

Setting up a small Lab

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Skill Set required

- Knowledge of Laboratory medicine
 - Adequate knowledge to interpret results issued and how it will affect patient management.
- Business skills
- Managerial skills
- HR skills
- Legal skills

AIM

- To set up a small lab in a city suburb and offer a set of routine and a few specialized tests.
- Scope of testing
 - Hematology , Routine biochemistry, Basic microbiology, Basic immunoassay.
- 12 hr operation

Business skills

- Investment
- Cost of Interest
- Return on investment
- What is EBIDTA (Earning before Dep, interest and Tax)
- Break-even point
- USP (Unique selling point)

Real Estate

- 500 sq ft carpet (650 sq ft builtup)
- Self owned / Rental
- Preferable on first floor
- Hospital attachments
- Charitable attachments

Instruments

- Cell counter
 - 3 part with low per sample cost
- Biochemistry Analyzers
 - Semi – auto : Any brand
 - Fully auto : closed system
- Microscope
- Ancillary instruments
- UPS / Generator backup
- RO plant

Vendor Selection

- Look at the deal.
- After sales service/AMC
- No of units sold
- How far is the service point
- Get a written quote
- Get written proof of all freebees
- Who has used it.
- It is listed in a EQA programme

Instruments Selection

- Open vs Closed
- Cost difference between open vs closed not significant
- Closed preferred
 - Less set up time
 - Less chance of things going wrong
- How much space does it use
- Does it require an AC all the time
- Do u have to keep it on for 24 hrs.
- Will it accept third party reagents
- Pediatric sample containers
- Batch size recommended
- Water consumption
- Total cost of ownership

HR requirement

- Minimum 4 people
 - One PG DMLT
 - 2 CMLT
 - 1 House keeping
- Keep persons on part time as stand by
 - On call
 - May be working with other hospitals
 - Keep in mind conflict of interest

HR requirement

- Keep a labor consultant on as needed basis.
- Rules to be seen
 - Shop Establishment act
 - Min. wages act
 - Maharashtra labor welfare board
 - ESIC
 - PF
 - Gratuity act
 - Bonus act

Advertising

- It is unethical to advertise
- Legal ways of doing it
 - Hold camps as low rate
 - Tie up with local charitable bodies
 - Print newsletters on health issue which do not mention lab promotion.
 - Take franchisee of a bin national chain

| ASSET | COST | | DEPRECIATION |
|-------------------------------|---------|--|--------------|
| | | | |
| REAL ESTATE | | | |
| 650 SQ FT @ 6500 PER SQ FT | 4225000 | | |
| INTERIOR | 500000 | | |
| INSTRUMENTS | | | |
| | | | |
| CELL COUNTER | 250000 | | 50000 |
| SEMI AUTO | 110000 | | 22000 |
| FULL AUTO | 750000 | | 150000 |
| MICROSCOPE | 30000 | | 6000 |
| ANCILLARY | 100000 | | 20000 |
| | | | |
| Total of set up cost | 5965000 | | 248000 |
| EMI | 86000 | | 20667 |

Finances

- EMI + Depreciation = 100000 pm.
- AMC cost = 2000
- Electricity : 10000
- Manpower : 30000
- Your own salary : 50000
- Total cost pm. : 185000

Fixed cost per patient

- 600 patients per month @ 20 patients per day
- $185000 / 600 = \text{Rs. } 308$ per patient
- EBDITA of 30 %
- Rs. 900 of chargeable tests for every patient who walks in for at least 20 patients per day

Looks impossible.
What is to be done ?

Cut cost

- Take a place on rent
- Tie up with a hospital and do tests in return for place
- Start a collection Centre for one of the big national chains

UPS (Unique selling point)

- Cuts is not a USP.
- Be there for the patient.
- Talk to the patient
- Give correct advice
- Recommend tests which are needed
- Tell about tests which are not needed
- Offer free home visits
- Offer free home delivery

Starting your own lab Pros and Cons

- Cons
 - High initial investment.
 - Uncertainty at the beginning
 - Lot of problems
- Pros
 - No retirement age
 - Appreciation of real estate
 - Creation of a business asset

Thank You