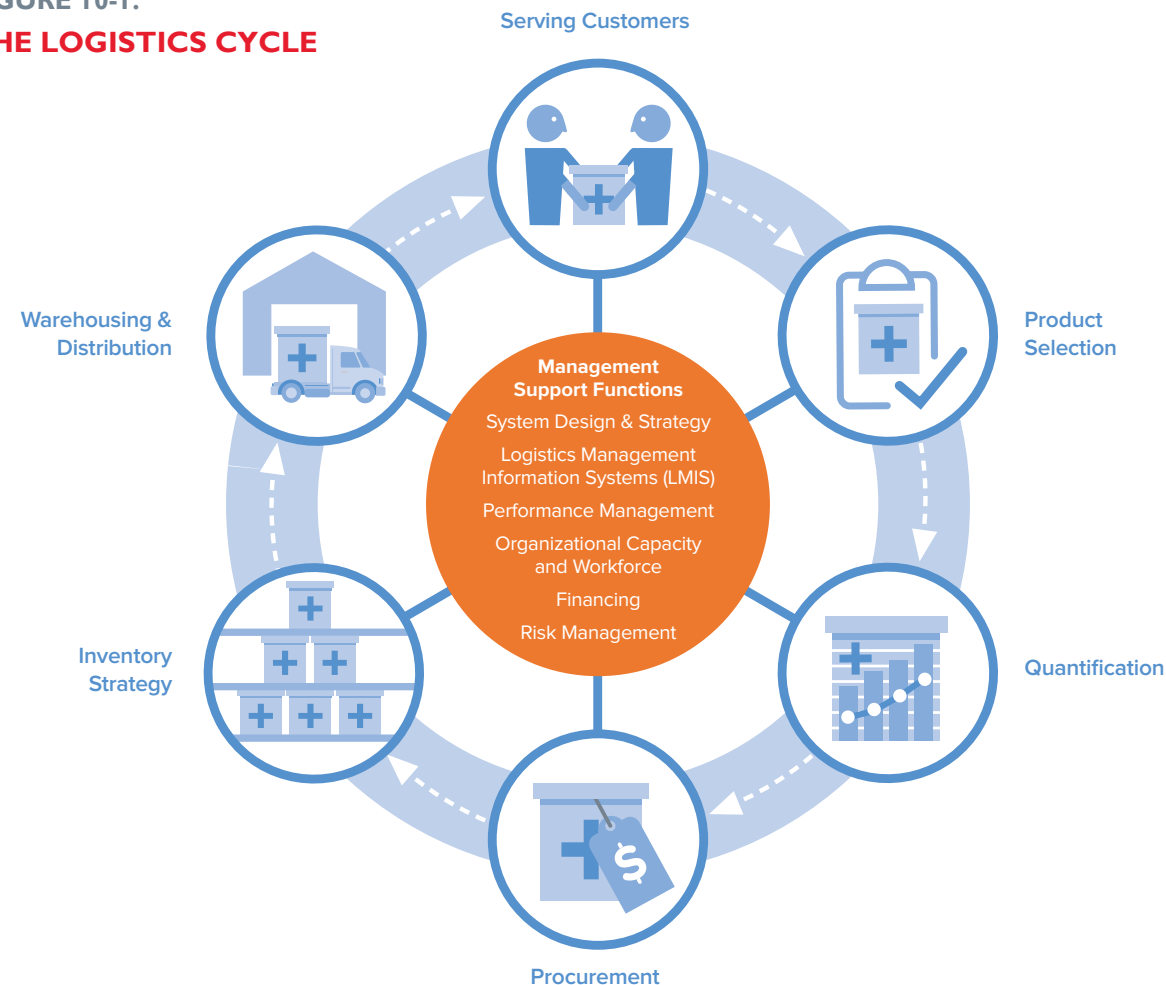




# ORGANIZATIONAL CAPACITY AND WORKFORCE

FIGURE 10-1.  
THE LOGISTICS CYCLE



## WHAT A SUPPLY CHAIN MANAGER NEEDS TO KNOW:

The supply chain manager needs to know the following about about Organizational Capacity and Workforce, which are included in this chapter:

- How to identify staff and competency requirements
- How to recruit the right people for the right job

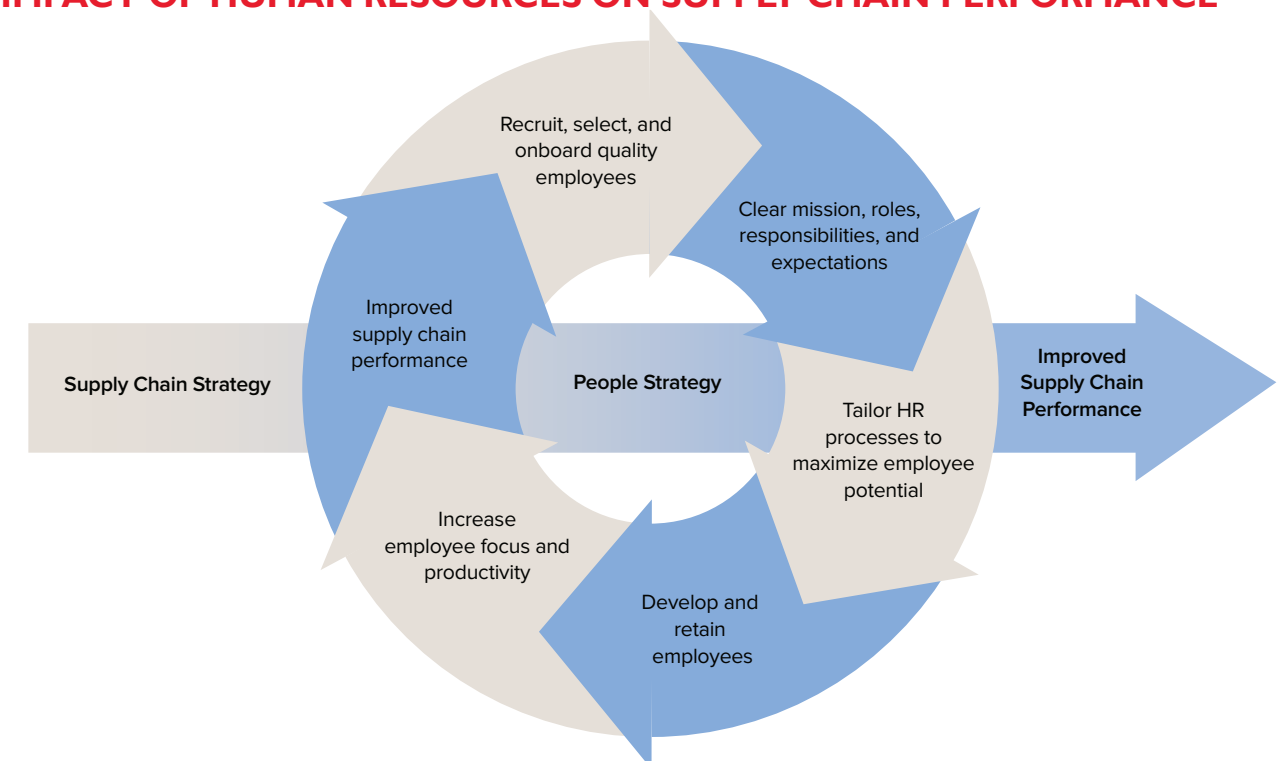
- How to build the capacity of the supply chain workforce
- How to support the worker on the job
- How to be a leader and steward of the supply chain
- How to monitor workforce performance

## 10.1 INTRODUCTION

An essential component of a robust health system is an effective supply chain which provides health workers and clients with vital public health commodities. To run effectively, a public health supply chain must consist of dynamic, motivated staff at all levels who possess the competencies required to fulfill essential supply chain functions. They must also be empowered to make decisions and act as change agents, positively impacting health supply availability and supply chain operations. For a functioning supply chain system, a country must have the right people:

- In the **right** quantities
- With the **right** skills
- In the **right** place
- At the **right** time
- Who are given the **right** compensation.

FIGURE 10-2.  
IMPACT OF HUMAN RESOURCES ON SUPPLY CHAIN PERFORMANCE



The workforce employed to manage and operate the supply chain is its most important resource. As illustrated in figure 10-2, the supply chain manager needs to systematically invest in recruiting the right people, guided by a clear mission and job descriptions, and develop and support those people on the job to maximize an employee's potential and performance.

This chapter provides guidance to the supply chain manager in how to:

- Determine the staff needed to manage the supply chain
- Recruit staff
- Build staff capacity
- Support staff in their work
- Monitor staff performance

In addition, the supply chain manager is the leader of supply chain staff. This chapter provides guidance for leading the supply chain team.

While the majority of this chapter guides the supply chain manager on the workforce employed to manage the supply chain, an important consideration that influences the effectiveness of the supply chain is the locus of supply chain in the organizational structure. Often, supply chain units are developed within programs, leading to a duplication of units and functions across multiple programs and coordination challenges. Sometimes the supply chain unit sits within the central medical stores, or under the MOH Pharmacy Division. Ideally, a supply chain unit provides services that support all programs and should coordinate with other process divisions, such as planning and evaluation. Since commodity availability is critically important to health system effectiveness, the supply chain unit should be placed within the larger organization at a level that accords it the authority and influence necessary to advocate for sufficient resources (staff, financial, and infrastructure) and provide input into planning and procurement decisions.

## 10.2 STAFFING THE SUPPLY CHAIN

As a supply chain manager, one of your roles/jobs is to help make the right decisions on how to staff the supply chain. Staffing the supply chain can make the difference between success and failure. Even the best designed supply chain, with full supply products and all required infrastructure (warehouses, vehicles) will not be able to make products available if the right staff is not in place to operate and oversee it.

{ Supply chain staffing means having the right people with the right skills in the right place doing the right job to fulfill the supply chain function. }

### 10.2.1 IDENTIFY STAFF AND COMPETENCY REQUIREMENTS

A key decision is which staff positions are required to run the supply chain, where, and at what level these people are placed. This is underscored when there are staffing constraints and it's necessary to assign supply chain tasks to people whose primary tasks are not supply chain-related.

#### WHERE DO WE NEED PEOPLE IN THE SUPPLY CHAIN?

Where people are needed in the supply chain will depend on the structure/design of the supply chain, and whether the supply chain is managed “in-house” or through outsourcing. All health facilities rely on a consistent supply of medicines to serve clients, so product management competencies are needed at that level. Supply chain management staff are also needed at the central level or where products enter in the country or program pipeline. The placement of other supply chain staff depends on how the supply chain is structured: regional/zonal level, district/sub-district, etc., and the responsibility vested there. Capable staff is also needed in other units that implement or support supply chain functions: data management unit, transport unit, procurement unit, and others. In some situations, supply chain functions may be spread across a range of people and units. In other situations, the levels and units/functions may be combined. For example, staff at a supply chain management unit might analyze the data in the reports submitted by facilities, and also monitor stock availability and do supportive supervision based on the quality of the reports or stock availability issues. Staff at a district warehouse may manage the products in the warehouse as well as fill orders and manage the logistics data from the health facilities in the district. A family planning (FP) counselor at a community clinic may be responsible for maintaining stock cards and ordering FP products. However, it is important that these positions be well-analyzed to ensure that combining tasks is realistic and effective.

Each of the situations above provides clues to the type of skills that the supply chain manager will need to ensure that each person has in the area of supply chain management.

#### WHAT ARE THE SUPPLY CHAIN JOBS?

Deciding where staff are placed to manage supply chain functions and ensuring that the appropriate qualified people are in the right places both require specific efforts in staffing management. Analyzing the supply chain needs, the structure of the supply chain, and the human resource requirements can all be supported through different tools and strategies.

One basic requirement, once a position's roles and responsibilities are defined, is to fully document those roles and responsibilities in a job description, define the purpose of the job and how it fits in within the overall system and other supply chain positions, and explain the supply chain functions for which the person is responsible. Having a well-developed job description serves several purposes, including:

- Accounting for all supply chain functions
- Ensuring that each position is clearly delineated with no overlap or conflict between different positions

- Serving as the basis of a job announcement for recruitment
- Outlining the expectations that the supervisor should have of each person she supervises
- Ensuring that the person holding the position understands the expectations he should have of himself

### OUTSOURCING TO 3PL:

Often the Ministry of Health prefers to focus on its “core mission” of providing health services and to outsource one or more of the supply chain functions to companies or service providers whose focus is supply chain management.

In this situation, MoH does not rid itself of every supply chain responsibility simply because someone else is hired to manage/implement one or more of their supply chain functions. Rather, MoH staff now require a different set of competencies and should be placed at different places along the supply chain in order to fulfill their oversight role as supply chain contract managers. MoH staff will still be needed to monitor supply chain performance (vendor performance) in order to ensure that the vendor/contractor is performing up to standard. MoH staff will also be needed to write requests for proposals for outsourced supply chain functions that, evaluate proposals from vendors, and select the most qualified vendor (best “value for money” vendor). Once the contractor has been selected, MoH will need to continuously monitor vendor performance, work with the vendor to take corrective measures when needed, and otherwise ensure that the vendor is satisfactorily performing its contractual duties and products are arriving at the right place and time.



Photo courtesy of Indo QIT

### WHAT COMPETENCIES DO PEOPLE NEED IN “THEIR PLACE” IN THE SUPPLY CHAIN?

In addition to knowing where supply chain staff need to be placed along the supply chain, another key element to define is the competencies each staff person will need to fulfill his or her assigned duties, depending on their supply chain roles and responsibilities.

Staff dedicated to specific tasks such as order processing, data management, and supervision will require a more limited (but more specialized) set of competencies. Order processing staff might need competencies in picking and packing, updating a stock card, verifying the pick and pack quantities, completing an issue voucher, and similar tasks related to receiving an order and preparing it for delivery to the receiving facility. The person charged only with data management may need general competencies in computer use, data entry using the existing data platform, and report production from the database. A person charged with supervision would likely need skills in human resource performance assessment and general supply chain management, interpersonal skills and teaching/tutoring skills.

If a single person has several responsibilities in supply chain management, he or she would need to possess the entire set of competencies that are required to fulfill that more comprehensive role. Final decisions on staffing will also likely involve a range of practical matters. Availability of qualified staff or staff candidates may impact the supply chain functions that can be managed in-house and those that may require a solution such as outsourcing. The availability of financial resources also impacts the number of people that can be hired or the type of services that can be outsourced.

Competencies are the abilities that people possess in order to do their job or to fulfill their functions. Competency requires knowledge, but the focus is on what people are able to do.



Refer to the **Supply Chain Competency Framework for Managers & Leaders<sup>1</sup>** developed by People that Deliver (PtD) to identify the relevant competencies that may be required.

### 10.2.2 RECRUIT THE RIGHT PEOPLE FOR THE RIGHT JOB

Effective recruiting begins with an analysis of the position and the development of a job description where supply chain knowledge, skills, and attributes are identified. Once developed, the position is advertised, candidates apply and are interviewed to assess their motivation and fit, and the selected candidate is offered employment.



The USAID | DELIVER PROJECT has developed a Supply Chain Recruiting Toolkit that provides an overview of each step of the recruiting process, as well as the resources needed to effectively and efficiently recruit.





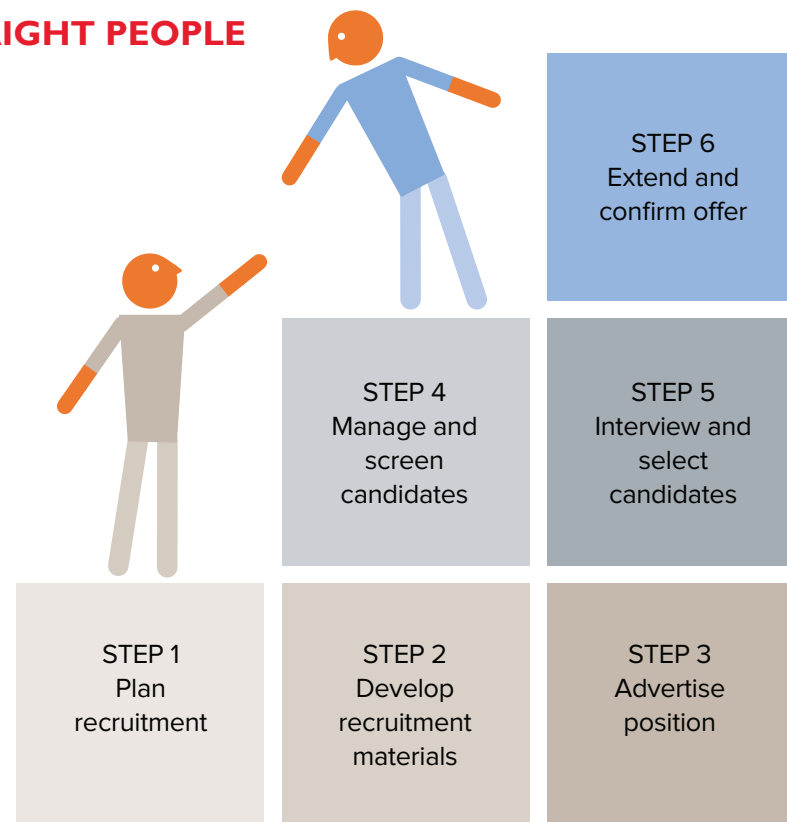
Refer to the **Supply Chain Competency Framework for Managers & Leaders<sup>1</sup>** developed by People that Deliver (PtD) to identify the relevant competencies that may be required.

### WHAT ARE THE CHARACTERISTICS OF GOOD RECRUITMENT PROCESSES?

Job descriptions serve as the basis for the recruitment process which should reflect the following characteristics:

- The recruitment process should be **clear** and **transparent**: The composition of the recruitment/hiring committee should represent all those who would have an interest in the hiring of the candidate, particularly representation from supply chain management. All those involved in the recruitment should understand and agree on how the process will be managed from beginning to end. The job announcement should be circulated widely. Everyone should understand the criteria upon which the candidates will be judged, including minimum acceptable qualifications/job history, and how the candidates will be evaluated and selected for interviews.
- The recruitment process should be **efficient**: It may not be practical for every CV or resumé submitted to receive the same level of detailed examination and consideration, so there should be an agreed-upon mechanism to weed out those candidates. Referring to the minimum acceptable qualifications should be an integral part of this process. The selection

**FIGURE 10-3.**  
**RECRUIT THE RIGHT PEOPLE**



committee should meet in a timely manner and adhere to the timeline determined at the start of the process.

- The recruitment process should be **consistent**: Each round of recruitment should follow a similar process, with only the job description and composition of the hiring committee being different, depending on the specific position/s being recruited at the time.

### HOW CAN TASK-SHIFTING BE APPLIED TO THE SUPPLY CHAIN WORKFORCE?

According to a WHO study, at least 57 countries have a crisis shortage of health workers, 36 of which are in Africa. Task-shifting is one way the health community and national governments can address this issue. Task-shifting is the process of delegation whereby tasks are moved, where appropriate, to less specialized health workers, making more efficient use of the human resources already available and increasing capacity.

While the WHO study discovered a shortage of health workers generally, it is likely true that many countries experience a similar shortage in the area of supply chain specifically. In many instances, service providers such as nurses, midwives and even doctors are required to perform some level of supply chain management, due to a lack of trained, competent supply chain professionals.

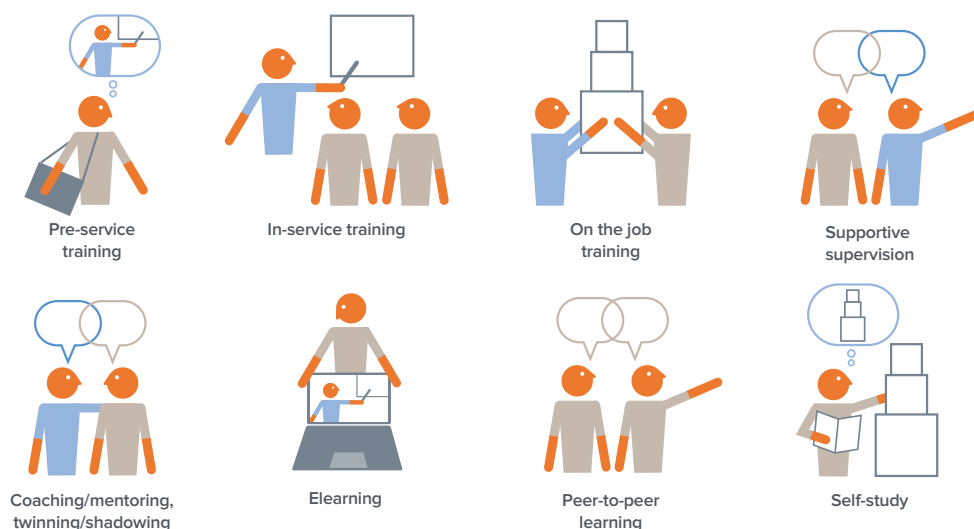
In many countries, policies require that only pharmacists be authorized to “manage” medicines and other health products. Yet in an environment where pharmacists are in short supply, this policy becomes difficult to implement and perhaps refining the policy should be considered. One should ask the question if pharmacists are the most appropriate people to be picking and packing products, doing stock counts of medicines, and other supply chain-related tasks; or, if the pharmacists should concentrate on areas such as dispensing, quality assurance, and other more specialized tasks.

In one form of task shifting, a new cadre is created, given specialized training in supply chain and then added to the overall workforce. In Malawi, the position of Pharmacy Assistant was created and provided with two-years training in pharmacy that includes logistics management, freeing pharmacists for more “technical” tasks.

## 10.3 BUILDING THE CAPACITY OF THE SUPPLY CHAIN WORKFORCE

It is often difficult or impractical to hire staff who already possess the supply chain competencies that they need, and capacity building efforts are needed. Sometimes the only or primary option available may be in-service training: bringing a group of people together in a workshop format to teach them the competencies they need. However, there are other capacity building strategies that can be used in different contexts.

FIGURE 10-4.

**BUILDING THE CAPACITY OF YOUR SUPPLY CHAIN WORKFORCE****10.3.1 PRE-SERVICE TRAINING (PST)**

One option for developing supply chain knowledge and skills (developing the competencies) is to focus on a target audience even before they join the ranks of the health sector supply chain. This can be accomplished by incorporating supply chain management instruction into existing educational or pre-service training programs (PST).

A one-, two-, or three-year curriculum can be developed and incorporated into a university program that trains future pharmacists. Equally, a one- or multi-year supply chain course can be incorporated into an existing course of study for pharmacy technologists at their technical training college. Another possibility is to present a two- to three-week supply chain training “boot camp” at the end of a diploma program for laboratory technologists.

The process for developing and implementing a pre-service training program will typically involve a number of steps including:

- Obtaining Ministry of Health support and backing for the in-service training initiative
- Identifying existing supply chain-related courses already being taught
- Negotiating with responsible parties: university/training institute staff, certification boards for professional staff, or other relevant groups
- Identifying specific competencies that will be required by each cadre
- Determining which type of learning activities and how much time are required
- Aligning the supply chain course work with the existing curriculum
- Developing original training materials based on the actual supply chain system(s)
- Training educational institute staff to teach the supply chain-oriented courses

Many countries have successfully implemented pre-service training programs for supply chain management, including Ethiopia, Pakistan, Nigeria, and Zambia.

**10.3.2 METHODOLOGIES FOR PROFESSIONAL DEVELOPMENT**

Even if a pre-service training strategy can be developed and implemented, it cannot respond to all needs for competency development among supply chain cadres since staff may enter the service via various different points. In addition to the use of pre-service training, there are a number of strategies that can be used to ensure that existing staff are able to develop and grow their competencies, including in-service training and on-the-job training (OJT). In this context, in-service training refers to a more formal classroom-based training situation, whereas OJT refers to a one-on-one competency development program that takes place with the individual at the work site.

**In-service training (IST)**

In-service training is a very common approach to developing competencies. IST is frequently used when a large group of people need to develop a common set of competencies, such as when a new logistics system is being implemented, a system has had some level of re-design, a new LMIS form or information system process is being introduced, and so on.

**On-the-job training (OJT)**

There are also a number of “in-service” training options that allow for a more individualized training experience while on-the-job.

- **Supportive supervision:** Supportive supervision is a frequent IST opportunity through which supply chain competencies are developed or reinforced (see Section 1.4.1 below for further discussion).
- **Mentoring:** Mentoring is more intensive in that the learner is provided regular on-going contact with the mentor, usually at the mentee’s workplace. The contents of these mentoring sessions may focus on one specific area of supply chain management or they could incorporate a range of supply chain management areas.
- **Twinning/shadowing:** In “twinning” or “shadowing,” the learner is matched (twinned) with someone who has the competencies that the learner is trying to learn. The learner “shadows” the person as they go about their daily job and routines, observing and asking questions in order to build their knowledge. The learner can then also assist with the person’s work in order to develop their own abilities/competencies.
- **eLearning:** also known as electronic (usually internet-based) learning, eLearning can provide an opportunity for the learner to define his or her own learning objectives based on self-assessed needs.

**Some online supply chain learning resources:**

What We Do: Leadership in Supply Chain Management and Commodity Security,(USAID I DELIVER Project)

PSM Toolbox, (WHO)

Global Health Learning Center, (USAID)

Strengthening Systems through Effective Procurement, (UNFPA, 2016)

An advantage of the OJT approaches is that the learning can be done in the actual workplace, thereby reinforcing the learning and allowing for tailoring the learning activities to the needs of the individual learner/participant.

Regardless of the type of professional development strategy that is used, all of these strategies are based on the same basic principles and serve to advance the same overall objectives:

- All professional development strategies should be based on developing supply chain competencies: what the participant will be able to do in supply chain as a result of the professional development experience
- The definition of the supply chain competencies to be developed should result in learning activities that will enable or facilitate the learner's competency achievement
- All professional development strategies should build on the participants' existing skills and knowledge, whether by reinforcing/retraining existing competencies or when developing new competencies
- All professional development strategies should focus on improved operations of the health commodity supply chain and lead to improvements in product availability and, as a result, better health services for the clients

## I0.4 SUPPORTING YOUR GREATEST ASSET, THE WORKERS ON THE JOB

After identifying staffing needs, recruiting the right staff, and building capacity, it is essential that the supply chain manager support, motivate, and improve staff performance. The following methods of supporting and motivating staff performance are discussed below:

- Supportive supervision, coaching, and mentoring
- Motivating supply chain staff; establishing recognition system and incentive plans
- Identifying a career path and developing a succession plan
- Professionalization of supply chain workforce
- Professional associations

### I0.4.1 SUPPORTIVE SUPERVISION

A key task of the supply chain manager, supervision, provides an opportunity for the supervisors to learn how health facility staff are performing routine commodity management functions, including commodity storage and inventory management, and how well logistics forms and reports are being completed. During a supervision visit, the supervisor can provide coaching and mentoring through on-the-job training to facility personnel.

Supportive supervision helps keep staff commitment high. When supervisors offer their support, staff know that what they are doing is important.

Ten basic practices of supply chain supportive supervision

1. Think of yourself first as a colleague, then as a boss
2. Listen more than you speak
3. Use two-way communication
4. Assume that the staff know more than you do
5. Bring good news and updates from other places
6. Look for the good things first
7. Don't take away staff responsibility
8. Focus on the priorities
9. Do not let lack of resources stop improvement
10. Leave with a limited number of specific agreements

### HOW CAN YOU SUPPORT STAFF WHEN YOU ARE NOT AT THEIR SITES?

Traditional supervision assumes that you can supervise staff only when you visit them at their sites. Supportive supervision is not limited to on-site visits. Site visits can be time consuming and expensive, and resources may not exist to visit sites very often. Supervisors can still have positive and effective communication with staff without traveling to their workplaces.

- **Meetings:** Supervisors can conduct supportive supervision at meetings, such as monthly staff meetings
- **Notes and messages:** Comments, questions, and news can be transmitted by informal handwritten notes, e-mails or text messages. Short, frequent communication can be more effective than longer sporadic communication.
- **Mobile telephones:** Mobile telephones are available in more and more situations and are even used to place orders and confirm shipment status in some systems

A checklist is a useful management tool to help guide the discussion during supportive supervision (see Annex 10-1 for a sample supply chain supportive supervision checklist).

### I0.4.2 MOTIVATING YOUR SUPPLY CHAIN TEAM

A key constraint to achieving commodity security is the absence of a properly trained and motivated workforce. Staff retention is critical for supply chain performance. A key consideration is how best to motivate and retain staff. An important way to motivate staff is through recognition and incentives plans. Most of the time when talking about "motivation" in term of incentives, the tendency is to think of monetary incentives. While those are important, non-monetary incentives can also be effective in motivating staff.

When your team is motivated you can expect benefits to follow including:

- Renewed morale

**SUPPORTIVE SUPERVISION** is "the process of guiding, helping, and encouraging staff to improve their performance so that they meet the defined standards of performance of their organizations."

**WHAT SUPPORTIVE SUPERVISION IS NOT:** Supportive supervision is very positive, but it is also very honest. It does not pretend that everything is fine and problem-free. It uses clear, calm communication about problems. It is not emotional nor personal. Telling the truth in a professional way is an important part of a supervisor's job.

- Improved personal performance that leads to improved supply chain management
- Deepened appreciation for internal and external customers
- Increased energy and resilience to stress
- An enriched quality of work
- Increased creativity and good humor
- Better employee retention
- Decreased absenteeism, burnout, and turnover
- Improved customer care and service delivery
- Enhanced teamwork, with more trust, and more fun at work

**Money isn't the only way to motivate staff. The following incentives have been shown to motivate people:**

- The freedom to choose when, where, and how they work
- The ability to perform at the highest levels, even beyond their own expectations
- Feeling connected to others
- A well-designed workspace (computer, desk, internet connection)
- Aspirational, but achievable, goals
- Recognition of work well done, such as employee of the month or of the year.
- Professional training opportunities

### 10.4.3 IDENTIFYING A CAREER PATH

A thoughtful career path plan is a key factor in employee motivation, engagement and retention. An organization contributes to an employee's ability to develop a career path by making the knowledge, skills, experience, and job requirements of each position within the company transparent. With this information, the employee can plan and prepare for various jobs and opportunities. The organization supports employees in developing and pursuing a career path by providing access to these opportunities and information. The supply chain manager can help his or her staff develop a career path by asking staff to identify their desired job / jobs within the organization and then by guiding them to develop a professional development plan. This plan may include ways to develop skills, pursue opportunities, and obtain certain experiences that will help them progress in their jobs and within the organization.

### 10.4.4 PROFESSIONALIZATION OF SUPPLY CHAIN MANAGEMENT WORKFORCE

Tasks within the supply chain field are often not considered a professional role requiring specialized training. As such, they are shifted to any number of personnel without considering their capacity and their competency in logistics. The consequence of haphazard task-shifting is poor supply chain management.

To build a workforce empowered to sustain a high performing supply chain, supply chain roles must be professionalized. Professionalization is the process of recognizing a set of responsibilities or shared tasks as an established profession with standardized competency expectations. Those filling a professionalized role are required to have completed an established curriculum (either pre- or in-service) designed to develop the knowledge, skills, and attributes required by the tasks for successful completion.

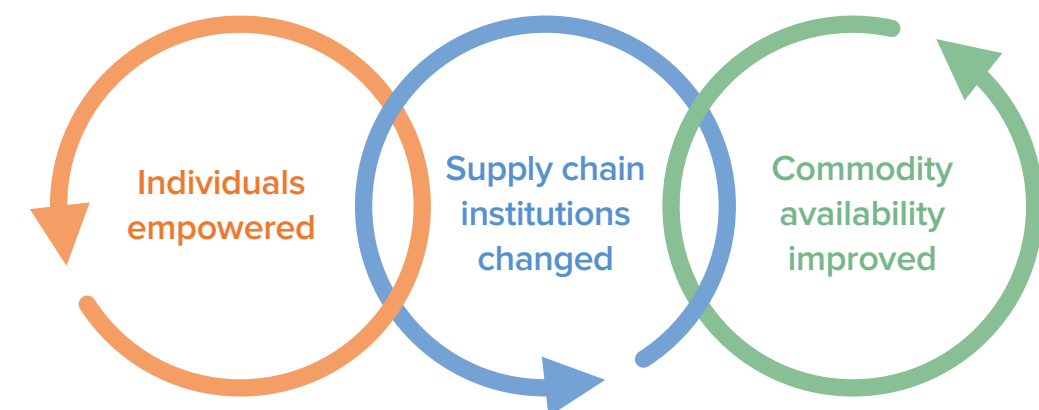
Roles can be professionalized through the explicit creation of a job to which all tasks are formally assigned, but also by requiring a license or certificate to perform the tasks assigned to the professionalized role. Managers should seek membership in one or more of the following organizations which can provide networking and professional development opportunities, and advocate for the professionalization of the position of supply chain manager.

#### International Association of Public Health Logisticians - IAPHL

The International Association of Public Health Logisticians (IAPHL) is the only professional association specifically supporting and strengthening practitioners of health supply chain management in developing countries. As a membership organization, IAPHL:

- **EDUCATES**, empowers, and connects individual members nationally and globally
- **ENHANCES** members' sense of community through, professional growth, career opportunities, and job performance
- **ENABLES** country chapters of members to work together for country change
- **ENERGIZES** the global community, providing convening power and a catalytic environment for information exchange across commodity groups, levels, and private and public sectors
- **ENCOURAGES** the adoption of supply chain best practice from multiple sectors
- **ENGAGES** with local, regional, and international organizations working in health supply chains

**FIGURE 10-5.**  
**PROFESSIONALIZATION OF SUPPLY CHAIN**





People that Deliver – PtD

The People that Deliver (PtD) Initiative is a broad coalition of organizations from around the world that strives to improve the health supply chain workforce in developing countries. The PtD Mission is to build global and national capacity to implement evidence-based approaches to plan, finance, develop, support, and retain the national workforces needed for the effective, efficient, and sustainable management of health supply chains.

10.5 PROVIDING STEWARDSHIP AND LEADING THE SUPPLY CHAIN TEAM

Sustainable supply chain development requires that countries have committed and empowered leaders who play the vital stewardship role. Good leadership is about providing direction, gaining commitment from partners and staff, directing and coordinating work, and facilitating change. It is also about achieving better supply chain services through efficient, creative and responsible deployment of people, interventions, and other resources. When supply chain managers as leaders are empowered and engaged to take ownership of their role within the public health supply chain, they can advocate for and ensure the implementation of policies, guidelines, and strategies that improve the performance of public health supply chains.



Photo courtesy of A. Makulec, Ethiopia



Photo courtesy of USAID | DELIVER Project

10.5.1 LEADERS AS AGENTS OF CHANGE

A vital skill for leaders is the ability to manage change. As leaders develop a vision of success, these “change agents” implement the solutions required at both the individual and institutional level that will result in improvement in commodity availability across the community. Equipping leaders with the knowledge, skills, and a process for strategizing and operationalizing change lets them initiate and sustain transformation within the supply chains that serve their communities.

10.5.2 LEADERS DRIVING PERFORMANCE

When competent and engaged leaders view supply chains as strategic function within a health system that are essential for meeting health goals, they are more likely to enact personnel and organizational improvements within the public health supply chain. Skilled and committed leaders facilitate robust supply chains powered with engaged employees by deploying key skills:

| SKILLS                        | EXPLANATION  |
|-------------------------------|--|
| Establish a mandate           | Leaders collaborate across the organization to develop and communicate a mandate, or vision, of the desired state, and invite all those working within or impacted by the supply chain to own the vision, resulting in motivation and empowerment to support implementation.         |
| Collaborate                   | Collaboration allows leaders to draw from and build upon the collective knowledge, skills, and attributes of a group; recognizing strengths within individuals and allowing those strengths to fuel team progress.   |
| Develop plans and set targets | Effective leaders provide clear direction to teams allowing them to focus time, resources, and effort in an effective manner.  |
| Engage Stakeholders           | Effective leaders involve stakeholders “early, often, and in a meaningful way” <sup>4</sup> by opening communication, building ownership, and expanding their implementation team. Decision-makers and influencers are essential advocates for the team and within the organization. |
| Continuously Improve          | Leaders who identify and monitor progress with a goal of continuously improving—whether themselves, staff, teams, processes, or products—encourage effectiveness and efficiency which, in turn, fuel better work, more improvement, and ultimately, better results. <sup>5</sup>     |

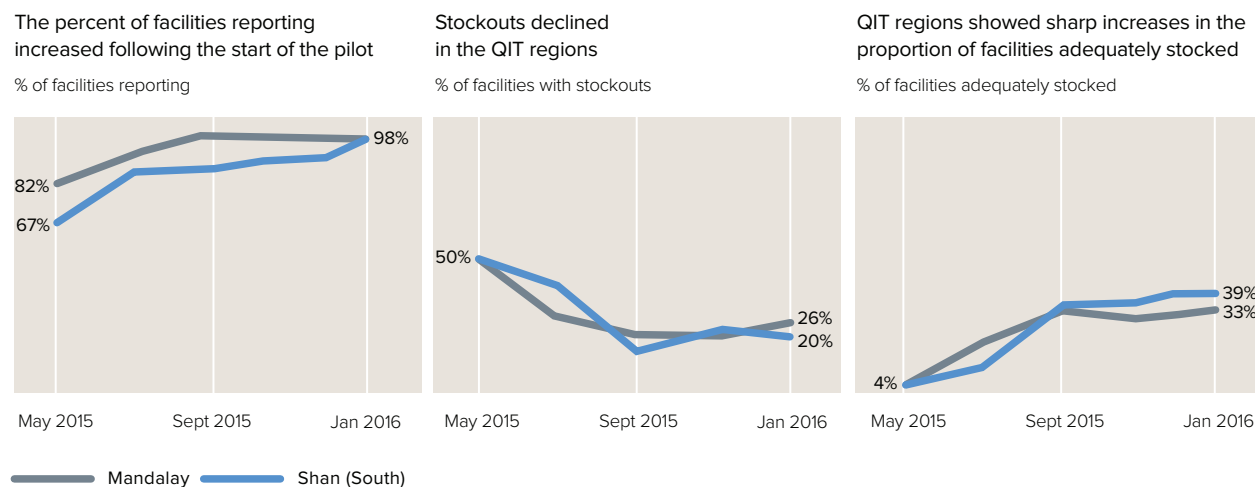


Myanmar, Ethiopia, and Rwanda implemented IMPACT teams also called QITs to improve the use of data for supply chain decision making. These teams illustrate the impact that good leadership can have on supply chain performance. IMPACT leaders collaborated with their teams to identify common goals, monitor progress, and report back in the spirit of continuous improvement.

- **Common goals** – Teams agree on a vision/goal for the IMPACT, establish performance indicators and targets, a performance plan, and outline parameters or options for recognition, which were used to guide IMPACT activities
- **Monitoring progress** – At monthly meetings, leaders convened teams to review performance indicators, measure progress, and use data to prioritize problems for discussion and action. In this way, team leaders facilitated a “Plan-Do-Study-Act (PDSA) cycle to identify problems and solutions” and coach teams to implement them post-meeting.<sup>6</sup>
- **Reporting back** – IMPACT leaders consistently reported back, sharing challenges and success stories in response to performance issues. They engage higher levels in addressing bottlenecks and recognized excellent performance at all applicable levels.

In Myanmar, for example, over the period of implementation, the areas with active IMPACT who had engaged leaders showed performance improvements in three key indicators.

**FIGURE 10-6**  
**REGIONS USING QIT APPROACH SHOW IMPROVEMENT IN KEY SUPPLY CHAIN INDICATORS**



As a team, leaders created space to discuss and work together to solve problems, capture successes, and continuously improve as they reviewed supply chain data with the shared goal of improving product availability.

## 10.6 MONITORING WORKFORCE PERFORMANCE

### 10.6.1 ESTABLISH A PERFORMANCE MANAGEMENT SYSTEM

Performance management is the systematic process of planning work and setting expectations, periodically rating performance in relation to job criteria, and rewarding good performance. Criteria are established in competency models, embedded in job descriptions, and linked to organizational objectives. Supply chain staff must have clear knowledge of the expectations for their performance and the mechanisms by which their performance will be monitored, assessed, and evaluated.

The most effective management of performance is done on an ongoing basis through supportive supervision, coaching, and/or mentoring. To ensure that supervision is unbiased and productive, managers must give feedback according to established guidelines, and understand how to properly reward good performance to encourage retention and mitigate poor performance. Ultimately, the objective of performance management is to link individual employee goals and performance to organizational goals and performance through competency-based assessment in order to positively impact supply chain performance.

As a supply chain manager, you will need to:

- Establish and document a clear, transparent, unbiased, and efficient annual (or more frequent) process for assessing staff performance
- Develop objective performance assessment tools for supervisors and staff to use in the process based on job descriptions
- Share the documented process and tools with staff for their input and knowledge. Implement the process and tools consistently and openly.

The performance management process should also include details for how staff performance assessment results are documented and maintained, and a process for addressing staff performance needs through professional development and remediation, including additional training, coaching, OJT, etc.

### 10.6.2 PERSONNEL POLICIES

Establishment of personnel policies is usually the responsibility of the human resource department of the larger organization in which the supply chain management system sits. Given this, the responsibility of the supply chain manager is to ensure that policies on attendance, leave, holidays, compensation, etc. are clearly understood by himself and his staff.

### EXAMPLES OF SUPPLY CHAIN WORKFORCE KEY PERFORMANCE INDICATORS

- % of supply chain positions filled
- % of workforce trained in supply chain during pre-service training
- % of workforce receiving refresher or OJT during the year
- % of workforce who receive performance ratings above 80%
- % of workforce retained for more than three years

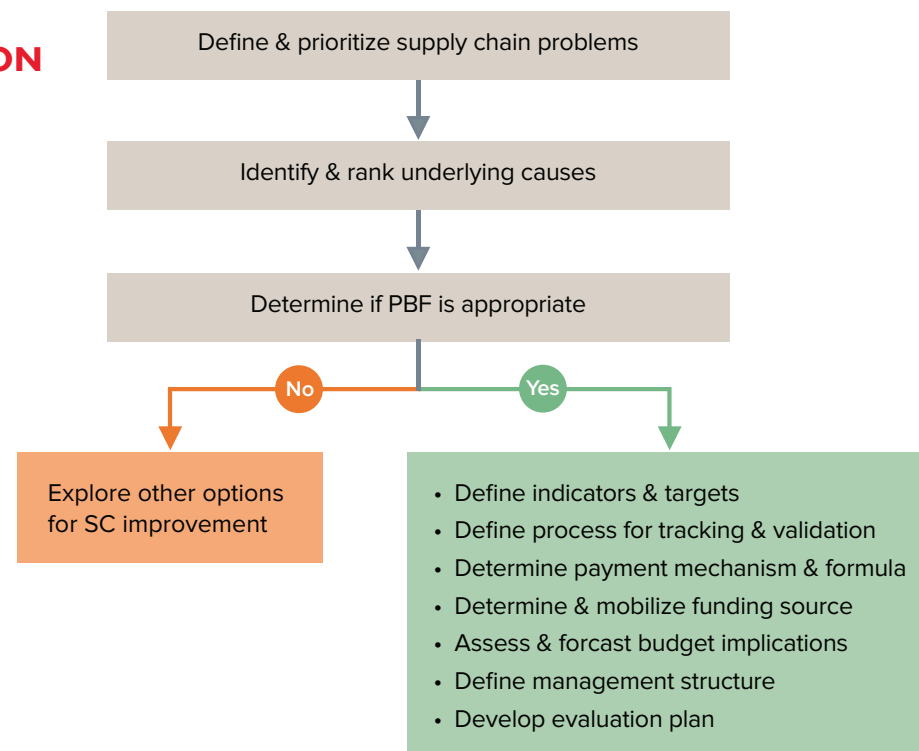
### 10.6.3 WORKFORCE KPIS

In order to fully understand the work force situation, the supply chain manager should identify a set of workforce related indicators to understand how the organization is performing. Examples indicators are provided here.

### 10.6.4 PERFORMANCE-BASED INCENTIVES

Incentives can be another mechanism for improving performance. Performance-based incentives or financing (PBF) can be defined as cash or non-monetary benefit that is given for measurable actions or achievement of a defined performance target. PBF is often used in commercial supply chains; it is increasingly being used to improve health care service delivery worldwide. PBF has potential to help strengthen supply chains by linking performance to rewards. One important element of performance-based financing for supply chains is identifying performance-related problems and aligning incentives along the entire supply chain.

**FIGURE 10-7.**  
**PBF INTERVENTION**  
**DECISION TREE**



Before implementing a performance-based incentives scheme, the supply chain manager needs to be sure the prerequisites for such a scheme are in place. These include the following:

- Strong health information and reporting systems are prerequisites for success
- A PBF plan should be based on valid and reliable supply chain data. Before implementing a public health supply chain PBF program, make sure that health information and reporting systems are yielding quality data. Also, include logistics information reporting indicators in the PBF plan.
- All parties involved in the supply chain must understand the PBF plans and incentives
- Performance metrics should be clearly defined and made available to all parties, through published reports, for instance
- PBF programs must be flexible. All actors along a public health supply chain must have the ability to make changes to respond to their specific incentives. Actors must be empowered to make decisions and adjustments necessary to achieve the targets set for them in the PBF plan.

Review performance goals periodically and make adjustments. Rolling out the PBF plan is not the end. PBF scheme managers should continually monitor progress to ensure that goals are being met in a timely manner and metrics reviewed periodically to ensure that incentives are well-aligned with objectives.



### FOR MORE INFORMATION AND ADDITIONAL RESOURCES ON PERFORMANCE BASED FINANCING FOR SUPPLY CHAINS

- Performance-Based Incentives for Public Health Supply Chains : Training Toolkit, (USAID | DELIVER Project)
- Options Guide: Performance-Based Incentives to Strengthen Public Health Supply Chains--Version 1
- Commercial Sector Performance-based Financing Offers Lessons for Public Health Supply Chains in Developing Countries, (USAID | DELIVER Project)
- Experiences and Lessons Learned from Pay-for-Reporting Schemes in Public Health Supply Chains, (USAID | DELIVER Project)
- Inventory of Performance-Based Incentive Schemes, (USAID | DELIVER Project)
- Use of Incentives in Health Supply Chains: A Review of Results-Based Financing in Mozambique's Central Medical Store, (USAID | DELIVER Project)





## MOZAMBIQUE CASE STUDY

In 2012, the USAID mission in Mozambique launched an innovative experiment with the Central de Medicamentos e Artigos Médicos, or CMAM. CMAM is responsible for procuring, warehousing, and distributing medicines and health supplies for the public-sector supply chain, and receives significant U.S. government support for health commodities and technical assistance. In January 2013, USAID entered into a one-year government-to-government agreement that explicitly tied payment of up to \$125,000 per quarter to achieving performance targets that improve five indicators related to planning, distribution, and warehouse management.

USAID's agreement with CMAM enabled CMAM to decide how best to use FARA funds to achieve the required targets. At the end of each quarter, CMAM produced reports on these indicators, which a team from USAID then verified.

The results indicate a gradual improvement in all performance indicators included in the RBF scheme. For instance, the number of days from receipt of orders to delivery to provincial clients dropped from 40 days at baseline to about 30 days or fewer by the third quarter. Also, the time for developing a distribution plan was cut in half, from about 27 days at baseline to 15 days or fewer. There were also significant improvements to inventory record accuracy and in "picking and packing" of orders. The review also found that the strong performance by CMAM was a result of a number of improvements in the implementation of routine tasks including:

- Double-checking of packing lists
- Implementation of previously overlooked standard operating procedures (SOPs)
- Creation of a new unit for monitoring and evaluation
- Voluntary increases in working hours
- Enhanced team work

## ANNEX 10-1.

### SUPERVISION CHECKLIST FOR HEALTH FACILITY VISITS

Checklists help supervisors acknowledge strengths and target areas for improvement. Supervisory checklists should contain key observable features and components of the logistics program that should be routinely monitored to ensure that the most important resources are in place and activities carried out correctly and on schedule. What follows is a checklist of considerations for conducting a supervisory visit. These can be customized based on country context.

|   |  |              |    |          |
|---|--|--------------|----|----------|
| Identifying Information   |  |              |    |          |
| Name and title of supervisor(s) conducting visit  |  |              |    |          |
| Name of facility  |  |              |    |          |
| Facility code   |  |              |    |          |
| Date of visit   |  |              |    |          |
| Date of last visit  |  |              |    |          |
| Facility contact details:   |  |              |    |          |
| Telephone number  |  |              |    |          |
| Fax   |  |              |    |          |
| Email   |  |              |    |          |
| <b>STAFF CONTACT DETAILS (PERSON(S) SUPERVISED/PARTICIPATED IN OJT)</b>   |  |              |    |          |
| Name  | Title  | Mobile/Email |    |          |
|   |  |              |    |          |
|   |  |              |    |          |
|   |  |              |    |          |
|   |  |              |    |          |
| Purpose of the Visit  | <ul style="list-style-type: none"> <li>• To ensure that planned logistics activities are being carried out properly and according to schedule</li> <li>• To ensure that all records are correctly maintained and reports are submitted in a timely manner</li> <li>• To ensure that established logistics guidelines and procedures are being followed</li> <li>• To ensure that logistics personnel are doing their jobs properly, and if not, why not</li> <li>• To improve the performance of logistics personnel.</li> </ul> |              |    |          |
| <b>Instructions:</b> Indicate which of the activities listed below were reviewed with the health facility worker(s) during this visit. Provide any additional explanation in the comments section and attach copies of any related OJT tools that were used during the visit. |  |              |    |          |
| <b>HEALTH COMMODITY STORAGE</b>   |  |              |    |          |
|   |  | Yes          | No | Comments |
| 1.  | Visit the storage area(s) and verify that storage guidelines are being followed.   |              |    |          |
| 2.  | If specific products were involved, indicate which product(s):   |              |    |          |
| 3.  | Conduct visual inspection of health commodities.   |              |    |          |
| 4.  | If yes, indicate which product(s) were involved:   |              |    |          |



| QUALITY OF RECORDKEEPING AND REPORTING  |   |     |    |          |
|---|---|-----|----|----------|
|   |   | Yes | No | Comments |
| 5.  | Review stockkeeping records.  |     |    |          |
| 6.  | If yes, indicate which product(s) were involved:  |     |    |          |
|   |   |     |    |          |
|   |   |     |    |          |
| 7.  | Review facility report.   |     |    |          |
| 8.  | If yes, indicate the time period covered by the report or the date of the report.   |     |    |          |
|   |   |     |    |          |
|   |   |     |    |          |
| 9.  | Review a facility requisition form.   |     |    |          |
| 10.   | If yes, indicate the time period covered by the report or the date of the report.   |     |    |          |
| MONITORING STOCK STATUS   |   |     |    |          |
|   |   | Yes | No | Comments |
| 11.   | Conduct physical inventory.   |     |    |          |
| 12.   | If yes, indicate which product(s) were involved:  |     |    |          |
| 13.   | Complete a stock status form.   |     |    |          |
| 14.   | If yes, indicate which product(s) were involved:  |     |    |          |
| 13.   | If low stock levels or stockouts were found, indicate what actions were taken or what actions are going to be taken:      |     |    |          |
| 14.   | If expired or soon-to-expire products were found, indicate what actions were taken or what actions are going to be taken: |     |    |          |
| REFERENCES  |   |     |    |          |
|   |   | Yes | No | Comments |
| 15.   | Does the facility have a copy of the SOPs manual? (If no, provide a copy or arrange for a copy to be provided.)           |     |    |          |
| ADDITIONAL COMMENTS:  |   |     |    |          |
| Write any comments about the supervisee or facility's performance for the logistics system. (Indicate how problems reported in previous supervision feedback form have been resolved and which problems are still outstanding). |   |     |    |          |



Photo courtesy of IAPHL



Photo courtesy of IAPHL

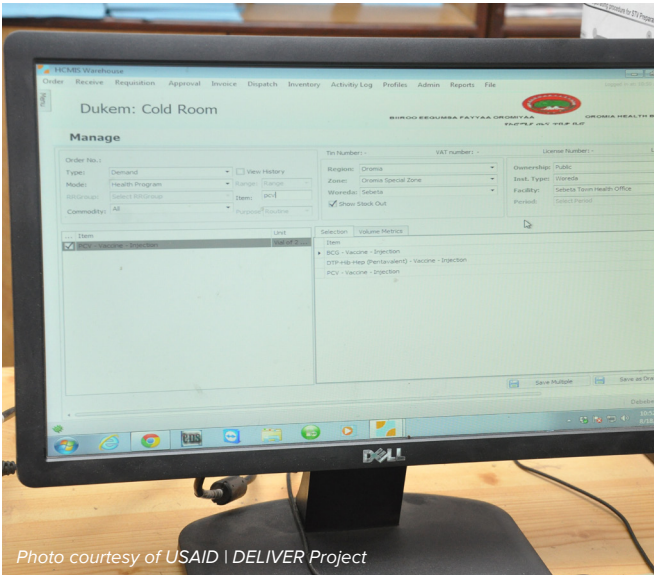


Photo courtesy of USAID | DELIVER Project



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