

ABSTRACT

Profit Margin Improvement Effort Based on Cost Containment Analysis at Blitar Syuhada Hajj Hospital

Blitar Syuhada Hajj Hospital (BSHH) had achieved a revenue of 3.7 billion rupiahs in the end of 2000, while the business cost was 3.2 billions, leaving a net profit of 365 million rupiahs after tax deduction. Until 2003, the income, expenses, and net profit after tax deduction seemed to increase, in other words, it had an ascending trend. Yet, BSHH was not aware that there was a year-to-year decrease in profit margin which actually demonstrating apparent inefficiency at BSHH.

An influencing factor to low profit margin was BSHH income which was obtained from tariff times the total of production volume. The production cost was acquired from the total of investment, operational and maintenance costs. Therefore, to be able to achieve better profit margin, BSHH should straighten up its overall management.

The aim of this research was to determine the cause of profit margin decrease by analyzing tariff, total production volume, investment cost, operational cost and by analyzing Cost Containment steps (cost awareness, cost monitoring, cost management, cost incentive) in an effort to produce recommendations for BSHH.

This was a descriptive research carried out by observation and interviews to BSHH personnel. The observation was done from August 2005 until October 2005. Collected data was processed by Full Costing method. Income and production cost analysis were performed. BSHH income (from tariff and the total of production volume / total number of measures) showed low utilization of Dental department, with no output target of each production section, unable to predict yearly output ups-and-downs, effecting work performance. Hence, no output illustration to ground performance evaluation. The existing tariff was based on competitor's tariff, no expected profit margin was considered.

Through BSHH production cost analysis (investment, operational and maintenance), the decrease of profit margin at labor's inpatient, Pharmacy department, and laboratory was detected as a result of the increment of the average cost was higher than the increment of outputs.

Cost Containment was a new concept for BSHH, for that reason BSHH management and staff should do good cost control causing no BSHH profit margin decrease.

Key words: profit margin, Cost Containment (cost awareness, cost monitoring, cost management cost incentive)