

The 5th Global Health Supply Chain Summit



Leveraging Private Interventions to Deliver Supply Chain Value

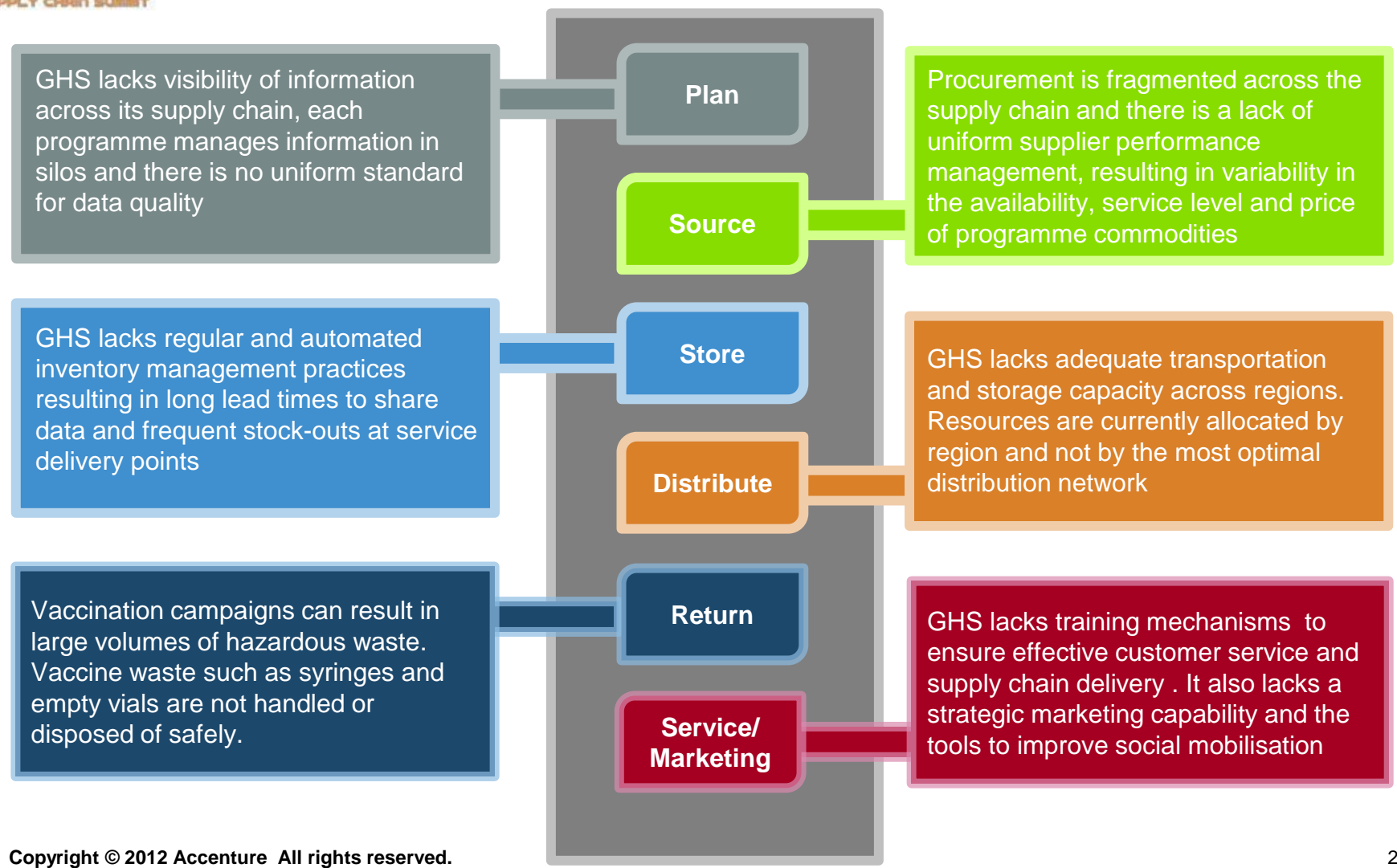
Gautam Shah – Accenture Development Partnerships

**November 14 -16, 2012
Kigali, Rwanda**



Ghana Health Services faces several challenges across its value chain, each impacting the overall availability and access of medicines at service delivery points

Ghana Health Services (GHS) Challenges Summary

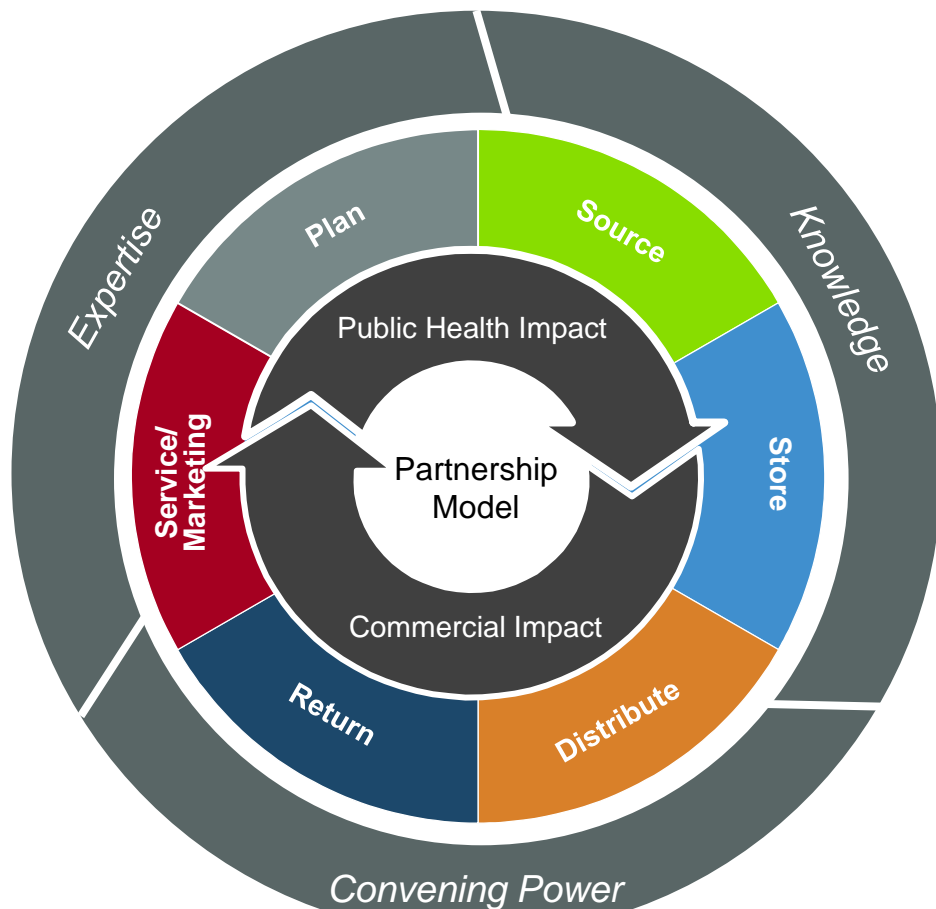




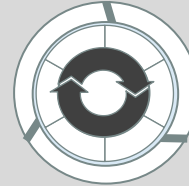
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There is an opportunity to make a significant impact on the health sector challenges in Ghana by leveraging the learnings and management approaches that are well proven in the private sector

Large Beverage Company (LBS) and GHS Partnership Model



Strategy



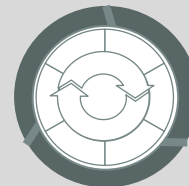
At its core, the partnership model is intended to identify areas where the commercial capabilities of LBS can be shared and brought to bear on challenges in the public health system

Partnership Focus Areas



The partnership model focuses on and is limited to areas where there is a clear role for LBS to support GHS in its transformation journey

LBS Contribution



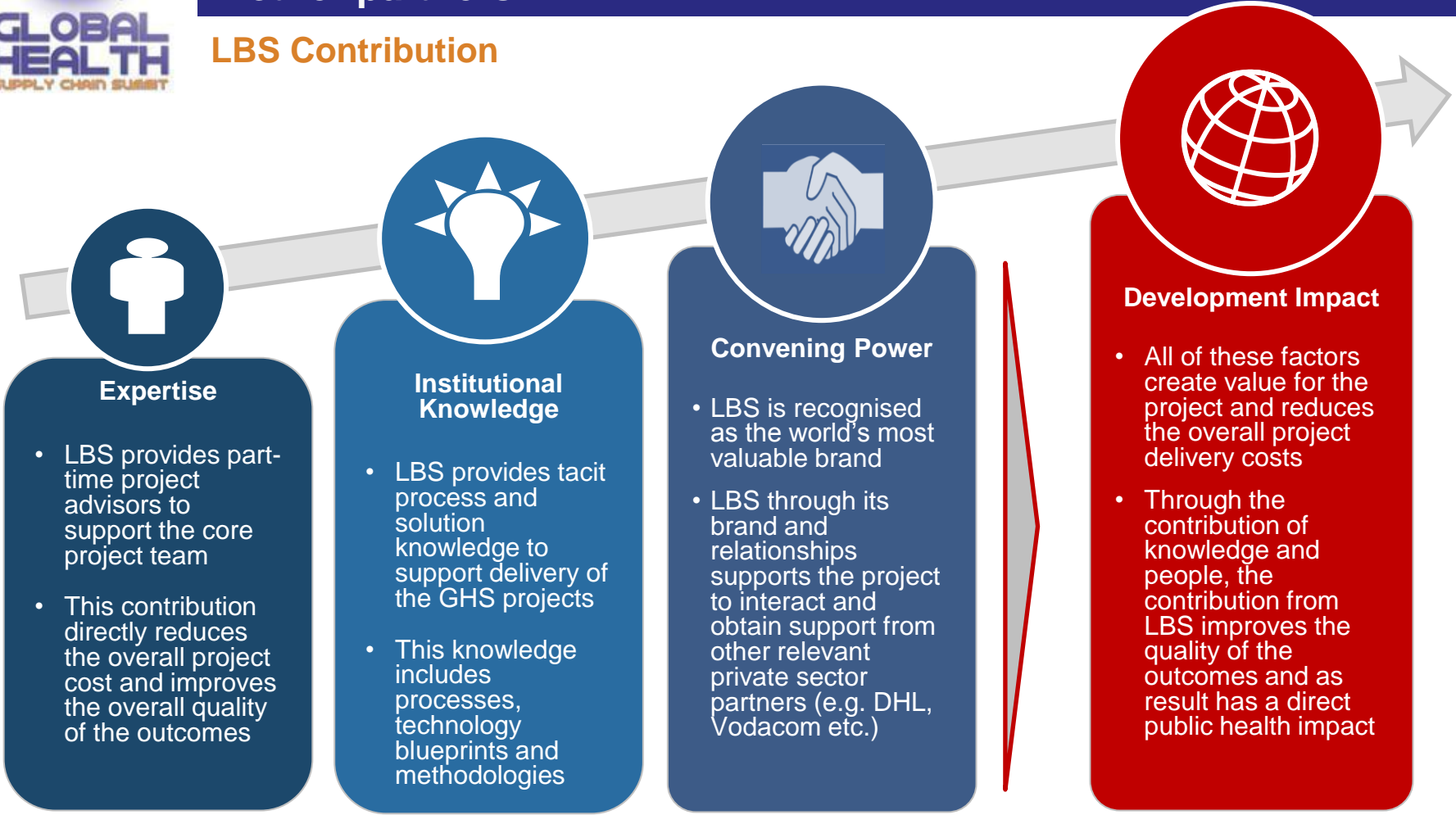
Across these focus areas, LBS will contribute in three ways:

- **Expertise:** Provide project advisors to support the core project team
- **Institutional Knowledge:** Provide operational knowledge and best practices
- **Convening Power:** Through its brand, support the team to engage other partners



LBS supports by providing expertise, institutional knowledge and through its convening power support the programme to engage other partners

LBS Contribution



Each contribution factor has a tangible impact on the quality of the project outcomes and as a result has a direct impact on public health



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LBS provides deep institutional knowledge and capacity across each of the identified capabilities

Partnership Focus Areas



There is a lack of adequate transportation and storage capacity across regions. Resources are currently allocated uniformly by region and not by the most optimal national distribution network

GHS Network Optimization Challenge

Distance			Rating	
200 - 1200km	Port			<ul style="list-style-type: none"> Yearly procurement, so few delivery Adequate transport capability
	CMS	Five 7-ton		
120 - 130km	RMS	One 7-ton per region		<ul style="list-style-type: none"> CMS cant deliver to regions due to cost RMS has to utilise region trucks to pick up from CMS at their own cost
	District Store	One double-cabin truck per district		
24 - 67km		One double-cabin truck per district		<ul style="list-style-type: none"> District utilises same pick-up truck for deliveries to SDP Due to lack of capacity, SDP often use taxis to collect from district stores
	SDP			

Major Findings

- Transportation is managed separately at each level of the supply chain
- CMS manages five 7 ton trucks for ad-hoc deliveries, RMS uses its trucks for regional deliveries as well as to pick up medicines from CMS, while SDP have to rely on the availability of transport from the DHA
- Key Challenges include:**
 - Lack of vehicles (one truck for each region)
 - Long distances between CMS, RMS and district health facilities
 - Bad road networks causing delays and longer travelling time; leading to fewer distribution rounds in a day
 - Aged and Inadequate transport fleet
 - Each region incurs additional cost for collecting medicine from CMS



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LBS has implemented multi-tier distribution network and makes use of distribution partners at each tier to ensure adequate availability of its products

LBS Best Practices

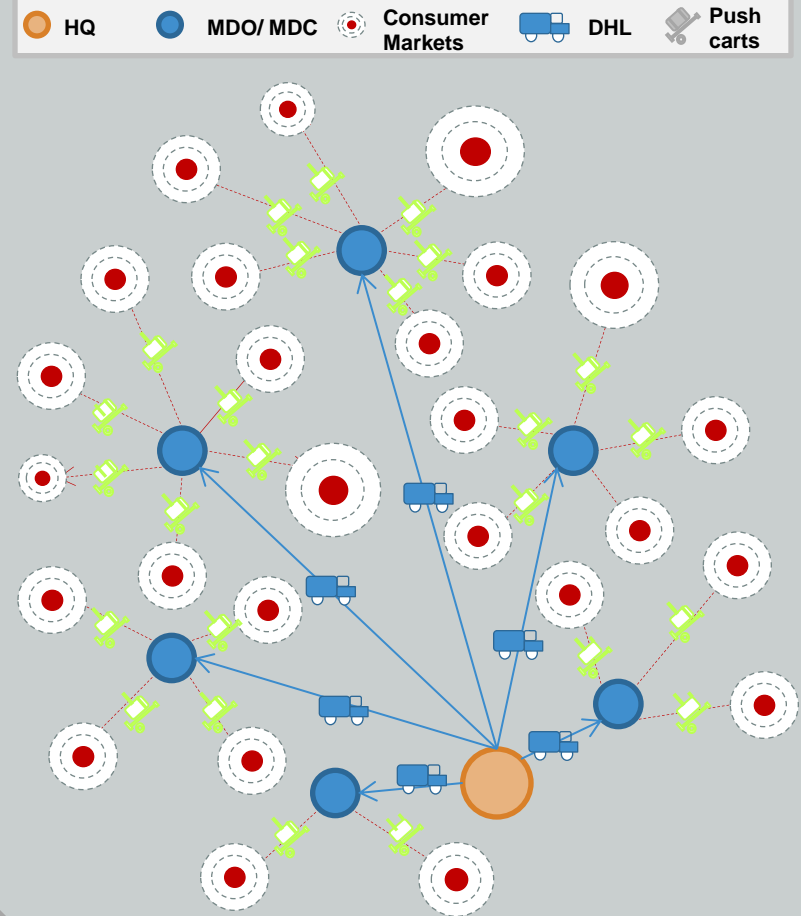
Overview of LBS Capability

- LBS operates a multi-tier distribution model. Products are distributed via an outsourcing partner (DHL) from its main warehouse to its depots and micro distribution centres
- From there the MDC manages push carts or motorised tricycles to deliver products to the final consumer
- In emerging markets like Ghana, LBS quickly realised that it does not have the required capability to manage distribution in hard to reach areas and required a partner that had already built the necessary distribution infrastructure
- LBS also conduct regular studies to determine the most optimal location of its depots and distribution routes to reduce costs and improve service levels

Key Lessons Learned

- Leverage partner capabilities to strengthen value chain
- Build robust mechanisms with outsourcing partner to ensure service levels are maintained and agree on a costing model that incentivises partner to improve performance
- Conduct frequent network studies to optimise use of own and partner resources

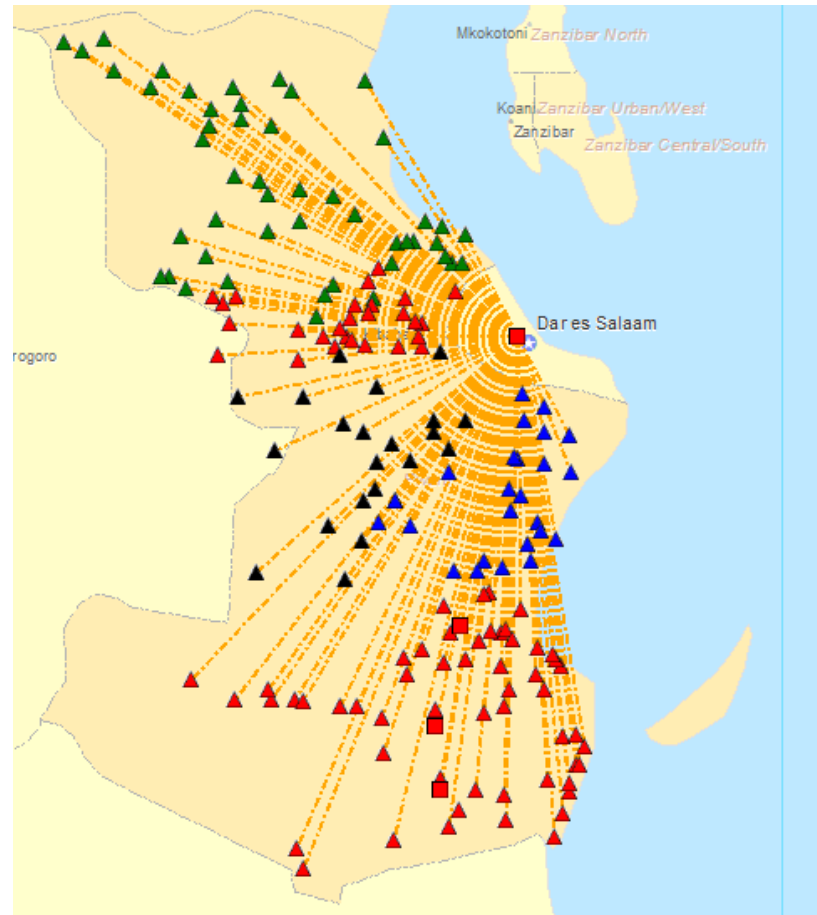
LBS Distribution Capability





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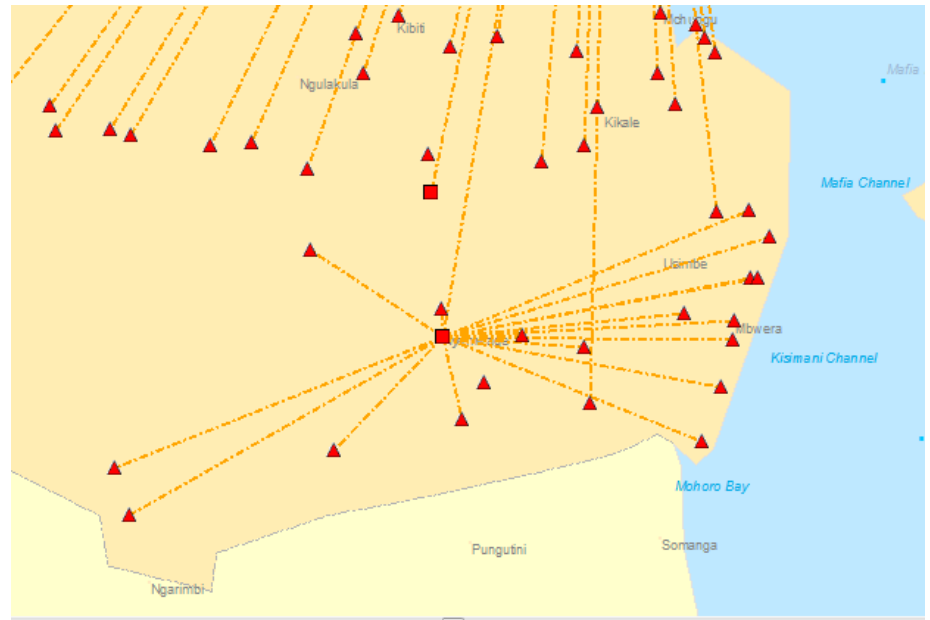
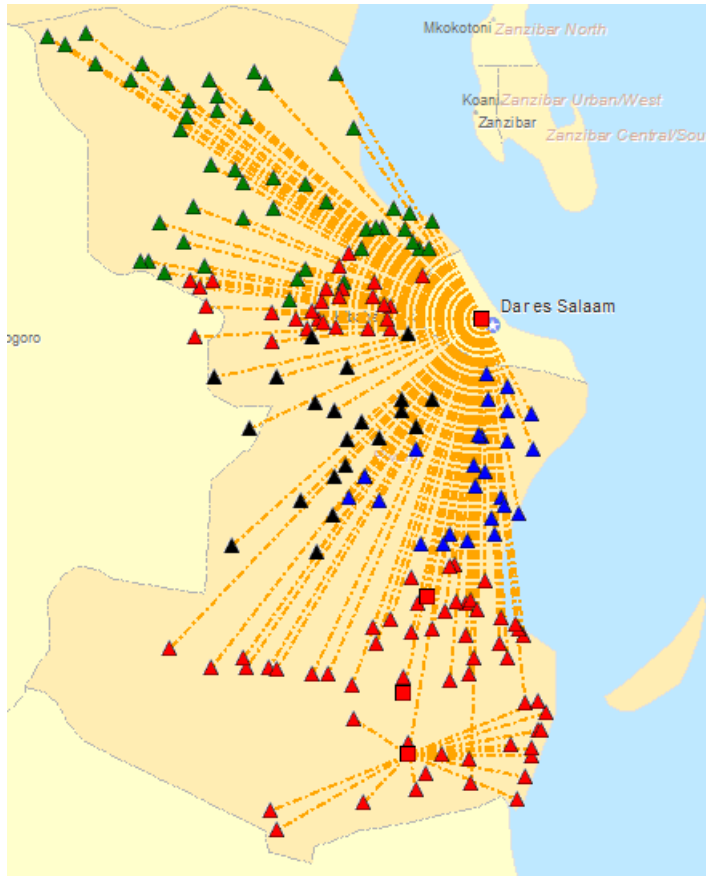
Baseline Centre of Gravity Diagram





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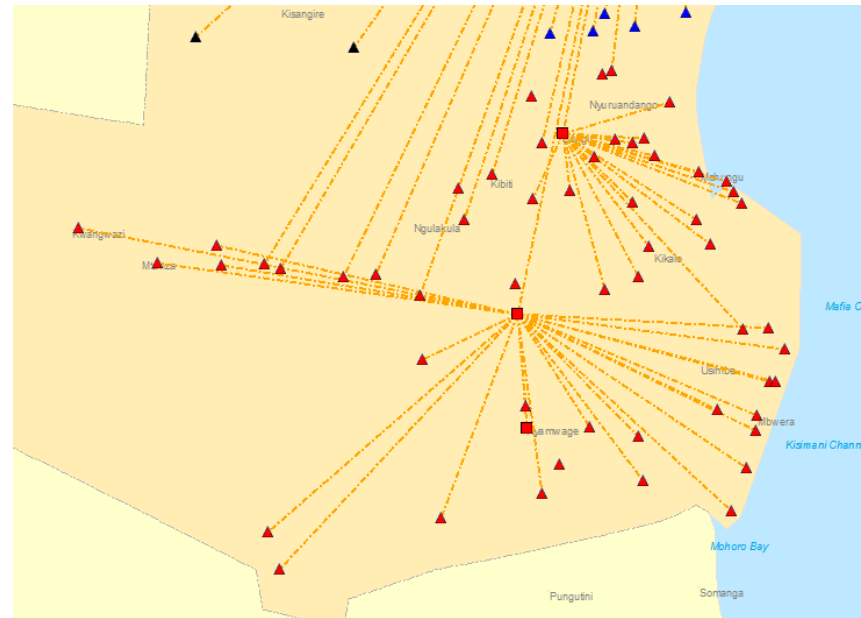
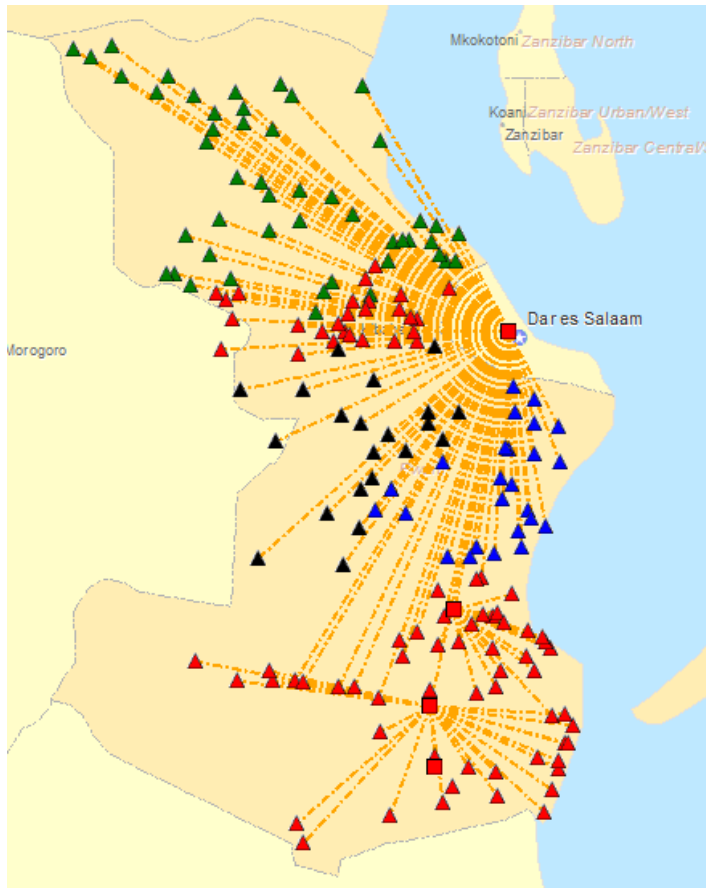
Optimization Scenario in Dry Season





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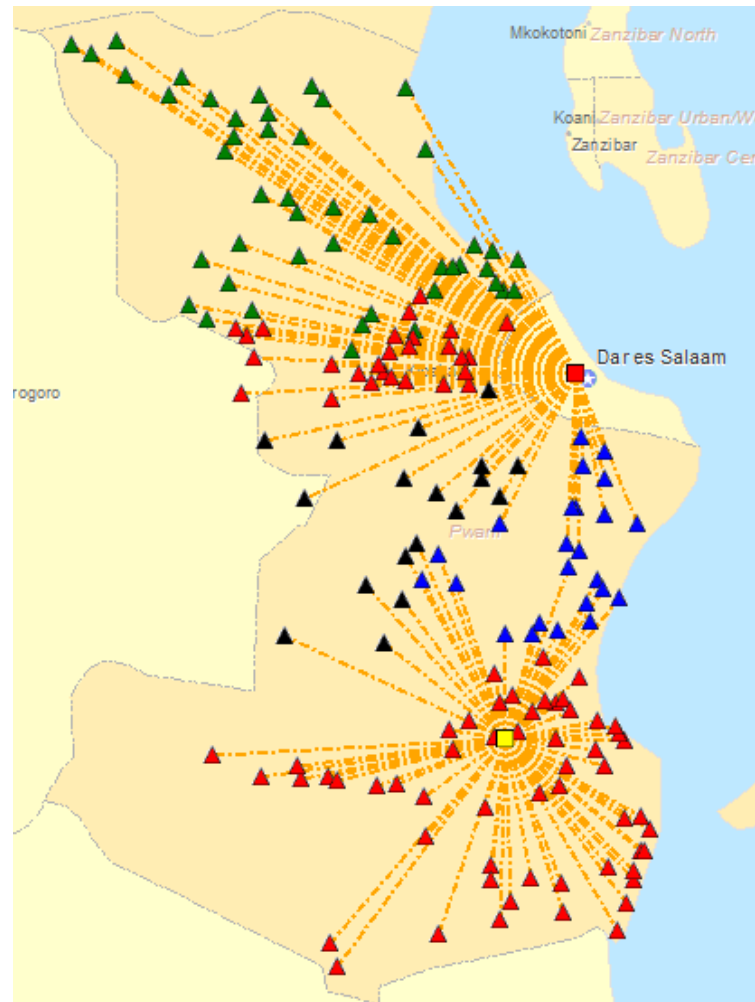
Optimization Scenario in Wet Season





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Baseline Regional Center of Gravity – 1 node





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This partnership can provide significant benefits for Public Health and LBS. The scale of benefits will be greatest when there is long term commitment from both sectors

Partnership Benefits

GHS/MoH Benefits

Access

- Ability to leverage and learn from corporate supply chain capabilities to increase access to key goods and services (e.g. vaccines)

Social Mobilisation

- Ability to learn from corporate marketing strategies to increase the awareness and uptake

Human Capital Development

- Ability to learn HR techniques from Private sector to provide people with the skills to succeed and sustain the change

LBS Benefits

Shareholder Expectations

- Firms adopting corporate social responsibility policies receive more favourable stock analyst ratings
- Positive CSR strategies are perceived as value-creating

Brand and Reputation

- Differentiate products and services to increasingly savvy consumers
- Drive greater employee engagement

Licence to Operate

- Enhanced relationship and influence with emerging market governments
- Rising expectations of host governments and citizens on role of business

Public Health Impact

Commercial Impact



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The following factors will influence successful and sustainable implementation of the chosen recommendations

Critical Success Factors

1

The exercise must be driven from the top

Ensure leadership support for the project all the way up to the Ministry: Having a dedicated sponsor at the top to drive transformation signals commitment

2

Achievable Scope, Fast Pace

Keep momentum throughout the implementation by driving to achievable milestones. Focus on value realisation and deliver demonstrable benefits quickly to maintain buy-in for the changes

3

Metrics, Metrics, Metrics

Define clear metrics and accountability. Screen initiatives for alignment to vision, patient outcomes and sustainability; have regular pulse checks to maintain control of value delivery

4

Patient Wins!

Focus on what is best for the patient, tradeoffs must be made for all else. At every step, ask "How is this going to improve our service to the patients?"

5

Transparent & Centrally Managed Programme

Appoint a dedicated Programme Management Office to standardise reporting and stakeholder communications. The PMO will also measure value realisation consistently across all projects