

BUSI 2710

Class 7

Handout

Read the case “Body Scans and Bottlenecks”.

In groups of 2 – 4 students, answer the following questions.

1. Sketch a diagram of the process for the original CT scan process.
2. Hospital management believed the new scanners represented a high-return investment. What factors would you take into account when calculating the difference in revenues represented by the new scanners versus the original units?
3. If the original process flows remained in place after the new CT scanners were installed, what level of scanning throughput could the hospital achieve? What hourly margins would result from using the new scanners with all other processes unchanged? How do these margins compare with using the old scanners? Use data from Exhibit 3 in the case.
4. What specific improvements might be made to improve the efficiency of the CT process flows? How would these improvements affect the margins?
5. What level of scanning throughput could the hospital achieve after the recommended improvements? What hourly margins would result from using the new scanners with all improvements in place? How would these margins compare with using the old scanners?
6. How many hours a day would the new scanners have to operate to handle 92,000 patients per year? Assume that scanners are operated for 300 days in a year.
7. If the technology of CT scanners continues to improve, how will process economics impact their purchase and utilization in hospitals and the healthcare system overall?