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Social Entrepreneurship Track

2nd Prize

Sistema Ser: Scaling Private Health Care for the Base of the Pyramid

Inspection Copy

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Sistema Ser¹: Scaling Private Health Care for the Base of the Pyramid

Case Synopsis

The case revolves around “Sistema Ser” (SSer), a private health care organization that serves the base of the pyramid (BOP) in northern Argentina, and its founder and director, Argentine gynecologist Dr. Jorge Gronda. In the late 1990s, Dr. Gronda had begun to serve the poor—particularly women in the remote Puna region—on an unpaid, voluntary basis. Eventually, the initiative developed into a formal network of organizations comprising CEGIN (a private enterprise and medical center offering preventive and primary gynecological services); a number of affiliated physicians and other health care providers (e.g., pharmacies); and Fundación Ser (FSer), a foundation that coordinates the affiliation of network providers and markets SSer among potential members. The SSer network is financially self-sustaining and, at the same time, able to provide affordable services to its patients from the BOP. SSer is based on a system of membership cards and a network of providers that offer high-quality services at a price 40- to 60- percent lower than that of other private providers.

For more than 15 years, SSer has been delivering primary health services, which cover 80 percent of the most common low-cost and non-complex health problems, mainly to people at the BOP and within San Salvador, the capital of the province of Jujuy. Recent developments have led Dr. Gronda to consider options for scaling his organization’s impact. He wonders whether he should geographically expand the delivery of SSer’s existing service portfolio in order to reach BOP communities outside of San Salvador, or whether he should extend SSer’s service portfolio by delivering additional services in San Salvador.

The case illustrates the development path of a social innovation born of a volunteer initiative and transformed into a sustainable structure. One of its main objectives is to make students aware of key factors that need to be considered in regard to scaling decisions in general and those at the base of the pyramid in particular.

¹ At the time this case was finalized, the founders of Sistema Ser were planning to rename their organization into “Umana”.

Introduction

Early one morning in September 2013, Dr. Jorge Gronda, an Argentine *gynecologist*, was on his way to the *Puna*, a highland region in *Jujuy*, one of Argentina's most northern and poorest provinces (see Exhibit 1). As he traveled, Dr. Gronda remembered volunteering in this remote area, far from the province's capital, *San Salvador de Jujuy*, and from any reasonable access to health care services. The work had inspired him to gradually establish a private health care system for this *base of the pyramid (BOP)* market, providing services to poor communities that an ineffective public system had failed to supply. He called his organization "Sistema Ser" (SSer), a network comprised of *CEGIN* (a private enterprise and medical center belonging to Dr. Gronda and his family, offering preventive and primary gynecological services); a number of independent, affiliated private health care providers; and *Fundación Ser* (a foundation that coordinates the affiliation of further providers and the promotion of the SSer network). SSer offered a variety of high-quality, low-cost *primary health care* services—low-complexity treatments that address some 80 percent of the most common diseases—for people otherwise excluded from the health care system.

Dr. Gronda crossed the pass at an altitude of more than 4,000 meters and took the familiar, dusty road through the salt desert. In an hour, he would reach *Abra Pampa*, a town of 9,425 inhabitants, many with indigenous roots. There, he would meet with Rosario Quispe, a long-standing friend and local entrepreneur. She had introduced Dr. Gronda to this region 20 years before and was now eager to discuss with him a difficult decision that he was facing. Should he extend the current activities of his organization—which operated predominantly in San Salvador, the capital of Jujuy—to the Puna? Or should he use the new private hospital he had recently started managing to extend SSer's range of services delivered in San Salvador? When Dr. Gronda had spoken with Rosario about the issue some months before, she had shared her concern: "Sistema Ser works well in San Salvador. But here, in the Puna, SSer reaches maybe five percent of the women. The other 95 percent are still left without care."²

Dr. Gronda and Rosario agreed that extending SSer's health services to the Puna would generate at least two challenges. First, in order to establish a permanent practice in Abra Pampa, SSer would need to find physicians who were willing to work in this remote region on a permanent basis. Dr. Gronda knew of five young Jujuyian physicians who he thought he might be able to motivate to do the job. They were very connected to the region and would soon return from their training in Cuba. Still, Dr. Gronda and Rosario knew that if working in the Puna did not pay off financially for the physicians, they would not stay. They were aware that paying

² All quotes translated from the Spanish, unless indicated otherwise.

physicians to work in the highlands would be expensive. SSer would need to offer a minimum monthly salary of 15,000 *Argentinian Pesos* (ARS; approximately US \$2,500 in 2013). This would, in turn, require the poor consumers in the Puna to pay higher prices for health services than the patients in San Salvador de Jujuy were paying. Second, the Puna was an expansive region with a low population density. Hence, providing health services in the Puna would also present logistical challenges. Even if SSer could position physicians in Abra Pampa, patients would still need to travel long distances, spending several hours on the sparse bus routes that connect the small villages to the town.

Rather than scale health services to the Puna, recent developments had revealed an alternative way to increase SSer's impact. A few months earlier, Dr. Gronda had become president of a newly built private hospital in San Salvador. The hospital provided SSer the opportunity to broaden the scope of services it delivered in San Salvador, particularly for BOP patients—meaning that it could go beyond primary health services to include more-complex treatments, otherwise known as *secondary health care*.

In any case, scaling SSer's services seemed very important. Just the day before, headlines in Jujuy had reported the resignation of 300 local physicians from the public health care system. "It's obvious," thought Dr. Gronda, "physicians want to send a message. The state of the public health care system is no longer bearable. Physicians can hardly earn a living, and the majority of the population still doesn't have access to timely, quality care. I need to respond to this crisis of the Argentine public health care system by increasing the social impact of my organization. At the moment, I can see options, but which one should I choose?"

This is an abridged case for review. You will find the link to the full case on www.oikos-international.org/publications/sistema-ser once it is published.