

**HELPING CHILDREN WORLDWIDE, MERCY HOSPITAL AND
WEST AFRICA FISTULA FOUNDATION: A MODEL OF
EXCELLENCE & SUSTAINABILITY¹**

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¹ It is a real industry case. All events and incidents are true. Names have been changed to provide confidentiality.

EXECUTIVE SUMMARY

This business proposal outlines how Helping Children Worldwide, Mercy Hospital at Bo, Sierra Leone and West Africa Fistula Foundation (TX) operating at Bo Government Hospital address current strategic issues in the context of the vision of each organization, the benefits of the proposal, its business analysis, and recommendations. The proposal clearly identifies risks and offer means of mitigating risk for optimal value creation and progress in achieving significant decreases in infant and maternal mortality rates in Bo, locally and regionally. In summary, the proposal reveals the first complete guide to strategy and associated road map to achieving the respective visions of Mercy Hospital and the West Africa fistula Foundation.

ISSUES

In 2005, Helping Children Worldwide (HCW) in Virginia deployed a new business model to establish Mercy Hospital at Bo as a beacon of hope in providing primary care to children and adults and championing initiatives to address the highest child and maternity rates in the world. Guided by its strong religious values, HCW have enacted several programs in Virginia and Sierra Leone with different models of operations and funding to build a humane world.

With the same purpose, the West Africa Fistula Foundation (WAFF) in Texas established its presence at Bo Government Hospital to treat fistula patients by integrating the phases of treatment (i.e. pre-operative treatment, surgery, and post-operative treatment) with trade skills training, free of charge, for almost 10 years.

Both organizations have thrived and now seek more ambitious approaches to realize significant decreases in infant and maternal mortality rates in the region and create sustainable centers of excellence. To make progress, some strategic guiding questions have emerged:

- How can we exploit new opportunities to make drastic and significant reductions in infant and maternal mortality rates, locally and regionally?
- How do we increase our capabilities to realize our vision of sustainable centers of excellence?
- Are the physical and human capital assets strategically aligned with future expectations and outcomes?
- How do we diversify our capabilities, scope and scale of services, and revenues to build sustainable footprints for our organizations with positive impact on the local communities and the West Africa hemisphere?

RECOMMENDATION

Various options and alternatives were analyzed to determine the most effective and efficient way to leverage the capabilities of both organizations to expand the scope and scale of services of HCW Mercy Hospital and strength WAFF in its pursuit to eradicate fistulas in West Africa in ways that are economically feasible within a preset set of constraints to preserve the identity and values of each organization.

The model and approach described herein allows us to meet our organizational objectives of significantly reducing the infant and maternal mortality rates and capitalizing on the synergy that exist between our organizations to fulfill our respective visions of HCW Mercy Hospital and WAFF. HCW and WAFF continue to expand their respective reach to touch many lives and accelerate the pace of social change in West Africa. This report will identify the key strategic choices, opportunities, and a robust framework to achieve wider impact in scope and scale to benefit both organizations' patients and employees, and the people of Sierra Leone.

1. STATEMENT OF ISSUES

Since 1999, Reverend John Cole (United Methodist Church, Sierra Leone, Africa) and Reverend William Schultz (United Methodist Church in Herndon, Virginia) have delivered an empowering vision and leadership that transformed lives of thousands of children, women and the communities where they live in Bo, Sierra Leone. The Child Rescue Center (CRC) was established, in 2000, to provide "safety and hope" to children and youth who became victims of neglect, abuse, and local socio-economic pressures. In 2005, Helping Children Worldwide (HCW) deployed a new business model to establish Mercy Hospital as a beacon of hope in providing primary care to children and adults and championing initiatives to address the highest child and maternal maternity rates in the world. Guided by its strong religious values, HCW have enacted several programs in Virginia and in Sierra Leone with different models of operations and funding to build a humane world for those that have been less fortunate.

The West Africa Fistula Foundation (WAFF) has thrived in Bo within the confines of Government Bo Hospital by integrating all of the care/treatment cycle phases to benefit their fistula patients, which includes pre-operation treatment and stay, surgery, post-surgery care and trade training, at no cost. The peril of such venture of free health care coupled with the financial obligations for free lodging, meals, and training programs, cannot be higher in a distant land with its acute challenges in hiring qualified and trusted administrators, health care professionals (e.g.

nurses, operation room staff, midwives), and skilled technicians and maintenance workers. What makes Dr. Maggi's success so remarkable is that his innovation and ability in leading agile teams have propelled WAFF to fulfill its mission and Dr. Maggi's vision of excellence and humanity in what he does.

The stories of Reverend John Cole, Reverend William Schultz, and Dr. Maggi in building high impact health care enterprises to bring dignity and sorely needed care to children, women, and adults in Bo, offer compelling commonality in *a prominent vision of excellence, trust built on strong Christian values, commitment to the people of Sierra Leone, and leadership to drive it forward*. While intrinsically different from an organizational perspective, Mercy Hospital and WAFF strive to create sustainable centers of excellence that serve the dual purpose of delivering outstanding care and develop the human capital to serve future generations of Sierra Leoneans. The most persistent questions that Mercy Hospital and WAFF have tried to answer over the years are the bridge between now and the envisioned future of sustainable centers of excellence for care and human capital development. Amongst them, the guiding critical questions for this case are:

- How can we exploit new opportunities to make drastic and significant reductions in infant and maternal mortality rates, locally and regionally?
- How do we increase our capabilities to realize our vision of sustainable centers of excellence?
- Are the physical and human capital assets strategically aligned with future expectations and outcomes?
- How do we diversify our capabilities, scope and scale of services, and revenues to build sustainable footprints for our organizations with positive impact on the local communities and the West Africa hemisphere?

2. REFERENCES AND RESOURCES

2.1 THE ANALYSIS TEAM

The case analysis team includes distinguished professionals with extraordinary records of accomplishments in humanitarian relief and commitment to the people of Sierra Leone. The following individuals contributed to the overall discussion, identification of issues, analysis, identification and management of risks, and recommendations as noted below.

Name/Title	Role	Professional Background
<p>Jenny Welch, Chair of HCW Mercy Hospital, Bo</p>	<p>Provides oversight and leadership in all matters of HCW Mercy Hospital, Bo and represents the interests of HCW, HCW Mercy Hospital, Methodist Church affiliations</p>	<p>Extensive nursing experience in various units for 36 years: e.g. ICU/CCU, PACU (recovery room), Special Procedures, and GI; An active contributor to HCW Africa since early 2009; multiple team leader appointments; served as Chair of CHW Mercy Hospital; serving as Chair of Mercy Hospital, Bo</p>
<p>Dr. Darius R. Maggi, WAFF, Founder</p>	<p>Provides oversight and leadership on all matters related to WAFF: operations, strategic planning, fundraising, decision making, etc. Represents the WAFF Board of Directors, fistula patients, his employees and the Bo community; performs highly complex fistula surgeries and fully funds all operations and the long healing process of his patients and skills and trade training until successful integration back to society</p>	<p>An accomplished OB/GYN for 22 years in Denison, TX; extraordinary record of applying his expertise to serving women in West Africa with obstetric fistula; expert in dealing with fistula conditions and surgical repairs; a humanitarian with boundless generosity as he dedicated his retirement to eradicate fistulas in Sierra Leone and West Africa; an advocate for women wellness and prevention</p>

Name/Title	Role	Professional Background
<p>Dr. Mohammed Ghriga, Associate Professor & Acting Chair of the Department of Technology, Innovation and Computer Science</p>	<p>Conducted review of HCW Mercy Hospital, Bo and WAFF current situational needs, issues, analysis, and developed the framework to assist Jenny Welch and Dr. Maggi in their thorough review of options and opportunities and draft the recommendations to shape the future of HCW Mercy Hospital and WAFF</p>	<p>Executive scholar and practitioner on global perspectives, innovation, technology, and social entrepreneurship; 12 years of executive leadership in higher education as Dean and Associate Dean; solid track record of service at all level, including state, national and international service (Costa Rica, Sierra Leone, India); fundraising and currently funding LIU Global Social Entrepreneurship Project (GSEP) through private & corporate support for more than 5 years; champion (1 of 21) of entrepreneurship in New York State(2011-12); mentoring and connecting collegiate entrepreneurs with private investors in conjunction with the premier New York State Business Plan Competition. [...]</p>

2.2 RESOURCES

HCW operates a full service hospital in Bo, Sierra Leone. The hospital has a viable organizational structure with a Medical Chief Officer, who oversees a full medical staff which includes: a full-time physician, a Community Health Officer (CHO), nursing staff, maternity staff, outpatient services staff, HIV coordinator, and pharmacy and laboratory staff. These services are supported by the service functions of the facilities administration, which includes a registrar, cashier, secretary, janitorial staff, drivers, and vehicles. Although not a requirement for care, Mercy Hospital has successfully implemented a cost recovery program which is invested in the general operations budget. Mercy Hospital is fully funded by the

charitable contributions and grants under the auspices of HCW. The fundraising capabilities are strong as evidenced by the outreach activities and expansion of services in Sierra Leone.

The West Africa Fistula Foundation (WAFF) is based in Bo Government Hospital and occupies a semi-independent wing of the hospital. To ensure the care quality of his patients, Dr. Maggi employs a seasoned business manager who oversees HR functions, policies, and performance and quality standards. The facilities, utilities, mechanical systems, power generator, cars are under the oversight of qualified administrator with a proven record of success and high performance in Sierra Leone. With no cost recovery, Dr. Maggi runs a very a premier fistula unit which fully embraces his patients for extended periods of times, from admission to the successful integration of his patients into meaningful and productive lives. The hallmark of his contributions to the people of Sierra Leone is to ensure that every patient is treated in a supportive environment with the utmost respect and dignity, and equipped with trade training for successful lives, free of charge and the costs are fully absorbed by WAFF.

What makes Mercy Hospital, HCW, and WAFF so remarkable is that their accomplishments and sustained success for a more than 10 year presence are rooted in their strategic alignment and partnership with the host organization and country and its people. The innovation, the ethical leadership, and genuine charitable contributions to transforming the lives of so many people for a brighter future are at the core of their sustained success and lasting commitment.

3. ANALYSIS

Ms. Jenny Welch conducted a detailed survey of resources that have been summarized and published as an Appendix to this report. As Chair of Mercy Hospital, she compiled a detailed assessment report of strengths and weaknesses for HCW Mercy Hospital and WAFF. Her intimate knowledge of Mercy Hospital operations and her extensive professional background in nursing care were instrumental to the research and analysis of this case. Ms. Welch was supported by the constant feedback and dialogue with Dr. Maggi regarding all matters involving WAFF.

The discussion can be traced to our encounters in Sierra Leone in May/June 2012. When the author invited Ms. Welch and other U.S. health experts, we quickly realized the commonality of our respective investments in WAFF and HCW. These connections created opportunities for reflection, exploration and analysis to *maximize impact and asset utilization*. In this specific context, the logic of moving Mercy Hospital and WAFF to Holy Mary was borne to increase the scope and scale capabilities of Mercy Hospital, remove the uncertainty and weaknesses in the

WAFF-Bo Government Hospital agreement, and create solid foundations in fulfilling the vision of care and excellence of both organizations.

The strategic questions that Ms. Jenny Welch and Dr. Maggi have formulated are not new concepts in business. In conceptual and fundamental terms, there are striking similarities between the issues under analysis here and those encountered in the highly competitive and low-profit margin airline industry in the world, including emerging markets. The strategic failures of the British Airways' Go Fly, Delta's Song, Continental Lite, KLM's Buzz and the success of others, like LAN airlines in Chile, can be explained in retrospect to the models being used. While we witnessed the demise of many "baby" and "no-frills" airlines, LAN airlines exploited unique opportunities to operate three inter-related business models to post 17% compound annual revenue growth from 1993 to 2010, including the bad economic times. Its market capitalization, \$8.9 billion as of March 2011, exceeds that of each of its competitors and global well-known airline carriers. The subtle appreciation of how different business models operate and complement each other, LAN airlines were able to integrate a full service international service with the air Cargo business model while operating a domestic "no-frill" airline.

Substitute profit with social impact in the context of Sierra Leone and analogies and lessons can be drawn with regard to the two domains: airlines and the health care field. Like LAN airlines, HCW Mercy Hospital and WAFF understand and appreciate each other's business model. The proposed move to Holy Mary recognizes the potential for integration and capitalizes on it by deploying complementary health care models, each with its unique mission and identity in a shared coherent environment. This yields the following advantages:

Maximal use of physical assets. The proposed model consolidates the physical assets of the two organizations into one location at Holy Mary, Bo. Normally, the use of the operating rooms (OR) is seasonal and planned in accordance with Dr. Maggi's visits. The OR is the perfect example of a resource that should be shared to expand the scope of operations and capacity utilization and their compounded positive impact in the region. Similarly, other physical sharing arrangements can be incorporated in the design (or rearrangement) of the existing space to support the desired services of each entity. Other categories of assets (e.g. sterilization room, specialty medical equipment) can be deployed to serve the whole set-up. Dr. Maggi believes strongly in this concept of extending his OR space and other hard assets to launch Mercy Hospital's new capabilities to handle preventive and emergency surgeries on cost recovery basis. On the other hand, WAFF gains a trusted partner in operating a reliable full service hospital. No sunk cost for infrastructure is added.

Optimal use of human capital. The ability to collaborate brings unique opportunities for shared management and administrative capabilities to drive transparency, performance, and values in delivering care to the patients, effectively and efficiently. The business manager of WAFF, for instance, brings locally proven practices to Mercy Hospital and so does the WAFF utilities and facilities manager. The operating room staff will be also an invaluable asset for Mercy Hospital among others. Conversely, the Mercy Hospital full service hospital medical staff in conjunction with WAFF permanent staff offers WAFF patients the quality care that Dr. Maggi expects for his patients, especially during his blackout periods when he is in the US. The confidence in his peers is a critical turnaround for WAFF and affords Dr. Maggi the opportunity for peace of mind knowing that his patients are in able and caring hands. These arrangements remove the cost overhead that Mercy Hospital would incur if they were to launch these capabilities alone and the daunting task of finding and training clinically qualified professionals and the associated financial risks.

One-Stop shop for maternity care in the region. The ability to offer full maternity services with the added capabilities to handle surgeries creates a powerful impact circle of care in terms of adding new dimensions to the fight against infant mortality, wellness of mothers, and a new set or repertoire of surgeries to address the needs of the community. Integrating all services, including laboratory services, creates exceptional value for patients. The break-even cost is drastically lowered while maintaining the highest standards of excellence. Hence, the reduction in the break-even point for health services enables the economic feasibility to incrementally build sustainable centers of excellence. In other words, Mercy Hospital and WAFF can economically deliver services where others cannot. The circle of care coupled with the value it delivers enables both entities to attract more patients to eventually become the one-stop shop for maternal care and clinical expertise in the region.

Diversification of revenues and attracting new patients. HCW-Mercy Hospital and WAFF present complementary business models, so mutually reinforcing that together they can turn their visions of access and excellence into profitable opportunities. With the assumption that current funding patterns and current base of patients are maintained, the reduction in the break-even point of care will result in a higher outlook for the Mercy Hospital cost recovery program. The ability to offer more services, with the quality of care that no one else can duplicate in the region, means more value for patients, accelerated learning curve for clinical staff and employees, attracting a new segment of affluent patients from the region, thereby generating more revenues to invest in the creation of new treatment and prevention services (e.g. radiology, TB, breast cancer surgeries, Tenotomy for clubfoot, telemedicine). With such scope of services, affluent patients tend to be willing to pay premium rates for the convenience of having one hospital handle all of their medical needs.

Integrating Mercy Hospital and WAFF at Holy Mary is not without challenges but meeting those offers uniquely sustainable benefits and advantages for both organizations. There is no business venture without risk. The risk is minimal here due to the fact that WAFF has one singular noble goal of eradicating fistulas in the region, and thus, WAFF and Mercy Hospital expanded scope of services are highly likely to remain complementary business models. To manage risk and create optimal returns, executives should consider the integration level and the compatibility level and ensure that they are maintained at optimal levels. Simply put, the integration and compatibility levels are (LOW, MEDIUM, HIGH) answers to the following questions: 1) **Integration Level-** *to what extent do Mercy Hospital and WAFF share major physical assets?* and 2) **Compatibility Level-** *to what extent are the resources and capabilities that result from operating each entity compatible?*

The scores of HIGH and HIGH for each of the two questions will minimize the risks and achieve higher business value creation.

Using the outlined model, the complexity of integration of WAFF and Mercy Hospital is reduced to mere managerial considerations. Financial investments and human capital risks are removed. To achieve higher compatibility, uniform HR policies must be adopted. Equally important are the accompanying development and training programs to broaden the employees' awareness and organizational skills to function in the new setting.

4. ALTERNATIVES ANALYSIS

The following alternative options have been considered to address the issues. These alternatives were not selected for a number of reasons which are also explained below.

Option	Reasons For Not Selecting Alternative
Keep WAFF and Mercy Hospital at their current locations (Status Quo)	<ol style="list-style-type: none"> 1. Higher levels of risks and uncertainty in accelerating the decreases in the infant and maternal mortality rates in Sierra Leone in the next 4 to 5 years 2. Significant higher sunk costs and associated risks to acquire new capabilities 3. Surgery capabilities already exist within WAFF and the learning curve for specialists cannot be easily duplicated 4. Unreliable infrastructure and utilities at Bo 5. Uncertainty in the future WAFF-Bo Government Hospital Agreement

Option	Reasons For Not Selecting Alternative
Move Mercy Hospital and WAFF as disjoint entities	<ol style="list-style-type: none"> 1. Higher levels of risks in achieving significant measureable decreases in the infant and maternal mortality rates in Sierra Leone in the next 4 to 5 years 2. Significant higher sunk costs and associated risks to acquire new capabilities 3. Surgery capabilities already exist within WAFF and the learning curve for specialists cannot be easily duplicated 4. Lack of collaboration and waste of invaluable resources 5. Reduced scope and scale 6. Reduced capacity utilization to make an impact and achieve organizational objectives 7. Significant risks of conflicts as each organization moves towards their respective visions 8. Textbook case for strategic failures

5. RECOMMENDATIONS

HCW Mercy Hospital at Bo and WAFF operating at Bo Government Hospital have thrived and compiled exceptional records of service to the people of Sierra Leone. Clearly, the analysis shows that the business models being deployed are complementary and mutually reinforcing that together they can expand the scope and scale of their operations to achieve organizational objectives in significantly reducing the infant and maternal mortality rates. What is remarkable is the sustained success, commitment, and persistence by the leadership of both organizations to overcome unprecedented challenges and manage risks associated with their investments. The analysis shows that the complementary and inter-connectedness of the business models used offer a new strategy to build a competitive advantage by protecting the characteristics of each organization, and yet achieve economies of scale to transform Mercy Hospital and WAFF into

sustainable centers of excellence. Clearly, the analysis outlines both a framework to bridge the present with the envisioned future of sustainable centers of excellence and a guide on how to expand on the scope and scale of operations with optimal impact on the infant and maternal mortality rates in the region, which in turn, accelerates the learning curve of the staff that is critical to driving the characteristics of excellence. Guidelines for managing risks (financial, human capital, timeliness) are given as well.

The author strongly recommends that HCW Mercy Hospital and WAFF be moved to Holy Mary with the provisions set forth in this document for optimal resource utilization and maximum impact to achieve the mandates of both organizations.

6. APPROVALS

The signatures of the people below indicate an understanding in the purpose and content of this document by those signing it. By signing you indicate that you approve of the proposed strategic integration of HCW-Mercy Hospital and WAFF outlined in this proposal and that next steps may be taken to create a formal strategic plan, with all parties of interest, in accordance with the details outlined herein.

Approval Authority	Title	Signature	Date
Reverend William Schultz	Methodist Church, Herndon, Virginia		
Reverend John Cole	Methodist Church, Bo, Sierra Leone		
Dr. Darius Maggi MD	Founder of WAFF, Denison, Texas		