



Avoiding Supply Chain Land Mines thru' Risk Management



SingHealth Group Procurement Office
 Authors : Lok Mun Leng, Wong Lai Yin

Introduction

Supply chain risk management has become increasingly more recognized as a critical part of the corporate strategy. The move to leaner, global supply chains and events such as adverse environmental conditions, political/civil unrests and financial instability have amplified the risk of disrupted supply.

Traditionally, the focus has been on risk assessment and mitigation; the process of identifying risks in the supply chain nodes and developing strategies to mitigate these risks. Clearly, companies best able to recover from a supply chain event are those that are prepared. However, there is another side to supply chain risk management.

Despite the best planning and the best preparation, sometimes an event happens that was not anticipated, or, the event that was planned for happens, but the mitigation strategy didn't work as planned. When this happens, the company needs to be able to react quickly to the situation; assess the impact, determine the best response(s) and implement these responses in a timely manner.

SingHealth Group Procurement Office reviewed and re-assessed how we can be better equipped, highly responsive and agile in situations such as these.

Methodology

A review was taken to assess the various risks, both internally and externally. In adopting plans for risk mitigation, focus was placed in areas where we need to be quick-on-our-feet as an organisation in both pro-active and reactive states of risk management.

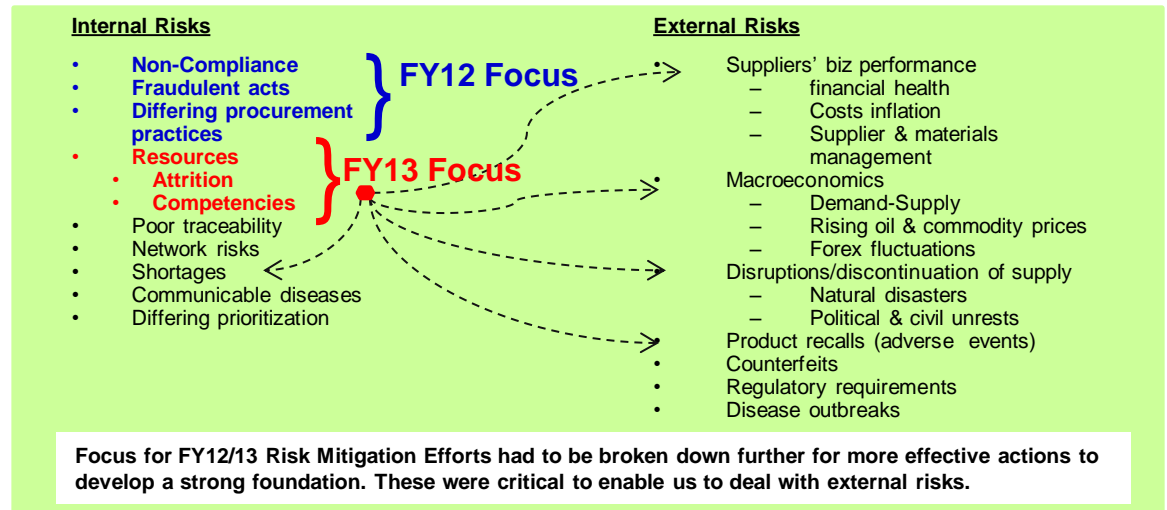
Results/Findings



Categorised & Prioritised Efforts on Risk Elements



- Risks cannot be totally avoided.
- Not all risks are obvious
- Expect the unexpected,
- Focus on our best assets for risk-management actions – our PEOPLE
 - Train & Develop them
- Guide them through processes
- Equip them with tools and systems



Focus for FY12/13 Risk Mitigation Efforts had to be broken down further for more effective actions to develop a strong foundation. These were critical to enable us to deal with external risks.

Diving deeper to build the foundation to counteract the risks

	People	Process	System
Strengthening internal capabilities	<u>Building Bench Strength</u> <ul style="list-style-type: none"> • Professional Career Track • Sufficient bandwidth • Talent acquisition & management • Training • Job rotation • Succession planning 	<u>Building Awareness & Drive Reinforcements</u> <ul style="list-style-type: none"> • Standardization of policies & processes • Governance framework • Awareness Sessions & Training (FY12) • Emergency Preparedness & Biz Continuity Management 	<u>Drive system enhancements</u> <ul style="list-style-type: none"> • Implement eSupply Chain
Desired Outcomes for Risk Mitigation	<u>Develop thought leaders & category experts.</u> <ul style="list-style-type: none"> • Sourcing strategy • Strong product knowledge • Specific risk mitigation plans by category • Understand market intelligence & macro economics • Strategic Supplier Relationship Management 	<u>Enhance compliance</u> <ul style="list-style-type: none"> • Maintain good procurement practices • Reduce discrete purchases • Contracts management • Governance 	<u>Deploy systemic approach</u> <ul style="list-style-type: none"> • Drive consistency • Reduce probity • Seamless and Connected Supply Chain network - Single instance, real-time or near real-time data

Conclusions

- Supply Chain risks are interconnected. It is critical to identify and understand interdependencies. Further tear down of risk elements and their corresponding contributing factors, helped the team focus on investments to strengthen the foundation in mitigating risks in the supply chain.
- For the SingHealth Procurement team, this foundation starts with dealing with internal gaps to enable them to deal with the external healthcare Supply Chain risks. The actions that have been worked on associated with these gaps include
 - Conducted awareness sessions on Maintaining Good Procurement Practices through the entire cluster. Improvements have been seen in User's understanding of our procurement practices.
 - Creating the appropriate bandwidth and focus in strategic sourcing through workload re-balancing, efficiency projects and in-hires.
 - Formulated professional career tracks & development plans for our Healthcare Supply Chain staff, which has been formalised through HR.
 - Developing the eSupply Chain to drive a more systemic approach in procurement processes and reduce probity.