

Balancing the books



Allen Foster

Co-director: International Centre for Eye Health, London School of Hygiene and Tropical Medicine, London, UK.

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.



Patients contribute to the financial sustainability of eye services.

Heiko Philippin

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

Continues overleaf ➤

ABOUT THIS ISSUE



Thulasiraj Ravilla

Executive Director: Lions Aravind Institute of Community Ophthalmology, Aravind Eye Care System, Madurai, India. thulsi@aravind.org

Financial sustainability is probably the most important aspect of organisational sustainability, mainly because of its immediate impact: when funds are not available, activities can come to a grinding halt quite quickly.

Many of us have also learnt the hard way that external financial dependence can undermine the growth of an organisation, and even threaten its very existence – particularly when it is dependent on funding for day-to-day functioning.

In the face of ageing populations and existing inadequacies of care (including a shortage of health promotion and disease prevention services), eye care

services and organisations not only have to sustain themselves in the years to come, but also to expand significantly to meet growing needs. To address this urgent topic, this issue shares case studies and suggests ways to reduce costs (including by enhancing productivity), generate income, and efficiently manage supply chains to ensure uninterrupted services; all while keeping the focus firmly on quality.