

OUTSOURCING – A ROADMAP

A path to using both your country's public and private resources



Promoting sustainable workforce excellence
in health supply chain management

Do you supply health facilities with commodities such as medicines, vaccines, contraceptives, consumables and equipment?

Do you want to improve your country's health commodity supply chain?

[Click here](#) to assess the maturity level of your health supply chain and human resources management to outsource.

If you already know your maturity level, click on your corresponding level:

1 Foundation



2 Emergent



3 Functional



4 Advanced



Read **three examples of success**, case studies of Cote d'Ivoire, Mozambique and Sudan.

Self assessment introduction

The self assessment comprises **17 questions**

The questions should be answered in relation to **how the statement applies to your health supply chain and human resources management.**

Each answer has a points value:

- No (*0 point*)
- Yes, partly (*1 point*)
- Fully (*2 points*)

Add the points to each section and thereafter, based on the total sum, go to the relevant section.

The responses to the questions, and the cumulative number of points these responses will have produced, will lead you to one of the four stages of contracting:

1 FOUNDATION, 2 EMERGENT, 3 FUNCTIONAL and 4 ADVANCED

Self assessment 1: Knowledge

1: Knowledge	No (0), partial (1), fully (2)
1.1 We know the cost and service level of private transport companies.	
1.2 We know the cost and quality of external warehousing.	
1.3 We know what our core activities are and what can be done with outsourcing.	
Total knowledge points:	

Self assessment 2: Activity

2: Activity	No (0), partial (1), fully (2)
2.1 External companies manage procurement for us.	
2.2 External companies manage clearing for us.	
2.3 External companies manage warehousing for us.	
2.4 External companies manage transportation for us.	
2.5 External companies manage our data collection.	
2.6 External companies manage our cleaning, security, maintenance or landscaping.	
Total activity points:	

Self assessment 3: Human resources

3: Human resources	No (0), partial (1), fully (2)
3.1 We consider qualifications related to managing external contracting as part of our recruitment process.	
3.2 We have a full and qualified management team including finance, warehousing, transportation, HR, IT and M&E.	
3.3 Our management team has sufficient analytical skills to analyse and plan strategically.	
3.4 We have sufficient budget to motivate and reward the management team.	
3.5 Our managers are trained in and have knowledge of managing contracts with external service providers for clearing, warehousing, transportation and other services.	
3.6 Each of our managers has a clear understanding of their responsibilities in relation to outsourced services.	
3.7 The outsourcing of services is generally accepted in our organisation.	
3.8 Managers are motivated and rewarded for using outsourcing as a means of attaining results in data gathering, clearing, transportation and warehousing	
Total human resources points:	

Self assessment 4: Summary

FOUNDATION

If you score:

- Less than 6 for **knowledge**
- Zero for **activity**
- Zero for **human resources**

EMERGENT

If you score:

- At least 6 for **knowledge**
- A maximum of 2 for **activity**
- Zero for **human resources**

FUNCTIONAL

If you score:

- At least 6 for **knowledge**
- Between 3 and 12 for **activity**
- A maximum of 9 for **human resources**

ADVANCED

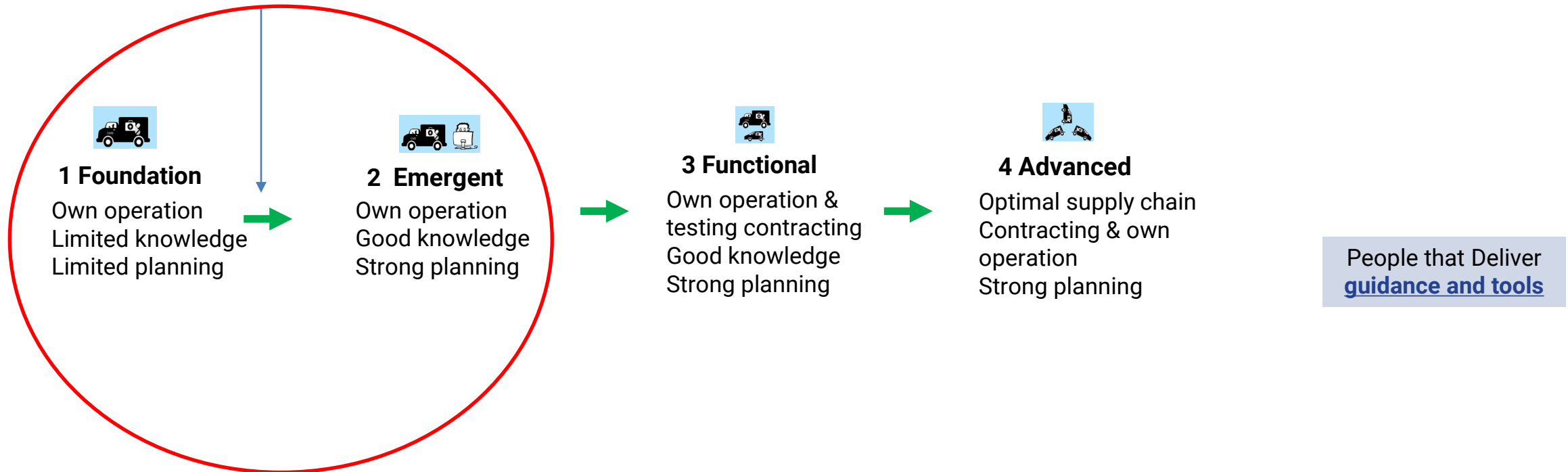
If you score:

- At least 9 for **knowledge**
- More than 12 for **activity**
- More than 9 for **human resources**

Area	Points
1: Knowledge	
2: Activity	
3: Human resources	

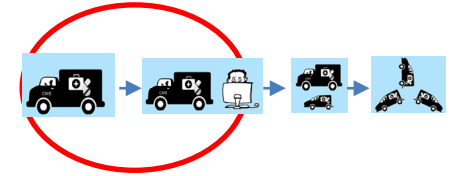
From 1 FOUNDATION to 2 EMERGENT

If your self assessment places you at **FOUNDATION** you are then advised to move towards **EMERGENT**. To do so you must obtain complete knowledge of your operation's abilities and efficiency. You must also consider the abilities and efficiency of external companies and develop a strategic plan to decide which services to continue to oversee and which to outsource.



Take inspiration from Mozambique, Cote d'Ivoire and Sudan.

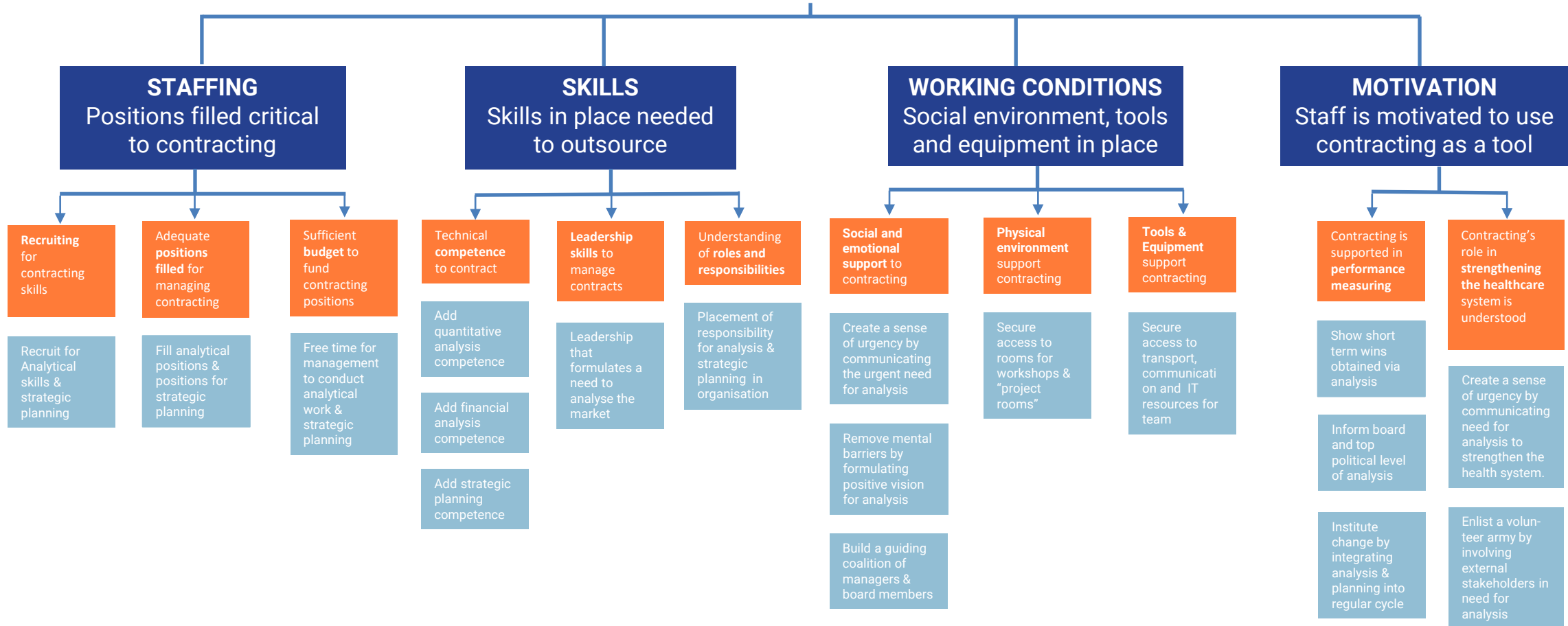
Theory of Change: Outsourcing



By hovering over the boxes below you can view additional information

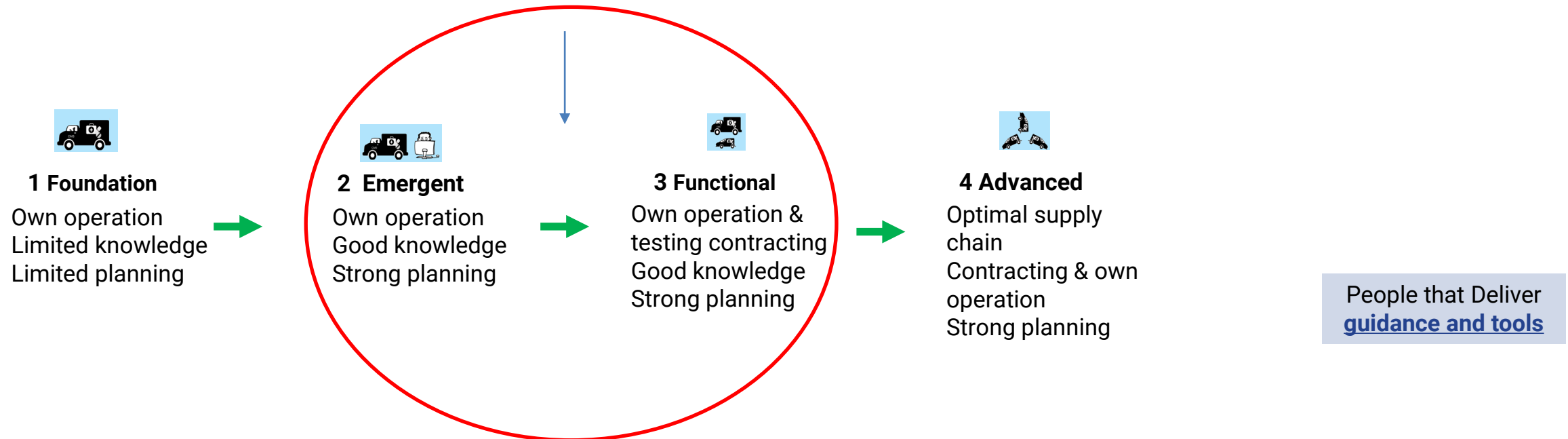
Moving from **FOUNDATION** to **EMERGENT**

The organisation must be able to analyse internal and external markets for services and identify its core competences. This is based on Kotter's 8 step process for leading change.



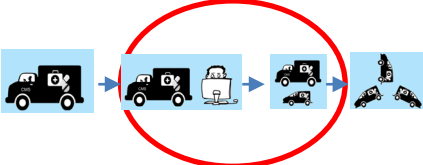
From 2 EMERGENT to 3 FUNCTIONAL

If your self assessment places you at **EMERGENT** you have established the ability to analyse and prioritise your core tasks. You are now advised to move towards **FUNCTIONAL** at which you will be able to test the outsourcing of services and use outsourcing as a tool. This is based on Kotter's 8 step process for leading change.



Take inspiration from Mozambique, Cote d'Ivoire and Sudan.

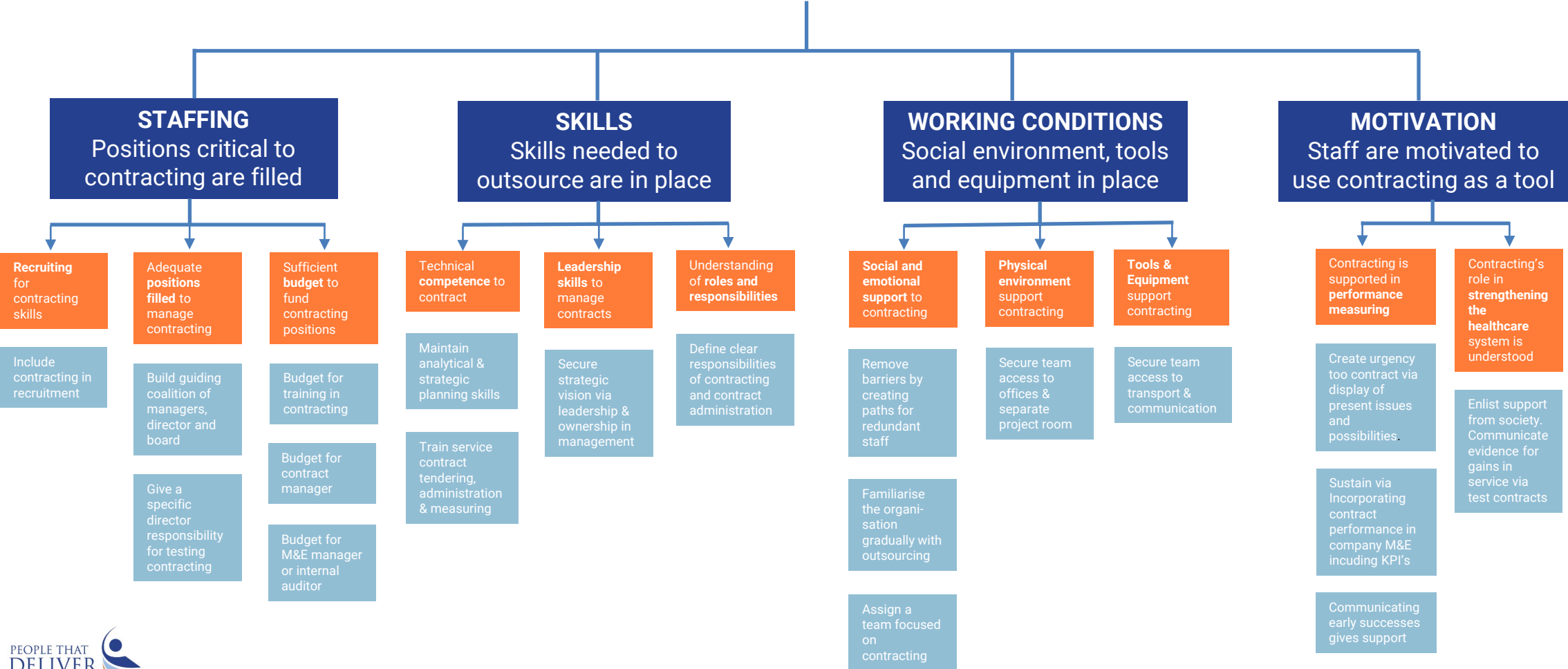
Theory of Change: Outsourcing



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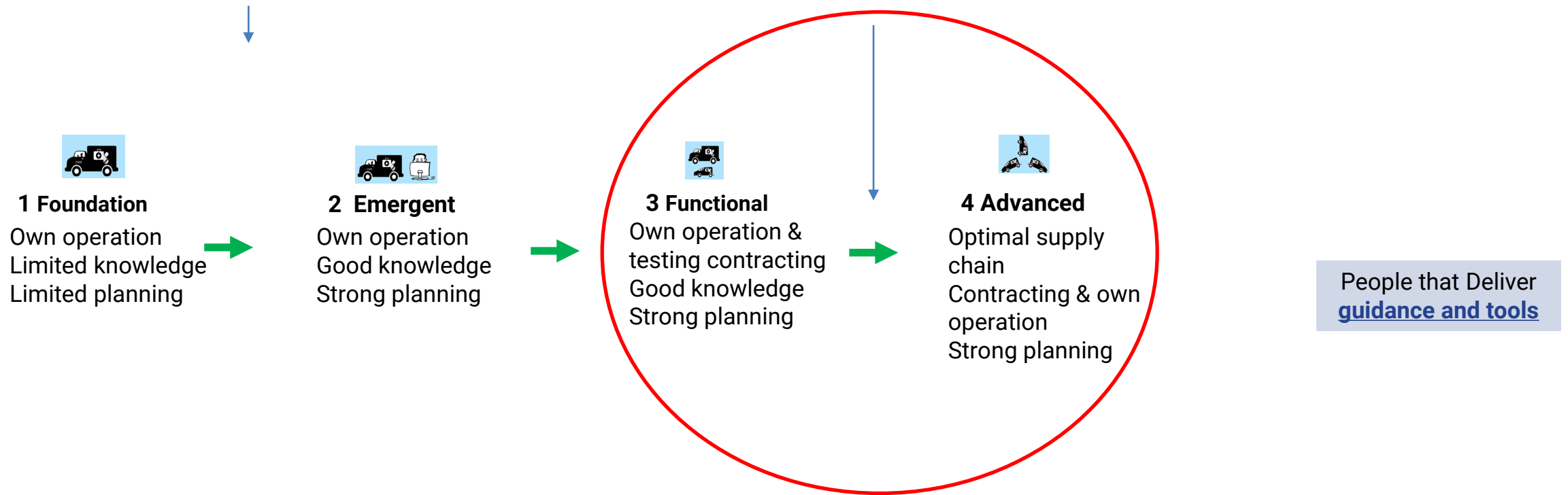
Moving from EMERGENT TO FUNCTIONAL

This is characterised by moving from having the skills and personnel for analysis and strategic planning to a position of testing contracting of services and using contracting as a tool. This is based on Kotter's 8 step process for leading change.



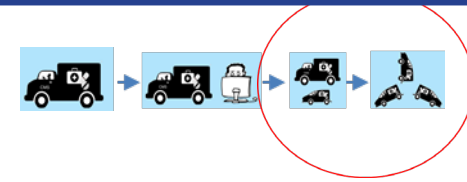
From 3 FUNCTIONAL to 4 ADVANCED

To move from **FUNCTIONAL** to **ADVANCED** you must use your full knowledge of your operation's abilities and efficiency, as well as knowledge of external companies, to determine the possibilities – external or internal – that best suit your organisation. This is based on Kotter's 8 step process for leading change.



Take inspiration from Mozambique, Cote d'Ivoire and Sudan.

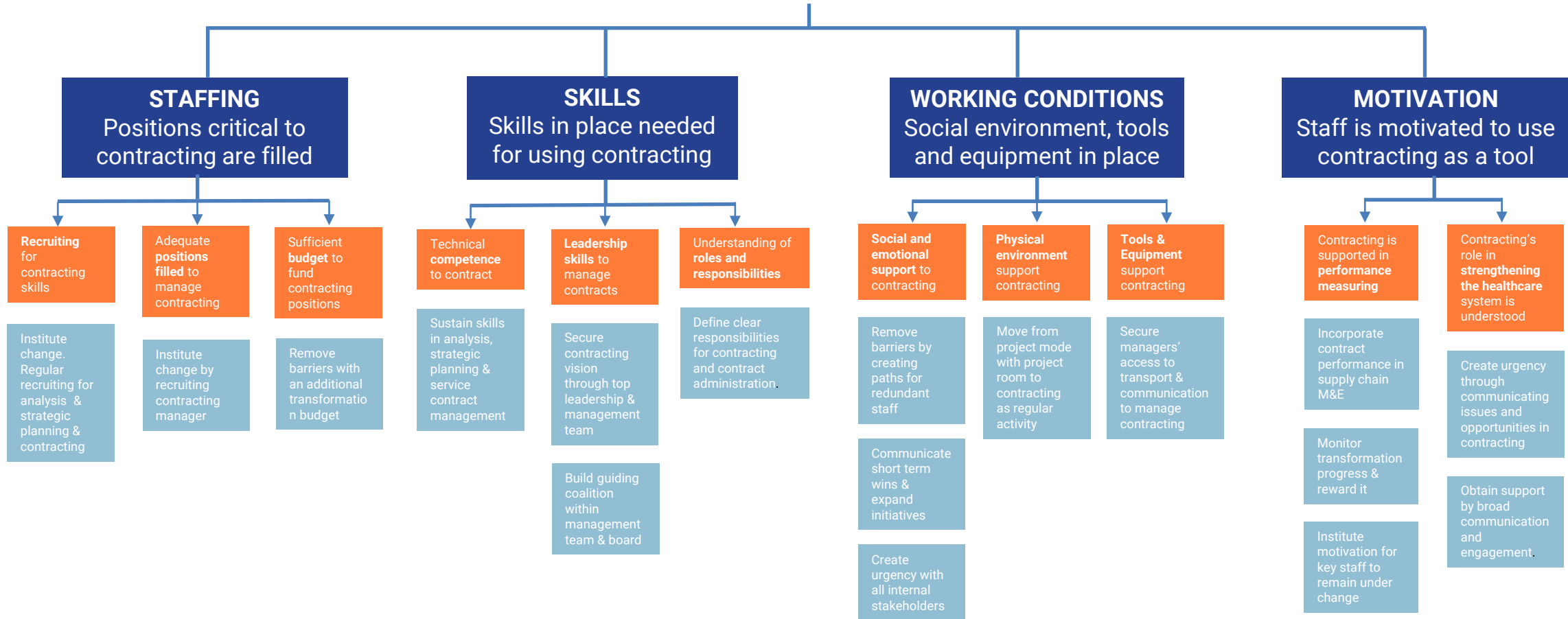
Theory of Change: Outsourcing



Moving from FUNCTIONAL to ADVANCED

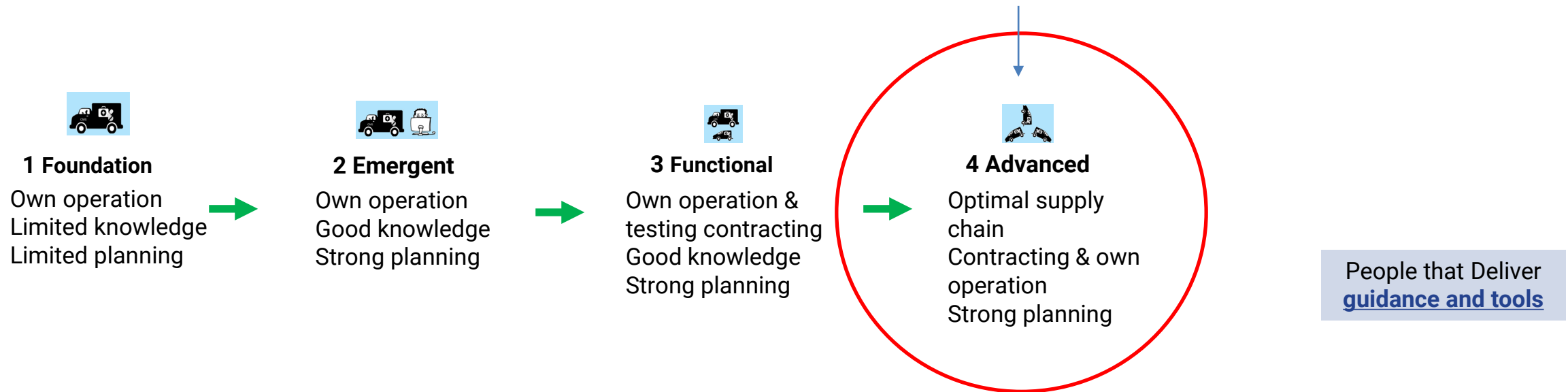
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This is characterised by moving from testing the contracting of services and using contracting as a tool, to the regular integrated method, which uses the best operational methods, whether they are internal or via private companies. This is based on Kotter's 8 step process for leading change.



Maintaining **ADVANCED**

Your self assessment placed you at **ADVANCED**. This means you maintain contracting as a regular integrated tool to obtain the best performance.



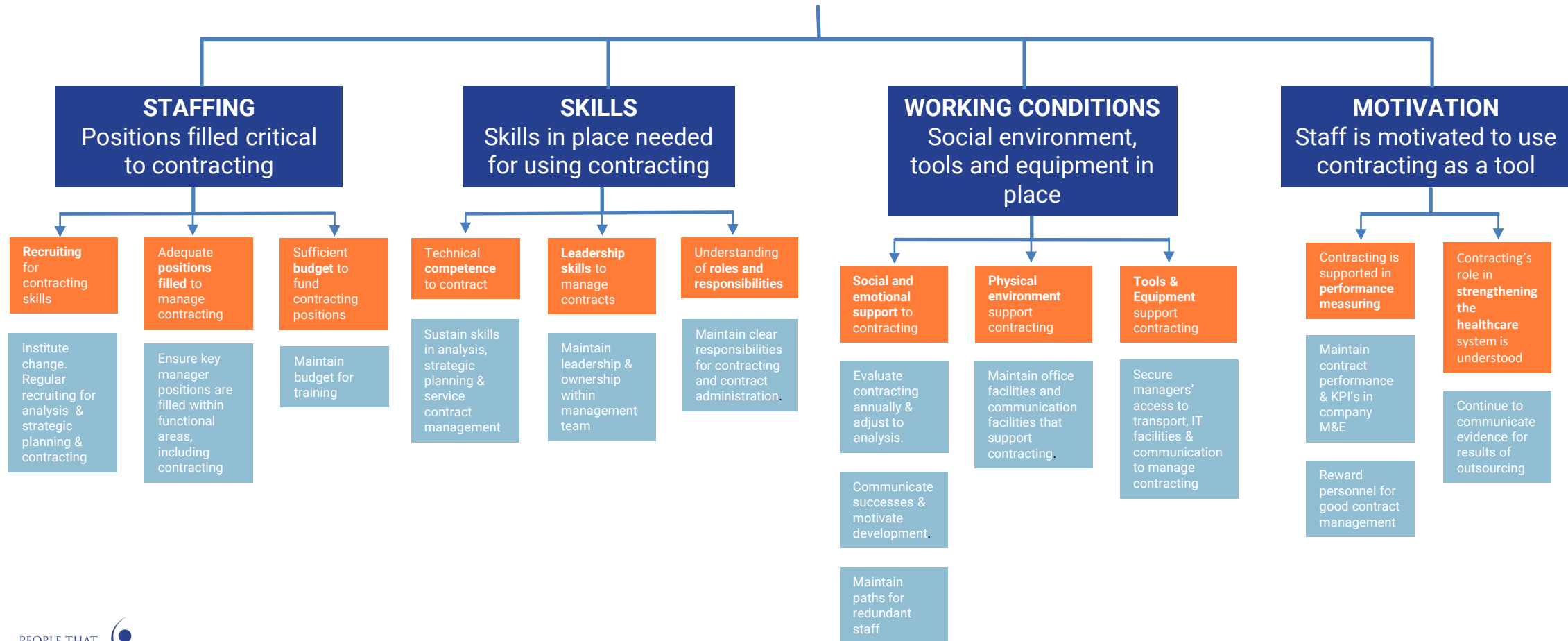
Take inspiration from **Mozambique**, **Cote d'Ivoire** and **Sudan**.

Theory of Change: Outsourcing

By hovering over the boxes below, you can view additional information

Maintaining **ADVANCED**

This is characterised by the continued use of the optimal mix of the operation's own resources and outsourcing to private providers. This is based on Kotter's 8 step process for leading change.



Case study: Cote d'Ivoire

Before 2012 Côte d'Ivoire's government-run Central Medical Store (PSP – Pharmacie de la Sante Publique) was facing numerous challenges. Between 2012 and 2013 it was reformed into a new organisational entity with the same purpose named Nouvelle Pharmacie de la Santé Publique de Côte d'Ivoire (NPSP – Côte d'Ivoire new public health pharmacy). In the period following the reform significant investments were made in warehousing. Improvements in distribution were also preferred given that NPSP had an aged fleet and an insufficient number of vehicles. However, it was unable to access capital for the large-scale procurement of vehicles. With its new and more-independent status, it was now up to the NPSP management and board to ensure the distribution of medicines despite a lack of vehicles.

Both the board and the management team had a sense of urgency as they had to show immediate results and improved distribution. Calculating the cost of each part of the store's operation was used to calculate and compare the real cost of internal and external services. Simultaneously the board made strategic decisions on what the core functions of NPSP should be and an outsourcing process started.

Critical success factors

- Driving the outsourcing process that the board and management needed to deliver value for money within existing capital restrictions.
- Informal guiding coalition including high-level officials from both government and donor organisations.
- Development of the management team's ability to perform analyses, financial accounting, and strategic planning
- Key to invest in removing barriers in the form of resistance to change from personnel and managers who might become redundant.
- Investment in the form of additional cost to move personnel and to a gradual reduction in transport staff.
- Change instituted by maintaining the outsourcing process over several years. The first years it did meet resistance, but after four-to-five years it had become an institution and built into all processes and the mindset in the company.

[Read whole case study](#)

Case study: Mozambique

The Central Medical Store of Mozambique (CMAM) is responsible for the procurement and distribution of medicine to public health facilities. From 2006, the management of warehousing and distribution was under the remit of CMAM, operating as a traditional central medical store. Between 2008 and 2010 CMAM was the centre of a health supply chain crisis with medicine piling up and expiring centrally and not being distributed to the health facilities. The crisis was solved by combining donor support and outsourcing transportation to private companies.

For CMAM the crisis between 2008-2010 was essential to driving change when the lack of medicine at health facility level combined with expiries and losses resulted in pressure on the management of CMAM. The crisis meant that an immediate solution to the distribution of medicine needed to be found. CMAM had neither the capability to oversee contracting processes nor the methods to administrate the contracts thereafter. The process was therefore supported by technical assistance. This has since changed and CMAM personnel are now fully in charge.

Critical success factors

- The sense of urgency created by the 2008 – 2010 crisis was key to driving the process of outsourcing of the majority of the transportation.
- There was a guiding coalition of high-level MoH executives pushing for change and a development partner willing to fund the outsourced transportation. These were organised in a technical working group.
- The strategic vision needed to guide the process was created with technical assistance from the SCMS project.
- Barriers, such as staff resistance to change, were removed by the MoH, personnel that were no longer needed for transportation services were moved to other functions.
- There were many short-term successes, including an improvement in the number of deliveries reaching health facilities.
- Change was instituted by transferring knowledge and processes from technical assistance to CMAM personnel who were able to take over the management for the part of outsourced transport funded by the government.

[Read whole case study](#)

Case study: Sudan

In 2011 the management of the Sudanese National Medical Supplies Fund (NMSF) began considering outsourcing its storage and distribution operations to private contractors. The management first assessed the performance of NMSF and considered which services could be outsourced. Thereafter they ensured that regulations were in place to allow the NMSF to outsource parts of its services. The NMSF management developed the capacity to monitor and manage external contracts through a gradual approach. A key barrier was internal pressure from personnel who would lose their jobs owing to the contracting of private companies; the NMSF management therefore chose to not dismiss obsolete personnel, but instead allocate them alternative work.

Critical success factors

- The need to change the NMSF's operations was created by collecting evidence of the large improvements in services that could be achieved by outsourcing.
- A guiding coalition was built within the NMSF, comprising the management team, which developed rapid analyses and strategic plans.
- Strategic vision and initiatives were communicated to the board of directors and ministry.
- The most significant barrier to overcome was potentially-obsolete personnel. This was done by finding ways to keep the personnel in the short-to-medium term and reducing their number over time.
- Short-term gains were noticed, including faster processing, more-reliable transportation and greater product availability at health facilities.

[Read whole case study](#)