

COVID-19

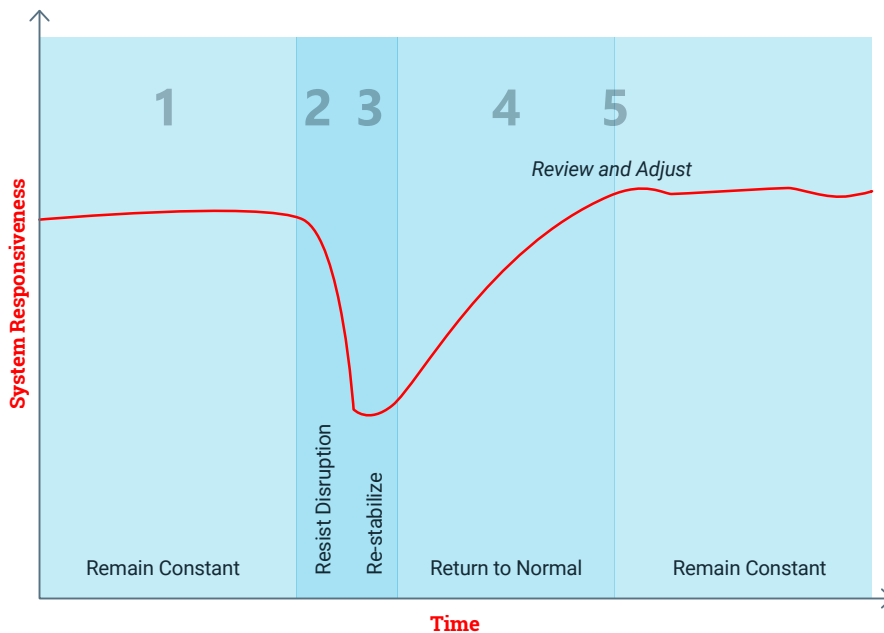
Planning for 'Next' in the  
Healthcare Supply Chain:  
**The Five Phases of COVID-19  
Disruption and Recovery**

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# Understanding resilient supply chain design will be key in supply chain recovery planning.

As supply chains around the world stagger and stall, hospitals and health systems are now 'stress-testing' their disaster preparedness plans. The urgency of 'flattening the curve,' while more broadly attributed to the general capacity of healthcare systems around the world to handle exponential demand, is equally applicable to the capacity for supply chain fulfillment capability. Through this tumultuous period, it is incumbent on healthcare supply chain managers to stay pragmatic in their focus on risk management and an eventual return to predictable demand patterns.

## Resilience Phases of a Supply Chain Disruption



Adapted from Melnyk, Closs, Griffis, Zobel and Macdonald, 2015, Michigan State University

**It is not too late to get a handle of your supply chain risk and resiliency.**

Mapping your supply chain's resiliency against this major disruption can help level-set your readiness for its recovery and return to normal operations. Though health systems certainly favor resiliency, it is those that are equipped to hug the curves in the road, rather than those that avoid them, that rebound from the inevitable disruptions. Understanding where we fall on the curve, and what inflection points to pay attention to, can help us to take proactive steps to mount an agile response to disruption.

1.

## Phase one: **Remain Constant**

Normal operations consist of the typical ebb and flow of supply chain management; these include traditional risk mitigation factors such as leveling off safety stock, ensuring timely turns, avoiding expiration and managing cash flow.

This is a balancing act between operational excellence and long-term planning and helps define the vector for predictability in the supply chain.

1.

**Map the known future.**

Anticipate and avoid predictable disruptions. Seasonal demands brought on by flu season or the east coast hurricane season should never be a surprise.

2.

**Control cash flow.**

Operationalize capital expenditures to provide flexibility in capital resource allocation while ensuring up-to-date and performant software.

3.

**Plan for the long term.**

Avoid Band-Aid solutions to underlying systemic issues. This often means temporary operational disruption, but translates into more resilient supply chains.

**“The onus is on supply chain strategists to find areas where their companies can mitigate risk. Could areas of an organization become outdated or inflexible at some point? Replace them with agile and predictable ecosystems that can quickly respond to internal and external forces. To accomplish this goal, supply chain strategists must take the long view.”**

**Vito Calabretta**  
SVP Global Operations  
Tecsys

\* Phases adapted from Michigan State University



2.

## Phase two: Resist Disruption

At the onset of an unanticipated disruption, it is critical to enact (or establish ad hoc) a task force.

This centralized control center should be mandated to coordinate, prioritize and respond to events in near real time, leveraging the resilience built into its supply chain in Phase 1. With a focus on containment, levers such as redundancies in sourcing, safety stock and alternative SKUs act as shock absorbers, and depending on criticality, may level off the disruption. In more extreme cases like COVID-19, monitoring the end-to-end supply chain may be a protracted mandate.

**1.**  
**Centralize the strategy.**

Develop a whole view of the supply chain disruption so that decisions and mitigating tactics are not taken in a silo.

**2.**  
**Minimize the impact.**

Use supply chain visibility and optimization tools to enact contingency planning protocols and resolve the immediate shortage.

**3.**  
**Monitor the problem.**

Keep a pulse of ongoing influencers that are likely to impact the disruption. Update your resistance effort with timely scenario planning and contingency planning.

**“A decades-long focus on supply chain optimization to minimize costs, reduce inventories and drive up asset utilization has removed buffers and flexibility to absorb disruptions and COVID-19 illustrates that many companies are not fully aware of the vulnerability of their supply chain relationships to global shocks.”**

**Jim Kilpatrick**  
Global Supply Chain & Network Operations Leader  
Deloitte

# 3.

## Phase three: **Re-stabilize**

The turning point for a supply chain disruption comes when the organization is able to proverbially cauterize the wound.

The scale of that cauterization depends entirely on the scale of the disruption and mitigating factors. In the case of COVID-19, multiple levers both inside and outside individual health systems and hospitals will be working in tandem to reach a state of stabilization. The mark of a supply chain recovery is when the supply and demand curves reconverge; as healthcare supply chains find their footing again, it becomes important to mount a recovery from a point of stability.



What levers are entirely in your control? What can you control if you reach into your extended ecosystem, whether it's the point of care or your distributors? Mapping your sphere of control will serve you as you mount your recovery from a disruption.

Your supply chain volatility is a mix of internal and external factors. Designing out risk internally is formidable, but it is equally important to identify the outside markers that may reappear.

Be aware of the anomalies that caused the disruption, and don't overcorrect. This will stave off the bullwhip effect and the inclination to hoard unnecessary buffer stock.

**"It is vitally important to understand where you are before you start planning where you are going. That reference point, whether it's greenfield or on the heels of a major inflection point in your operations like a business shift or a global disruption, can be either your anchor or your waypoint."**

**Peter Brereton**  
President and CEO  
Tecsys



# 4.

## Phase four: **Return to Normal**

Supply chain resiliency is as much about a capacity to rebound as it is about its ability to absorb shock. Identifying the best course of action to restore balance is, therefore, a mark of resilience.

In light of the current COVID-19 crisis and its particular impact on global healthcare supply chains, it is impossible to forecast when or how that return to normal will take place. Nonetheless, to be effective, the recovery process should be proactively planned by supply chain managers so that patient care can be restored as quickly as possible.



Your contingency plans should be well fleshed out; your team should be aware of what those plans are and their specific role in getting the organization back to its standard operating procedures.

Processes and systems that can be adapted dynamically will be important tools in the recovery process. Health systems able to respond to still-shifting market dynamics will re-establish pre-disruption service levels faster.

What measures have been put in place that need to be managed differently in a 'new normal' scenario? Sometimes, staffing or process changes demand new training.

**“The infection prevention measures to curb COVID-19 will prove to be a marathon, not a sprint. But let’s not conflate prevention measures with business more broadly. The disruptions we are experiencing in the healthcare supply chains will get resolved. Manufacturers are upping production. Automakers are retooling their plants to produce ventilators. The rules of supply and demand will apply again. When that happens, supply chain managers should be ready to right the ship.”**

**Cory Turner CMRP**  
Healthcare Supply Chain Strategist

# 5.

## Phase five: **Review and Adapt**

Unprecedented as the COVID-19 disruption is to healthcare and its supply chain, it will serve as a spectacular benchmark for resiliency and contingency planning.

Indeed, some risks are unavoidable and weak links will reveal themselves with enough tension. No health system or hospital will emerge out of this unscathed, but the lessons they carry with them will be their hallmark. As you reflect on your supply chain's resiliency, consider the following prompts:

Does your contingency planning enable continuity of service?

Are your systems agile enough to adapt to dramatic changes in supply and demand?

Are your processes flexible enough to respond to uncontrollable volatility?

Do you have an effective cross-departmental emergency preparedness task force to respond to unforeseeable disruptions?

Are you vulnerable (and responsive) to outside disruptions?

And most importantly, acknowledge that each phase of resiliency is interconnected and cyclical.



## Resilience does not happen by accident.

Supply chain resiliency is not a foregone conclusion; it is the product of investment and strategic planning. Supply chains overly focused on the financial impact of operational improvements may be opening themselves up to more risk exposure by under diversifying, under buffering or simply under preparing. Investment in enabling technologies, data-driven decision platforms, supply chain design, consolidated service models and operational flexibility build a capacity to maintain and regain stability in unpredictable environments. Supply chain organizations of all stripes will forge innovation as a result of this pandemic and it is incumbent on healthcare supply chain operators to do the same.

Health systems that can effectively consolidate services, gain visibility and minimize disruptions, take remedial action when they do occur and mount a successful recovery afterwards, will serve their customers – frontline caregivers – most effectively. This means staying focused on the factors that are within your control and staying responsive to those that are not.

# About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades – by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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