fourth team member definitely has experience in health care, but in the end all these concepts that we’re learning in business school are very much applicable to kind of any industry and apparently many geographies. So it definitely worked for Africa and it worked for our clinic because it was a for-profit clinic. So the context is a little bit different, but how we, our ability to help them was just the same with the business concepts that we’ve learned.

Interviewer: That makes sense. Now were there any particular cultural differences or differences in the way that business is done that turned out to be an impediment or a surprise to you all?
Anne: I think it was a little difficult for us getting used to the pace of life there. Business is much slower, you know, working hours are later and you really try and get to know who you’re working with. Whereas I think here once you walk into a business it’s almost like what’s the issue let me get to it right away. Whereas there we had to focus more on establishing a rapport, understanding the pace of life, and the issues that were important.

Interviewer: Can you talk at all about what some of the recommendations that you made to the clinic were?

Emmy: We focused on, so after, like Anne explained when we walked in, we kind of had to scope the project and understand the industry and the market and who they’re working with. And in order to do that, in order to actually find where we could focus on we had to look at four different aspects. So we looked their financials, operations, marketing, and IT. And then what we did is we basically took a deep dive in each one of those based on their existing infrastructure, existing IT infrastructure. So they actually had a very, a legitimate kind of way of recording finances, as well as operations. So we’re able to find how they could improve their financial standing and their cash flow by explaining to them the concept of a cash cycle and the fact that you may extend credit to your customers is actually affecting you negatively, especially when you need cash on hand. So that was one, that was for example one recommendation that we did for finances. We also, they were very much under the impression that they had to grow and they were constantly overworked. There was some sort of a concept which was actually wrong there, where they felt like they couldn’t admit more customers because actually they didn’t have room or they didn’t have the resources. And when we looked at their operations we actually showed them that they do have peaks and during those peaks they actually do utilize their resources to the full extent. But still there is a lot of time where there’s downtime where they could actually use their resources much better. So those were two recommendations that we made on something specific looking at past performance. And then looking forward, which was more of the marketing aspect, that was trying to figure out where they want to be in the market and how they, you know, who are the customers that they cater to, which customers are the most profitable, how do they actually reach those customers.

Irina: I think the thing that was most useful to them was helping them understand why they had been successful. So they knew they were in business for four years and their patient base kept growing, and they were hiring more doctors, and employing more services, and things like that, but they weren’t sure why all this was happening. So by doing some of this historical analysis I think that we helped kind of summarize and quantify those things. And then they knew that they would have to take the company somewhere in the future. So we helped them define that word growth. So to them growth meant opening a new location or expanding their current location, it was all physical growth. But I think we pointed out that there was room to grow in many different ways, the types of services they provided, the IT systems that could then let them see more patients in the same exact space, things like that. So I think that was the insight that they came away with, if you don’t, you know, focus on the minute details.
Interviewer: So it sounds like even though you started out with a bit of a, kind of a nebulous set of goals, you were actually able to provide them with a lot of valuable and concrete stuff for moving forward and understanding kind of how they got to where they are to begin with.

Anne: The first couple days were really tough because we didn’t have any information, we didn’t know what we were getting into, and we really had to rely on ourselves to define this project and figure out what we were going to do. But on the last day when we gave our presentation to the two founders of the clinic we sat in this tiny room, as Irina mentioned, for probably four hours or so until 8:30 at night. By the end you know the lights are out and they were just so excited by everything we had to say, the entire time they just sat there and after we were finished, you know, they just got up, they hugged us, they were really excited with all the work that we had done.