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Strategic Management

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Introduction

In this case study analysis the following three areas will be considered, *Strategic Analysis* of the organisation- a look at the environment, resources, vision, mission statement and objectives; *Strategic Development*-a look at the options available, rational selection between options and finding the strategic route forward; *Strategic implementation*- a look at the utilisation of resources (people, finance, brands, assets) allocation and development of new ones, strategic planning and control, people issues and strategic changes to be seen in order to enhance the performance of the organisation in their external environments whilst adding value. Nag et al 2007 Strategic management Journal p944 This is what Strategic Management is about.

Vision & Mission Statement of ELI's Chebairwa Clinic in Kenya are to remove barriers that hinder spiritual transformation by building and running programs to economically empower communities. It is achieving this by providing social programs including Agricultural training centres, spiritual training, Health care, orphanage, home-based care, outreach programs to reduce HIV/AIDs and alcohol abuse, children's home and community schools. ELI case study

Situation Analysis

Chebairwa Clinic is a clinic setup in Africa's rural district of Western Kenya called Kipkaren, founded in 2000 by an American Christian missionary Don Rogers, who started Empowering Lives International ELI, after the idea was born through the personal tragedy of David Tarus, losing a child. In his desire to be a 'change agent' (e.g., Schulyer, 1998; Schumpeter, 1934), he donated a land for the building of a clinic which has continued to serve the community since. Eli was set up in 2000 owning 2 buildings in a rural area called Chebairwa serving a catchment area of 12000 residents with basic medical care. There are five other clinics in the same locality consisting of 3 private and two government clinics. Eli has a holistic approach to providing health services which be discussed below

The clinic has been largely funded by external funding which caters for 75% of its operating expenses. Funding is no longer readily available. The board of the

clinic wants the clinic to move towards financial sustainability. This can only happen with the adoption of innovative strategies committed to improving the lives of people in Kipkaren. Chiedozie.N. Funding from donors have been declining.

Will the clinic be able to support itself financially? This is the question I hope to answer through this document.

The news of financial sustainability has not been received well by residents who see the clinic as becoming 'a fee collection' body. It current charges for some services and some services are also offered free at the discretion of staff. Fee collection has become a problem as people expect a free service from a community organisation. The current situation cannot be sustained for long. Chiedozie.N. There has been additional complaint in addition to fees but this may not be justified but a reaction to the new regime.

Industry Analysis

Health Care in Kenya is run by Government, Non Governmental Organisations (NGO) and private clinics. Chebairwa has two government clinics, 3 private clinics and ELI, the only non-profit clinic in the area running a dispensary. Fees charged are two to three times lower than that charged by private clinics but comparable to the government clinic. Chebairwa's registration as a dispensary meant it is limited in the type of services it could provide but expansion is possible although there are constraints.

See Appendix 1 /1.1 for services provided

Key success factors

The principal competitive factors for ELI is the additional non health outreach it provides to the immediate and surrounding communities like Skills for Life programmes providing ecumenical, agricultural, animal husbandry, vocational. In addition to this it provides an array of preventive health services and educational materials are available for whoever wants it. This adds value to their main health business. Gale 1994, Porter 1985

Internal Analysis

Resource based view/ Core Competence of ELI

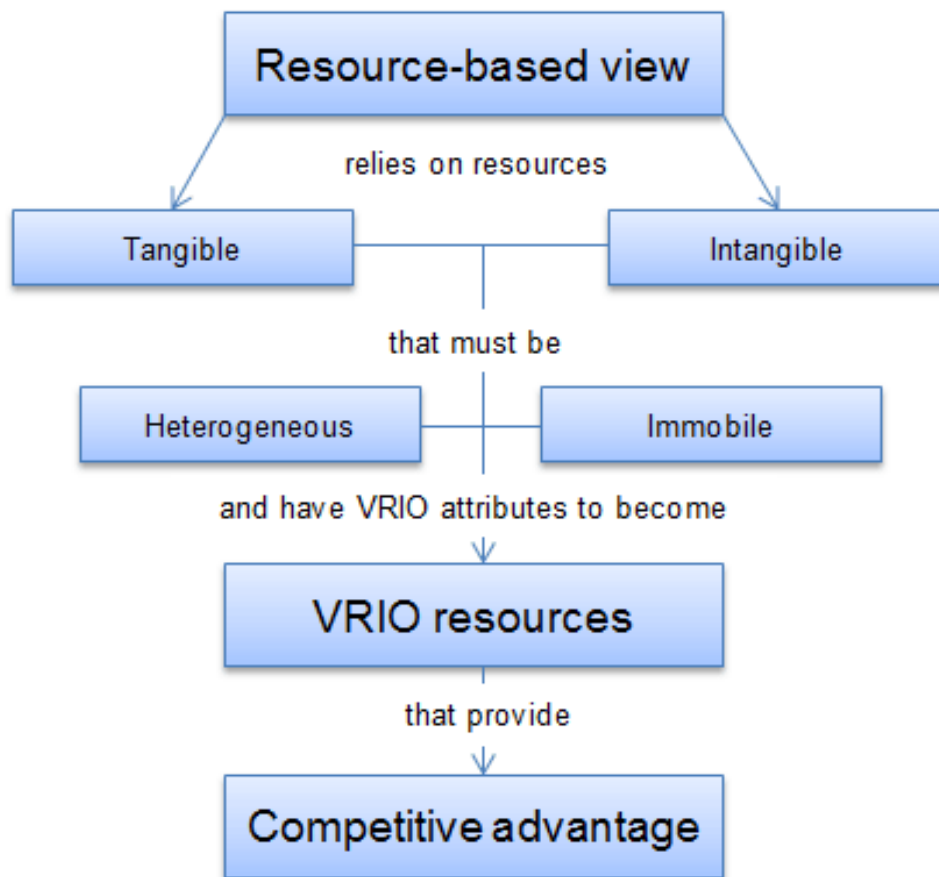
What resources or competence does ELI possess that gives it Competitive Advantage? The resource based view holds the resources or capabilities as the important input of the organisation. Understanding sources of sustained competitive advantage has become a major area of research for strategic management Barney J. (1991)

Another view is to look at the resources and capabilities. (Wernerfelt, 1984; Rumelt, 1984) ELI owns and see how these could help to develop sustainable competitive advantage. This is a resource based view, starts with assuming (Fahy and Smithee (1999) that 'desired outcome of managerial effort within the firm is a sustainable competitive advantage (SCA)' through the identification and effective utilisation of its resources and capabilities in the market (Quinn, 1978; Mintzberg, 1987).

The primary resource is the leadership and management style of the visionary and director of the clinic, David Tarus. He is also referred to as the 'anointed-bishop' which implies his connection and influence on the community. He is the one capable of influencing the people into accepting the changes the clinic needs to survive.

There is a strong correlation between an organisation's resources and capabilities and resources and core competences. Resources are the capabilities of the organisation and core competences which give it competitive advantage in the market. Abraham 2012

Resources can be tangible or intangible. Resources of ELI are unique and its competences are beyond threshold G.Johnson & J.Scholes because of the extra services like schools, training centre, organic farm, milk cooling facility children's home offered by ELI to the community and not offered by the other medical organisations including the government or the private clinics. ELI's community interventions and rallies have been known to bring in up to 120000 people for HIV/AIDS testing and education. There is outreach for Alcoholism through the use of soccer and other programs.



Source: Strategic management Insight

It is also worth noting that in order to gain competitive advantage, in this case by differentiation, resources and capabilities should be analysed using VRIO analysis developed by J. Barney. VRIO helps to evaluate the resources or capabilities of an organisation. A firm's resources and capabilities are valuable when they enable it to exploit external opportunities or neutralize external threats.

VRIO

Competitive Advantage VRIO Analysis		ELI
Valuable	Organisation has services customers are willing to pay for	Yes
Rare	Offer unique services	Yes
Inimitable	Difficult for competitors to imitate	Yes
Organisation	Organised and able to exploit capability	Yes

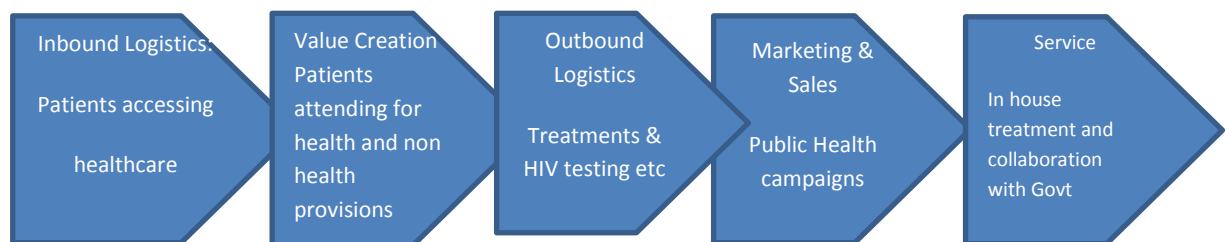
Source: Strategic management Insight

It is not very obvious right now that ELI is organised enough to exploit its competitive advantage but the capability is there for sustained competitive advantage. Its diverse services gives it more competitive advantages than competition. A proper structure needs to properly implemented and sustained.

A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product (i.e., good and/or service) for the market. ... The concept of value chains as decision support tools, was added onto the competitive strategies paradigm developed by Porter as early as 1979.

A value chain is a combination of the systems a company or organization uses to make money. Services characteristics for ELI are physical and nothing is virtual at the moment.

Value chain analysis of ELI: Primary Activities



Value chain represents the internal activities a firm engages in when transforming inputs into outputs. And identifying which one gives the firm competitive advantage and which services need improvement.

Mandelow's Stakeholder Analysis:

Stakeholders are people who have some interest in the organisation. In the case of the ELI, these include Trustees, workers, paying patients, voluntary patients who just attend for counselling /tests like HIV/AIDS; children in the school; farmers; government; suppliers of drugs, children in homes

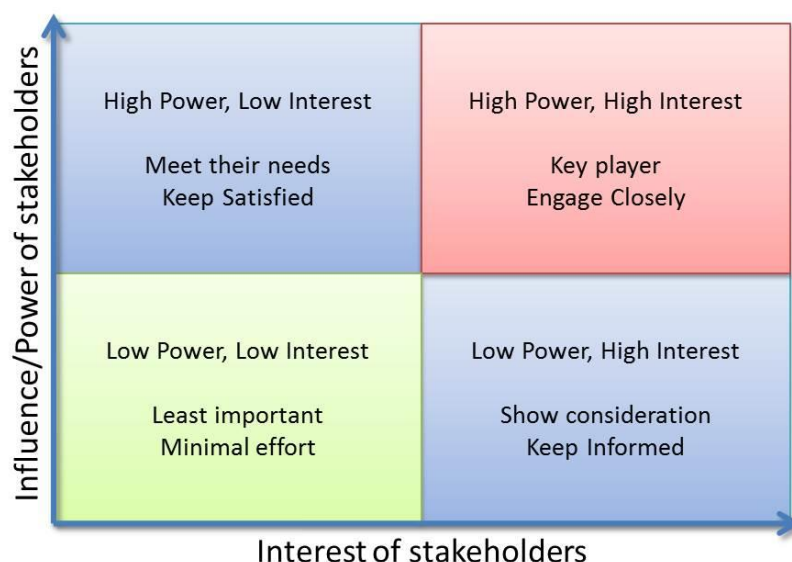
The stakeholder matrix helps to identify the interest and power of stakeholders in ELI. Mandelow.A.L. Four matrix divisions were identified. see low for matrix.

High Power, Low interest: There is need for ELI to *keep them satisfied*

High Power High Interest: These are the key players. They have the power and the interest in seeing the organisation succeed and can influence strategy. *Manage them closely* and make great efforts to satisfy them.

Low Power Low Interest: Interest is low, power is low. This group have minimum interest in the organisation. *Monitor them* to see if interest changes.

Low Power, High Interest: *Keep them informed* and engaged to ensure no issues arise. Their feedback can be highly valued.

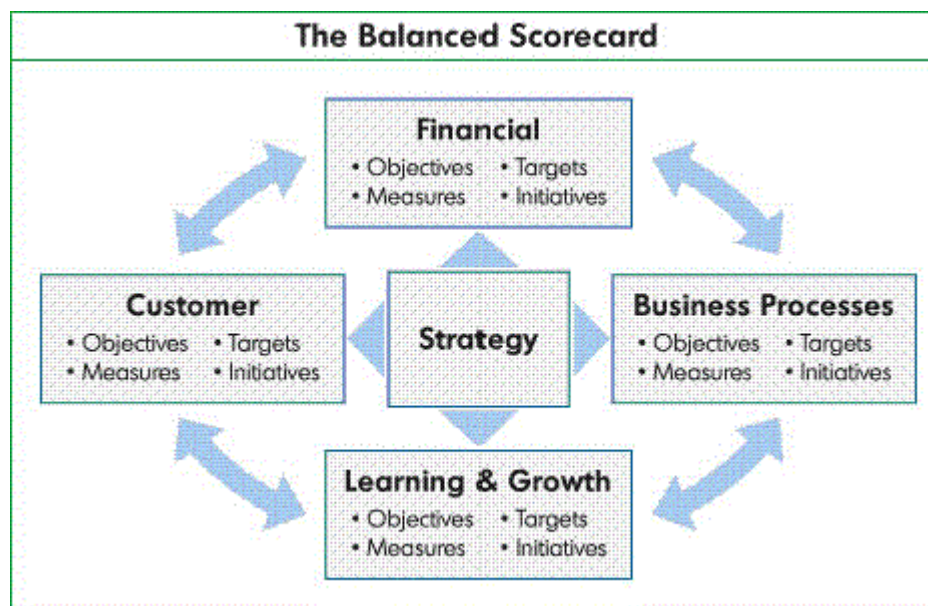


Mandelow Matrix

Source: Ward and Peppard 2016

Stakeholders can move from one level to another. For example if the organisation contravenes a regulation, a high power, low interest stakeholder like a government agency can become high power and high interest. Similarly, media can move from low power, low interest to low power, high interest. Fiona Eriksen-Coats. The stakeholder theory by Edward Freeman 1983 is a theory of organisational management with a view that organisations exists to deliver maximum returns to its shareholders. In the case of ELI profit (for shareholders) is not necessarily the outcome but the need has arisen for the

project to cover its costs and depend less on international funding in order to be sustainable. In view of this the viability and sustainability of this organisation can also reviewed using *Balanced Scorecard* to access its ability to exploit intangible assets it possesses. Performance can be measured from three additional perspectives: customers through translating the vision, internal business processes through business planning and learning and growth by educating the people who have to implement the vision in addition to financial measures which monitors budgets, inflow and outflow. Harvard Business review: On strategy



Source: Management insights

The four components are considered with a view of improving the whole organisation.

By improving learning & growth (human resources), customer satisfaction can be improved which will then improve profits. Objectives are set and agreed for each segment. This can be done at ELI board meeting to help review the whole process and boost the services offered. It is considered as an holistic approach. Customer needs and concerns also need to be considered in line with organisational objectives.

Swot Analysis

Strengths

The organisation is funded by international donors which enables it cover high percentage of the costs. Revenues are coming in from clinic customers as well as from non clinic operations. Reputation for quality and friendliness.

Medication is always available compared to government clinics who have 'stock-outs'. Mobile clinic facility is available. HIV/AIDs counselling available which draws in a lot of clients and potential outreach for the clinic's other services.

Weaknesses

It is running under capacity.(Appendix 1). Potential is not fully explored. Customer service needs improving. Distance travelled to get drugs is not cost effective. Staff increased from one staff running one centre to seven staff running two centres. It has been running at a loss. Customers are not happy at the prospect of paying for services.

Opportunities

Donations can be given in form of service by workers who come from abroad. Preventive health services can be extended. Health savings account similar to insurance or subscription can be introduced. Loyalty card scheme offering discounts can be used to attract patients. Funds can be pulled in from other services offered like schools, training centre or children's home. Possibility of become a health centre and offer more services. Milk cooling facility to be developed to bring in more revenue. Opportunity to work with local farmers.

Threats

Everything outside the organisation is Environment for example government policies, 'green' issues, competitive strategies and customers

Competitors are the environment and exist in the form of government clinics, Green issues, private clinics. X-ray machine, optical equipment and dental chair needed but funds not available, loyalty of Customers Running water is needed in order to qualify for application as full-fledged clinic but funds not available.

Possibility of new entrants. Technological advancement through the use of mobiles and machines which could easily allow new entrants and new entrants could be the first to introduce this.

Porters five forces

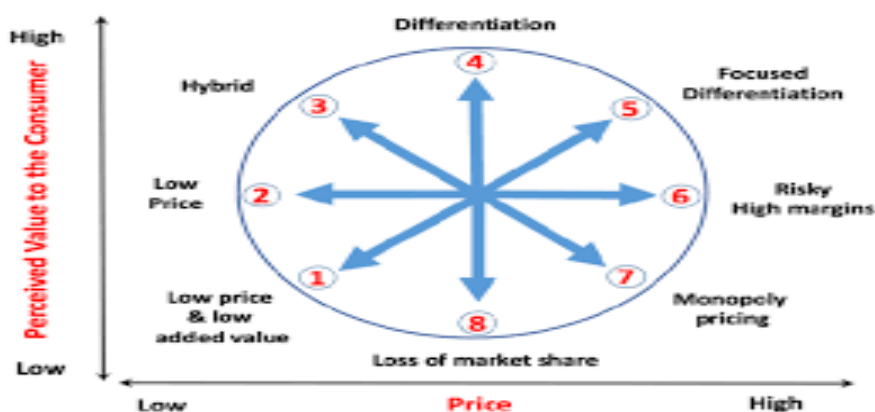
Michael Porter (1980) identified five forces that shape every market. The five forces all relate to the environment which include industry, competition. It is intended to help manage the opportunities and threats faced by the organisation. This an outward looking approach, looking at the external threats to the organisation and its operations. The external impact on strategic development which affects the profit potential of the organisation is looked at. How would these five forces be managed in the case of ELI:

Porters Five Forces	
Bargaining power of customers	High ELI customers have some choices in Private clinics and government hospitals but ELI offers more variety than both of them. ELI has more positive feedback than the government clinics. Customers have money during the harvest than at other times. This situation can improve with an insurance scheme.
Bargaining power of suppliers	Low; These are suppliers of drugs, services to Eli. There are two options. Eli currently travels out to procure drugs once a week but there is a better options which involves less travel and it's closer. Two main suppliers
Intensity of existing competition	Medium to high; Although it faces competition from other competitors like government and private clinics, it offers services which are unique to ELI only like training, preventive measures, counselling. Prices charged are competitive with competition, lower than private clinics and lower than those charged by private clinics.
Threat of new entrants	Low-medium; New entrants are able to enter this market but will require a lot of investment in order to compete with ELI and regulatory

	authorisations from the government. Additional services provided by ELI is a barrier to entry. Access to customers. Customer loyalty. AMpath operates in other parts of Kenya.
Threat of substitute products.	Low; There is a wide service range with ELI which make it difficult for threat from substitute products.

Strategic Clock

It was developed by economists Cliff Bowman and David Faulkner, it extends Porter's five strategic forces into eight. According to Bowman, competitive advantage is more powerful than low cost strategy. It looks at price and perceived value and based on eight combinations of these those two values but in four quadrants. A company can choose an option from the eight strategies which offers the most competitive advantage. (Patty Mulder)



Position 1 -Low price and Low added value

This not a good position for ELI and not a good position on Bowman Clock. The price is low but the value is low.

Position 2-Low price

Keeping the price low with low margins (Rosenbloom) can be a way to attract many customers. Low profit margins but larger quantities. This is ideal for mass production and benefit of economies of scale. Not suitable for ELI.

Position 3-Hybrid

This use product differentiation, products are highly valued and could be low priced. The customer is convinced there is a good value added that benefits them. Volume could be an issue here. This position is effective on the clock.

Position 4-Differentiation

Organisation is using differentiation strategy by offering high quality at average price. In the case of ELI, it is able to offer highest value of perceived added value. There is also focus on branding which entices customers to stick to this brand.

Position 5- Focused Differentiation

Products offered here are luxury and exclusive brands, focus is on high quality. This is not for Eli at this stage.

Position 6-Risky high margins

Organisations charge high prices for products for which the customer's perceived value is mediocre. This is risky in the long term and is bound to fail.

Position 7-Monopoly pricing

This applies more to organisation that have no competition. Eli does not fall in this category for now but it could apply in the future if it begins to offer niche services.

Position 8- Loss of market share

This could be due to offering low value and high price. It could also be a situation Customers will look elsewhere. This is not a position for ELI to pursue. Organisation will try and offer standard pricing in order to stay competitive.

Positions 6,7,8 are not competitive as the prices are greater than the perceived value.

McKinsey 7S model

The model was developed in the late 1970s by Tom Peters and Robert Waterman, former consultants at McKinsey & Company. It helps to see how well various parts of the organisation works together. It can also be used to

access the likelihood of changes to the organisation. Seven elements are proposed, three hard elements;

Strategy, Structure, Systems and four soft elements (Intangible): shared value, Skills, Style, Staff.

Strategy: The strategy of ELI is to holistically reduce physical suffering by spreading the word of God and offering practical ideas in order to break the cycle of poverty.

Structure: Clinic is overseen by a committee of 15 member consisting of three members of the clinic staff, eight church members, two ELI missionaries and two members of the ELI board. In addition to the seven employed staff, the clinic receives volunteer help from abroad.

It achieves this by providing these services:

Routine medical issues, malaria, diarrheal diseases, childhood immunisations and pre and post-natal care and emergency childbirth.

Dentistry and optical services, Clinic and outreach programmes, largely HIV/AIDS (government-certified Voluntary counselling and Testing centre) and alcoholism counselling. Collaboration with Eldoret based NGO for HIV treatment and outreach.

Systems: The organisation provides the patients (customers) sense of security and the customers feel secure making the transactions because of the system in place. Goetsch and Davis 2014

Shared Value: This represents the core values and Organisational culture of the organisation.

Skills : This refers to the skills and competences of the employees.

Style: style of leadership adopted by the organisation leaders like David Taurus. Teamwork appears to be prevalent and it is believed that when people work as a group it delivers extraordinary results. Wilson and Gilligan 2012

Staff: The staff at ELI are generously paid and it is expected that they would hold a standard of honesty and deliver commitment. Stead and Stead 2013

The completion of the model helps to identify where performance improvements are needed or where alignment with organisational goals are needed. Changes could include restructuring, new systems, new processes, mergers, acquisitions and change of leadership. Mindtools

Analysis of Strategic options of ELI's Chebaiywa clinic using

Ansoff Matrix



Source: Eden and Ackermann 2013

This matrix can be applied to both profit making and non profit making organisations as it helps in planning market growth strategy.

Market Penetration: This happens when ELI promotes the current market to its existing . The main objective in doing this is maintain its market share of current offerings. This will be achieved through outreach, advertising and personal selling. Increasing its market penetration in Kipkaren will help to secure dominance (Morschett, Schramm-Kleinard Zentes 2015) in the local healthcare market. The market can restructured through pricing strategy and campaigns and would eliminate the competitors whilst making the market less attractive for the rivals.

Market Development: The need to explore more market to increase revenue from all parts of the surrounding villages is crucial here. Channels of distribution would need to be expanded in order to reach clients quicker and at a cheaper rate (McFarlin and Sweeney2014). This could be facilitated by the

use of mobile technology since most people tend to have phones even in the villages. The pricing policy may be differentiated to attract customers from different locality depending on the ease.

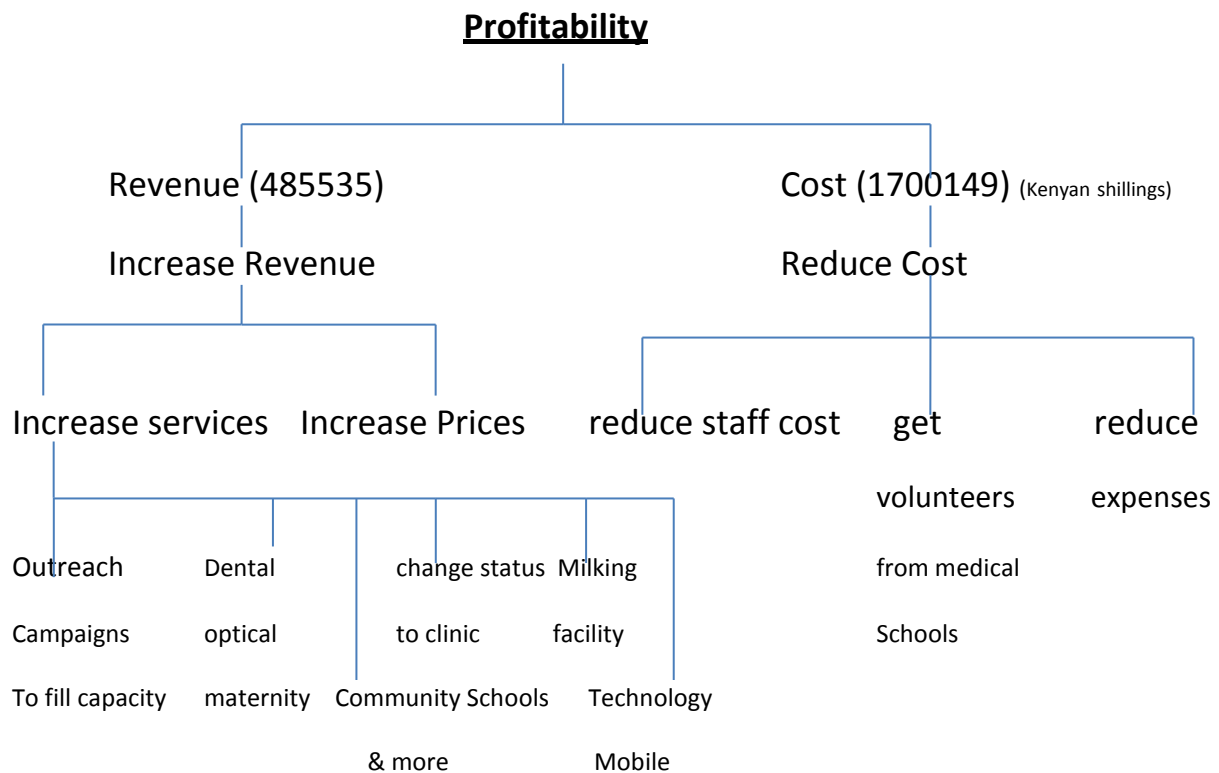
Product Development: Product development is a strategy of growth for introducing new products to existing markets. This is focussed on innovation by carefully examining and analysing the customer needs and being the first to explore this. (Lasserre). ELI can also look into developing existing social programmes they are involved in like the community schools which can take more children and ELI can benefit from economies of scale since they are already in this field

Diversification: Here an organisation provides new products to new markets. This could prove risky as it's a market where they have little experience (Jenkins and Williamson 2015). For ELI, 'several other community empowerment projects were also underway'. A bridge connecting a village with ELI school and clinic was ready for use once the road is connected. A milking facility which would allow dairy farmers to double their output and income was also underway. This would enable ELI provide more services and increase market share.

Applying MECE Framework --McKinsey

This is a method of information into components that Mutually Exclusive (ME), Comprehensively Exhaustive (CE). Ideas, issues and topics are put in sections with no overlapping between them. This will be used for the profitability issue faced by ELI in Chebaiywa clinic. The tree will help to answer how we can make the clinic profitable. Revenue and cost are mutually exclusive meaning items will either be classified in one or the other and not in both.

Issue Tree needs to developed to see how Revenue can be increased and costs reduced,



Source: Issue Tree: Slideshare Codeground

{Cost=COGS+Overheads} See Appendix

The Issue tree helps to identify options that can be explored in order to increase profits.

Although increase of prices is an option, this option will not be pursued, branch is trimmed.

More awareness needs to be created about facilities offered by the clinic including non-medical opportunities

More outreach / campaign needs to be done in order to fill capacity by reaching people who come for HIV/AIDS counselling

Mobile phone technology can be used for outreach and disseminating basic information and counselling. More options are discussed in the recommendations.

A decision tree will not be developed at this stage, hypothesis will be discussed in the recommendation below.

Recommendations

Key strategies to adopt

In order for the clinic to sustain competitive advantage and remain relevant in the Klpkaren a number of initiatives will need to be adopted.

Promote trust-Tarus the community leader need to get the *involvement of the community* in the new strategies of the clinic. Discussions with community leaders will be necessary in order to let them understand the new direction of the clinic as well as detailing the potential and benefits of any future changes. It is not good that clients have just received letters without understanding the changes to funding that have arisen. This should help to build trust with the community.

Collaboration-It may also be necessary for *members of the board* to be present at such meeting where the need for self-sustaining of the clinic will be clearly discussed and the inefficient trade-off between the income of the residents and their consumption of services offered by the clinic considered. It should be clear at this stage that ELI wishes to continue to maintain a differentiation strategy and not necessarily low cost strategy. If it competes through cost advantage, it will try to perform internal activities at lower costs than competitors and this may not necessarily be a good thing since prices are already competitive.

Service knowledge- The residents also need to be made *aware of the various services offered* by the clinic which are not offered by other clinics around and which gives it a competitive advantage over its competitors like the school, Skills for Life centres. Consultations with the community should be encouraged. They also need to be made aware of the financial state of the clinic which has been running at a loss and needs to become self-sustaining.

Additional services can be introduced to compliment what already exists like counselling apart from HIV/AIDS. *Dental and optical health* needs to be promoted. Maternity services can be added. Skills for Life programmes run by ELI needs to address the issues of *nutrition and healthy eating, literacy and numeracy*. Consumers are having to travel out for *diabetic care*, maternity services this can easily be incorporated into Chebaiywa clinic. Eli has been

running as a not for profit but would like to move the model to Social Enterprise Burns 2011 which will enable sustainability. Leading and Managing a Social Enterprise in Health and Social Care By Charles Oham, Don Macdonald. This was originally registered as a mission, it may be necessary to *divide* it into missionary work and social enterprise so the consumers as see it so. Cancer Research is an organisation with a mission of finding cancer cure. It has a trading arm in spite of the donations it receives.

Help with technology can be sought abroad as more and more people have access to basic mobile phone in rural Africa. This can easily be used to disseminate health information across a large population. ELI has access to 120000 visiting the centre for HIV/AIDS counselling, perhaps this can be dealt with electronically rather than through visit. Some consultation can be done by dialling a dedicated number. Apps can be developed to help raise awareness of some diseases to avoid unnecessary visits to the clinic. Staff would need to be trained in the use of technology. Video related health technology can be investigated and funding sought specifically for the purpose.

Training Non-professional health extension workers can be trained at low cost to help with HIV support and similar routine procedures, working directly with households, freeing up specialised staff for more advanced treatment or consultations, sometimes call Health Extension Programme. HEP can also help broaden the services offered. FIG 2 Health Journal Ethiopia has adopted this and achieved significant improvement in health issues. Assefa et al Community health extension program of Ethiopia 2019 Packages of the rural health extension program of Ethiopia

Education is a 'major expense in Kipkaren and school fees can consume half annual income'. Case study. This could be an area ELI could get involved in although it currently provides school, it could look into expansion which could help reduce fees through economies of scale and free up money for running of clinic.

Water is at short supply with majority of the residents relying on drawing water from local stream apart from a few who have access to borehole. *Funding needs to be sort* even if it is borrowed specifically for the drilling of well for clinic. This initiative will not only help the clinic with their expansion

strategy of becoming a health centre providing more services which would give them a competitive advantage, it will be a source of clean water for the community, the same water can be made available for the locals for a small fee.

Health Insurance can be introduced where the consumers are able to contribute during harvest when they have more funds. A handful of countries, including Ghana, Rwanda and South Africa, have taken steps towards universal healthcare coverage. However even in countries or communities that currently offer a form of insurance scheme, many drugs and services are not included and must be covered by individuals (example is in the Nigerian National Health Insurance Scheme that covers just about 15% of drugs and services obtainable).

The cost of procuring drugs weekly is high due to travelling out of the village while drugs can be procured in Eldoret which is nearer. Drugs should be bought from Eldoret in future.

Capacity of the clinic is not fully utilised.(See Appendix for FIG 1). This needs to be improved through adequate outreach. Currently there is overreliance on word of mouth. Campaigns need to be happening where people are helped through preventive methods. More of the 120000 counselees for HIV/AIDS need to be converted to clients.

The farming skills of the community can be enhanced further through collaborative efforts with Universities abroad to improve farming techniques and increase yields. The people rely so much on the harvest for finances. The products they harvest can be enhanced and packaged for sale. It may also be possible for them to look into growing complementary crops rather than focussing on maize alone. Their budgets currently outweighs their income and income is seasonal.

Other donor help can be sort especially for capital items like digging wells, purchase of infrastructure which will eventually increase profit and stop reliance on funding of overheads.

Conclusion

ELI, a local dispensary which has operated based on funding from abroad now wants to become self-sustaining by changing fees but is being met with opposition from the consumers who probably believe that since the service is started by a missionary, it should remain free for ever. The strategy of the firm is the match between its internal capabilities and its external environmental relationships. Lynch 2012

The clinic will need to discover other ways to sustain itself without so much reliance on funding or donations from abroad which has drastically reduced. Various strategies have been analysed above which should help the clinic find additional sources of revenue and improve profitability and reduce the over reliance on external funding taking care of the overheads of the clinic.

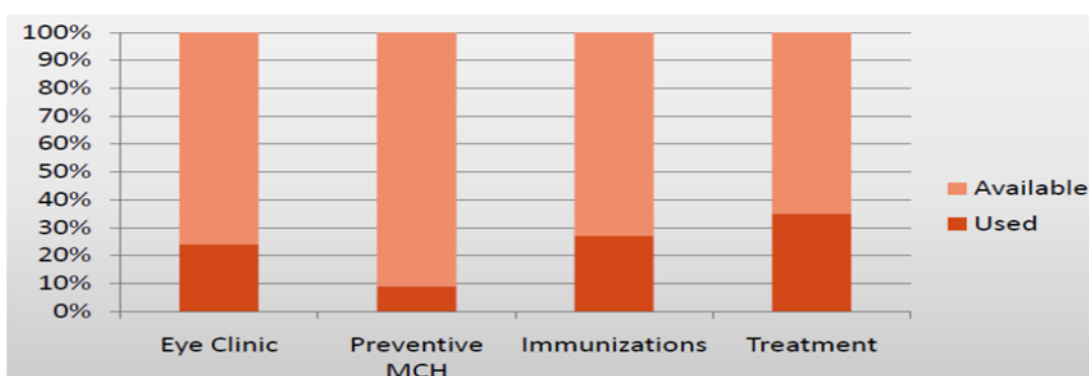
There is need to clarify the needs and targets and future plans of the clinic and to focus on product/service offerings, which are affordable, accessible, available and lead to awareness among the masses. This would need to be done with the consumers budgets and income in mind.

The opinions of the consumers cannot be ignored but their needs can be catered for by through dialogue and enabling them to see the added value the clinic provides and which other clinics around do not provide. In addition, government clinic have been known to have stock-outs which Chebaiywa clinic never has problem with.

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Appendix



Utilisation of Chebaiywa Clinic

FIG 1

LABORATORY CHARGES	KSH	EMERGENCY DELIVERIES	KSH
Widal test (for typhoid fever)	100	Augmented labor & delivery	1,300
Blood slide for malarial parasites	50	Normal labor & delivery	1,000
Brucelline test	100	Delivery with episiotomy	1,300
Stool for ova & cyst	50		
Haemoglobin level	100	MCH	KSH
Blood grouping	100	ANC first visit	70
Pregnancy test	100	ANC subsequent visits	30
Urinalysis	100	Baby immunization first visit	70
VDRL	100	Baby immunization re-visit	30
ANC profile (for pregnant women)	200		
		FAMILY PLANNING	KSH
TREATMENT	KSH	Depo provera injection	50
Malaria in adults (simple)	180	Oral contraceptive pills	20/cycle
Malaria in children (simple)	150		
Complicated malaria (adults & children)	250	DENTAL DEPARTMENT	KSH
Trauma wounds (suturing/stitching)	300	Tooth extraction	300
Trauma wounds (simple/clean & dress)	200	Extraction with antibiotics	400
Typhoid fever	300		
Respiratory tract infections (adult)	180		
Respiratory tract infections (child)	150		
Dental caries	120		
Urinary tract infections	200		
Diarrhoeal diseases (children w/o dehydration)	150		
Diarrhoeal diseases with dehydration (infusion)	250		
Dehydration in adults	300		
Skin disorders (adults & children)	150		
Asthmatic attack (adults & children)	200		
Arthritis	150		
Abscesses (incision & drainage)	150		

FIG 1.1 Services in full

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08 E	2008
Revenue													
Treatment	25,130	25,990	37,720	44,605	31,940	32,010	34,045	32,930	19,860	29,560	28,420	17,110	359,320
Dental	4,800	2,500	2,400	900			3,300	1,800	5,400	7,400	6,900	3,200	38,600
Laboratory			3,450	4,200	4,530	4,930	3,050	2,700	2,630	2,100	950		28,540
MCH / Maternity	5,290	6,065	6,470	2,780	5,970	2,850	6,420	1,740	5,370	4,740	6,830	4,550	59,075
Total Revenue	35,220	34,555	50,040	52,485	42,440	39,790	46,815	39,170	33,260	43,800	43,100	24,860	485,535
COGS													
Drugs	18,240	31,880	20,920	23,650	21,431	14,386	14,308	20,300	20,000	22,150	24,180	3,200	234,645
Lab + Supplies	4,550	4,576	4,110	6,600	5,650	1,330	13,500						40,316
Transport (Drugs)	1,600	270			500	500							2,870
Dental		2,500					1,000		1,000		1,000	2,600	8,100
Other			200	2,340				500					3,040
Total COGS	24,390	39,226	25,230	32,590	27,581	16,216	28,808	20,800	21,000	22,150	25,180	5,800	288,971
Gross Profit	10,830	(4,671)	24,810	19,895	14,859	23,574	18,007	18,370	12,260	21,650	17,920	19,060	196,564
Gross Margin	31%	-14%	50%	38%	35%	59%	38%	47%	37%	49%	42%	77%	40%
SG&A													
Photocopies	900	600	1,500	900	900	1,200	1,200	1,200	1,200	1,200	2,100	400	13,300
Transport	200	640	1,500		1,000		1,500	1,500	1,500	3,500	1,500		12,840
Electricity	2,812	3,160	3,000	3,000	4,260	5,797	4,200	5,000	5,000	4,910	4,000		45,139
Repair & Maintain	1,450		250		3,000	1,200				4,500	2,000		12,400
Pharmacist					500					2,000	2,000		4,500
Watchman	600	600	600	600	600	600	3,000		600	600	600	600	9,000
Cleaner		2,000	2,000	2,000	2,000	2,000	2,000	2,600	3,000	4,100	2,000		23,700
Other	100	538	1,390		135	4,800		860			2,000	4,920	14,743
Total SG&A	6,062	7,538	10,240	6,500	12,395	15,597	11,900	11,160	11,300	20,810	16,200	5,920	135,622
Salaries													
Clinical Officer	27,110	27,110	27,110	27,110	27,110	27,110	27,110	27,110	27,110	27,110	27,110	27,110	325,322
KRCHN (Nurse)	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	196,075
KRCHN (Nurse)	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	16,340	196,075
Lab Technician	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	157,078
Community Oral Health Worker	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	157,078
Administrator/Eye Care	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	13,090	157,078
VCT Counselor/Nurse Aide	11,016	11,016	11,016	11,016	11,016	11,016	11,016	11,016	11,016	11,016	11,016	11,016	132,194
Watchman	7,523	7,523	7,523	7,523	7,523	7,523	7,523	7,523	7,523	7,523	7,523	7,523	90,276
Total Salaries	117,598	117,598	117,598	117,598	117,598	117,598	117,598	117,598	117,598	117,598	117,598	117,598	1,411,178
Net Income	(112,830)	(129,807)	(103,028)	(104,203)	(115,134)	(109,621)	(111,491)	(110,388)	(116,638)	(116,758)	(115,878)	(104,458)	(1,350,236)

Fig 2 Profit & Loss of The Chebalywa Clinic

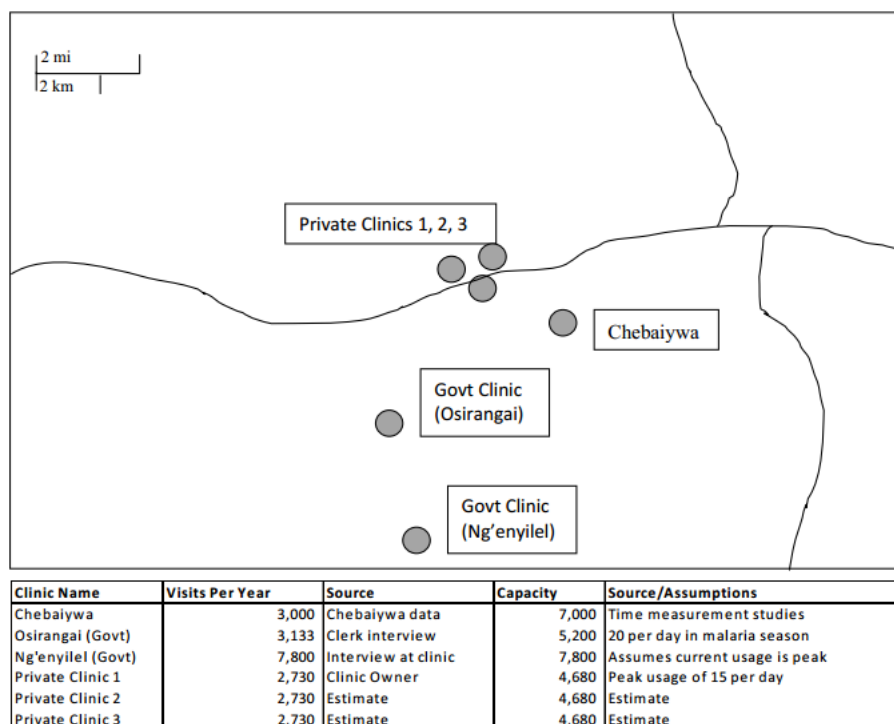


Fig 3 Proximity of clinic to other health provisions

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