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KEMSA Support Program Quarterly Report

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KEMSA Support Program Quarterly Report

April to June 2012

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Kenya Medical Supplies Agency (KEMSA) Support Program

Contract Number: AID-623-C-11-00010

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ACRONYMS

CEO	Chief Executive Officer
EMMS	Essential Medicines and Medical Supplies
ERP	Enterprise Resource Planning
FCSO	Field Customer Service Officer
GPS	Global Positioning System
ICT	Information and Communications Technology
KEMSA	Kenya Medical Supplies Agency
KPI	Key Performance Indicator
LMIS	Logistics Management Information System
LMU	Logistics Management Unit
MOMS	Ministry of Medical Services
MOPHS	Ministry of Public Health and Sanitation
PMP	Performance Monitoring Plan
POD	Proof Of Delivery
QA	Quality Assurance
RCISO	Regional Customer Service Officer
RHF	Regional Health Facility
SOP	Standard Operating Procedure
SSD	Supplementary Service Division
STTA	Short Term Technical Assistance
TCWG	Transport Contract Working Group
USG	United States Government
WMS	Warehouse Management System

SUMMARY

The Kenyan Government's Vision 2030 states a commitment to provide a functional, efficient and sustainable health system. In line with this commitment, the Kenya Medical Supplies Agency (KEMSA) Support Program, led by Deloitte Consulting LLP, aims to strengthen KEMSA's commodity management system for effective service provision to client health facilities throughout the country. This report covers the progress made from April 1, 2012 through June 30, 2012. Major accomplishments during this quarter include the completion of the first reading of the KEMSA Bill in Parliament, an in-depth analysis of the Customer Service function, a strengthened transportation framework, and identification and capacity building of KEMSA's Monitoring & Evaluation Champions.

1. BACKGROUND

The Kenya Medical Supplies Agency (KEMSA) Support Program is a two-year USAID project awarded to Deloitte Consulting, LLP in May 2011. The goal of the project is to support KEMSA to strengthen its ability to provide client sites throughout the country with the right quantity of quality commodities, and in a timely manner, for effective service provision.

The key result areas for the project include strengthening KEMSA's operational mandate; governance architecture and practice; inventory management and tracking systems; warehousing and distribution systems; and internal performance monitoring. It is expected that the successful implementation of this project will allow KEMSA to deliver more effective, efficient and sustainable commodity procurement, warehousing and distribution services to client health facilities throughout the country and create a more unified, integrated and responsive national supply chain system in Kenya.

This report describes the project's accomplishments, successes and challenges faced during the period of April 1 through June 30, 2012. Major accomplishments during this quarter include the completion of the first reading of the KEMSA Bill in Parliament, an in-depth analysis of the Customer Service function, a strengthened transportation framework, and identification and capacity building of KEMSA's Monitoring & Evaluation Champions.

2. PROJECT HIGHLIGHTS

2.1. Meetings and Workshops

This quarter the project team led and participated in several critical meetings and workshops summarized in Table 2 with more details provided below.

We continued to participate in the ongoing, regularly scheduling planning meetings including the bimonthly KEMSA Finance Team Departmental Meetings and the weekly Supplementary Service Division (SSD) Meetings. Through our participation in the KEMSA Finance Team meetings we supported the initiation of an improved process for billing the Ministry of Medical Services (MoMS) and the Ministry of Public Health and Sanitation (MoPHS). During the SSD meetings, we providing input into mapping the finance process flows. These processes are currently being integrated into the Enterprise Resource Planning (ERP) system by Alliance Technologies. These meetings are discussed further in Section 2.4.

We participated in the Logistics Management Information System (LMIS) demonstration meetings. Follow up presentations of the overall process and the demo (pilot) system was presented to various stakeholders. Preliminary testing of the LMIS is planned for the KEMSA Customer Service functions and a steering committee meeting has been scheduled for July 2012.

The customer service team held a one-day workshop with the Field Customer Service Officers (FCSOs) to review the existing reporting and field visit tools to discuss improvement opportunities. This is discussed in more detail in Section 2.5.

Critical meetings and workshops conducted through the program this quarter are indicated in Table 2.

Table 2. Meetings and Workshops

Meeting/Workshop	Dates	No. of Participants	Outcomes
Customer Service Field Officer Training	9-11 May 2012	25	<ul style="list-style-type: none"> Built the capacity of Field and Regional Customer Service Officers to better manage and provide leadership
Performance Management Skills Building Workshop	14 May 2012	13	<ul style="list-style-type: none"> Introduced PM concepts and best practices to M&E Champions and data handlers Improved data quality skills through Excel refresher training
Key Performance Indicators Mini Workshop	8 June 2012	15	<ul style="list-style-type: none"> Clarified KEMSA KPI definitions Defined data sources, responsible individuals, and reporting timelines for KEMSA KPIs
Customer Service Field Officer Workshop	29 June 2012	20	<ul style="list-style-type: none"> Documented input from the field officers on existing reporting tools and checklists for future improvement efforts Reviewed existing emergency order process and defined the proposed 'To-Be' process Reviewed three sections from the existing SOP and obtained input on updates required

2.2. Legal Status and Operational Mandate

The first reading of the KEMSA Bill was completed on 20 June 2012. This was a major accomplishment and a critical step towards passage of the Bill. We participated with KEMSA during discussions with the Parliament to determine the list of key stakeholders to be invited by the Parliament to provide comments on the KEMSA Bill. After comments are received by the stakeholders, their input will be used to strengthen the Bill before its second reading in Parliament.

2.3. Governance Architecture and Practice

The governance architecture and practice work stream includes activities focused on organizational development, change management and finance operations.

Organizational Development and Change Management

During this quarter, the local KEMSA Support Program Change Management Specialist joined our team. As part of the onboarding process the Change Management Specialist held working sessions with project stream leads to discuss how change management is integrated into each Result Area's activities. The Change Management Specialist also held working sessions with KEMSA's Change Management Steering Committee led by KEMSA's Chief Executive Officer (CEO). During the working sessions, the Change Management Specialist presented a high level Change Management Plan detailing the major components of KEMSA's Change Management Plan. The plan outlines the approach to engage Change Champions that will act as Change Agents at the operational level within each department. The profile and roles and responsibilities of the Change Champions was discussed and finalized with the Change Management Steering Committee. Nominations for Change Champions for each department are currently being accepted and reviewed.

Finance Operations

An in depth capability assessment of the Enterprise Resource Planning (ERP) Finance Module was conducted this quarter. The exercise involved interviews with the KEMSA Finance Team. The interviews were designed to gather information on the needs of each business process owner. For each of the business processes a comprehensive test script was developed and run in the ERP system. The tests results were compared to the business needs and industry leading practice for ERP Finance Module capabilities. The gaps in the ERP capabilities were identified and documented in a report. Some of the critical findings from the assessment include:

- Lack of separate periods for adjusting and closing entries in the General Ledger Module;
- Lack of ability to lock budgets to prevent unauthorized changes;
- Lack of ability to import information and automatically create invoices and print them out in the Accounts Receivable Module;
- Lack of ability for activation of budget availability control check that prevents spending over budget; and
- The Fixed Assets Module was in the initial stages of development and therefore not in use by KEMSA.

The Finance Manager used the report to engage the Information and Communications Technology (ICT) Manager and ERP developers on how best to address the system shortcomings. Many of the issues identified have been resolved and the Finance Department has been able to automate all its processes including fixed assets management, which was previously done manually. We also facilitated the development of a troubleshooting log and Helpdesk system for KEMSA's Finance Department. This system provided a structure for escalation of ERP issues. The Finance Department is now able to log issues and track their resolution. An ERP Champion for the Finance Department was also appointed to ensure that this structure was implemented and followed.

To strengthen the organization of the Finance Department, we collaborated with KEMSA's Finance Manager to restructure the Finance Department. The restructuring process aims to strengthen the department's governance structure and delivery of services. The results from the skills gaps identified in the business process mapping that was conducted in 2011 provided the evidence and justification for the need to restructure the department. This activity has resulted in the creation of two senior positions of Management Accountant and Financial Accountant reporting to the Finance Manager. By creating and filling these two positions, the Finance Department will strengthen its technical skill set and will be able to effectively implement the "to-be" processes. This will ultimately result in improvements in the efficiency and effectiveness of the Finance Department operations. We are currently reviewing the Finance Department's job descriptions for all positions in order align job descriptions with appropriate responsibilities and expectations of the roles given the updated, strengthened processes.

We have also finalized the Accounting Standard Operating Procedures (SOPs) and Finance Management Manuals and obtained approval for these documents by KEMSA's Finance Manager. The documents will be presented to KEMSA's Board of Directors for discussion and adoption. The SOP's and Policy Manuals were developed based on the gap analysis previously conducted. The updates to the materials took into account the findings and recommendations from past external audits and assessments. Once adopted and implemented, KEMSA will be compliant with International Financial Reporting Standards.

Together with KEMSA's Human Resource team, we facilitated the interview process for the Finance & Administration Director. KEMSA advertised for the position and 48 applications were received. These applications were shortlisted by our team to 15 candidates based on agreed upon criteria and

qualifications. These 15 shortlisted candidates were interviewed. Out of the 15 interviewed candidates, six candidates were proposed to the Board of Directors for the final interview. The Board of Directors is currently making the final selection to fill the position.

We continue to participate in KEMSA's weekly Finance Department meetings. The aim of attending the meetings is to provide technical assistance to resolve issues that face the department in their day-to-day operations. Two key achievements this quarter was improving the billing process for commodities distributed on behalf of MoMS and MoPHS and the process payment for transporters. We noted that there was delay in provision of Proof of Deliveries (PODs) to KEMSA's Finance Department for billing and payment processing. Together, with our project's Supply Chain Team and KEMSA, we held a consultative meeting and put in place a system to ensure that the PoDs were readily available.

In collaboration with our Supply Chain Team, we mapped the process for returned goods. These processes are currently being mapped to the ERP system and will ensure that all goods returned to the main warehouse are properly accounted for and recorded in the system.

We also participate in the SSD meetings to provide technical support in development of the finance process flows for the anticipated commercial wing of KEMSA. These processes include the sales billing and managing accounts receivable which covers development of a credit policy and creation of a credit controller position. We are supporting KEMSA to help put in place robust processes and controls which will be necessary for the successful implementation of the SSD.

Enterprise Risk Management

KEMSA requested and prioritized support to develop an Enterprise-wide Risk Management (ERM) Framework to enable KEMSA to effectively identify and manage risk. ERM trainings were conducted with the Chief Executive Officer (CEO) and Senior Management Team. A security risk review was completed in Nairobi (Commercial Street and Embakasi) and at all regional offices (Nakuru, Kisumu, Kakamega, Mombasa, Garissa, Nyeri and Eldoret).

An ERM gap analysis was completed and presented to KEMSA's Internal Audit Manager for feedback. As part of the gap analysis, the level of ERM maturity at KEMSA was assessed. The results contributed towards the development of an action plan to address identified weaknesses. The results of the gap analysis will provide evidence to develop the KEMSA Institutional Risk Management Framework.

A draft Institutional Risk Management Policy was developed and shared with KEMSA. The Policy establishes the processes for identifying events/risks that may affect KEMSA in achieving its objectives. The Policy was presented to KEMSA Senior Management for feedback. The ERM Team held working sessions with the CEO and Senior Management to share identified key strategic risks for each of the business units in KEMSA. These key risks have been compiled and included in KEMSA's Risk Profile. This register is under review by the CEO and Senior Management. Feedback received will be incorporated to update the ERM documents.

We held working sessions with each of the Departmental Heads to identify and document key operational risks (including security and hazard risks) facing each of department. Thirteen draft risk registers were prepared for all departments including the: Customer Service Department, Distribution Department, Finance Department, Human Resources and Administration Department, ICT Department, Internal Audit Department, Supplementary Services Division, Legal Services Department, Logistics Management Unit, Public Relations and Communications Department, Procurement Department, Quality Assurance

Department and the Warehouse Department. The draft risk registers were shared with respective Head of Departments for review and feedback.

2.4. Inventory Management and Tracking Systems

The inventory management and tracking work stream includes activities focused on customer service, demand forecasting, supply quantification and procurement planning processes. Activities this quarter included an in-depth analysis of the Customer Service function, refining of cross-functional planning meetings within KEMSA, continued work on the design of the LMIS and ERP gap analysis resolution.

Inventory Planning Processes

This quarter we conducted an analysis of the processes and tools used for Inventory. This included an examination of how current inventory planning meetings are conducted at KEMSA and what information is being used in these meetings.

Analysis findings highlighted key areas to target:

- **Data for decision-making:** More information is required for effective decision-making including a stock status report using data currently maintained in the ERP/ Warehouse Management System (WMS) systems
- **Forecasting:** An operational forecast for supply chain planning needs to be developed for improved visibility of near-term customer demand
- **Improved visibility:** Visibility of inventory problem areas will be helpful for improving customer order fill rates

There are several areas of supply chain planning that rely heavily on the use of transaction data maintained in the ERP/WMS systems. Demand Planning and Supply Planning are two categories of planning which can be strengthened with the use of reports and tools derived from the information.

We have learned of several tools that may provide some functionality for supply chain planning but have not had the full opportunity to analyze their capabilities or identified the full range of requirements needed to support the future processes. These tools include Pipeline, Quantimed, and Supply Chain Manager. These tools will be examined as part of the supply chain process development.

Demand Planning

As part of Inventory Planning, our analysis of Demand Planning consisted of an evaluation of customer order data that was extracted from the ERP/WMS systems. We would have preferred to use consumption data for this analysis but learned that this data was not available for the Essential Medicines and Medical Supplies (EMMS) products. Several recommendations from our analysis include:

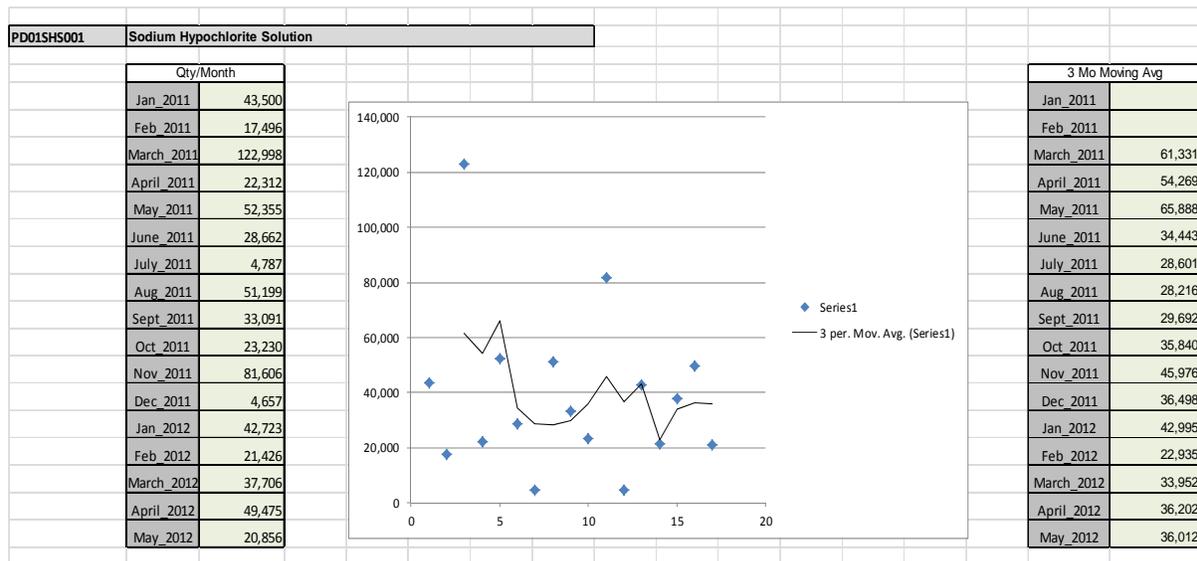
Recommendations from the Demand Planning analysis focused on key areas highlighted below:

- **Consumption data:** There is a current lack of consumption data for the EMMS products. Collection of and access to EMMS consumption data should be included in future process changes. This data is critical for planning purposes.
- **Stock status report:** The three-month moving average will be used as a baseline of estimated future demand in the stock status report.
- **Forecasting algorithms:** We will continue to analyze the data and determine which other forecasting algorithms can best portray future demand while reducing the statistical forecast error.

The customer order data was assembled into monthly time periods to provide a better view of how customer demand based on order history impacted KEMSA’s distribution and warehouse operations. The data was evaluated in a spreadsheet to produce a scatter diagram for 50 of the primary EMMS commodities.

The graph below shows an example of the scatter diagram developed from data extracted from the ERP system. For this particular commodity, we looked at the customer order data from January 2012, through May 2012. Graph 1 below demonstrates that the order data has some wide variations across the months. To the right of the graph we calculated a three-month moving average also shown on the graph as the curve plotted against the individual data points.

Graph 1. Analysis of customer order data for one product



The results of this analysis provided information that will require ongoing evaluation to determine the best application of this data for operational forecasting. For instance, the demand based on customer orders when viewed on a monthly basis showed characteristics of wide variations that may not be consistent with actual consumption for these corresponding months.

As for further evaluation of the customer order history, we plan to look at this demand in quarterly and six-month periods to determine whether the high demand variations can be smoothed out and reflect the demand across the typical order and distribution cycles currently employed by KEMSA. This information will be evaluated by calculating the variations against the three-month moving average as a baseline.

Additionally, the customer order history provides a source of information that can be used to track customer demand patterns against the annual expectations determined in the forecast and quantification process. We learned from our participation in the annual ARV Forecast and Quantification meeting that many assumptions are used to drive the annual forecasts for the commodities. Using the actual customer order history, we can test the assumptions and correct any trends established from the actual demand.

Supply Planning

An analysis was performed on the supply planning function in KEMSA. The initial analysis involved an examination of the quantity fill rates for the 50 primary EMMS products. The report was based on data in the ERP/WMS system for the corresponding issues and orders for each of the commodities on a monthly

basis. This analysis showed that on average KEMSA is filling orders at a rate of 40% complete. This measurement suggests that the constraints we experience with long lead times, late arrivals of procurement orders, demand variability, and funding levels contribute to this low level of service.

A deeper analysis of the quantity fill rate report showed the following information for a period from January 2011 through May 2012:

- Seven of the 52 EMMS commodities maintained fill rates of 75%-100%
- Eleven commodities maintained a fill rate of 50%-75%
- Sixteen commodities had fill rates of 25%-50%
- Eighteen commodities had fill rates of 0%-25%

Based on this analysis, 45 commodities (86%) fall below a fill rate level of 75%. The results from the fill rate examination suggest that a more proactive approach to tracking inventory is required to improve the overall fill rate performance.

To help improve KEMSA's fill rate performance, a new Stock Status Report has been designed to help evaluate the current stock levels of the warehouse and show all inbound procurement orders for the 50 primary EMMS commodities. The design of the report will provide the visibility of the inventory levels for these commodities, highlighting where there are low to out of stock conditions, and in addition where the inventory positions are too large and could lead to eventual expiry of certain commodities. This report is intended to be used on a weekly basis in the integrated planning meeting where decisions can be made that can improve the fill rate performance on these commodities.

KEMSA will need to review their desired customer service levels and set corresponding target levels for the various commodity categories which they should strive to achieve during the upcoming year.

Analysis of the Customer Service Function

During this quarter, we completed our analysis of the Customer Service functions and current state, spanning the areas of customer complaints processing, customer order processing, goods returns processing, LMIS processes, customer relationship management (CRM) and field officer duties. The findings were documented and compared with industry leading practices to identify opportunities for improvement.

Some of the key recommendations that have been validated with KEMSA from the customer service analysis include:

- Follow-up immediately with facilities when order dates are missed and establish a corrective plan for repeat offenders.
- Integrate ERP and WMS to accurately show stock availability, update, and reserve based on order transactions; update drawing rights and order status.
- Train a centralized customer complaints management unit.
- In the short-term, develop and institute a standard process for tracking complaints and recording electronically.
- Define the policy and procedures for goods return processing and build into the WMS and ERP systems.
- Train staff to support the Customer Service process improvement efforts and Customer Service redesign.

Customer Service Training

Two training sessions were conducted for the new Complaints Management Unit and the FCSOs.

The first training conducted was on Complaints Management for the four Regional Customer Service Officers (RCSOs) and two elected Customer Service Assistants comprising the new Complaints Management Unit. The training objectives included complaints management leading practices, understanding complaints management, complaints handling and guidelines, complaint communications, KEMSA's interim customer complaints management process, and reviewing the new customer complaints tracking tool.

The second training conducted was on Customer Service FCSO roles and responsibilities for the 14 FCSOs and four RCSOs. The three-day training objectives included a Management and Leadership overview, effective communication and delivering feedback, CRM, public relations, effective decision making and problem solving, conflict resolution management, roles and functions of a FCSO, customer complaints management, performance management and key performance (KPIs), prospecting and customer mapping, and closing and gaining commitment.

An additional follow-up workshop with the FCSOs was conducted on the field reporting tools and checklists and the to-be design for emergency order processing. Current challenges were documented and recommendations from the Field Officers were captured to support the refinement of the current reporting tools and checklists being used by the Field Officers.

Customer Service Key Performance Indicators (KPIs) and Metrics

Preliminary data collection was initiated for the following KPIs: complaint feedback cycle time, order cycle turn-around time (special distribution cycle), and on-time reporting. After review of the complaint feedback cycle time data, targeted capacity building needs of KEMSA staff were identified. Indicator results showed a need for targeted mentoring for the Complaints Management Unit to help improve the response times. Additional analysis is being conducted for on-time reporting data to see if a more efficient process can be instituted for tracking and reporting out on this KPI. Further refinement of the process for reporting these on a pre-determined basis and the tracking tools will continue over the next quarter.

Field Visit

We accompanied the Customer Service Manager on a field visit to the South Rift region. During the field visit, hospitals were visited in the following areas: Nakuru, Gilgil, and Bahati. Additionally, the team visited the KEMSA Nakuru Depot.

The following overarching issues were identified:

- KEMSA should explore the potential for facilities to utilize drawing rights to purchase the drugs from SSD given the fact that the facilities run short on FIF each quarter.
- A review is required of the use of current credit terms as stipulated via the Public Procurement and Disposal Act restricting cash on delivery transactions in the government.
- The price cap on some commodities needs to be harmonized by a Ministerial Memo since most SSD commodities will be sold below the cost, incurring a loss for the facility.
- Facilities perceive KEMSA's on-time delivery as poor. KEMSA needs to build the confidence at the facility level that they will be able to deliver the urgently required commodities to the facilities on a timelier basis.
- KEMSA should work to improve their communications to the facilities, especially updating the facilities on their order status or alerts on stock-outs/ shortages.

- The facilities do not have regularly available consumption reports on their EMMS commodities despite having an installed dispensing tool/system.

Complaints Management

Our analysis identified weaknesses in customer complaints processing. Areas of improvement included the lack of an electronic tracking tool for logging complaints, inconsistencies in logging all the complaints raised directly to the Customer Service department or through the FCSOs and lack of clarity on where the complaints should be directed. Forms are completed in the computer or are handwritten and archived in a file for review during the monthly Customer Service department meeting.

To address these weaknesses, short-term recommendations were made. Recommendations include establishing processes to align with other departments and the FCSOs to improve the complaint-reporting rate (e.g., standardizing processes for monitoring and addressing complaints received and communicating to all Customer Service staff and stakeholders). Based on these results we are helping to develop, standardize, and institutionalize procedures to track complaints and record them electronically.

As a temporary measure, we have deployed a new customer complaints management tracking tool to enable tracking of KEMSA customer complaints and associated metrics. The new tracking tool is Excel-based and maps information to the current customer complaint form. The tool will be centrally maintained and managed, supports tracking of Customer Service metrics, reduces the need for hard copy forms kept in files and allows for printing complaint forms as needed. The tool also allows complaints to be electronically forwarded between departments and supports increased visibility for leadership.

We trained customer service staff on the use of the new tool and KEMSA has begun using the tracking tool as part of the new Customer Service centralized complaints management unit that resulted from the customer service redesign. The tool is expected to be an interim solution until the ERP/WMS and CRM enhancements are completed.

2.5. Warehousing and Distribution

The warehousing and distribution work stream covers the areas of warehousing and distribution operations, including transportation planning. Activities undertaken during this quarter mainly focused on process optimization for warehouse and distribution, ABC analysis of existing commodities, metrics collection, completion of the new transportation contracts framework and review of distribution SOP's.

ABC Analysis

A Warehouse Improvement Working Group was formed to address leading practice gaps that were identified during the warehouse analysis. A priority area that was identified is the need for an ABC analysis on the commodities stocked at the main warehouses to identify the fast and slow moving items as well as dormant and obsolete commodities. We conducted an analysis on the existing inventory, listed all the items in the warehouse, their consumption rates and stock covers. The ABC analysis was based on picking frequency. The outcome of this exercise is aimed at reviewing the warehouse layout and storage locations and racking in a way that will facilitate optimal picking. This will lead to a reduction in distances covered, improved efficiencies and better picking accuracy.

Through this process, commodities were categorized as follows:

1. **Fine-picking** – this constituted the commodities that are picked in single units or loose picks. This category is labor intensive and time consuming.
2. **Bulk picks** – this consists of full cases/boxes and pallets. This can be picked by forklift drivers, is not labor intensive, and takes shorter time.

It was observed that there were many dormant and obsolete stocks. For dormant stocks, customer service staff engaged the health ministries to get approval for donations to avoid expiries. Commodities that were not in the standard order form were documented in a separate list and circulated to facilities so that they could order the commodities. A recommendation was also made to move obsolete stock to the Commercial Street Warehouse to allow the Embakasi Warehouse to focus on its primary function as a distribution center.

Warehouse Metrics

We reached consensus with KEMSA's Operations Department last quarter on the selection of metrics and warehouse KPIs. This quarter the data collection process was defined and standardized for these selected indicators. Although a large portion of the warehouse metrics data is captured via the WMS, the data extraction is a manual process. This is a manual process because there is a lack of comprehensive management reports from the WMS. The amount of time and dedicated resources that are needed is high to account for the lack of comprehensive management reports from the WMS. There is ongoing discussion with ICT in order to ensure reports can be developed for automated downloading of data from the system.

We developed Excel-based tracking tools and trained the KEMSA staff on their use to facilitate collection and monitoring of the selected metrics. Coaching has been ongoing. The KEMSA staff that were given the responsibility for the data capture and monitoring have demonstrated sufficient understanding and commitment to assist with driving of the metrics data collection.

Months stock cover and fill rate have been identified as high impact KPI's that cut across various functions. It is anticipated that stock cover reports will project a view of planned expiries to ensure that adequate information available for decision-making. Fill rate will be based on the original order quantity and will reflect the number of units that could be filled. Previously the Warehouse Department measured the number of commodities that could be filled as opposed to quantity fill rate.

Transport Contracting Framework

The Transport Contract Working Group (TCWG) completed its mandate with the end result of a finalised Transport Contract Framework. The aim of the TCWG was to identify and correct weaknesses in the current contracts, and strengthen future tender and distribution contracts. Participants of the TCWG included program representatives and KEMSA's Director for Legal Services, Operations Director, Procurement Director/Manager, Distribution Manager and the CEO when required. Throughout this process, the TCWG presented and amended numerous proposed transport contract designs to the CEO along with representatives from Procurement, Operations and the Technical Board Committee. The amendments were based on an iterative refinement process that considered leading practice as well as practical implementation aspects.

The contract working group's original proposal was for a contracting model with a one carrier option for hospital distribution and another separate carrier for Rural Health Facility distribution. This was presented to the technical committee for evaluation and approval. The technical committee requested a change from two to three carriers, whereby one carrier could be contracted for hospital shipments and two carriers for Rural Health Facility shipments due to the vast coverage and large number of facilities involved.

Following further debates on the vast geographical area and diversity of road conditions and landscape, the structure was again amended with a proposed structure which included three regions to be delivered by three separate carriers. Each region will cover both hospitals and Regional Health Facilities and the country will be divided into three regions, Eastern, Central and Western. Counties were also split with respect to the regions. Key consideration in the split was blending hard to reach areas with easy to access areas. This amendment was approved in the meeting of May 17, 2012. The agreed upon structure is indicated in Figure 1.

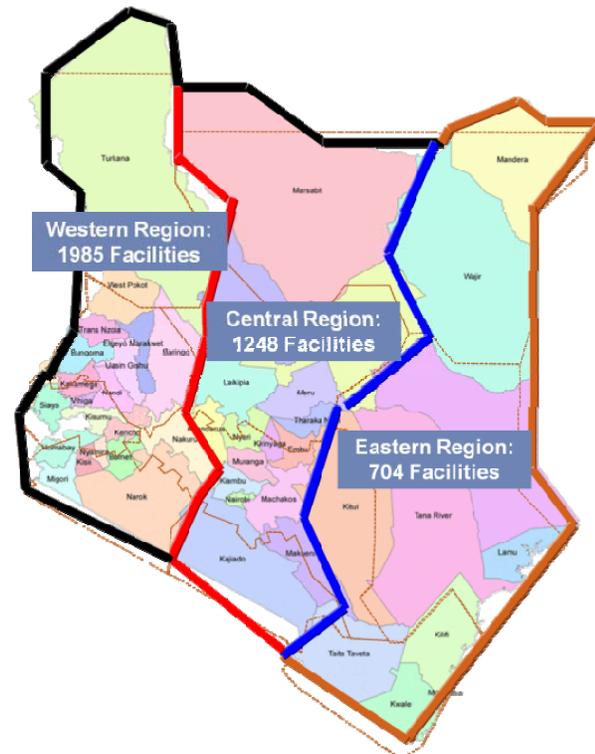
The tender documents were reviewed based on input from the Operations Department. Other material changes to the initial proposal included:

1. The carriers shall distribute to both Hospitals and Rural Health Facilities in the regions in which they are awarded
2. The tender evaluation shall consist of three stages; mandatory documents, technical evaluation and cost evaluation. The evaluation on the price was to be based on a weighted average.

Distribution SOP Review

To help maintain the gains achieved so far with process improvements, we have initiated a review of the distribution SOPs. The current SOPs were last reviewed in 2009. Following the performance management

Figure 1. Contracting Model with Three Regions



changes that have taken place over the last few years, refining SOPs becomes absolutely critical. The SOP review and updated scope has been agreed upon by the stakeholders, whose buy in has been equally important.

During the SOP update process, several deficiencies were identified pertaining to:

- Lack of distribution-centric processes
- Lack of fine process graphic detail
- Convolved and cluttered tables
- Cumbersome document structure and flow
- Outdated procedures

Each of the aforementioned gaps is being addressed in order to ensure the new SOP is comprehensive, cohesive, and detailed enough to provide significant value add for the end user.

Distribution KPI Monitoring and Performance

Following successful implementation of distribution performance management metrics and KPIs, continued monitoring and review is being conducted. To enhance sustainability, we have identified key resources within the Distribution Department whom we have trained and coached. We have enabled KEMSA counterparts to collect data, analyse and report the same. We are currently assisting them with the metrics analysis as we build capacity for the use of analytical tools.

2.6. Performance Monitoring Plan (PMP)

We made significant progress this quarter in strengthening the foundation for performance management within KEMSA. Prior efforts in performance management focused on identifying leading practice measurements and designing tools for their collection. Although these efforts continued, this quarter we increased our focus on strategic level activities related to performance management.

We presented options for structuring the human resources to institutionalize performance management within KEMSA to KEMSA's CEO and Senior Management. During the discussions, we provided a clear definition of performance management in the context of KEMSA, including the introduction of a Monitoring and Evaluation (M&E) Unit and specific activities to be realized such as operationalizing the use of data and information for decision-making. Consensus was reached with the CEO on the way forward to build KEMSA's performance management strategy and structure.

Capacity building and sustainability of performance management at KEMSA was also a focus this quarter. The program conducted a Performance Management Skills Building Workshop with M&E Champions and several key data handlers. The workshop introduced performance management concepts and leading practices. With the goal of improving data quality, the program delivered a targeted Excel refresher course that highlighted the most relevant functions for KPI data collection, analysis, and reporting. The sustainability of performance management activities improved with the appointment of two M&E Champions in the Customer Service Department, one at the Embakasi Warehouse and the other at Commercial Street. The program held initial discussions with the Finance Department about appointing an M&E Champion.

Institutional knowledge is critical when developing new systems such as those being introduced to capture performance management processes and information within KEMSA. The program's Performance Management Team introduced the concept of a KPI Dictionary to document all indicators and the procedures that they involve. As most of the knowledge related to the collection, compilation, and reporting of KEMSA's KPIs lies with the various departments, the program brought together 15 data handlers, M&E Champions, and program advisors to a KPI Mini Workshop to gather details related to each of the approved indicators. Details such as responsibility, specific data sources, reporting timeliness

and definition precision were discussed and documented. The product of this workshop, the KEMSA KPI Matrix, not only provides an in-depth summary of each KPI, but it will also serve as the basis of the KPI Dictionary, providing critical institutional knowledge for the agency.

To align our activities with KEMSA's performance management needs, we conducted a Performance Management Opinion Survey with a broad representation of KEMSA's middle and upper management. The objective of the survey was to gauge staff perspectives on KEMSA's performance management capacity and attitudes based on components of a Performance Management Maturity Model. Categories included prevalence and value of SOPs, staff capacity, external stakeholder opinions, data quality, etc.

The respondents were divided on staff knowledge although believed that capacity was sufficient to implement performance management effectively. The staff recognizes that external stakeholders are probably not satisfied with KEMSA's reporting results and their timeliness. Questions seven and eight, about willingness to participate in performance management activities were overwhelmingly positive. This result is supported by the willingness of the KEMSA M&E Champions and data handlers to share data with the program team. Timeliness of reporting, data quality, and inter-departmental collaboration all received largely negative responses. Data and Information Use were somewhat positive, meaning KEMSA believes it is using data for decision-making. The survey results highlight KEMSA's development areas, which we will target for improvement moving forward. We expect to repeat the survey later in the project to see if attitudes have changed and how.

2.7. Overarching Issues

Leadership and Management Capacity Building

We trained 20 supervisors and manager level staff from the Operations Department in leadership and management to address management skills gaps. The training cut across both the inventory management and warehouse work streams. The training built the capacity of KEMSA staff to understand each of the building blocks required for a high performing supply chain team as well as the skills required for a manager to be an effective leader. Participants completed a self-assessment of their leadership and management strengths and weaknesses based on the Leading and Managing Framework. This assessment was used to target specific areas of improvement.

The training covered leadership and management practices, vision development, application of leadership and management practices, change management, characteristics of high performing teams, performance management, business e-mail etiquette, project management, continuous improvement and Lean Six Sigma concepts and tools.

Supply Chain ERP Issue Resolution

Alliance technologies has been able to resolve a cumulative total 54% (up from 49% in the previous quarter) of the end user issues identified.

During this period, the following were notable achievements:

- Inter-warehouse transfers are now possible through the ERP system, this functionality is undergoing end user acceptance testing;
- Completion of the Distribution module in the WMS system at the Embakasi warehouse – the module is undergoing end user acceptance testing;
- Completion of the Depot Automation module, the team is currently working to finalize the reports to be generated from this module;

- Available stock quantity is now automatically reduced by the order quantity;
- The terms of reference for the development of the reverse logistics functionality within the WMS have been communicated to the system developers;
- Requirements were documented to modify the customer complaints module to enable the inclusion of contact person for the facility, field for complainant reporting and other details of the compliant and the date by when feedback should be provided; and
- Provisions have been made in the system to enable the Quality Assurance Department to capture the lab analysis for selected product against respective batch.

3. PLANS FOR NEXT QUARTER

3.1. Mandate Legal Status and Operational Mandate

- Continue implementation of the KEMSA Act Advocacy Plan/Roadmap
- Meet with key members of Parliament, Cabinet officials, Attorney General's Office, Constitutional Implementation Commission and other stakeholders to advocate and gain support for passage of the Draft
- Organize key stakeholder forums (policy makers and Parliamentarians) to advocate for passage

3.2. Governance Architecture and Practice

- Increase operationalization of the ERP Finance Module – check the completeness of the data in the ERP to ensure that all reports generated from the system are complete and accurate.
- Finalize the review and alignment of financial policies and procedures with the targeted state
- Follow up with KEMSA Board in order to obtain approval and adoption of the revised and updated Internal Audit Charter
- Update the existing Internal Audit Manual and develop internal audit tools
- Complete the Enterprise-wide risk review and assessment
- Obtain a copy of the new KEMSA Procurement manual and benchmark it against the provisions of the Public Procurement Act and other relevant donor requirements
- Review and harmonize processes flow between Procurement and Finance departments
- Draft the funding procedure for the KEMSA Act to allow direct funding allocation

3.3. Inventory Management and Tracking Systems

- Conduct current-state analysis spanning the areas of demand forecasting, supply quantification, customer order management and procurement planning
- Conduct supply chain planning working sessions for commodity flow with KEMSA departments and stakeholders to develop the supply chain planning process designs, SOPs, supply chain planning tool designs, planning unit organization structure, roles and responsibilities
- Strengthen business and ERP processes and tools for LMU and planning division
- Facilitate knowledge sharing/transfer and coaching sessions related to inventory management and tracking systems and customer order management

- Monitor and provide quality assurance for the newly implemented customer complaints management and tracking tool
- Conduct working sessions to update the KEMSA Customer Service SOPs and Field Officer reporting tools
- Support ongoing tracking and monitoring of Customer Service metrics and KPIs agreed to
- Support the LMU integration into Customer Service

3.4. Warehousing and Distribution Systems

- Define a new warehouse layout for optimal commodity flow in the warehouse
- Develop Warehouse tools and report formats
- Strengthen business and ERP processes for warehouse operations
- Conduct warehouse management design sessions with KEMSA departments and stakeholders
- Review, update and develop warehouse SOPs, Policies and define roles and responsibilities
- Following the dissemination of the results of the Skills Assessment to be conducted by the USAID Capacity Project, define training needs for warehouse and distribution staff
- Conduct Strategic Network optimization
- Review, update and develop Distribution SOPs, Policies and define roles and responsibilities
- Develop transportation planning capability
- Facilitate knowledge sharing, coaching sessions, and on-the-job-training as necessary
- Document Current State Business Processes in quality assurance

3.5. Performance Monitoring Plan

- Identify M&E Champions for Finance
- Engage SSD and the Procurement Department for their inclusion in the PM efforts, identify their M&E Champions, and develop performance indicators
- Conduct a Data Demand and Information Use Workshop with senior decision-makers and M&E Champions and draft a DDIU operationalization plan
- Draft the KPI Dictionary
- Draft KEMSA's Performance Management Plan
- Draft standard Information Products for internal and external stakeholders
- Continue data collection, analysis, reporting, and information use

4. CONCLUSIONS

This quarter's major accomplishments include the completion of the first reading of the KEMSA Bill in Parliament, an in-depth analysis of the Customer Service function, a strengthened transportation framework, and identification and capacity building of KEMSA's Monitoring & Evaluation Champions.

ANNEX 1: PROGRESS TO DATE

Activity	Expected Deliverable(s)	Progress to date
Objective 1: Review KEMSA's legal status (KEMSA Act) and make recommendations to strengthen its operational mandate		
Revise KEMSA Draft Act as needed	KEMSA Draft Act	<ul style="list-style-type: none"> Completed
Develop Roadmap/Advocacy Plan to build support and consensus for passage of KEMSA Act	Roadmap and Advocacy Plan	<ul style="list-style-type: none"> Roadmap completed Board Advocacy Plan completed
Implement advocacy plan	Number of activities implemented	<ul style="list-style-type: none"> Ongoing
Organize key stakeholders forums (policy makers and Parliamentarians) to advocate for passage	Minutes/reports	<ul style="list-style-type: none"> Ongoing
Develop educational, informational and communication materials	IEC materials	<ul style="list-style-type: none"> Planned
Support KEMSA to finalize Draft Act for passage by Parliament	KEMSA Act	<ul style="list-style-type: none"> completed
Support KEMSA to facilitate publication of enacted Act in Kenya Gazette	Kenya Gazette with the KEMSA Act notice	<ul style="list-style-type: none"> Planned
Support KEMSA to draft required regulations	KEMSA Act regulations	<ul style="list-style-type: none"> Planned
Support KEMSA to acquire ownership documents for its land and buildings	All title deeds under KEMSA name	<ul style="list-style-type: none"> Ongoing
Support KEMSA to carry out valuation of its land and buildings	Valuation report of KEMSA land and buildings	<ul style="list-style-type: none"> Ongoing
Objective 2: Strengthen KEMSA's governance architecture and practice, especially to improve financial and procurement transparency and accountability		
Conduct corporate governance training	Corporate Governance Training Report	<ul style="list-style-type: none"> Completed
Facilitate evaluation of board members	Board Members Evaluation Report	<ul style="list-style-type: none"> Completed
Develop Corporate Social Responsibility policy	Corporate Social Responsibility Policy	<ul style="list-style-type: none"> Planned
Develop Risk Management policy	Board Risk Management policy	<ul style="list-style-type: none"> Ongoing
Develop governance roadmap with and for the board	Governance roadmap	<ul style="list-style-type: none"> Completed
Conduct board work plan development workshop	Board work plan	<ul style="list-style-type: none"> Completed
Develop Board members induction training manual	Training report and manual	<ul style="list-style-type: none"> Planned
Conduct financial management (for non-financial managers)	Training report	<ul style="list-style-type: none"> Completed

Activity	Expected Deliverable(s)	Progress to date
Conduct initial change management training	Training report	<ul style="list-style-type: none"> Completed
Follow up on change management strategy implementation	Reports on execution of change management strategy	<ul style="list-style-type: none"> Ongoing
Update board and committee charters in line with the KEMSA Act	Revised and amended copy of board charters	<ul style="list-style-type: none"> Completed
Draft funding procedure to allow direct funding allocation	Revised financial funding procedure	<ul style="list-style-type: none"> Planned
Develop/review facilities drawing rights and procedures in line with new Government policy	Revised drawing rights and procedures	<ul style="list-style-type: none"> Planned
Review and update existing KEMSA SOPs, Conduct department wide Business processes (including SOPs) documentation	Revised and updated SOPs, Business Processes Report, Department-wide ERP Evaluation Report	<ul style="list-style-type: none"> Ongoing Draft of revised SOPs and manual submitted for review
Align ERP with the updated business processes SOPs	Report of the alignment of ERP with SOPs	<ul style="list-style-type: none"> Ongoing
Review and update internal audit charter	Revised and updated internal audit charter	<ul style="list-style-type: none"> Revised charter under review by the Board and Senior Management
Review and update internal audit manual and tools	Revised and updated internal audit manual and implementation report; Effective Internal Audit and Monitoring & Evaluation function established	<ul style="list-style-type: none"> Benchmarking completed Ongoing updates are underway
Implement 3-phased operationalization process for internal audit team using training, coaching and advising.	Phase 1, 2 and 3 training reports	<ul style="list-style-type: none"> Planned
Review and update financial control systems (SOPs)	Revised SOPs	<ul style="list-style-type: none"> Developed "to be" finance business processes, benchmarking to best practices in the industry Draft of revised SOPs and manual submitted for review
Document department-wide financial business processes	Finalized business process flows, to contribute to revised ERP system	<ul style="list-style-type: none"> Finalized documentation of finance processes. ERP Gap Analysis Report completed
Align the ERP finance module with the business processes and the SOPs	Full automation of the Finance Department's operations in the ERP	<ul style="list-style-type: none"> Working sessions held to analyze gaps and develop solutions. ERP Gap Analysis Report completed.
Develop internal financial policies and procedures manuals and tools	Manuals and tools; Effective and efficient financial control systems established	<ul style="list-style-type: none"> Ongoing

Activity	Expected Deliverable(s)	Progress to date
Implement 3-phased operationalization process for finance, procurement and internal audit using training, coaching and advising	Phase 1, 2 and 3 training reports	<ul style="list-style-type: none"> Planned
Review procurement manual for conformance with international best practices	Procurement manual	<ul style="list-style-type: none"> Ongoing
Conduct feasibility assessment of e-procurement	Feasibility study report; Effective and efficient procurement processes established; E-Procurement feasibility report developed.	<ul style="list-style-type: none"> Planned
Develop implementation plan on E-Procurement	Drafted implementation plan	<ul style="list-style-type: none"> Planned
Engage stakeholders for implementation on E-Procurement	Minutes/notes, E-procurement implementation plan	<ul style="list-style-type: none"> Planned
Review and update existing PR and communications strategy	Updated PR and communications strategy	<ul style="list-style-type: none"> Ongoing
Develop PR plan	Public Relations/Advocacy Plan	<ul style="list-style-type: none"> Ongoing
Implement PR plan	PR implementation reports; A public relations and communication strategy developed	<ul style="list-style-type: none"> Planned
Objective 3: Strengthen KEMSA's inventory management and tracking systems to ensure full transparency and accountability for all stock it receives and distributes throughout the country		
Document business process flows and ERP gap analysis in demand forecasting, supply quantification and procurement planning	KEMSA signed off business process and ERP gap analysis report	<ul style="list-style-type: none"> ERP gap analysis report submitted Business Process flows ongoing
Develop As-Is Validation Report	As-Is Validation report	<ul style="list-style-type: none"> Ongoing Reviewed existing metrics, defined new metrics and agreed inventory KPIs and Customer service KPI's, capturing of metrics to be initiated for inventory management
Conduct supply chain planning working sessions for commodity flow with KEMSA departments and stakeholders	A functional integrated, collaborative planning process that includes review of demand forecasting, supply quantification, development of procurement and distribution plans	<ul style="list-style-type: none"> Weekly Supply Chain Planning forum meetings in place Conducted analysis on the supply planning function and capabilities in KEMSA

Activity	Expected Deliverable(s)	Progress to date
Conduct supply chain planning working sessions and workshop for information flow with KEMSA departments and stakeholders	Functional, integrated, and collaborative planning processes that encourage information flow between departments	<ul style="list-style-type: none"> • Conducted LMIS workshop for stakeholders to ensure ownership and buy in from key KEMSA stakeholders • Oversight on LMIS process committee meetings to develop framework for national LMIS • Oversight on alignment of system requirements to agreed processes • Reviewed LMIS prototype
Strengthen business and ERP processes and tools for LMU and planning division	A copy of action plan report and progress status reports	<ul style="list-style-type: none"> • Business process strengthening is in progress • ERP action plan to be defined
Develop supply chain planning policies, SOPs, roles and responsibilities and tool/reports specifications	A copy of KEMSA signed off supply chain planning documentation	<ul style="list-style-type: none"> • Planned
Establish a supply chain planning unit	Established Planning Unit	<ul style="list-style-type: none"> • Planned
Develop tools, reports, and ERP system optimization	A copy of action plan report and progress status reports	<ul style="list-style-type: none"> • In progress • Designed new stock status report
Define training needs and action plan.	A copy of the training needs report	<ul style="list-style-type: none"> • Planned
Facilitate knowledge sharing/transfer and coaching sessions based on business requirements and priorities (On-the-job training)	Training presentation and coaching notes	<ul style="list-style-type: none"> • Ongoing • Training in Leadership and Management skills conducted and coaching ongoing
Create skills building curriculum for strengthening inventory management through supply chain planning (formal training)	A copy of the skills building curriculum	<ul style="list-style-type: none"> • Defined training requirements for Field Officers new roles and responsibilities and new complaints management tool
Conduct Training for Inventory Management and planning for relevant stakeholders (including other KEMSA departments and partners)	Copy of training report	<ul style="list-style-type: none"> • Conducted training for Customer Service Field Officers • Conducted training for complaints management and new tracking tool
Review current procurement processes and guidelines	Updated Copy of procurement guidelines and procedures	<ul style="list-style-type: none"> • Planned
Consensus building meetings with stakeholders on procurement processes	Stakeholders report	<ul style="list-style-type: none"> • Planned
Develop harmonized procurement process guidelines	Copy of standardized guideline and policy documentation	<ul style="list-style-type: none"> • Planned

Activity	Expected Deliverable(s)	Progress to date
Develop a sample management policy	Sample management policy	<ul style="list-style-type: none"> Planned
Develop a receipt and acceptance policy	Receipt and acceptance policy	<ul style="list-style-type: none"> Planned
Identify hardware specifications	Copy of hardware specifications	<ul style="list-style-type: none"> Planned
Develop procure hardware plans	Hardware Procurement plans	<ul style="list-style-type: none"> Planned
Document business process flows and ERP gap analysis in customer order management	Finalized customer order business process flows, to contribute to revised ERP system	<ul style="list-style-type: none"> Conducted As-is mapping of business processes Reviewed current ERP issues with users Completed ERP gap analysis Reviewed existing metrics and defined new metrics. KPI's to be finalized. Capturing of a few selected metrics in progress
Conduct customer order management working sessions	Copies of working session minutes/notes	<ul style="list-style-type: none"> Ongoing
Strengthen business and ERP processes and tools for customer order management	A copy of action plan report and progress status reports	<ul style="list-style-type: none"> Planned
Develop customer order management policies, SOPs, roles and responsibilities and E-ordering requirements	A copy of KEMSA signed off customer order management documentation	<ul style="list-style-type: none"> Customer order management analysis conducted Reviewed current Customer Service SOP's and areas of strengthening identified Updating of SOP's - Planned
Develop tools, reports, and ERP system optimization	A copy of action plan report and progress status reports.	<ul style="list-style-type: none"> Planned
Review skills analysis for LMU	Activity minutes/notes	<ul style="list-style-type: none"> In progress Skills analysis documented for LMU staff on capacity
Re-design the LMU	Design document for new customer Service structure with job descriptions	<ul style="list-style-type: none"> Proposed integration of LMU into KEMSA customer service department New customer service job descriptions and organogram developed Supported Operations Director with selection criteria for new Demand Analysis Officer who has been identified and appointed by KEMSA
Implement a new LMU unit	Functional LMU	<ul style="list-style-type: none"> Planned
Document business process flows in customer complaint management	A copy of KEMSA signed off business process flows	<ul style="list-style-type: none"> Conducted and validated As-is mapping of business processes
Identify relevant customer complaint management software	A copy of identified relevant customer complaint management options	<ul style="list-style-type: none"> In Progress

Activity	Expected Deliverable(s)	Progress to date
Implement a new customer complaint management solution	A copy of KEMSA signed off customer complaint management solution document	<ul style="list-style-type: none"> Designed and developed interim customer complaints tracking tool Training and roll-out completed Long term solution - Planned
Document business processes in QA	Finalized QA business process flows, to contribute to revised ERP system	<ul style="list-style-type: none"> Reviewed current business process flows in QA laboratory functions
Develop mini QA lab hiring plan of skilled staff	Copy of QA lab hiring plan	<ul style="list-style-type: none"> Planned
Develop procurement plan for laboratory equipment	A copy of procurement plan	<ul style="list-style-type: none"> Planned
Train existing staff	Training materials, training attendance sheets and pre/post tests	<ul style="list-style-type: none"> Planned
Objective 4: Strengthen KEMSA's warehousing and distribution systems to address its own identified needs, including infrastructure improvements, skills development of core staff, and operational budget support.		
Document business process flows and ERP gap analysis in warehouse management	Finalized warehouse management business process flows, to contribute to revised ERP system	<ul style="list-style-type: none"> Mapped business process flows in the warehouse Reviewed current ERP issues with users Completed ERP gap analysis indicating gap between current ERP and best practice
Develop As-Is Validation Report	Optimized operations/processes (best practices, pick/pack/ship, warehouse layout, product placement, etc.)	<ul style="list-style-type: none"> Completed distribution analysis As-is report finalized for distribution area Completed warehouse analysis As-is report being finalized for warehouse area Reviewed existing metrics, defined new metrics and agreed KPIs, capturing of metrics in progress
Conduct warehouse management design sessions with KEMSA departments and stakeholders	Working session minutes/notes	<ul style="list-style-type: none"> Ongoing
Strengthen business and ERP processes for warehouse operations	Action plan report and progress status reports	<ul style="list-style-type: none"> Business process strengthening is in progress ERP action plan to be defined
Review warehouse policies, SOPs, roles and responsibilities and report specifications	KEMSA signed off warehouse documentation	<ul style="list-style-type: none"> Planned
Develop tools, reports, and ERP system optimization	Action plan report and progress status reports	<ul style="list-style-type: none"> Planned
Define training needs and action plan	Training needs report	<ul style="list-style-type: none"> Planned

Activity	Expected Deliverable(s)	Progress to date
Facilitate knowledge sharing/transfer and coaching sessions based on business requirements and priorities (On-the-job training)	Training presentation and coaching notes	<ul style="list-style-type: none"> • Ongoing • Training in Leadership and Management conducted and coaching ongoing
Create skills building curriculum for strengthening warehouse management (formal training)	Skills building curriculum	<ul style="list-style-type: none"> • Planned
Roll out and hand over the train the trainer curriculum for training and coaching of warehouse Management (including other KEMSA departments)	Training report	<ul style="list-style-type: none"> • Planned
Complete facility mapping (of all current health facilities)	Rationalized warehouse/depot locations (based on facility mapping, cost, location, demand)	<ul style="list-style-type: none"> • Conducted harmonization of KEMSA facility lists and Ministry Master Facility Lists and obtained GPS coordinates for facilities • Completed health facility mapping • Completed route optimization exercise with new master routes defined
Develop Network analysis design criteria (cost, location, demand etc.)	Design criteria document	<ul style="list-style-type: none"> • Planned
Gather appropriate data	KEMSA signed off data spreadsheet	<ul style="list-style-type: none"> • Planned
Conduct network analysis	Network analysis presentation	<ul style="list-style-type: none"> • Planned
Develop business case for new warehouse and distribution centers	Business case document	<ul style="list-style-type: none"> • Planned
Conduct impact assessment	Supply chain preparedness for move from push to pull assessment conducted	<ul style="list-style-type: none"> • Completed workshops and working sessions with KEMSA to assess readiness for Push to Pull transition • Development of work plans are ongoing
Develop an action/implementation plan	Action report	<ul style="list-style-type: none"> • Ongoing
Develop specifications and procure infrastructure items: Lighting, Caging, Hand Pallet Trucks, Pallets, Temperature Control, Fire-Fighting Equip, Occupational Safety and Health items; Reach trucks, Forklifts, Handhelds Scanners, CCTV, Cold Rooms, Renovation of warehouses	Specifications report	<ul style="list-style-type: none"> • Ongoing
Design a new warehouse	Design documents	<ul style="list-style-type: none"> • Planned
Develop implementation plan for a new warehouse	Implementation plans	<ul style="list-style-type: none"> • Planned
Develop procurement plan for enhanced network connectivity between ERP and warehouse	Procurement plans for enhance network connectivity	<ul style="list-style-type: none"> • Ongoing

Activity	Expected Deliverable(s)	Progress to date
Develop procurement plan for enhanced computer hardware for warehouse operations (e.g., synchronization server is running on a desktop)	Procurement plan for enhanced computer hardware for warehouse operations	<ul style="list-style-type: none"> • Ongoing
Document business process flows and ERP gap analysis in distribution/transportation planning and operations including dispatch layout areas	KEMSA signed off business process and ERP gap analysis report; optimized distribution and transportation planning	<ul style="list-style-type: none"> • Mapped business process flows in the distribution area • Reviewed current ERP issues with users • Conducted ERP gap analysis indicating gap between current ERP and best practice • Reviewed existing metrics, defined new metrics and agreed KPIs, capturing of metrics in progress
Conduct distribution planning working sessions with KEMSA departments and stakeholders (including parallel systems)	Working session minutes/notes	<ul style="list-style-type: none"> • Planned
Strengthen business and ERP (SMS) processes for distribution operations	Action plan report and progress status reports	<ul style="list-style-type: none"> • Business process strengthening - ongoing • ERP - planned
Review distribution policies, SOPs, roles and responsibilities and report specifications	KEMSA signed off distribution documentation	<ul style="list-style-type: none"> • Reviewed current Distribution SOP's and areas of strengthening identified • Updating of SOP's - planned
Develop tools, reports, and ERP system optimization	Action plan report and progress status reports	<ul style="list-style-type: none"> • Planned
Define training needs and action plan	Training needs report	<ul style="list-style-type: none"> • Planned
Facilitate knowledge sharing/transfer and coaching sessions based on business requirements and priorities (On-the-job training)	Training presentation and coaching notes	<ul style="list-style-type: none"> • Ongoing • Training in Leadership and Management conducted and coaching ongoing
Create skills building curriculum for strengthening distribution planning (formal training)	Skills building curriculum	<ul style="list-style-type: none"> • Planned
Roll out and hand over the train the trainer curriculum for training and coaching of distribution planning (including other KEMSA departments)	Training report	<ul style="list-style-type: none"> • Planned
Develop procure plan for weighing equipment	Procurement plan for weighing equipment	<ul style="list-style-type: none"> • Ongoing
Define and develop a planning capability for truck loading	A KEMSA signed-off document	<ul style="list-style-type: none"> • Planned
Review existing routes and develop new master routes	Revised routes and new master routes	<ul style="list-style-type: none"> • New master routes developed • Route validation ongoing

Activity	Expected Deliverable(s)	Progress to date
Review existing transportation contracts, contract mechanisms and policies	Contract policy; optimized distribution and transportation planning	<ul style="list-style-type: none"> Completed working sessions with KEMSA legal, procurement and distribution to review transporter contracts, contract mechanisms and policies New contract framework defined
Develop an action plan for transportation contracts	Action plan; optimized distribution and transportation planning	<ul style="list-style-type: none"> Defined an action plan, which lead to establishment of weekly Transport Contract working group meetings and the definition of the new contracting framework
Implement new transportation contract approach	Implementation plans	<ul style="list-style-type: none"> KEMSA technical board committee approved the proposed new contract framework Next step is presentation to full board Ongoing
Objective 5: Support for KEMSA to develop, implement and monitor a performance management plan		
Assess current KPIs from KEMSA Strategic and Business Plans	Final list of KEMSA KPIs	<ul style="list-style-type: none"> Complete
Asses status quo systems that collect and manage results	Final list of KEMSA KPIs	<ul style="list-style-type: none"> Complete
Develop department-specific and cross-cutting KPIs to measure progress towards KEMSA strategic and operations objectives	Final list of KEMSA KPIs	<ul style="list-style-type: none"> Complete although recently added Procurement & SSD to target departments
Develop tools for KPI data collection and management	KPI Dictionary (Indicator Protocol Reference Sheets) and data collection tools	<ul style="list-style-type: none"> Completed
Develop tools for new Indicators (e.g. SSD) and refine existing tools as necessary.	KPI Dictionary (Indicator Protocol Reference Sheets) and data collection tools	<ul style="list-style-type: none"> Ongoing
Define and document SOPs for performance monitoring as necessary	KPI Dictionary (Indicator Protocol Reference Sheets) and data collection tools	<ul style="list-style-type: none"> Ongoing
Conduct capacity building sessions on data collection tools and SOPs	KPI Dictionary (Indicator Protocol Reference Sheets) and data collection tools	<ul style="list-style-type: none"> Completed
Targeted capacity building sessions as required for new or modified tools	KPI Dictionary (Indicator Protocol Reference Sheets) and data collection tools	<ul style="list-style-type: none"> Planned
Update KEMSA business plan PMP with additional components for effective management of organizational performance, including data use and dissemination	KEMSA Performance Monitoring Plan	<ul style="list-style-type: none"> Planned
Integrate updated KPIs and SOPs into PMP Framework	KEMSA Performance Monitoring Plan	<ul style="list-style-type: none"> Planned

Activity	Expected Deliverable(s)	Progress to date
Present updated PMP to KEMSA leadership for approval	KEMSA Performance Monitoring Plan	<ul style="list-style-type: none"> • Planned
Adapt MESST to KEMSA PMP requirements and conduct MESST workshop to assess KEMSA capacity to implement supplemented PMP	PMP Implementation action plan	<ul style="list-style-type: none"> • Planned
Identify system and human capacity gaps impeding PMP implementation	PMP Implementation action plan	<ul style="list-style-type: none"> • Planned
Develop PMP implementation action plan	PMP Implementation action plan	<ul style="list-style-type: none"> • Planned
Develop materials for PMP operationalization training	Operationalized PMP	<ul style="list-style-type: none"> • Ongoing
Conduct PMP operationalization training	Operationalized PMP	<ul style="list-style-type: none"> • Ongoing
Develop and disseminate a transition/ownership plan for PMP Champions	Operationalized PMP	<ul style="list-style-type: none"> • Ongoing
Provide Business Intelligence Dashboard requirements to KEMSA ICT as required	Performance reports prepared and disseminated to USAID, KEMSA, and key stakeholders	<ul style="list-style-type: none"> • Planned
Operationalize accurate data collection, collation and analysis	Performance reports prepared and disseminated to USAID, KEMSA, and key stakeholders	<ul style="list-style-type: none"> • Ongoing
Maintain KEMSA PMP, including annual baselines and targets	Performance reports prepared and disseminated to USAID, KEMSA, and key stakeholders	<ul style="list-style-type: none"> • Ongoing
Review implementation of new PM SOPs and take improvement action as necessary	Revised KPI Dictionary	<ul style="list-style-type: none"> • Planned
Deliver Data Demand and Information Use Workshop to M&E Champions and Leadership	Programmatic decision-making actions	<ul style="list-style-type: none"> • Planned

