Weathering the Supply Availability Storm: Be Prepared

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Like any business that relies on manufacturers across the globe for supplies, the health care industry sees its share of random product back orders, allocation situations and outright supply shortages. The causes for these disruptions can vary but the effect is always the same: supply chain personnel scrambling to figure out ways to manage until supply availability is restored.

The natural disasters of 2017 revealed new supply chain risks when major manufacturers and market share leaders were impacted by Hurricane Maria when it hit Puerto Rico. So what can one do to avoid the pitfalls of the unexpected when experiencing supply interruptions? Start by taking a hard look at your supply chain operations to fully understand and anticipate risks you may experience when the inevitable inventory disruption occurs. What you do today will make a difference to your clinicians and patients when critical supplies are not readily available.

Understanding your risk for supply disruptions

Understanding the risk of disruptions in your supply chain takes time, planning and continuous assessment. In every instance, it’s important to ensure that you have the information needed to manage the delay and deploy a mitigation strategy. To stay ahead of any supply disruption, you'll need to:

- Identify your key products including essential and specialty supplies required to run your operations
- Know who your partners are (distributor or major suppliers) and how to contact them in an emergency
- Know where your key products are manufactured, warehoused and distributed so that you can better anticipate issues that may affect the manufacturers’ ability to fill or deliver supplies
- Understand your product usage patterns and plan for them
  - What times of the year do you typically see spikes? Do they occur during flu season, wintertime or during summer vacation?
  - Have you adjusted your ordering and coordinated with manufacturers and distributors for anticipated increase in usage?
- Assess your risk during times of potential disruptions such as hurricanes or other inclement weather in conjunction with suppliers to understand their business continuity plan

Have a plan when a disruption occurs

Taking the time and effort in advance to plan for shortages and stock-out situations will prepare your team quickly and efficiently when a disruption occurs. It will give you the ability to provide your organization with information, alternatives and product updates on a timely basis. Here are some tips you can follow when planning for shortages and other supply disruptions:

- Prepare an approved substitution list for those supplies required for continued patient care operations
- Manage product inventory closely during times when back orders, allocations and extended supply disruptions occur
  - Limit the amount of product delivered to stocking areas to match use
- Communicate, communicate and communicate!
  - Ensure that you are speaking with your manufacturer sales reps and distributors as well as clinicians
    - Sales reps may be able to provide stock, make suggestions on comparable products, provide details on differences and assist with clinical questions
    - Clinicians may be able to offer alternate techniques that change product mix until normal supplies are available
  - Network with colleagues locally and nationally to understand additional options other organizations may be pursuing
  - When suppliers regulate product distribution by allocation amounts, check your data and review with your sales rep to ensure allotment is sufficient to cover actual usage
  - Verify back orders with manufacturers as they can often provide direct shipment during shortages giving priority to clients over distributors
- Have a dedicated resource assigned to handle backorders, and work closely with the necessary parties
- Receive and review back order reports on a consistent basis. The earlier you recognize an issue the faster you can react and prevent shortages.

While we aren't able to prevent manufacturer-related shortages, we can mitigate the impact by being prepared. In the words of Benjamin Franklin, “By failing to prepare, you are preparing to fail.”
About the author. Cheryl Poplaski is senior director, supply chain operations, joining the Vizient team in 2001 and serving in a variety of supply chain leadership roles. With more than 25 years of experience in all areas of supply chain, she is particularly effective in implementing systems and redesigning operations to increase efficiency and reduce cost.

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