

THE CASE OF THE DOWNTOWN CENTER VERSUS THE TRAVELING VAN

The Downtown Center for Exceptional Children has operated a special afternoon clinic for children under three years of age suspected of having developmental problems, for the past fifteen years. Working closely with the State Health Department as the primary referral source and utilizing highly qualified, professional staff (average salary + 25% benefits: \$50,000/year) from the University Hospital, the Center provides comprehensive, interdisciplinary screening services to an average of ten children a week.

Each child who is referred to this screening clinic receives a Developmental Screening Test administered by a psychologist, a thorough physical examination conducted by an experienced pediatrician and language or physical therapy depending upon the nature of the presenting problem in the referral report. Other examinations might be conducted if determined necessary by the clinic team consisting of a special educator, psychologist, physical therapist, pediatrician, nurse and social worker. Once the screening evaluation is completed, a follow-up plan is developed for further diagnostic testing if necessary, or other intervention if appropriate.

The staff prides itself on being able to offer exceptionally high quality, comprehensive screening services for only \$300 per patient and for earning revenue for the Center of an average of \$3,000 per week, or approximately \$150,000 (\$3,000 x 50 weeks) a year.

Organizationally, the clinic appears to be very efficient. Professional staff rotate monthly in serving as team leaders. There is one receptionist and one secretary (each with average salary and benefits: \$20,000/year) who comprise the support staff. The nurse and social worker do all patient intake, registration and parent conferences. Patients are scheduled between 1:00 - 4:00 from Monday through Thursday with the final hour of each day (4:00-5:00) reserved for team discussion of the cases seen that day. Friday afternoons are set aside for discussion of referrals for the following week and for report writing. The average "hands-on" examination lasts from 1-1/2 to 2 hours, even though three hours are set aside for each meeting at the conclusion of an examination. An in-depth parent conference is scheduled after an interdisciplinary plan of action is recommended by the Team, usually a week to two weeks following the examination. The referral source obtains reports from each discipline as well as an extensive summary no later than thirty days following the examination.

The Problem:

Recently, the staff noticed that "no-shows", which usually were around 20%, had increased to over 40% and sometimes 50% per week. Also, fewer children were being referred, thus cutting down the waiting time from a month to one or two weeks. Upon further checking, it was discovered that the local hospital, which had just been purchased by a large chain of hospitals, was offering highly-publicized, free screenings on Saturdays in local neighborhood shopping centers. These screenings consisted of the administering of a 30 minute Denver Developmental Screening Test (DDST) by nurses working from a traveling van. Children with potential problems were scheduled immediately for the hospital's Developmental Pediatrics Service and parents were assured that the child would be seen by a pediatrician and/or psychologist for a more comprehensive one hour diagnostic examination within seven days. Assistance with all insurance paperwork and necessary follow-up was promised for a total fee of \$200 plus fees for any additional consultations the pediatrician felt necessary.

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WORKSHEET TO GENERATE PERTINENT QUESTIONS

You are a graduate student at this Center who has not been involved in this clinic but who has been asked by the Director to do a preliminary analysis of the situation as presented in this report. She would like you to identify the operations questions that you feel need to be explored in order to begin developing a solution to this problem.

1. What are the cost, quality and delivery implications of service provision in different locations?
2. In what ways does the customer influence this service?
 - a. Service Location
 - b. Service Layout
 - c. Product Design
 - d. Process Design
 - e. Scheduling
 - f. Worker Skills
 - g. Quality Control
 - h. Time Standards
 - i. Wage Payment
 - j. Capacity Planning
 - k. Forecasting

Teaching Points:

1. Location decisions are important because they may affect cost, profit and even the success or failure of operations.
2. Since a service operation is likely to involve direct contact with the consumer, its location, even the aesthetics or appearance of the facility can have a significant impact on demand. Demonstrate Cost-Profit-Volume or Break-Even Analysis
 - a. Service Location: operations must be near customer
 - b. Service Layout: facility should accommodate the customer's physical and psychological needs and expectations
 - c. Product Design: environment as well as the physical product define the nature of the service
 - d. Process Design: stages of production have a direct immediate effect on the customer
 - e. Scheduling: customer is the production schedule and must be accommodated
 - f. Worker Skills: direct work force comprises a major part of the service product and so must be able to interact well with the public
 - g. Quality Control: quality standards are often in the eye of the beholder and hence variable
 - h. Time Standards: service time depends on customer needs, and therefore time standards are inherently loose
 - i. Wage Payment: variable output requires time based wage systems
 - j. Capacity Planning: to avoid lost sales, capacity must be set to match peak demand
 - k. Forecasting: forecasts are short-term, time-oriented