

# Managing the Entire Supply Chain Proactively in the New Normal



The COVID-19 crisis will have long-term effects on the healthcare delivery system. Many interim solutions ultimately may become part of the new normal for hospital business models. One area facing the most challenges and disruption during the crisis has been the supply chain. Manufacturers, distributors, and healthcare providers have been grappling daily with managing short- and long-term demand while facing severe shortages of critical supplies such as gowns, gloves, respirators, masks, face shields, and disinfectants. Supply chain leaders have had to deviate from their standard manufacturers and distributors to procure critical supplies for their hospitals and health systems. Companies have adapted their consumer product manufacturing to produce medical devices and supplies, and even some consumers have stepped up to fill gaps in the supply chain. The challenges COVID-19 has created have exposed the risks and weaknesses of the current global healthcare supply chain and highlighted its complexities and the roles of the many players involved.

As healthcare supply chain leaders work to mitigate future risks and operate in the new normal, it will be imperative to hardwire business processes and procedures and improve visibility for the entire supply chain through collaboration and planning among all parties, from manufacturing and distribution to product utilization and demand from the healthcare providers. Below are key considerations to consider incorporating into an overall supply chain action plan that will enable leaders to meet clinician and patient supply needs now and in the future.

## Supply Conservation

Develop conservation methods internally for any and all PPE or items on allocation.

- Meet with clinical staff proactively to review product allocations or shortages and develop alternative approaches to utilizing supplies when caring for patients.
  - > Identify options or substitute products.
  - > Identify shifts in clinical needs, or product demands, and share accordingly with the distributor and manufacturer.
- Locate surplus inventory in the vendor community or with other providers.
- Explore options for reusable, reprocessed, or re-sterilized PPE and other medical supplies and devices.
- Engage FEMA to determine the availability of supplies, especially if in a COVID hot spot.

## Inventory Management

Monitor internal supply demand proactively for Periodic Automatic Replenishment (PAR) and perpetual inventories.

- Meet regularly with clinical staff to monitor clinical needs and how they impact product usage and demand.
- Manage inventory consistently to establish optimal PAR levels and ensure required products are available.
- Encourage supply chain staff to continuously round on patient units to ensure product bins are filled and to provide other products if needed.
- Develop centralized distribution approaches for critical items that are on allocation to avoid the stockpile of products by various departments.

## Distribution

Increase communication with your distributors, and establish weekly updates.

- Develop a detailed supplier management process to include service metrics such as manufacturer inbound fill rates and picking accuracy.
- Request distributors share inventory levels or metrics for top-moving items by manufacturer.
  - > Identify products and categories that are on current or future allocation, and compare against current and future demand.
- Verify and update dedicated emergency supply allocations.

## Manufacturing

Increase communication on critical needs and supplies.

- Communicate with the sales representative or regional leaders to monitor current and future product allocations and identify downstream product availability issues.
- Work with the sales representative to determine which items are on allocation and potential areas to source if not available through the primary distributor.
- Develop manufacturer performance metrics (inbound fill rates, items on allocation, product availability, excessive shipping costs) to guide future product decisions.

A strong healthcare supply chain with minimized product stock-outs involves a combination of factors, including product preservation, deliberate product allocations and inventory management, and strong relationships and frequent communication with distributors and key manufacturers. Proactive collaboration and planning among all parties, including vendors, distributors, and clinical staff, is essential to ensure clinicians and patients receive the supplies they need during the pandemic and beyond.

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