

indian healthcare: the new frontier

By Gauri Padmanbhan

India's healthcare sector goes from strength to strength, but is growing faster than its talent pool.

The last decade has seen astonishing changes in India's life sciences sector. The opening of the insurance market to the private sector has seen millions of newly affluent Indians gain access to better healthcare. Organized healthcare has also grown, with the Apollo Group, Ranbaxy, Max India, and Wockhardt all entering the healthcare services market. On the pharmaceuticals side, the improved patent protections afforded international drug majors in 2005 have bolstered their resurgence in a country that one industry pundit says was formerly a "dirty word" overseas.

The signs are everywhere. Medical Tourism is growing strongly: the Confederation of Indian Industry estimates that 150,000 patients came to India in 2003 – 2004. Global pharmaceutical firms are using the country as a base for shared services: aside from just human resources and finance, many major firms, comfortable with 2005's changes in intellectual property protection, are now using the country as a base for clinical research. Contract R&D is also on the rise: generic firms, long deemed the nemesis of international pharmaceutical majors, are increasingly entering contract research & development agreements overseas.

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The biggest changes, however, are in india's healthcare sector.

Previously, healthcare in India was largely government managed. Today, a whole range of private sector options have become available, often using the hub & spoke model for services, including primary healthcare centers, multi-specialty hospitals, and super specialty hospitals.

Rich World Diseases

The illnesses that India is dealing with are also changing, as a more prosperous population develops "rich world" diseases such as diabetes, cardiovascular diseases, and diseases that afflict the central nervous system. "There are around 700,000 new cases of cancer each year," writes Srimoti Mukherji of the US Commercial Service in a recent report. "It is estimated that there are around 40 million people in India with diabetes, 5.1 million HIV/AIDS patients, and 14 million tuberculosis cases."

Nonetheless, India still lacks the infrastructure to care for its vast population. According to a recent article in The McKinsey Quarterly, India has only 1.5 beds per 1,000 people, fewer than the average of 3 – 4 beds in other developing economies such as Brazil, China, South Africa, and Thailand, and far fewer than developed countries with 4-8 beds per 1,000 people. Simply building more hospitals is not the answer: according to the World Health Organization, India has 0.6 doctors and 0.8 nurses per 1,000 people, far below the world average of 1.2 doctors and 2.6 nurses per 1,000.

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attract the best talent. What's more, support services can benefit from other sectors to fill roles in areas such as human resources and supply chain management.

In the next ten years, tertiary Care in India will be provided mainly by private healthcare and extensive public and private partnerships. Secondary care will be provided by private and public healthcare and selective public and private partnerships. Primary Care will remain predominantly public, especially in rural areas.

The government's role is set to diminish, but given corporate investments there will be high employment potential in healthcare. Growth opportunities include service providers such as hospitals, both secondary & tertiary. There is great scope for training of doctors, managers, nurses, and technicians. There will also be a need for talented people in other life sciences areas such as pharmaceuticals and medical devices. In all areas talent management will become important.

Nris Returning Home

Interestingly, India's growing stature on the global life sciences scene is attracting non-resident Indians to return home – providing another source of talented healthcare professionals. The cost arbitrage formula has changed, and compensation for high level executives in India has moved up significantly. What's more, India's market is significant enough that people recognize it will be a good element on their resume. Expats also want to spend a few years in India in order to develop and understanding of a major emerging market.

Enlightened leadership, strong government-private sector partnership and innovative talent building initiatives are key to building an effective healthcare delivery system in India that caters to all parts of society. “The system needs stewardship at all levels: strong policies and institutions that foster public-private partnerships, encourage the private sector to invest in rural areas, and strengthen the resource pool so that flagship programs (such as the National

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It is clear from our experience, validated by the interviews Heidrick & Struggles conducted for this article, that the strongest CIOs will be differentiated by their ability to harness their business and technical knowledge and people management skills to execute change programs.

Rural Health Mission) can succeed,” says the McKinsey report. “In particular, policy reforms that address talent shortages and the creation of institutional providers must at least meet the nation’s basic infrastructure needs.”

As India’s healthcare sector continues to grow, acquiring the right talent and then managing it properly will become the difference between success and failure, for both India’s government and private healthcare providers. The challenges are huge, but India can draw on the experiences learned in the healthcare journeys of countries in both the developed and developing world. The key to ensuring these lessons are understood correctly, and then applied to the Indian context, is strong leadership at key stakeholders (the government, healthcare providers, pharmaceutical firms); leadership with the courage to adopt new ways of doing things, ultimately providing the best possible healthcare for one of world’s most promising countries.

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