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KEMSA Support Program Customer Service Analysis Report

April 2013

AID-623-C-11-00010

This publication was prepared and produced by Deloitte Consulting LLP for review by the United States Agency for International Development.

KEMSA Support Program

Customer Service Analysis Report

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Kenya Medical Supplies Agency (KEMSA) Support Program
Contract Number: AID-623-C-11-00010

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ACRONYMS & ABBREVIATIONS

ARV	Antiretroviral
CSA	Customer Service Associate
EMMS	Essential Medicines and Medical Supplies
ERP	Enterprise Resource Planning
FCSO	Field Customer Service Officer
KEMSA	Kenya Medical Supplies Agency
KSP	KEMSA Support Program
LMIS	Logistics Management Information System
LMU	Logistics Management Unit
M&E	Monitoring and Evaluation
NASCOP	National AIDS and STI Control Program
pharma	pharmaceuticals
non-pharma	non-pharmaceuticals
PMP	Performance Management Plan
POD	Proof of Delivery
RCSO	Regional Customer Service Officer
RHF	Rural Health Facility
SKU	Stock Keeping Units
SOP	Standard Operating Procedure
SORF	Sales Order Request Form
SSD	Supplementary Services Division
WMS	Warehouse Management System

EXECUTIVE SUMMARY

The Kenya Medical Supplies Agency (KEMSA) Support Program conducted an analysis of the customer service operations at KEMSA. This report provides a comprehensive picture of the customer service processes and procedures, gaps in execution, and key recommendations to address gaps and mitigate risk.

KEMSA delivers health commodities to approximately 4,000 public health facilities throughout Kenya; this includes provincial hospitals, district hospitals, sub-district hospitals, health centers, and dispensaries. Of the 2,031 stock-keeping units (SKUs) distributed to facilities, 18% are pharmaceutical (pharma), 21% are equipment, and 60% are non-pharmaceutical (non-pharma) commodities¹. Hospitals submit two orders for Essential Medicines and Medical Supplies (EMMS), one order for pharmaceutical items and another order for non-pharmaceutical such as gloves and syringes. Orders are placed using a Sales Order Request Form (SORF), which lists 132 types of pharma commodities and 97 non-pharma. On average, the Customer Service Department processes approximately 1,600 orders each month in KEMSA's Enterprise Resource Planning (ERP) system. There are ten Customer Service Assistants (CSAs) responsible to receive, capture and process EMMS orders. This translates to about 85 processed orders per day per CSA. There are various Ministry departments such as the National AIDS and STI Control Program (NASCOP) and the Department of Malaria Control (DMC) that play a key role in the coordination of program commodity orders in the Logistic Management Information System (LMIS). The vertical programs review the orders and release memos to the ERP to confirm the distribution list and quantities for delivery. There are 15 CSAs focusing on program consumption data, order processing and other activities.

KEMSA's customers expect a high order fill rate, on time delivery, timely response to customer complaints, and delivery of quality commodities. This report examines the primary functions that affect performance across KEMSA's central and field office locations, including order management, complaints management, and reverse logistics.

Deloitte conducted an analysis by leveraging our methodology, based on industry leading supply chain practices. We tailored our approach by taking into consideration the unique requirements of KEMSA's public health supply chain operations. We performed qualitative and quantitative analyses to examine each customer service function.

Customer service processes at KEMSA are challenged due to limited availability of system tools and resources, lack of functionality and integration with existing systems, and manually time consuming processes. At the start of the analysis lack of complaints management tools limited the Customer Service Department's ability to efficiently centralize and manage complaints, effectively assign and monitor for resolution, and quickly identify solutions to common problems using historical reports and archive searches. The gap in complaints management tools has since been resolved, but it still needs to be automated in the ERP system to be able to fully optimize and streamline complaints management and reporting.

There is little to no standardization in place for reverse logistics procedures or tools, making it difficult to identify and track commodities returned from or redistributed to other facilities. Speed and efficiency of operations are constrained by the absence of optimized technology systems to support key customer service activities. There were significant gaps identified in the ERP system for customer order entry and tracking; as well as integration gaps with warehousing, the LMIS, and inventory systems. Availability of reports for managing and monitoring performance is also limited.

¹ Source: KEMSA Quality Assurance Department

Based on findings of the analysis, key recommendations were made to address deficiencies and improve current operations within each customer service function. Within order management, KEMSA should implement improved processes to monitor and address delayed facility order submissions, improve integration points with warehousing and distribution throughout order fulfillment, address ERP functionality gaps, and improve the LMIS system and integration with ERP. Reporting and tracking mechanisms should also be aligned to the new county structures.

Regarding complaints management, KEMSA should further optimize the customer complaints management by automating the process in the ERP system to improve, track and collaborate with other departments to resolve complaints, and regularly provide feedback and report on complaints. In addition, KEMSA should broaden the complaints functionality to start moving towards more comprehensive customer relationship management. KEMSA should standardize processes and procedures in reverse logistics and improve current system capabilities to facilitate tracking and accounting of reverse logistic transactions.

1. INTRODUCTION

In May 2011, USAID awarded the two-year KEMSA Support Program to Deloitte Consulting LLP as the lead implementing partner. The goal of the program is to strengthen KEMSA's ability to provide client sites throughout the country with the right quantity of quality commodities, in a timely manner, for effective service provision. This is achieved through the following five tasks, which are aimed at improving KEMSA's business operations.

1. Review KEMSA's Legal Status (KEMSA Act) and make recommendations to strengthen its operational mandate
2. Strengthen KEMSA's governance architecture and practice
3. Strengthen KEMSA's inventory management and tracking
4. Strengthen KEMSA's warehouse and distribution
5. Support KEMSA to develop, implement and monitor a performance monitoring plan

Customer service operations supports Task Three, specifically in the areas of order management, complaints management and reverse logistics to improve the overall customer experience. The following customer service analysis provides a comprehensive picture of the customer service processes and procedures, gaps in execution, and key recommendations to address gaps and mitigate risk of weak performance. The recommended actions will help strengthen KEMSA's reputation in Kenya and move further toward the improvement of the health of Kenyans through efficient and effective customer service and distribution of health commodities to public health facilities throughout Kenya.

2. SCOPE

The scope of the analysis focused on the following KEMSA customer service functions: order management, complaints management and reverse logistics. Each function was examined for inefficiencies in performance and improvement opportunities in operations. This is critical for KEMSA's customer service organization as the complexity of customer relationship management, use of new technologies and tools, and the number of health facilities continually increase due to evolving supply chain processes, the launch of a Supplementary Services Division (SSD), and other external factors. The three Customer Service functions described below span KEMSA's central department and

field office locations. Field offices follow-up with facilities to ensure that essential medical commodities are continuously supplied; collect and forward complaints from the regions; and support the central department in facility reporting, order submission and customer relationship management.

Figure 1: KEMSA Customer Service Functions Analyzed

Order Management	Complaints Management	Reverse Logistics
<ul style="list-style-type: none"> Consumption Data Reporting Customer Order Processing Emergency Order Processing Data Maintenance 	<ul style="list-style-type: none"> Complaints Capturing Tracking and providing feedback Resolving complaints Reporting 	<ul style="list-style-type: none"> Redistributions Recalls Commodity Returns

The Order Management function is comprised of activities from receiving and reviewing orders through follow-up. This includes:

- Facility Consumption Data Reporting and Order Receipt:** This is an electronic or hard copy submission process where consumption data and orders are sent directly to KEMSA customer service or routed through the Field Customer Service Officers (FCSOs) stationed at regional depot locations. For EMMS orders, Rural Health Facilities (RHF) and hospitals are required to submit order forms quarterly as per the distribution schedules shared at the start of each quarter. After receiving the orders, a KEMSA customer service staff member reviews the order requests for processing. For Special Programs, RHF and hospitals submit consumption reports and order requests monthly. KEMSA manually captures the consumption data in the LMIS. KEMSA uses the information to determine the amount needed for re-supply, inventory planning and quantification meetings to determine procurement needs.
- Order Entry:** This is a data entry process that includes capturing the order information in the ERP system, approving the order, and releasing it to the Warehouse Management System (WMS) for picking operations. For EMMS, orders are not released until all RHF orders in the district have been received and processed in the ERP system.

Emergency orders are fast tracked but follow the same process as standard orders. The emergency or special orders originate from a facility when there is an outbreak of a disease or emergency situations such as a fire or accident. These orders are channeled via KEMSA's Operations Director for approval then processed at Customer Service as per the standard order processing procedure.

- Order Tracking:** This is a manual follow-up activity conducted as needed based on customer complaints received or outside requests, either internal or external. Tracking orders involves pulling information from more than one source to reconcile and confirm details or status. This includes providing feedback to program stakeholders in order to take action on low reporting rate performance for special programs.
- Data Maintenance:** This is a supporting activity that includes verification and loading of public health facility information, which is obtained from the Ministry of Health (MOH) on an annual basis. This information will include the approved list of public health facilities for the coming year, as well as the corresponding drawing rights, which are

defined as monetary values. Each facility will have a unique, identifying Master Facility List (MFL) code. New facilities, changes to existing facilities (such as upgrade of a facility to a higher level) as well as the drawing rights are loaded into the ERP system after verification.

The Complaints Management function encompasses all activities from complaint receipt to issue resolution and providing feedback. This includes:

- **Complaint Capture:** This involves documenting details of complaints from the customer on the Customer Complaints Form and inputting it into the KEMSA Complaints Tracking tool which was designed at the start of this analysis for this specific purpose. Field visits are also conducted to obtain client feedback including complaints and to follow-up as required.
- **Issue Tracking:** This involves following up on complaints forwarded to other departments for action.
- **Issue Resolution:** This involves determining the root cause of the problem and actions required to resolve.

The Reverse Logistics function is comprised of all activities required to initiate redistribution of commodities to another facility or return of commodities to KEMSA. This includes:

- **Redistributions:** This involves moving stock to another facility or KEMSA depot due to surplus or short expiry.
- **Recalls:** This involves replacing recalled products at facilities that were picked up by the supplier.
- **Returns:** This involves returning goods to KEMSA due to quality issues, excess stock resulting from push systems, or facility closures.

3. APPROACH

We conducted the analysis by leveraging the Deloitte Integrated Supply Chain (DISC) toolkit, an approach and framework that incorporates leading public and private sector supply chain management practices. The DISC toolkit was applied to the unique requirements of KEMSA's public health supply chain operations.

Steps executed as part of the customer service analysis using the DISC approach included:

- Understanding the as-is baseline, capturing the current state for people, process, and technology;
- Gathering best practices and benchmarks leveraging and incorporating leading practices;
- Conducting a gap analysis to identify gaps between the current and desired future state;
- Developing improvement opportunities and solutions to fill identified gaps; and
- Building a roadmap by recommending and prioritizing solutions to continue momentum for continuous improvement.

Qualitative observations were captured by observing the execution of day-to-day customer service activities performed by 25 KEMSA staff members, supporting and participating in monthly stakeholder meetings, facilitating working sessions with six key process owners, and examining nine Standard Operating Procedures (SOPs) and other relevant documents. Ten business process flows were documented prior to and during the analysis, with validation occurring throughout.

We conducted quantitative analysis through performance Monitoring and Evaluation (M&E). Prior to analysis, limited M&E procedures were in place; lacking the structure and substance to regulate performance properly. Accordingly, we proactively implemented with KEMSA formalized customer service performance management as part of the approach to allow for a more thorough verification process and analysis. Data for customer service metrics was extracted from the ERP system followed by data formatting activities performed by KEMSA customer service staff. Once metrics were calculated, the team analyzed the data and associated trends to investigate overall performance. When deficiencies were uncovered, root causes were identified and potential solutions were determined. Additionally, KEMSA M&E champions were appointed to drive the M&E processes and the tracking of key performance indicators (KPIs). The customer service metrics are summarized in Figure 2 below. Order turnaround time (for special program distribution cycles), complaint feedback cycle time, facility consumption reporting and on time reporting are currently tracked.

Metrics checked in Figure 2, are designated as KPIs. KPIs have been strategically defined across work streams in support of KEMSA's Performance Management activities. The indicators have been aligned to KEMSA's strategic objectives and targeted impact areas. The KPIs will be used to monitor and evaluate KEMSA's performance within customer service.

Figure 2: Proposed Customer Service Metrics and Overall Supply Chain metrics

Category	Metric	Description	KPI
Supply Chain	Order fill rate	Number of Customer orders lines shipped that are complete as a percentage of total Customer order lines	✓
	Order Accuracy	Measures the accuracy of order lines picked and delivered as per confirmation received by PODs and complaints	✓
	% Returns	Returns as a percentage of value of goods distributed within the period	
Customer Service	Order cycle turn-around time (special distribution cycle for programmes)	Time taken from the date the re-supply memo is received by KEMSA until the date the order is dispatched to the facility	✓
	Order memo turn-around time	Time taken from memo issue at KEMSA through program order generation	
	Order cycle turn-around time (standard KEMSA distribution cycle)	Time taken from order receipt date at KEMSA until the date the order is dispatched to the facility, as measured from new distribution cycle start	
	Late orders per field officer	On time order submission against deadline	
	Complaint feedback cycle time	Time taken to initially respond (provide feedback) to customer complaint from time complaint is received	✓
	Complaint resolution cycle time	Time taken to resolve customer complaint from time complaint is received	
	Customer satisfaction index	As per survey	
	Field coverage	Number of facilities visited per quarter by a field officer	✓
	Number of order lines captured per day	Planned order lines against targeted lines including zero quantity lines	
	Number of order lines released to WMS to be picked (>0 quantities) per day	Planned order lines against targeted lines	
	Facility consumption reporting	Percent of facilities reporting consumption data per cycle	
On time reporting	Percent of facilities reporting consumption data on time per cycle		
Invoice accuracy	Review invoice for correct quantities and pricing		

4. FINDINGS

The findings of this report were captured and documented for each customer service function and span the areas of organization, process, technology, infrastructure, and performance management. Customer service works together with other KEMSA departments to achieve high performance in order fulfillment and customer satisfaction. KEMSA's customer service standards include the following seven pillars:

1. Treating you professionally
2. Consulting our customers and stakeholders
3. Being accessible
4. Responding to feedback
5. Providing quality service
6. Treating you fairly and with respect
7. Responding promptly

The departments overall goal is to work towards achieving high customer satisfaction, confirming that customer expectations meet actual customer experience. While this is currently measured through annual customer surveys conducted by an independent third party, we supplement the surveys with findings from a more detailed analysis of customer service operations.

Customer service processes at KEMSA are often reactive as opposed to proactive, which is evidenced by the large number of complaints concerning under-delivered quantities against what was actually ordered. This makes it difficult to meet the order fill rate target, which is currently set at 71% for tracer commodities. Further compounding the problem is the lack of a complaints management module in the ERP system. This limits the Customer Service Department's ability to efficiently centralize and manage complaints, effectively assign and monitor for resolution, and quickly identify solutions to common problems using historical reports and archive searches.

There is little to no standardization in place for reverse logistics procedures or tools, making it difficult to identify and track commodities returned from or redistributed to other facilities. Across all three functions, visibility, speed and efficiency of operations are constrained by the absence of strong technology systems to support key customer service activities. There were significant gaps identified in the ERP system for customer order entry and tracking; integration with warehousing, LMIS, and inventory systems; reports available for managing and monitoring; and lack of a customer complaints module.

The following sections highlight the qualitative and quantitative observations that support the findings within each of the customer service functions.

4.1 ORDER MANAGEMENT

4.1.1 Qualitative Observations

Standard Orders

Delayed and incorrect shipments to customers result from late customer order submissions and challenges from customer order errors or ERP issues. Standard orders are customer orders for essential medicines and medical supplies that are distributed following the normal distribution cycle, quarterly. This includes pharma and non-pharma commodities and excludes program commodities (i.e., ARVs, HIV test kits).

The biggest impact to order management is late order submissions from facilities. Late or non-received orders cause downstream impacts to other supply chain functions, particularly warehouse picking and distribution planning. For example, if standard distribution orders are not received at least one week prior to scheduled shipping dates, shipments are likely to be postponed, as picking cannot start until all orders for a district are received. FCSOs are required to ensure that all facilities in their assigned region have submitted orders on time. However, this procedure is inconsistently followed and difficult to implement in regions where facilities are geographically dispersed across long distances. Other challenges that cause the report submission delays are the lack of reporting tools and insufficient capacity on reporting at the facility level.

Once received at customer service, facility orders are manually reviewed for errors and corrected by the CSA. Common errors include exceeding facility drawing rights balance, inaccurate quantities based on commodity pack sizes or unit of measure, incorrect prices or summations, or incomplete order forms. This order intervention introduces higher probability for manual errors, increases order processing time, and decreases traceability of the original customer order to the ERP system order. Additionally, customers are not always notified of order corrections, such as quantity reductions due to exceeding of drawing rights, which lead to increased customer complaints and poor customer relations.

After orders are corrected, they are entered into the ERP system. Issues with ERP functionality exacerbate the ordering process. Orders are sometimes lost in the electronic transfer of data between ERP and WMS, which causes downstream issues for the warehouse to begin picking. Incorrect master data and drawing rights balances require additional manual checks and calculations to be performed by customer service staff, increasing order entry processing time and probability for error. Master data includes commodity prices and unit of measure (i.e., pack size). Lack of real-time visibility into stock levels leads to increased complaints as orders are placed for commodities that are out of stock and the facility is not notified prior to receiving their shipment, again decreasing customer confidence.

The absence of batch releasing functionality leads to increased order turnaround time requiring supervisors to approve each order entered into the ERP system. The inability to cancel or amend orders after submission causes source data to be discordant with execution and requires extensive coordination across departments to complete the necessary transactions outside of the system.

The lack of clearly defined order status rules and tracking mechanisms to highlight timeliness of facility order submissions in the ERP system also results in manual coordination to determine the latest status of an order. This limits the ability for customer service staff to respond quickly and address customer inquiries on open orders.

The ERP system is only available at the central warehouses while the regional depots are operating on a manual basis. The impact of this is that all commodities issued at the regional depots are issued on manual forms and is currently not being captured in the ERP system due to depots not being set up as branches in the ERP. This result is that commodities are issued from depots while the relevant facility's drawing rights is not affected and at the same time KEMSA is not able to recover their Supply Chain recovery fee since no proof of delivery or invoicing documentation can be produced.

Incidents have been recorded where commodities are sent to the wrong facility due to confusion with facility names and the resulting misidentification of the actual intended delivery point. Additional details regarding the full list of ERP gaps uncovered can be found in the "ERP Gap Analysis Report" submitted in February 2012.

Special Program Orders

Similar to standard orders, special program orders are often delayed in some instances by a month due to late or missed consumption report submissions, continual challenges due to LMIS issues and outside stakeholder involvement in program ordering. Timely consumption reporting and processing is

imperative for order management as monthly consumption data serves as the trigger for ordering and is critical for the forecasting and quantification meetings.

For special programs, specifically ARV, the Ministry plays a key role in the ordering process. A Ministry Pharmacist reviews the facility consumption reports, determines the re-supply of quantity needed, creates a re-supply memo, and provides to KEMSA customer service for manual entry into the ERP system. When a Program Pharmacist is not regularly on-site at KEMSA or readily available to review consumption reports, generation of the re-supply memo is delayed in some cases by up to three days, extending the time to fill an order.

Consumption reporting rates are often low and vary. Reports are typically submitted late and the consumption data provided is often incorrect or provided in the wrong format, affecting order processing and procurement planning. Limited resources are available at the facilities to complete reports accurately, tracking systems and reporting tools are not in place at facilities, or workers are not trained on the consumption reporting process due to high turnover and resulting staff redeployment.

The lack of consistent and timely consumption reporting directly impacts patients as facilities that do not report do not have a re-supply order generated for that month. There is not a standard process in place at KEMSA to alert facilities of these types of issues. This gap is, in part, due to the lack of sufficient mobile phone airtime allocated to KEMSA staff or a centralized working phone line to provide customers with pertinent information. The reports on non-reporting facilities are given to the partners to take corrective actions but often yield no results.

Significant technology gaps also affect the consumption reporting process and allow potential errors to be made. The LMIS and ERP systems are not integrated and require double entry, which increases opportunities for human error during manual entry. Additionally, LMIS commodity and facility codes do not match ERP codes, which presents challenges when trying to reconcile data from the two systems.

The designated Ministry pharmacists to support special program activities, are not always present at the logistics management unit (LMU) full-time and do not work according to a pre-determined schedule. As a result, KEMSA staff interactions with Officers are limited and re-supply Memo preparation for order processing is sometimes delayed causing downstream delays in distribution. Feedback is not provided to the LMU for issues escalated to the Program Officers, furthering the lack of coordination and collaboration between the two parties.

4.1.2 Quantitative Analysis

Number of Orders Entered by Day

Probability for manual errors in order entry can increase during high volume days due to the large number of orders that require processing. Variances are a result of large downtimes and the high order volumes driven by the quarterly distribution schedule for standard orders. Order entry rates vary significantly throughout the month, averaging 44 orders per day for special orders and 68 orders per day for standard orders. Out of 2,256 rejected orders pulled from the system, 276 or 12% were rejected due to order errors requiring correction. In one instance, 48 out of 52 rejected orders with the same order date had been rejected because of an order error.

Orders are often received in bulk, which is a large contributing factor to the order entry trend that is being seen over a month timeframe. Due to the lack of an electronic ordering system and limited internet or computer access at small rural facilities, most orders are submitted in hard copy form either through the mail, FCSOs, courier services, or with the transporters.

Figure 3: Number of Orders Entered by Day – February 2012

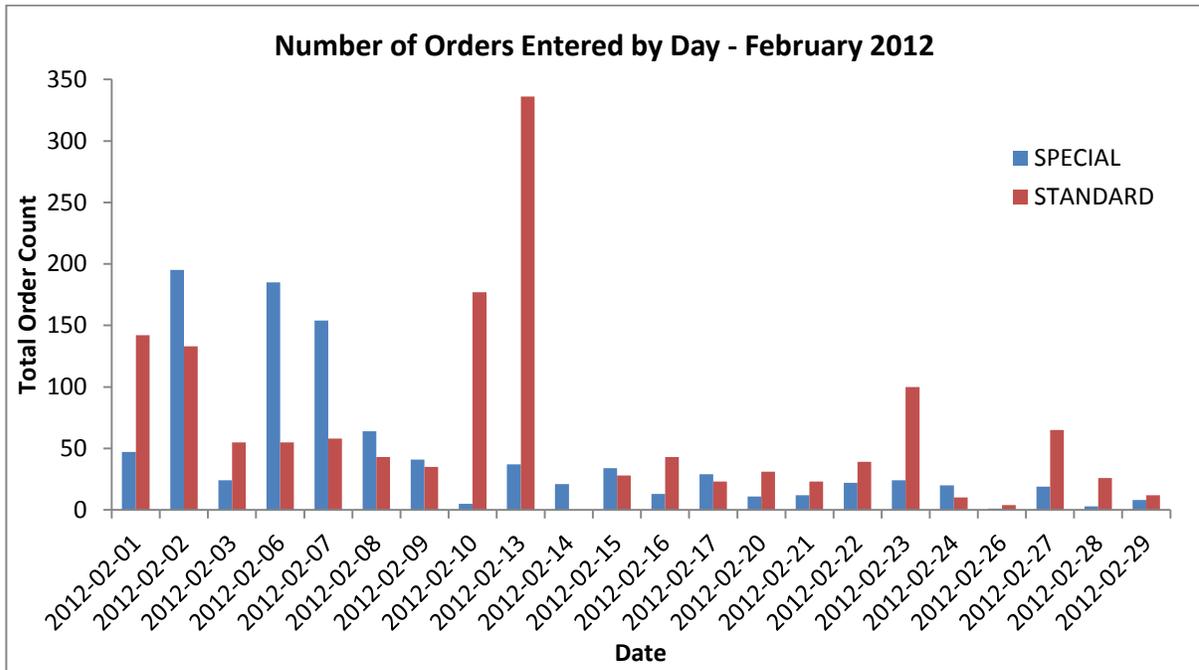


Figure 4: Order Approvals

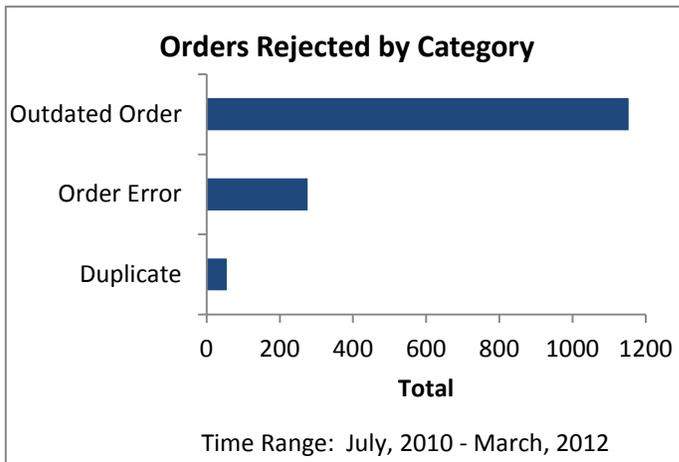
Order Approvals

Lack of basic order management and proper status tracking functionality in the ERP system skews the actual number of orders rejected, making it difficult for KEMSA to distinguish between orders that need to be corrected due to an entry error or completely canceled within the ERP system. This can delay order processing time and approvals.

Data extracted from the ERP system over a three-month time period revealed that 884 orders (16%) were not approved. Root cause analysis uncovered this problem to be a result of gaps in ERP functionality where duplicate orders or cancelled orders cannot be distinguished. In the end, these orders are ultimately rejected without proper validation and not released to WMS for picking.

	Month		
	Dec-11	Jan-12	Feb-12
Not Approved			
Special	11	34	51
Standard	100	50	638
<i>Total</i>	<i>111</i>	<i>84</i>	<i>689</i>
Approved			
Special	320	737	918
Standard	393	1336	800
<i>Total</i>	<i>713</i>	<i>2073</i>	<i>1718</i>
Overall Total	824	2157	2407

Figure 5: Order Rejected by Category



Large order rejection rates impact the timely processing of orders and in turn the delivery to the customer. Correcting orders is costly to KEMSA because of the time lost and expended resources required to correct the issues. Order entry errors should be minimized as much as possible through system edit and validation checks at the time of order entry.

Out of 2,256 rejected orders pulled from the system, 1,153 or 51% were rejected because the order was outdated. Additionally, 276 or 12% were rejected due to order errors requiring correction.

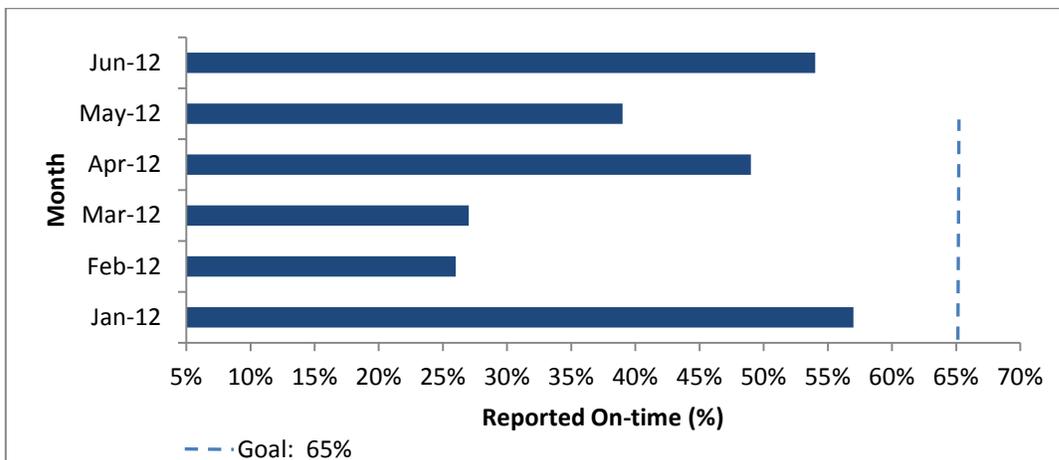
On-Time Reporting

On-time reporting for consumption data is inconsistent from month to month. On-time reporting ranged from 26% to 57% over a six-month period in 2012.

This KPI measures the percentage of hospital facilities reporting on time as per communicated deadlines for reporting. Late reports affect the generation of the re-supply memo for special program orders and the delivery of goods to the facilities. This ultimately affects the patients that are in need of high priority commodities like ARVs and anti-malarial drugs.

Root cause analysis has uncovered various contributing factors to this performance, high turnover of resources at facilities, lack of understanding of consumption reporting requirements, communication gaps between KEMSA and the facilities regarding reporting dates; and manual consumption reporting processes.

Figure 6: On-time Reporting (Consumption Data)



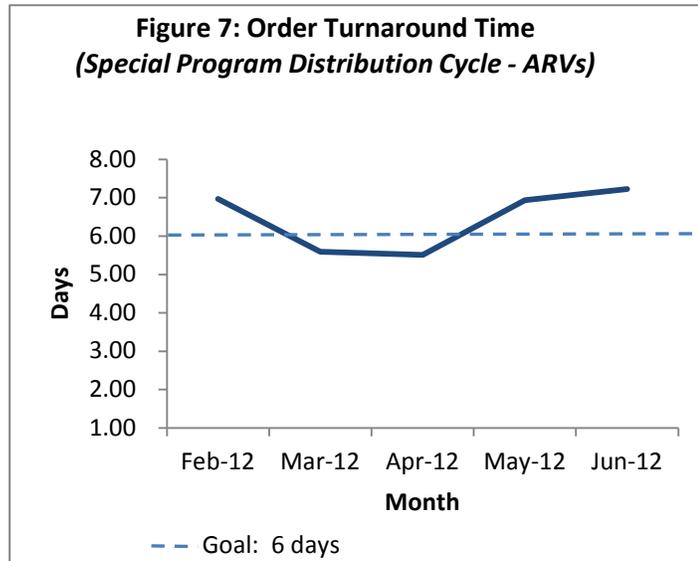
Order Turnaround Time

Order turnaround time for ARVs was trending upward during the period of analysis. This directly affects timely delivery of commodities to the facilities.

This KPI measures the average amount of time (in days) it takes to fill an order from the date the memo authorizing the re-supply is released by the ministry, until the date the order is dispatched to the facility. Currently, the length of order turnaround is in customer service processing time, followed by warehouse lead-time (picking, packing, and shipping).

The time it takes the Ministry to generate the re-supply memo should be added to get the full view of turnaround. Often the re-supply memos are created in bulk, which then causes a large volume of orders to be processed by customer service and released to the warehouse for picking at one time.

There is sometimes a delay, in one instance three days, from the time the consumption data is entered into the LMIS until the time it is reviewed by the Program Officer to create the re-supply memo. This is attributed to the fact that the Program Officers may not be readily available to process the Re-Supply Memo in time.



4.2 COMPLAINTS MANAGEMENT

4.2.1 Qualitative Observations

Complaints management is constrained by a decentralized complaints management system, lack of tracking tools, inadequate resources available, and an inconsistent customer-centric focus across the organization. This affects the timely resolution of customer complaints and customer relations.

The decentralization of complaints management leads to inconsistencies in capturing and documenting customer complaints. At the time of this assessment, the Distribution Department maintained their own complaints management files and resolved complaints directly with customers. The Warehouse Division independently resolved complaints directly with customers, as did the Customer Service Department. Not all issues are logged that are raised to customer service or the FCSOs during field visits. Complaints are documented depending on the magnitude of the complaint and time to resolve. Customer complaint forms are not consistently documented and updated, and customer follow-up is not always carried out to resolution.

There is not an active complaints management module available to the Customer Service Department. Complaints are tediously maintained and managed through manual processes and forms. Hand-written complaint forms are kept in separate files by individual CSA staff and manually updated with complaint feedback and resolution details. The forms are not reviewed regularly to identify issues requiring immediate attention. To help address these gaps, we collaborated with KEMSA to implement an Excel-based complaints tracking tool. The functionality built into this tool still needs to be transferred to the ERP system.

Infrastructure limitations also impede customer service performance. Currently, there is not a central phone line available at the Embakasi warehouse for customer service staff to communicate regularly with customers. Airtime for mobile phones is also limited or in short supply, further challenging customer service to maintain customer communications, specifically for complaints management. E-mail is not an option in all cases, as some facilities do not have regular access to a computer and internet connection.

The concept of customer service is often viewed as a customer service department goal. Other departments do not always maintain a customer-centric approach in designing their processes and completing their daily functions. Staff in other departments does not receive regular customer service training, and customer service pillars are not communicated to the entire organization or incorporated in other department's procedures. This can impact responsiveness to customer complaints. Often feedback is not given within the 48-hour timeframe as required per policy because customer service is still awaiting feedback from other departments. For example, of 12 customer complaints sampled that were assigned to distribution, 11 were open for over 30 days.

4.2.2 Quantitative Analysis

Customer Complaint Response Time

Customer Complaint Response Time shows some improvement (trending upwards) in KEMSA's ability to place greater focus on customers; however, for two out of the three months sampled KEMSA did not meet the 80% target. In April, no complainant received a response from KEMSA within the 48-hour service level agreement (SLA). This KPI measures the percentage of complaints with a response time within the target of 48 hours. Low response time percentages affect the customer perception of KEMSA and overall customer satisfaction.

Root cause analysis has uncovered various contributing factors to this inconsistent performance, lack of organization-wide customer focus, insufficient resources (i.e., airtime), lack of cooperation from other departments in responding, and inconsistent monitoring of unresolved complaints.

Complaints by Region and by Subcategory

Customer complaints were highest in Nairobi and Nyanza, 27% and 21% of the total, respectively. The largest number of complaints was a result of quantities being delivered less than ordered.

The following two charts show the total number of complaints by region and by subcategory. Forty-eight complaints were captured from April to August 2012, resulting primarily from quantities delivered less than ordered (58% of total), late deliveries (10% of total), missing delivery notes (4% of total), and short-dated items delivered (4% of total).

Figure 8: Customer Complaint Response Time

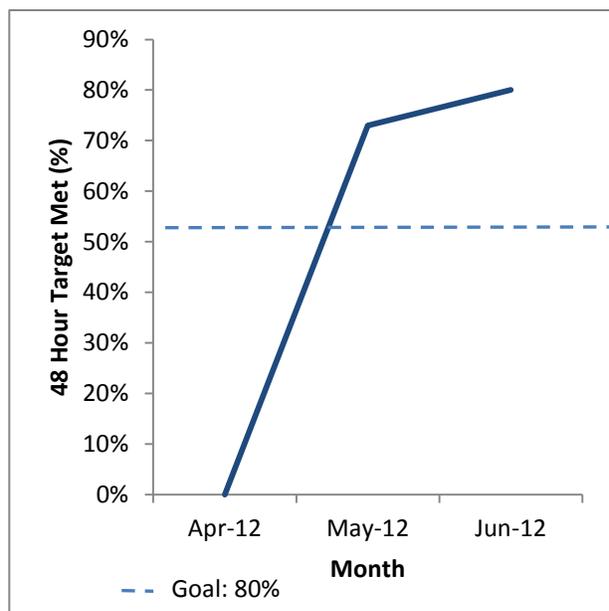


Figure 9: Complaints by Region

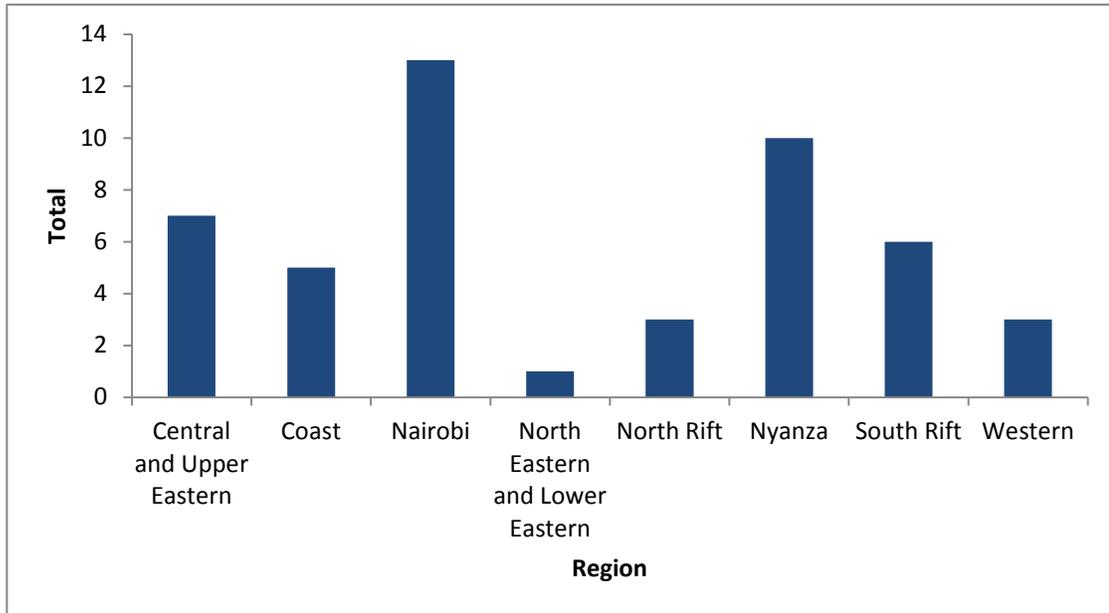
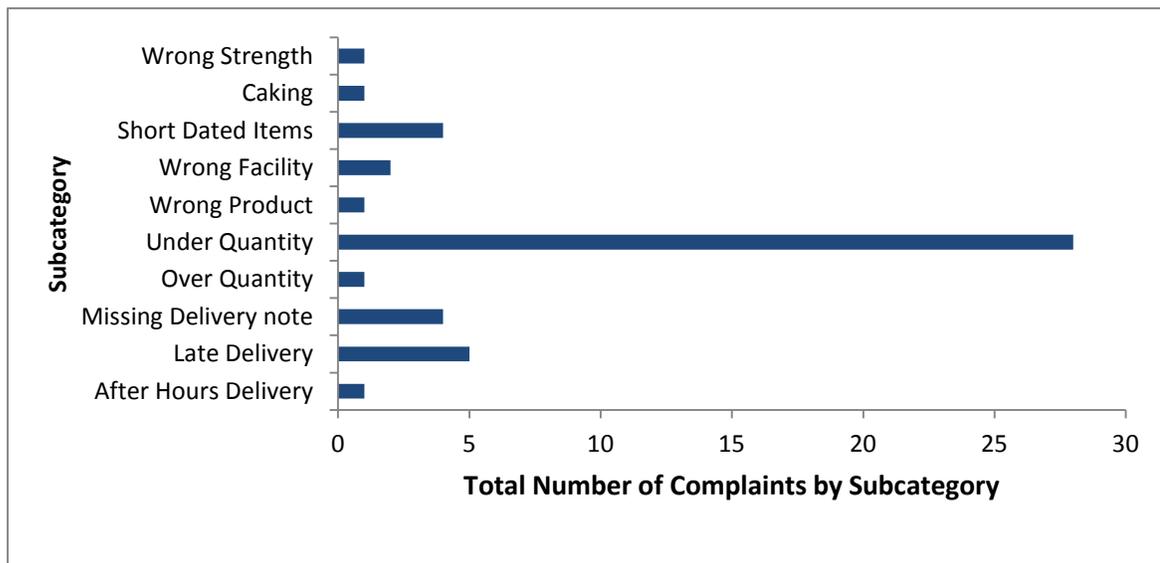


Figure 10: Complaints by Subcategory



4.3 REVERSE LOGISTICS

4.3.1 Qualitative Observations

A standardized reverse logistics process with defined process and procedures is lacking due to system limitations. Lack of a standardized reverse logistics process and system limits KEMSA ability to track inventory levels accurately, monitor facility’s available drawing rights balances, easily track common issues prompting returns, and limits information used to complete pipeline planning.

Redistributions, when facilities move product to another facility, are often completed by the facilities without notifying KEMSA and this poses challenges for accurate commodity tracking. This also results in incorrect system beginning balances, which are used by the Program Officers at LMU for ordering and pipeline planning.

Lack of reverse logistics functionality in the current ERP system greatly limits the reporting and tracking processes for KEMSA. This not only limits their ability to process returns, recalls, and redistributions but their ability to report out on metrics and support KPI monitoring. The system does not and cannot currently update the system stock and facility drawing rights for returns or redistributions.

Finally, the current SOPs in place for reverse logistics are unclear and not regularly enforced, resulting in variations in processing across departments. For example, redistribution practices vary across regions, as there is not a standardized procedure managed and maintained to provide guidance to the organization. Additionally, suppliers are inconsistent in picking up recalled goods, requiring KEMSA to carry out this activity and incurring additional costs.

5. RECOMMENDATIONS

We identified improvement areas based on the findings of this analysis. In summary, key opportunities to improve and enhance current customer service operations exist within each customer service function. The following is a summary of the key recommendations for each function.

- **Order Management:** Recommendations relate to the monitoring of facility order submissions, collaborating with warehousing and distribution throughout order fulfillment, updating of master data in the ERP system, addressing ERP functionality gaps, coordination with the program activities, improving the LMIS system and integration with ERP, integrating the LMU unit fully into KEMSA, and updating SOPs accordingly.
- **Complaints Management:** Recommendations relate to the standardization of complaints management processes, centralizing customer complaints management, aligning with other departments for complaints handling, actively tracking and monitoring complaints, and regularly reporting on complaints.
- **Reverse Logistics:** Recommendations relate to the standardization of the processes and procedures, updating of the SOPs, and improving the current system capabilities to facilitate tracking and accounting of reverse logistic transactions.

Detailed corrective actions for each of these functions are listed in the tables that follow. Corrective actions are identified by type (M&E, process improvement, and technology implementation), and prioritized by value/ impact to the organization.

5.1 ORDER MANAGEMENT

Figure 11: Recommendations for Order Management Function

Description	Type			Value/ Impact	Responsibility		
	M&E	Process	ICT		KSP	KEMSA CS	KEMSA ICT
Improve ERP system edit and validation checks at order entry		X	X	HIGH		X	X
Automate order processing and data point capture via improved ERP/WMS integration		X	X	HIGH		X	X
Capture facility GPS co-ordinates as part of facility masters			X	MEDIUM		X	X
Utilize MFL code as unique identifier in all functionality where correct identification is key to accuracy		X	X	HIGH		X	X
Establish stock-out communication plan to customers and automate e-mail notifications to facilities (where possible) when order has been dispatched or when consumption report has been received		X	X	HIGH		X	X
Establish an order management working group to improve system gaps and issues and establish weekly checkpoints on status of orders released		X	X	HIGH		X	X
Develop and execute a LMU Integration Plan		X		HIGH	X	X	
Automate consumption reporting and data point capture via improved LMIS/ERP integration	X	X	X	HIGH		X	X
Implement on-line ordering & reporting system for facilities		X	X	MEDIUM		X	X
Implement a process to address repeat late order submissions with facilities	X	X		MEDIUM		X	
Establish an ERP super user to reconcile and update master data elements (i.e., price, commodity unit of measure, customer data, etc.) within the ERP and between the ERP and LMIS		X	X	MEDIUM		X	X
Coordinate closely and establish regular check-points with Programme Officers		X		MEDIUM		X	
Address data quality issues with facilities consistently		X		MEDIUM		X	
Assess alignment of roles and responsibilities across department and determine optimum breakdown		X		MEDIUM	X	X	
Refine SOPs for newly integrated LMU unit		X		MEDIUM	X	X	
Update LMU staff job descriptions		X		LOW	X	X	
Rollout ERP/WMS to regional depots and as an interim step allow for virtual depot setup at main warehouses to enable system processing of orders.		X	X	HIGH			X
Train Customer Service staff on best practices related to effective communication, qualities of a good customer service agent, use of		X		HIGH	X	X	

Description	Type			Value/ Impact	Responsibility		
	M&E	Process	ICT		KSP	KEMSA CS	KEMSA ICT
technology in communication such as the emails, leadership and management skills, amongst others.							

5.2 COMPLAINTS MANAGEMENT

Figure 12: Recommendations for Complaints Management Function

Description	Type			Value/ Impact	Responsibility		
	M&E	Process	ICT		KSP	KEMSA CS	KEMSA ICT
Standardize process for monitoring and addressing complaints		X		HIGH		X	
Centralize customer complaints management		X		HIGH	X	X	
Implement an interim customer complaints management tracking solution	X	X		HIGH	X	X	
Implement a long term customer complaints management system solution	X		X	HIGH		X	X
Monitor adherence to 48-hour feedback target	X			HIGH	X	X	
Build into the process a priority assignment level and adjust targets	X	X		HIGH	X	X	
Establish processes to align with other departments on complaints management	X	X		MEDIUM		X	
Establish a centralized customer service e-mail for receiving complaints		X	X	MEDIUM	X	X	
Define data elements to be tracked	X		X	MEDIUM		X	X
Conduct complaints management training for all staff		X		MEDIUM	X		
Establish weekly complaints team reviews with management		X		MEDIUM		X	
Establish streamlined field reporting tools and conduct FCSO training		X		MEDIUM	X	X	
Establish a standard process to capture complaint details for complaints forwarded between departments		X		LOW	X		

5.3 REVERSE LOGISTICS

Figure 13: Recommendations for Reverse Logistics Function

Description	Type			Value/ Impact	Responsibility		
	M&E	Process	ICT		KSP	KEMSA CS	KEMSA ICT
Define and standardize the policy and procedures for reverse logistics		X		HIGH	X	X	
Coordinate closely with Quality Assurance (QA) to communicate to customer status of recalls or quality issues		X		HIGH		X	
Refine SOPs for reverse logistics		X		HIGH	X	X	
Implement a process to track and account for reverse logistic transactions in the system		X	X	HIGH		X	X
Utilize return reason codes for tracking purposes	X	X		MEDIUM		X	
Review and streamline reverse logistics processes		X		MEDIUM	X		
Establish time/ duration expectations and requirements for reverse logistic processes	X	X		LOW		X	
Establish return performance expectations for customer service	X	X		LOW		X	
Create new job descriptions that should account for reverse logistics responsibilities		X		LOW	X	X	

