

# A Business Model Plan for Providing Food for Hospital Patients

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**Abstract:** *Our start-up basically focuses on providing food to the patients who are hoping to get better through treatment. A lot of studies state that the hospital canteen does not provide food according to the patients need. They provide food which is not that very hygienic and not apt for the patients' health condition. This in turn is an obstacle for the patients when they focus to get better health wise. But now in hospitals, generic caterers are providing meals to intended patients without focusing on the adequate amount of nutrients required for the patients. Thus, our start-up will make sure the patient is provided with food according to their health necessity. Ours will definitely be one of the most successful start-ups because we make food using naturally grown vegetables and fruits. Also, along with the patients we tend to deliver food to the visitors as well so that they can order food for both patient as well as the visitor from the same place. Nutri+ is focused on using the best ingredients and fresh produce that no other caterers use.*

**Keywords:** hospital canteen, hygienic, Nutri+, quality, Organic food

## 1. Introduction

Nutri+ is a start-up which will focus on the balanced nutrition and healthy food distribution to the patients along with distribution of healthy food to people according to their needs. Our start-up will provide food to patients in hospitals and also provide food to the patients after they return back home (if the patients opt for it) to ensure that any bad food habits does not affect their body adversely and ensure quick recovery.

There are many other restaurants and hotels which also deliver food. But these hotels or restaurants do not maintain the food quality nor maintain proper hygiene while preparing the food which can adversely affect a person's health if he is expected to maintain strict diet. Our start-up ensures that the quality of the food will be maintained and will be prepared with utmost hygiene.

Nutri+ is focused on using the best ingredients and fresh produce that no other caterers use. None of the ingredients that we use are processed or canned and we maximize the concept of "Organic food" in ingredients starting from the oil that we use to the material used for packaging. Our meals go through a number of quality checks and analysis to make sure that the processed meals are good for delivery. The packaged meals are delivered in temperature controlled trucks and vans. Each meal produced by Nutri+ is stamped with the production date, expiry date, ingredients and appropriate nutrition information.

## 2. Materials

To make a start-up move on the right track we should have proper allocation of resources. Some of which are given below:

**1. Raw Materials:** Around 4-5 people will be allotted to collect the basic ingredients like Fruits, vegetables, whole grains, dairy, meat, beans, nuts and seeds. The inventory manager and the staff will be in charge of whole process.

Also, purified water supply is one of the most important aspect of the cooking ingredient.

**2. Equipments:** Many cooking equipments like freezers, ovens, mixers, blenders, choppers, trolleys (for smooth movement among the kitchen and packaging unit) and their maintenance are a must.

**3. The Delivery Network:** At initial stages, we will have a small delivery network with around 4 people and 1 for backup. Rather than increasing the number of delivery men, we would like to invest more on the vehicles with proper food temperature control mechanism. We will be using the latest version of vehicles which are fast and gives good fuel economy, thus saving money on fuel.

**4. Sterilized packaging:** The packaging of the product should be in neat and clean containers which are sterilized properly along with that the packaging staff should be wearing necessary items on their body to avoid any physical contact from the food like gloves, hair net, aprons, mask etc.

**5. Marketing:** Here a qualified person will be assigned who has proper knowledge and experience in this field. Thus, helping us to grow our company and increase our customer base.

## 3. Methodology

### Operation overview:

With regard to the location of our start-up, this start-up would operate in all kinds of hospitals and nursing homes. There is no specific location or community to be mentioned for the fact that anyone and everyone visit the hospital for their illness. As mentioned earlier, the market to serve the purpose would be any hospital. The advantage of preferring this very field would be to serve the society their needs in a more efficient way. Though hospitals have a caterer to provide food for their patients, the food prepared would be a very much constrained diet

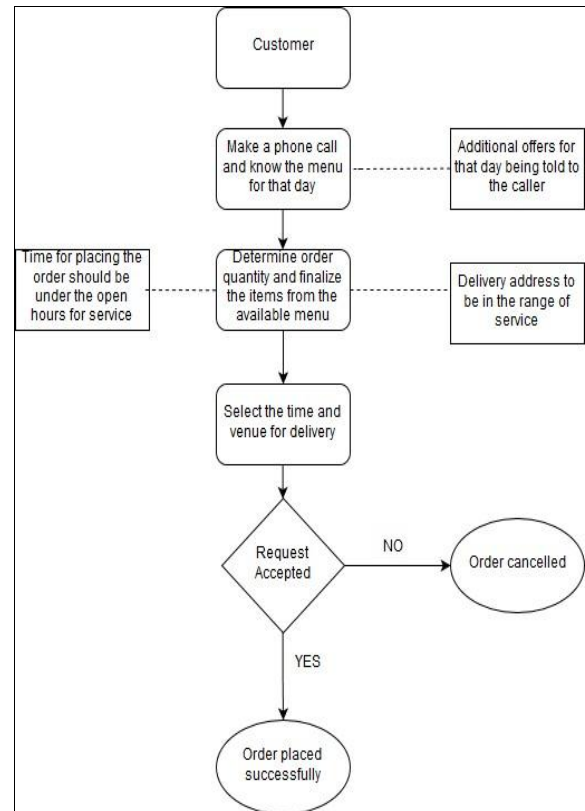
irrespective of patient's health. This creates a bigger void in their diet. One patient might require a diabetic diet where as another young patient would require some rich diet which is not actually supplied.

- The start-up can operate in a good solid place with much ventilation as it involves cooking. But when it comes to technical job it can be more of a professional place to carry out the discussions related to patients and other issues. This also involves transportation of food from one place to another thus a more spacious parking has to be chosen. In order to facilitate laws, this food is prepared for immediate consumption and not for storage therefore it does not have any irregular act of conduct.
- With regard to physical facilities and equipments, the facilities would include both professional as well as working area. When it comes to working area, the work area would include separate cooking area and packaging area. We might have to hire a bigger storage area i.e., huge freezer to store groceries as the start-up would be requiring regular supply of food materials and groceries. A regular water supply and electricity is also a must.
- To proceed with the start-up, it requires labours who not only know cooking but also dieticians to guide them in their food preparation, retailers to provide materials to cook and doctors to report the specific condition of the patient. There is a whole team involved to carry out the work which can be split into separate private departments to make the work easier. Though the process involves quite a lot of labour once the process is properly organized from one department to another the process gets much easier. The costs involved would be depending on the material costs and labour costs.
- When it comes to professional work place it includes separate cabins for dieticians to discuss and decide the nutrition required for each patient.
- The food is freshly prepared and supplied at the right time therefore there is no need of storing any food for having it later which would actually end up creating problems to patients. Once it is prepared, it is processed through quality checks later on packed and delivered in a temperature-controlled container fixed trucks and vans.
- Inventory control of the start-up involves proper record of buying raw materials for cooking and their storage. Their expiry dates are checked periodically to avoid any mishaps. Even the food prepared by us would have the manufactured as well expiry date printed on it with nutritional information. Therefore, the process involves separate labours to main their inventory. The inventory would have purchase team, a store keeping team, a maintenance team and a supply team. Each team would carry out their work accordingly to avoid any wastage of raw materials. The cost of food varies from patients to patient depending on their health conditions. Also, if the patient is from a poor background or of some serious illness specific discounts can be encouraged.
- The start-up will also include a separate customer relation section to analyze the customer opinions and suggestions. Any queries or further information the patients or the institution wants can be derived from the section. We value each and every customer as this start-up is not only a product-based start-up but also service

based. This would bring more connect between the patients and ourselves.

- The start-up would require much labour force as it involves providing the basic necessity of a person who is the hospital. Every single process should be much taken care of, taking that fact into consideration the staff would be placed only after proper training. To avoid any bigger mishaps there would be numerous test processes before actually working with bigger institutions.

**Sales Process:**



**Funding Needs:**

At the start there are several investments to be made to start the business at a fixed cost. Among the cost structure mentioned above few are very important at the beginning of the start-up which are fixed.

- Groceries for at-least a month: ₹50, 000 Estimating about 200-250 orders in the initial month. And this can be taken on credit by the means of strategic partnership with a vendor, but some advance to build trust is necessary)
- All the equipments and utensils: ₹2, 50, 000 (mixers, blenders, ovens, freezers, water filters etc.) Basic requirement for cooking.
- Taxes and Legal costs: ₹20, 000 (To register the business and other formalities.)
- Service Van: ₹6, 50, 000 (Since we plan to deliver our orders on temperature-controlled vans, this is needed as a part of our initial investments.)
- Furniture and other necessities: ₹2, 50, 000 (To setup a work area in the place that is rented according to our needs)

- Salaries: ₹3, 00, 000 (For at least a month)
- Advertisement and Media Cost: ₹30, 000 (To advertise our start-up before the start of the operations so that we have potential consumers before-hand)
- Miscellaneous Costs: ₹30, 000 (Additional expenses transport, repairing etc.)

Approximate Funding Needs: ₹14, 00, 000- ₹15, 00, 000

#### 4. Results

Our product at different stages:

##### Introduction stage:

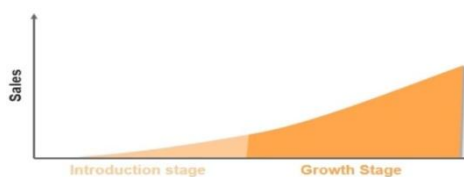


**Costs:** Since initially there will be less customers, therefore we might incur losses as we need to maintain our inventory regardless of the profit we generate or our sales targets. It might lead to greater wastage associated to food preparation.

**Sales:** In the initial stages our clients would be smaller hospitals and nursing homes which implies limited customer base. Therefore, we expect lesser sales in our initial stages. We will be mostly depending upon direct sales at this stage.

**Competition:** There is quite less awareness about the service we aim to provide and not many businesses in this field. So, we do not expect tough competition until the awareness is spread among people

##### Growth stage:



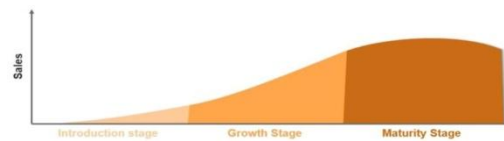
**Costs:** Subsequently with time our customer base is expected to expand, as a direct result of which there will be a decrease in procurement and preparation costs and we'll have to increase our manpower.

**Sales:** Increased tie-ups with more and more hospitals, hence greater number of patients which implies a greater number of sales. Higher sales will automatically generate more revenue and we will gain lot of experience and sales targets will need to be renewed to meet demands.

**Competition:** With time we expect that public awareness and interest will rise. Patients and their families will understand the need to eat healthy and hygienic food and hence reduce reliability on hospital food. But as this awareness increases, it will mark the prospect of bright

business opportunity and we expect competition to increase in this field.

##### Maturity stage:



**Costs:** Costs of preparation and procurement will eventually decrease. But by this stage competition will increase and we'll need to strategize our marketing techniques by reducing costs, etc. in order to meet sales targets and continued profits.

**Sales:** Customer base is saturate and we will have achieved all targeted customers and covered majority of hospitals and nursing homes locally. Sales volume will have peaked and there will be more focus on brand diversification by adding small items and regulate prices.

**Competition:** Hospitals and other catering services will come up with counter measures to compete and stay in the market. This will lead to a dip in industrial profits. A very well thought out sustainability model will be needed to avoid decline in market share.

##### Cost Estimation of Price and Profit:

Estimations per Month (Initial growth stage):

Cost of Goods Sold (Groceries + packaging material) = ₹2, 50, 000

Delivery Cost (Fuel, Maintenance) = ₹20, 000

Salaries = ₹6, 00, 000

Rents, Electricity Bill, Water Supply = ₹50, 000

Marketing Costs = ₹5, 000

Miscellaneous Maintenance Work = ₹5, 000

Total Cost of Operations (per month) = ₹9, 30, 000

Average No of Orders Per Month: 80 per meal which makes it 160 per day. Therefore, approximately 4800 orders per month.

Average cost per Order = ₹195 (approximately)

Therefore, the gross profit margin is approximated to be 40%.

#### 5. Conclusion

- Reduction in Customer Acquisition Cost: This is the marketing cost. This is beyond unit economics and fixed costs. Our classified business will make this easier. By using tie ups with hospitals there's no need to look for consumers ourselves. Once the business is thoroughly set hospitals may think of full contract which will make this business even more profitable.
- Reduction in Delivery Network Cost: It is really important for us to bring down the delivery network cost. By making pooling the orders smartly on the basis of location and time we can reduce the number of trips

for the food delivery which cuts down the time taken as well as the fuel cost.

- Discount on the goods from permanent sources: We will look forward to deal with permanent and trustworthy vendors or maybe directly from the company when the business is established. This will drastically cut down the third-party cost as it is direct B2B business. The delivery of the goods will not be a problem as we can use their inventories and use on demand model for goods delivery.

The main aim of the company is not to fluctuate the prices over time so that the consumers are fixed and assure them of a premium quality of service even though the competitor's price is less. Initially the main aim of the company would be to gain trust and this will be done by proper investment on the quality checks same like Apple. Like apple have its fixed consumers.

Also, the sector of customers that we are targeting, there is no off season. The services would be constant. Also, patients under long term medications and working who require proper food on daily basis would be benefiting with proper diet plans on a minor extra charge.

## Acknowledgment

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## Delcaration

This thesis is a presentation of my original researchwork. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions.

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