Balancing the books

Two critical questions face managers of eye care institutions:
- How can I reduce costs?
- How can I generate income?

Costs/expenditure

The costs of any eye care service can be divided into:
- Development costs – these are one-time (or infrequent) costs
- Service provision (running) costs – these are ongoing (weekly, monthly, or annual) costs.

Development costs

For the purpose of this article we will assume that development costs (equipment, instruments, vehicles, and training staff) will be financed by one-time investments from the government, non-governmental organisations (NGOs), local philanthropists or hospital savings. These development investments are very important; however, they are occasional and once made they are no longer critical to the ongoing financial sustainability of the eye care service.

Service provision (running) costs

These ongoing costs include salaries, consumables, utilities (water and electricity), rent, maintenance, and depreciation costs.

How to reduce costs

One can reduce salary costs by only employing essential staff. Each employee should have a clear job description for which they are well trained. Annual performance reviews and objective setting, with non-monetary incentives for good performance, can create a positive work culture.

Increasing productivity does not reduce the salary bill. But, where patients pay for services, seeing more outpatients, dispensing more spectacles and performing more eye operations (in the same time and with the same staff) can improve the financial situation and the sustainability of the service.

One can reduce the cost of consumables by:
- Only purchasing essential consumables
- Purchasing in bulk
- Using generic drugs and other consumables, thereby avoiding expensive ‘brands’ or designer-labelled consumables
- Ensuring that the eye care team has a culture of cost containment (keeping costs to a minimum, without reducing quality).

How to generate income

It is important that the actual cost of the service (e.g. cataract surgery, outpatient consultation or reading spectacles) is

Patients contribute to the financial sustainability of eye services.

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