



*Trusted Partner in Healthcare*

# **CENTRAL MEDICAL STORES TRUST**

## **CORPORATE STRATEGY**

**2020 — 2025**



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## **ACRONYMS AND ABBREVIATIONS**

<b>CMST</b>	<b>:</b>	<b>Central Medical Stores Trust</b>
<b>CMS</b>	<b>:</b>	<b>Central Medical Stores</b>
<b>CEO</b>	<b>:</b>	<b>Chief Executive Officer</b>
<b>CHAM</b>	<b>:</b>	<b>Christian Health Association of Malawi</b>
<b>ERP</b>	<b>:</b>	<b>Enterprise Resource Planning</b>
<b>EXM</b>	<b>:</b>	<b>Executive Management</b>
<b>GOM</b>	<b>:</b>	<b>Government of Malawi</b>
<b>ICAM</b>	<b>:</b>	<b>Institute of Chartered Accountants in Malawi</b>
<b>KPI</b>	<b>:</b>	<b>Key Performance Indicator</b>
<b>MoFEPD</b>	<b>:</b>	<b>Ministry of Finance, Economic Planning Development</b>
<b>MOHP</b>	<b>:</b>	<b>Ministry of Health and Population</b>
<b>MDA</b>	<b>:</b>	<b>Government Ministry, Department and Agency</b>
<b>MLS</b>	<b>:</b>	<b>Malawi Law Society</b>
<b>NLGFC</b>	<b>:</b>	<b>National Local Government Finance Committee</b>
<b>PMT</b>	<b>:</b>	<b>Project Management Team</b>
<b>PHASOM</b>	<b>:</b>	<b>Pharmaceutical Association of Malawi</b>
<b>SOP</b>	<b>:</b>	<b>Standard Operating Procedure</b>
<b>SCI</b>	<b>:</b>	<b>Supply Chain Integration</b>
<b>TQM</b>	<b>:</b>	<b>Total Quality Management</b>

## FOREWORD

In 2015, the Central Medical Stores Trust (CMST) conducted a review of its 2013 — 2018 Corporate Strategy midway into its implementation in order to align it with lessons and challenges. The review resulted in the formulation of the 2015 — 2020 Corporate Strategy.

Among the emerging issues driving the need for the realignment was the growing stakeholder commitment to the imminent integration of parallel supply chains. However, to have the operations of the parallel supply chains taken back to CMST, the Trust needed to meet benchmarks agreed upon with its stakeholders, including development partners.

Going forward, CMST crafted the 2015 — 2020 Corporate Strategy, focusing on pivotal areas such as strengthening debt management, implementation of quality management systems, and most importantly, the building of customer engagement capacity through an intensive, consultative process.

Having achieved most of the above targets at the end of the 2015 — 2020 planning period, and CMST having been considered ready for the actual supply chain integration, the Trust formulated the 2020 — 2025 Corporate Strategy to guide operations in relation to the supply chain integration of multiple parallel supply chain systems into the national system, through CMST.

In this regard, some of the priority areas from the previous corporate strategy were maintained [and adjusted or fortified to suit the present times] while other new priorities were formulated. The 2020 — 2025 Corporate Strategy now consequently focuses on the following strategic areas:

- 1. Ensure organisational financial sustainability.*
- 2. Engage stakeholders to strengthen and continue implementing customer-centric organisational systems to address current and emerging national pharmaceutical supply chain issues.*
- 3. Strengthen Supply chain systems.*

4. *Maximise the use of robust Management Information Systems to effectively manage business processes.*
5. *Enhance Total Quality Management (TQM) across governance, operational and management processes.*
6. *Embrace Human Resource Capital development.*

The CMST Board of Trustees, Management and Staff therefore wish to acknowledge external stakeholders' support which made the Trust's achievement of strategic goals set for 2015 – 2020 possible.

Special appreciation goes to the Government of Malawi through the Ministry of Health and Population and for the leadership that led to the Global Fund to Fight AIDS, Malaria and Tuberculosis to provide technical support through the SCI Project Management Team (PMT) towards the review of the previous Corporate Strategy and the development of the 2020 — 2025 strategy.

Of most gratitude is the effort by CMST staff who, through the demanding times of completing the prerequisite benchmarks in readiness for integration, successfully put in their all.

It is the dedication of the Board of Trustees to see to it that the provisions of the Corporate Strategy come to fruition. Therefore, on behalf of the Board of Trustees, I commit to support the process of seeing this strategy implemented.

**Josiah Chidya Mayani**  
**BOARD CHAIRPERSON**

## EXECUTIVE SUMMARY

The Corporate Strategy for 2020 — 2025 summarily aims at harnessing supply chain integration and full recapitalisation for a patient-centric CMST.

In pursuing that, the document uses six (6) strategic areas across, 16 strategic objectives, 28 key performance indicators (KPIs) and 83 activities.

The preparation of the document was undertaken with the central involvement of a CMST policy team and external stakeholders, with coordination of the Chemonics International's Project Management Team (PMT).

To achieve the utmost ownership and inclusivity of thought, the document received and considered the input of varied stakeholder groups including Development Partners; the Ministry of Health and Population (MOHP) and other key Government Ministries, Departments and Agencies (MDAs) such as Treasury and Economic Planning and Development (MoFEPD) under Ministry of Finance; Ministry of Industry, Trade and Tourism; CMST suppliers and customers; Patient Associations and Members of Parliament.

CMST believes that the Corporate Strategy 2020 — 2025 responds well to the anticipated opportunities and challenges in the working environment and that dedicated implementation can effectively lead to successful integration of parallel supply chains into a reliable one which is able to fully respond to the needs of a patient-centric pharmaceutical supply set-up.

Executive Management and Staff of CMST will endeavour to fully implement the strategy to accelerate the achievement of objectives in making CMST a truly trusted partner in healthcare.

**Chikaiko Chadzunda**  
**CHIEF EXECUTIVE OFFICER**

## INTRODUCTION

The Central Medical Stores Trust (CMST) is a not-for-profit, autonomous organisation wholly owned by the Government of Malawi (GoM). The Trust replaced the Central Medical Stores (CMS), which was an operational arm of the Ministry of Health and Population (MOHP) since 1968.

The Trust was established in November 2010 and inherited core functions of procurement, warehousing and sales and distribution for the public health system, operating as an autonomous organisation whose main stakeholder is the Government of Malawi. However, it was only until 2012 that the Trust became fully functional after the recruitment of its Chief Executive Officer (CEO) and an initial Executive Management comprising Directors of Pharmaceutical Operations; Finance; and Corporate Services.

The Trust has since undergone structural reviews and now has the following Directorates: Procurement; Pharmaceutical Operations and Finance and Administration. Further institutional functional reviews will be conducted as and when required in order to align CMST's human capital needs to the operational requirements on the ground.

## **ORGANISATIONAL OVERVIEW**

### **The CMST Board of Trustees**

The governance of the Central Medical Stores Trust is overseen by a seven-member Board of Trustees comprising representation of four (4) professional associations, namely; Malawi Law Society (MLS), Pharmaceutical Association of Malawi (PHASOM), Christian Health Association of Malawi (CHAM) and the Institute of Chartered Accountants in Malawi (ICAM) and three (3) Ex-Officios representing the Government of Malawi through the Secretary for Health (SH) in the Ministry of Health and Population (MOHP), Secretary to Treasury (ST) in the Ministry of Finance, Economic Planning and Development (MoFEPD) and the Executive Director (ED) of the National Local Government Finance Committee (NLGFC).

The Board of Trustees is the supreme decision-making function of the Trust. Its operations are guided by a Trust Deed. The Board also has a strong interest in the strategic well-being of the Trust and strives to provide all necessary support for the success of the Trust.

Each of the Board Members plays a critical role in various decision-making committees of the Board [Technical Committee (TC), Audit and Risk Management Committee (ARMC) and Finance and Administration (FAC)].

### **Management**

In order to achieve the organisation's mission, the Executive Management (EXM) team comprising the CEO and Directors, provides day-to-day strategic, operational, tactical and financial leadership and supervision functions.

### **Strategy Development Methodology and Goals**

The strategy formulation process involved a review of the previous document by a team of purposely drawn CMST employees to understand the background to the organisation's strategic planning landscape.

The team also conducted a study of CMST's prevalent strengths, weaknesses, opportunities and threats (SWOT Analysis) from which six (6)

strategic areas from the previous document were realigned for inclusion in the current document and another six (6) totally new areas were also introduced.

## **CORPORATE VALUES**

### **Mission**

Improve health in Malawi by ensuring reliable, continuous access to the highest quality medicines and medical supplies through efficient procurement, warehousing and distribution services at the most affordable cost.

### **Vision**

To be a result-oriented supplier of affordable and approved medicines and medical supplies of the guaranteed quality.

### **Mandate**

To ensure efficient, sustainable and economical national procurement, warehousing and sales and distribution of quality and affordable medicines and medical supplies.

### **Values**

- Adaptable
- Affordable
- Customer-oriented
- Efficient and effective
- Innovative
- Professional
- Public Health Supply Chain Leader
- Transparent and Accountable

## **SCOPE OF WORK AND FINANCIAL ORIENTATION**

### **Scope of Work**

CMST serves public health facilities and others affiliated to the Ministry of Health and Population. Such affiliated facilities include Christian Health Association of Malawi (CHAM) hospitals throughout the country.

### **Financial Orientation**

While not being expected to make profits, the Trust currently must generate enough resources to fund its operations. This is presently possible by charging management fees on its commodities and services.

## SITUATIONAL ANALYSIS

It is important that the CMST strategic plan must respond to Malawi's current and imminent health sector challenges that directly impact the population. Before embarking on describing the strategy for the next (5) five years, the stakeholders recognised that it is difficult to determine what direction CMST should head towards without assessing where it is coming from and where it is currently.

Stakeholders and interest groups therefore ought to establish an understanding of the influential factors either strengthening or hindering CMST performance on the market; use the analysis to determine existing strong points CMST can leverage on and determine the challenges that need to be addressed to ensure optimal service delivery.

This section presents a detailed analysis of the internal capabilities and the external operating environment that CMST faces. It also identifies internal Strengths and Weaknesses to its operations, as well as Opportunities and Threats to CMST presented by various external factors and health sector trends. These factors within CMST's macro-environment can impact and optimise the ability to accomplish its objectives and its capacity to overcome obstacles towards effective delivery of its mandate as outlined in the Trust Deed.

## **Internal Analysis: A detailed description of CMST strengths and weaknesses**

Understanding CMST's internal environment and capabilities is a significant starting point to addressing challenges and finding opportunities for quick wins and eventual success.

This internal environment is made up of strengths and weaknesses:

### ***CMST Strengths***

The following table highlights CMST's internal conditions that can be maintained or leveraged upon to facilitate successful strategy execution.

**TABLE I : CMST STRENGTHS**

STRENGTHS	DESCRIPTION	HOW TO CAPITALISE ON THE STRENGTHS
Availability of specialised warehouses.	<ul style="list-style-type: none"> <li>• CMST has its own warehouses that meet Pharmacy, Medicines Regulatory Authority (PMRA) Standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of CMST-owned storage capacity to serve the expected increase in warehousing demands and let go of rented warehouses.</li> </ul>
Good infrastructure and laid distribution network	<ul style="list-style-type: none"> <li>• Distribution of medicines and medical supplies through regional warehouses boosts a network of national supply coverage, coupled with reliable means of transportation capable of delivering medicines and medical supplies closer to all hard-to-reach and rural areas.</li> <li>• Through a hybrid distribution system, CMST carries out stock transfers from central warehouse to regions and from regions to Central Hospitals using own fleet of motor vehicles and uses an outsourced Last Mile Distribution service to District Hospitals and Health Centres throughout Malawi.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain hybrid distribution strategy and expansion of its distribution capacity.</li> <li>• Procurement of CMST-owned vehicles.</li> <li>• Improve on distribution processes.</li> </ul>
Commitment to providing high level quality medicines and medical supplies.	A well-established Quality Assurance and Control Unit to ensure all products and services are of a very high quality that meets required quality standards and customer needs.	<ul style="list-style-type: none"> <li>• Strengthen the Quality Assurance and Control and Procurement to ensure: -               <ul style="list-style-type: none"> <li>• CMST procures internationally certified and pre-</li> </ul> </li> </ul>

**TABLE I : CMST STRENGTHS**

STRENGTHS	DESCRIPTION	HOW TO CAPITALISE ON THE STRENGTHS
		qualified medicines and medical supplies. <ul style="list-style-type: none"> <li>• Quality Assurance is done throughout all supply chain stages.</li> </ul>
Robust Management Information (ERP)	CMST ERP that facilitates Inventory and Information Systems Management across key SCI functions.	Upgrading of the ERP to current version and improving the level of customisations and usage to maximise benefits to CMST.
Independent Trust status	<ul style="list-style-type: none"> <li>• CMST has autonomous, quick decision making and manages its own budget.</li> <li>• The legal status empowers CMST to implement its mandatory functions independently.</li> </ul>	<ul style="list-style-type: none"> <li>• Key stakeholder awareness on the mandate of CMST.</li> <li>• Enforce the provisions of the Trust Deed.</li> </ul>

**Key:**

1. **Actions to maintain:** Initiatives and activities that CMST can undertake to build and capitalize on its existing strengths.

## **CMST Weaknesses**

The following table highlights current characteristics of CMST that need to be remedied, stopped or improved upon for successful execution of the strategy. Alternatively, weaknesses can also present areas of internal opportunities for CMST to explore and exploit.

**TABLE II : CMST WEAKNESSES**

WEAKNESSES	DESCRIPTION	HOW TO CONVERT TO STRENGTHS
<p>Weak Inventory management and planning.</p>	<ul style="list-style-type: none"> <li>• Low availability of essential medicines and medical supplies affects CMST supply chain efficiency and customer satisfaction.</li> <li>• Low adherence to inventory management plan, weak quantification, inadequate tracking mechanisms and tools as well as inadequate pharmaceutical human resources in the supply chain result in poor inventory management.</li> <li>• Irregular communication with customers compared to levels needed to strengthen customer service functions and demand planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Support capacity building in demand planning and forecasting to keep in stock vital and essential medicines and medical supplies.</li> <li>• Ensure adequate and consistent capital availability for vital and essential health commodities.</li> <li>• Implement procurement of Must Have List (MHL) medicines, medical supplies and specialized medicines.</li> <li>• Implement a functional customer service approach to efficiently coordinate with District Councils, Hospitals and Boards.</li> </ul>
<p>Inability to track products from end-to-end.</p>	<ul style="list-style-type: none"> <li>• Unable to monitor stock levels at facility to take proactive action [demand forecasting].</li> </ul>	<ul style="list-style-type: none"> <li>• Improve capacity of Information Technology in use to enhance visibility of medicines and</li> </ul>

	<ul style="list-style-type: none"> <li>• Monitoring and procurement of medicines and medical supplies.</li> </ul>	medical supplies flowing through the supply chain.
Inefficient Customer Service.	<ul style="list-style-type: none"> <li>• CMST customer services are not efficient and effective.</li> </ul>	Implement effective functional customer service at all levels.

**Key:**

1. **Actions to improve:** Initiatives and activities that CMST can undertake to address the weaknesses.

## External Analysis: A detailed description of CMST's opportunities and threats

CMST external macro-environment can also significantly affect the organization's functions, and support or threaten CMST operational efficiency and survival.

In here, the macro-environment has been examined through two lenses: opportunities and threats.

### CMST Opportunities

The following table highlights external influencing social, economic and political factors that need to be leveraged and prioritized to provide support for effective execution of the strategy.

<b>TABLE III : CMST OPPORTUNITIES</b>		
<b>OPPORTUNITIES</b>	<b>DESCRIPTION</b>	<b>HOW TO CONVERT TO STRENGTH</b>
CMST has a potential market with ability to expand the demand for medicines and medical supplies.	<ul style="list-style-type: none"> <li>• CMST is mandated to provide medicines and medical supplies to all public facilities through Government Policy that ensures reliable business.</li> </ul>	<ul style="list-style-type: none"> <li>• CMST should follow up the enforcement of the Government Policy mandating public health facilities to procure from CMST.</li> <li>• For items not available at CMST, the public health facilities should obtain authority from CMST to procure elsewhere.</li> <li>• Develop marketing strategy for improved service delivery.</li> </ul>

**TABLE III : CMST OPPORTUNITIES**

OPPORTUNITIES	DESCRIPTION	HOW TO CONVERT TO STRENGTH
<p>Availability of technology such as Logistics Management supported by e-LMIS can assist CMST to improve inventory management.</p>	<ul style="list-style-type: none"> <li>• Improved inventory management throughout the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>• CMST in collaboration with MOHP should increase the uptake of more tools to automate its operations, capture data at every point in the supply chain and provide timely service delivery.</li> </ul>
<p>GOM's willingness to see parallel supply chains integrated.</p>	<ul style="list-style-type: none"> <li>• There is consensus at policy level towards integration.</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby for policy that accelerates integration.</li> </ul>
<p>Development Partner support to the health sector.</p>	<ul style="list-style-type: none"> <li>• There has been consistent development partner support to the health sector and trends show signs of continued increase in health sector funding.</li> </ul>	<ul style="list-style-type: none"> <li>• CMST in collaboration with stakeholders to continue utilising development partner goodwill in implementing integration of Parallel Supply Chain systems.</li> <li>• Develop and implement health commodity services strategy with support from development partners.</li> </ul>

**TABLE III : CMST OPPORTUNITIES**

OPPORTUNITIES	DESCRIPTION	HOW TO CONVERT TO STRENGTH
Public Private Partnerships (PPP)	<ul style="list-style-type: none"> <li>• PPPs can assist in risk management and fulfillment of efficient CMST supply chain implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• CMST to work hand in hand with other government organs in identification, appraisal and development of modalities for PPP projects.</li> </ul>
CMST has systems and human resource planning.	<ul style="list-style-type: none"> <li>• CMST has staff that provide a dedicated backbone for sustained service provision to support the SCI.</li> </ul>	<ul style="list-style-type: none"> <li>• CMST to show sustained capacity building, performance management, motivation and succession planning.</li> </ul>
Existence of strong relationship with Government, stakeholder support and goodwill.	<ul style="list-style-type: none"> <li>• CMST has established long-term relationship with government and stakeholders in providing medicines and medical supplies to the public.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the relationship with the Government and all stakeholders.</li> </ul>
Availability of land for expansion.	<ul style="list-style-type: none"> <li>• CMST has space and land for expansion.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide an opportunity for construction of new warehouse that meet standards.</li> </ul>
Identified and yet unmet demand.	<ul style="list-style-type: none"> <li>• CMST focus on its customers was on District and Central Hospitals, and less</li> </ul>	<ul style="list-style-type: none"> <li>• Increase a pool of customers that CMST deals with, to include private health service</li> </ul>

TABLE III : CMST OPPORTUNITIES		
OPPORTUNITIES	DESCRIPTION	HOW TO CONVERT TO STRENGTH
	on other categories such as Private Hospitals.	providers, reclaim full service to Central Hospitals and improve level of service to district hospitals that ensure CMST ability to meet customer orders in full.

**Key:**

1. **Needed actions:** Initiatives and activities that CMST can undertake to capitalise on the opportunities available.

## CMST Threats

The following table highlights negative external influences or factors that could prevent/limit the execution of CMST strategy. Threats to CMST highlighted are largely stakeholder related, further emphasising need to better manage stakeholder relationships to mitigate risk and improve collaboration.

<b>TABLE IV : CMST THREATS</b>		
<b>THREATS</b>	<b>DESCRIPTION</b>	<b>HOW TO CONVERT INTO OPPORTUNITIES</b>
Inadequate capital.	CMST's budgetary shortfalls are largely due to inadequate capital to appropriately meet the country's demand for medicines and medical supplies and operational cost requirements.	<ul style="list-style-type: none"> <li>• To continue engaging the Government for full recapitalisation of CMST.</li> <li>• Development of revenue-generating strategies.</li> </ul>
Exchange rate fluctuation.	Lack of adequate capital funding has lengthened payables / creditors days and forced suppliers to factor in the loss in value-for-money and invoicing in US Dollars for medical supplies sourced within Malawi to mitigate the risk of exchange losses.	<ul style="list-style-type: none"> <li>• Improve CMST financial capacity and position to enable direct access to medical supplies manufacturers.</li> <li>• Control of foreign exchange rates losses arising from late payments to foreign suppliers through hedging.</li> <li>• Invoicing currency by local suppliers should be in line with Government (Reserve Bank) Policy.</li> </ul>

**TABLE IV : CMST THREATS**

THREATS	DESCRIPTION	HOW TO CONVERT INTO OPPORTUNITIES
		<ul style="list-style-type: none"> <li>• Government incentives to local manufacturers to enable CMST to access medicines and medical supplies within Malawi.</li> </ul>
<p>Lack of coordination on product donations.</p>	<ul style="list-style-type: none"> <li>• CMST cannot negotiate or request medicine and medical equipment specifications that are compatible with the country's needs due to non-compliance by MOHP.</li> <li>• Oversupplied items can overlap (e.g. some medicines for the vertical programs or emergency) leading to overstocking and expiry.</li> </ul>	<ul style="list-style-type: none"> <li>• CMST should work hand in hand with MOHP to implement Standard Operating Procedures (SOPs) regarding donation guidelines, which are in place for development partners and other stakeholders for procurement of medicines and medical supplies to be utilised in the Malawi health system.</li> <li>• CMST should liaise with MOHP to make donors aware of the medicines and equipment specs compatible with Malawi's needs prior to donations being made.</li> <li>• Development partners through MOHP must make donations through</li> </ul>

**TABLE IV : CMST THREATS**

<b>THREATS</b>	<b>DESCRIPTION</b>	<b>HOW TO CONVERT INTO OPPORTUNITIES</b>
		<p>PMRA and engage CMST for warehousing and distribution services.</p> <ul style="list-style-type: none"> <li>• DP should coordinate to meet all supply chain costs for the donations.</li> </ul>
<p>Negative public perception about CMST products and services.</p>	<ul style="list-style-type: none"> <li>• Public perception about CMST services as being only for Government Hospitals</li> <li>• Wastefulness [e.g. board offs]</li> <li>• Perception that products are unjustifiably expensive.</li> </ul>	<ul style="list-style-type: none"> <li>• Public sensitisation about CMST services and products through the Public Relations and Customer Service functions.</li> </ul>
<p>Changing Government policies.</p>	<ul style="list-style-type: none"> <li>• Impact of Government's deliberate policies / strategies such as Buy Malawi.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous engagement with Government for feedback and suggestions on sustainable policies and/or strategies.</li> <li>• Engage the Treasury Department to assist on procurement and to have products in Malawi when urgently needed.</li> <li>• Engage capable local manufacturers to have the products manufactured and</li> </ul>

**TABLE IV : CMST THREATS**

<b>THREATS</b>	<b>DESCRIPTION</b>	<b>HOW TO CONVERT INTO OPPORTUNITIES</b>
		<p>supplied within Malawi.</p> <ul style="list-style-type: none"> <li>• Seek amendment of the laws or provisions to enforce medicine and medical supplies testing before use by all suppliers in Malawi.</li> </ul>
<p>Long procurement procedures</p>	<ul style="list-style-type: none"> <li>• The Procurement regulations and processes often delay medicine availability due to the 'long mandatory' time for tendering, bidding, shipping, delivery etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of procurement strategies.</li> <li>• Continue use of procurement plan.</li> <li>• Act demand ahead of time and set agreements that specify the roles and responsibilities of both parties (CMST and customers) to shorten procurement lead time.</li> <li>• Lobby Government for regulatory change of procurement of medicines and medical supplies.</li> </ul>
<p>Inadequate quantification data at customer level.</p>	<ul style="list-style-type: none"> <li>• Delayed and weak quantification of real demand at the customer level can lead to delayed, insufficient or wrong procurement of goods by CMST.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage better demand and supply planning of medicines and medical supplies at the health facility and District Health Office.</li> </ul>

TABLE IV : CMST THREATS		
THREATS	DESCRIPTION	HOW TO CONVERT INTO OPPORTUNITIES
		Communicate the implications of poor data collection to service delivery.

**Key:**

1. **Actions to mitigate:** Initiatives and activities that CMST can undertake to mitigate and reduce the risk or probability of the threat materialising.

## IMPLEMENTATION PLAN

The implementation of all the strategies is critical for the attainment of our goals in the next five (5) years. It is within this context, that CMST has developed a performance management framework that has broken down the broader strategic objectives into annual targets and activities that can be tracked and evaluated by CMST management and Board of Trustees.

## PERFORMANCE MANAGEMENT FRAMEWORK

This performance management framework, that is, the implementation plan highlighted below, addresses the *how*, *who* and *when* of CMST strategic plan. This will enable the CMST senior management and Board of Trustees to periodically monitor and track CMST's progress towards achieving strategic objectives. This framework identifies performance measures and assigns lead persons to every activity that should be executed in this Strategic Plan.

**TABLE V: PERFORMANCE MANAGEMENT FRAMEWORK**  
**STRATEGY AREA 1: ENSURE ORGANISATIONAL FINANCIAL SUSTAINABILITY**

*Strategic Objective 1: Recapitalisation of CMST by 100% of the existing capital from 2020 to 2023*

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Recapitalisation of CMST by Government and Development Partners by 100% of the existing capital from 2020 to 2023.	Capital increased by 100%.	Engage MOHP and Finance for recapitalisation.	Develop recapitalisation proposal.	DFA	-	-	-	-	-
		Engagement of Development Partners.	Submit recapitalisation proposals to Government. (MOHP, MOFEPD) and Development Partners.	DFA	-	-	-	-	-

*Strategic Objective 2: Increase revenue growth by 50% by June 2025*

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Revenue growth increased by 100% by 2025	((Current year revenue-Previous year revenue)/Previous year revenue)*100	Develop revenue generation model.	Preparation and approval of revenue generation model.	DFA	-	-	-	-	-
		Generate pricing model for products and services.	Preparation and approval of pricing model.	DFA	-	-	-	-	-
		Develop ideal customer profiles and focus sales to them.	Visits customers to understand their needs and problems.	DFA	20%	20%	20%	20%	20%
			Price differentiation between different customers.						
		Penetrate private market.	Marketing of CMST's products and services (Procurement, Warehousing, Distribution)	DPO& BM	0.8	0.8	0.8	0.8	0.8
			Ensure availability of funds for marketing activities.	DFA	0.2	0.2	0.2	0.2	0.2
Improve stock availability from 71% to 95%	((Current annual stock-Previous year stock)/Previous year stock)*100	Ensure availability of funds for procurement of medicines and medical supplies is increased by 5% annually.	Funds available for procurement of medicines and medical supplies.	DFA	20	21	22	23	24

		Timely settlement of suppliers' invoices from 265 days to 90 days.	Enhancing Debt collection	DFA	0.5	0.5	0.5	0.5	0.5
		Undertaking quarterly stock takes.	Undertake Quarterly stock takes, stock reconciliations, check reorder levels, and calculate EOQ and min-max.	DFA	0.5	0.5	0.5	0.5	0.5
			Involving both internal and external audit on stock controls	DFA	0.5	0.5	0.5	0.5	0.5
Reduce expiries from 7% to 2%	[[Current expired stock) – (Previous year expired stock) / (Previous year expired stock)]*100	Institute good stock management practices.	Observe quarterly stock takes, stock reconciliations	DFA	0.5	0.5	0.5	0.5	0.5
			Observe re-order levels EOQ, stock	DFA	0.5	0.5	0.5	0.5	0.5
Reduce operational costs by 15% from 2020-2025	[[Current year operation costs – previous year operation costs]/Previous year operation costs]*100	Undertake cost cutting and control measures	Dispose old fleet of vehicles	DFA					
			Phase out renting of warehouses	DFA	1	-	-	-	-
			Budgeting and budgetary control	DFA	0.1	-10%	-10%	-10%	-10%

## STRATEGY AREA 2: ENGAGE STAKEHOLDERS TO STRENGTHEN AND CONTINUE IMPLEMENTING CUSTOMER-CENTRIC ORGANISATIONAL SYSTEMS TO ADDRESS CURRENT AND EMERGING NATIONAL PHARMACEUTICAL SUPPLY CHAIN ISSUES

### Strategic Objective 1: Integrate existing Parallel Supply Chain into the single National Supply Chain by June 2022.

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
The seven Parallel supply chains integrated into a national supply chain by June 2022.	Number of parallel supply chains integrated / total number of existing supply chain.	Conduct quarterly SCI progress review meetings. Review organisational structure to accommodate SCI.	The meetings will engage all SCI stakeholders to closely monitor the implementation progress.	DPO	100%	100%	100%	100%	100%

### Strategic Objective 2: Customer satisfaction improved to 90% by June 2025

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25

Customer satisfaction improved from 60% - 90% by June 2022.	[[Percentage of satisfied customers this year-percentage of satisfied customer last year)/percentage of satisfied customer last year]]*100	Visit at least 12 customers per region per month.	Address challenges and develop better understanding with customers to improve CMST reputation.	DPO		80%			95%
		Conduct annual stakeholder meeting							
		Share of monthly inventory data and statement of account with customers.	Establish a platform for sharing inventory data.	DPO					
		Conduct annual customer survey.	Gathering customer perceptions on CMST services.	DPO					
Quarterly stakeholder meeting per annum.	Number of meetings conducted over planned meetings.	To hold quarterly meeting with customers, summarise and implement action points.	Conduct preparatory internal meetings before engaging stakeholders and thereafter conduct stakeholder meetings.	CEO	4	4	4	4	
Conduct annual open field days with CMST customers.	Annual field days conducted.	Open field days.	Mounting of exhibition, pavilions.	DPO	1	1	1	1	1
Use of available platform to enhance communication with customers.	Number of active platforms in place/Number of planned active platforms	To create social media effective platforms to interact with customers.		CEO					
<b>Strategic Objective 3. Customer Services function established by 2021</b>									
Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Customer Service function established by 2021.	Customer service function in place.	To recruit and setup the office.	The customer service function in place to ensure customer satisfaction.	DFA		1			
		Develop and implement CMST customer service strategy.	The strategy will provide CMST approach to the market.	CEO					

## STRATEGY AREA 3: STRENGTHENING SUPPLY CHAIN SYSTEMS

### Strategic Objective 1. Improve procurement methods to reduce cost of Medicines and Medical Supplies by June 2025.

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Reduce the cost of MMS by 20% through improving procurement methods.	(Current average costs of MMS per quantity) –(Previous year costs of MMS / (Previous year costs of MMS) *100	Utilize Open Tendering procurement method.	Initiating Open Tendering to enhance competitiveness.	DOP					
		Plan and schedule procurement to meet targets and timelines.	Annual procurement plan prepared to enable timely procurement.	DOP	5%	5%	5%	5%	0%
		Use of framework contracts.	Generate long term procurement contracts.	DOP					

### Strategic Objective 2. Enhancing contract management function through 100% compliance by June 2022.

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Suppliers contract compliance improved from 70% to 100% by June 2022.	Actual suppliers' delivery / Awarded quantities.	Follow-up suppliers to ensure deliveries within contractual specified time.	Official reminders submitted to concerned suppliers.	DOP	8%	8%	8%	8%	8%
		Subsequent contract awards should be based on performance.	Suppliers' contract performance analysis to be used.	DOP	8%	8%	8%	8%	8%
		Contracts should explicitly express that non-compliance will result into termination.	Non-compliant suppliers' contracts shall be terminated.	DOP	8%	8%	8%	8%	8%

### Strategic Objective 3. Increase customer order fill rate from 68% to 90% by June 2025.

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Increase Customer order fill rate from 70% to 90% by June 2025.	Quantity shipped to customer / quantity ordered.	Monthly inventory monitoring.	Productions of monthly order fill rate reports.	DPO	4%	4%	4%	4%	4%
		Process orders with accuracy.	Capture customer orders correctly.	DPO	4%	4%	4%	4%	4%

**Strategic Objective 4. Warehouse storage capacity increased from 15,000 to 30,000 pallets by 2021, and progressively by 40,000 pallets by 2025.**

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Warehouse capacity increased to 33,000 pallets.	(Current number of pallets – Previous year number of pallets) / (Previous year number of pallets)*100	Construct new and upgrade existing warehouses.	Construction and expansion of HQ and Regional warehouses.	DFA	-	-	20,000 cubic meters		
		Re-rack current warehouses.	Re-racking of HQ and Regional warehouses.	DFA	1,500 cubic meters	500 cubic meters			

**Strategic Objective 5. Distribution efficiency enhanced from 93% to 98% by 2023.**

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Distribution efficiency to be enhanced to 90%	Actual number of days taken to deliver / Planned delivery Time.	National integrated Distribution strategy.	Development of national integrated distribution strategy with its costed action plan.	DPO	1%	1%	1%	1%	1%
		Adopt consolidated distribution model.		DPO	1%	1%	1%	1%	1%
		Develop MOU for distribution and warehousing for program items.	MOU to ensure consolidated distribution model.	DPO	1%	1%	1%	1%	1%
		Review of distribution SOPs.	SOPs to guide operations.	DPO	1%	1%	1%	1%	1%
		Review last mile distribution routes.	Developed routes to reduce cost.	DPO	1%	1%	1%	1%	1%
		Expand distribution fleet.	Procure additional and replace ageing fleet.	DPO	1%	1%	1%	1%	1%

**STRATEGY AREA 4: MAXIMISE THE USE OF ROBUST MANAGEMENT INFORMATION SYSTEMS TO EFFECTIVELY MANAGE BUSINESS PROCESSES**

**Strategic Objective 1. Implement effective Management Information Systems by June 2021.**

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25

Fully functional ERP implemented by 2021.	(Number of modules functioning) / (number of modules planned)	Configure and implement financial module.	Configure and implement financial module (General Ledger and Chart of Accounts, Cashbook, Payables, receivables, sales, financial and management report).	DFA	100%				
		Configure and implementation of warehouse Management System.	Configure and implement of warehouse Management System (receipts, put-away warehouse movements, zone/bin (pallet) management, pick lists, shipments).	DFA	100%				
		Implement barcode-scanning solution.	Configure barcode scanners and implement barcode scanning solution to increase data accuracy.	DFA	100%				
		Configure and implement the Power BI Reports.	Configure and implement the Power Business Intelligence (PBI) Reports for all functions of the supply chain including the financial decision-making reports.	DFA	100%				
		Implement a Tendering solution for procurement.	Coding, configuring and implementing a Tender solution for procurement with web access to users.	DFA	100%				

**Strategic Objective 2. Implement National Supply Chain Information System Strategy by June 2025.**

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Achieve an integrated management of products through a centralised interconnected system by 2025.	Number of integrated products/total products	Tracing health commodities.	Follow through commodities in the supply chain through coordinated interconnection of systems.	DFA	20%	20%	20%	20%	20%
		Code and implement Master Health Product List for CMST.	Produce a master list of products based on an agreed international standard nomenclature code structure.	DFA					
		Standardise essential data elements.	Harmonise the health facility codes and product codes that are used with all systems interconnected in the supply chain.	DFA					

		Instill data management and accessibility guidelines and protocols.	Harmonise standard protocols for all systems connected to the interoperability layer.	DFA					
		Deploy tools to optimise and reinforce data collection and management.	Procurement of computing and networking infrastructure such as (Servers, routers, firewalls, backup infrastructure etc.)	DFA					
		Develop skills on data capturing, managing and knowledge generation.	Training of staff on new technologies and tools required delivering and maintaining an integrated solution.	DFA					

**Strategic Objective 3. Improve data visibility in the supply chain by 2022.**

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Achieve 100% stock visibility and traceability at all levels of supply chain.	Number of facilities with functioning End-to-End tracking system/Total number of facilities	Implement an End to End tracking system e.g. (e-HIN).	Develop and implement the End to End tracking system for the supply chain and connect it to the ERP system and/or open e-LMIS.	DFA	20%	20%	20%	20%	20%
		Support open e-LMIS activities with feeder of ordering process into ERP.	Processing orders through open e-LMIS and assist its further development.	DFA	20%	20%	20%	20%	20%
		Provide pipeline data for items in the supply chain at central level.	Using the ERP system's power BI reports, provide to stakeholders the required information on the supply chain data in the procurement process.	DFA	20%	20%	20%	20%	20%
		Implement the GS1 Standard solution for traceability of products.	Collaborate with PMRA in development of the GS1 Standard solution and implement in CMST	DFA	20%	20%	20%	20%	20%

		Develop and implement a helpdesk system to manage user and customer expectations in line with supply chain and other operations.	Develop and implement a helpdesk ticketing system that will track issues that users and customers raise and provide responses from different staff members to the queries from the customers.	DFA	20%	20%	20%	20%	20%
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**STRATEGY AREA 5: ENHANCE TOTAL QUALITY MANAGEMENT (TQM) ACROSS GOVERNANCE, OPERATIONAL AND MANAGEMENT PROCESSES**

*Strategic Objective 1: Develop and review SOPs, policies and guidelines by June 2025.*

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
SOP, guidelines developed and reviewed by 100% by 2025.	Number of SOP's, policies and guidelines reviewed/Number of planned	Identify gaps (SOP's; policies; guidelines.)	Development and Review processes.	CEO	10%	40%	25%	25%	-
		Develop SOP's, policies and guidelines.							
		Disseminate guidelines and train staff.							
		Enforce adherence and compliance.							
Quality Assurance systems improved to 80%.	Quality Assurance certification and conformance.	Fill vacant positions in quality assurance unit.	Recruitment.	DFA	5%	5%	5%	5%	5%

*Strategic Objective 2: Review all Internal Controls and Risk Management Processes across business units every year.*

Target	Measure	Activity	Activity description	Lead Person	Yearly target				
					2020/21	2021/22	2022/23	2023/24	2024/25
Oversight services provided to 100% to	Number of oversight services provided/Number of	Establish and implement an internal compliance system on quality.	Strengthen governance systems.	CEO	10%	10%	10%	10%	10%

all business processes.	planned oversight services	Develop framework for reporting on quality issues in all units.	Strengthen governance systems.	QAM	10%				
		Develop a costed product recall mechanism.	Compliance and system strengthening.	CEO	10%				
		Develop CMST costed waste management policy.	Compliance and system strengthening.	QAM	10%				
		Establish and implement Quality Management System.	Compliance and system strengthening.	QAM	10%				
		Implement warehouse automated temperature monitoring and control systems.	Compliance and system strengthening.	QAM	10%				
		Establish a fully equipped quality testing laboratory.	Quality assurance and control.	DFA	10%				
	Number of planned recommendations to mitigate risk/Number of implemented recommendations to mitigate the risks.								
		Conduct internal audits.	Provide oversight / assurance to the Board.	CEO					
					100%	100%	100%	100%	100%
		Risk profiling.	Update of risk profile.						
		Review risk profile annually.	Update of risk profile.						
		Staff training and awareness.	Risk management.						

**STRATEGY AREA 6: EMBRACE HUMAN RESOURCE CAPITAL DEVELOPMENT**

*Strategic Objective 1: Streamlining staff capacity and skills progressively through June 2025.*

<b>Target</b>	<b>Measure</b>	<b>Activity</b>	<b>Activity description</b>	<b>Yearly target</b>
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				Lead Person	2020/21	2021/22	2022/23	2023/24	2024/25
Staff skills improved by 100% by 2025.	((Staff skills current year- Staff skills previous years)/Staff skills previous years)*100	Training needs analysis	Skills gap analysis.	DFA	10%	5%	5%	3%	3%
		Develop capacity and skills development plan (individual and organisation).	Identification of training and training institution and mode of delivery.	DFA					
		Monitor of training	Continuous training review	DFA					
		Evaluating training impact	Training impact assessment.	DFA					
Improved Organisational strength to 100% by 2025.	Number of key competency position filled by transparent and competency-based system/Number of positions filled	Development of Human Resource Strategic plan.	Refer to CMST Strategic Business Plan and Internal assessment of the organisation and its environment.	DFA					
		Recruit staff in critical vacant positions based on competency and transparent recruitment system.	Human resource planning and recruitment.	DFA	10%	5%	5%	5%	3%
		Implement functional review.	Development of clear job descriptions	DFA					
		HR SOPs & guidelines.	Develop, review and implement HR SOPs & guidelines.	DFA					
		Change management strategy	Change management strategy developed and disseminated	DFA					
Enhanced working conditions to 100% by 2025.	[(Current year score- Previous year score)/Previous year score]*100	Conditions of service review	Review of conditions of service document every three years.	DFA					
		Employee satisfaction survey.	Employee satisfaction survey conducted every 2 years.	DFA	10%	5%	5%	2.50%	2.50%
		Develop environmental and workplace safety guideline.	Environmental and workplace safety guidelines developed.	DFA					
Staff performance improves to 90% by 2025.	[(Current year staff performance score- Previous year staff		Career development, Talent development, succession plan created	DFA	20%	20%	10%	10%	10%

	performance score)/ Previous year staff performance score))*100	Career development plan.	and implemented. Performance management reviewed and implemented	DFA	20%	20%	10%	10%	10%
		Talent management and succession Plan.		DFA	20%	20%	10%	10%	10%
		Review of performance management system.		DFA	20%	20%	10%	10%	10%
Strengthen the good conduct and work ethics of CMST staff by 2022.	Staff conduct enhanced.	CMST code of Conduct.	Review implement and monitor compliance to CMST code of Conduct.	DFA	20%	20%	10%	10%	10%
		Organizational policy on harassment at the workplace.	Engage staff and other stakeholders in developing policy on workplace harassment.	DFA	20%	20%	10%	10%	10%
		Gender mainstreaming	Gender mainstreaming to be well- articulated in CMST Terms and Conditions.	DFA	20%	20%	10%	10%	10%
					20%	20%	10%	10%	10%

## **MONITORING AND EVALUATION FRAMEWORK**

Implementation and accountability are key factors for the success of any strategic plan. Monitoring and evaluation are processes that can help evaluate CMST's commitment to implementing the tangible actions to fulfill the organisation's vision and mission. Without effective implementation within recommended timeframes, a strategic plan is of no use to CMST; hence the recognition of the importance of developing a detailed monitoring plan and setting targets to link the strategic plan to performance management. The table below highlights set timeframes for activities within the five years of the strategic plan.

**TABLE VI: CMST STRATEGIC IMPLEMENTATION PLAN 2020 — 2025**

STRATEGY AREA 1: ENSURE ORGANIZATIONAL FINANCIAL SUSTAINABILITY																					
Strategic Objective 1: Recapitalization of CMST by 100% of the existing capital from 2020 to 2023																					
Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Recapitalisation of CMST by Government and Development Partners by 100% of the existing capital from 2020 to 2023.	Engage MOHP and Finance for recapitalisation.	<input type="checkbox"/>																			
	Development Partners engagement.	<input type="checkbox"/>																			
Strategic Objective 2: Increase revenue growth by 50% by June 2025																					
Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Revenue growth increased by 100% by 2025	Develop revenue generation model.	<input type="checkbox"/>																			
	Generate pricing model for products and services.	<input type="checkbox"/>																			
	Develop ideal customer profiles and focus sales to them.	<input type="checkbox"/>																			
	Penetrate private market.	<input type="checkbox"/>																			
Improve stock availability from 71% to 95%	Ensure availability of funds for procurement of medicines and medical supplies is increased by 5% annually.	<input type="checkbox"/>																			
	Timely settlement of suppliers' invoices	<input type="checkbox"/>																			

	from 265 days to 90 days.																				
	Undertaking quarterly stock takes.	<input type="checkbox"/>																			
Reduce expires from 7% to 2%	Institute good stock management practices.	<input type="checkbox"/>																			
Reduce operational costs by 15% from 2020-2025	Undertake cost cutting and control measures.	<input type="checkbox"/>																			
<b>STRATEGY AREA 2: ENGAGE STAKEHOLDERS TO STRENGTHEN AND CONTINUE IMPLEMENTING CUSTOMER-CENTRIC ORGANIZATIONAL SYSTEMS TO ADDRESS CURRENT AND EMERGING NATIONAL PHARMAVEUATICAL SUPPLY CHAIN ISSUES</b>																					
<b>Strategic Objective 1: Integrate existing Parallel Supply Chain into the single National Supply Chain by June 2022.</b>																					
<b>Target</b>	<b>Activity</b>	<b>Yearly target</b>																			
		<b>2020/21</b>				<b>2021/22</b>				<b>2022/23</b>				<b>2023/24</b>				<b>2024/25</b>			
		<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>
The seven parallel supply chain integrated into National Supply chain by June 2022.	Conduct quarterly SCI progress review meetings.	<input type="checkbox"/>																			
	Review organisational structure to accommodate SCI.	<input type="checkbox"/>																			
<b>Strategic Objective 2: Customer satisfaction improved to 90% by June 2025</b>																					
<b>Target</b>	<b>Activity</b>	<b>Yearly target</b>																			
		<b>2020/21</b>				<b>2021/22</b>				<b>2022/23</b>				<b>2023/24</b>				<b>2024/25</b>			
		<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>
Customer satisfaction improved from 60% - 90% by June 2022.	Visit at least 12 customers per region per month.	<input type="checkbox"/>																			
	Conduct annual stakeholder meeting.	<input type="checkbox"/>																			
	Share monthly inventory data and statement of accounts with customers.	<input type="checkbox"/>																			

	Conduct annual customer survey.	<input type="checkbox"/>																			
Quarterly stakeholder meeting per annum.	To hold quarterly meeting with customers, summarise and implement action points.	<input type="checkbox"/>																			
Conduct annual open field days with CMST customers.	Open field days.	<input type="checkbox"/>																			
Use of available platform to enhance communication with customers.	To create social media effective platforms to interact with customers.	<input type="checkbox"/>																			
<b>Strategic Objective 3. Customer Services function established by 2021</b>																					
<b>Target</b>	<b>Activity</b>	<b>Yearly target</b>																			
		<b>2020/21</b>				<b>2021/22</b>				<b>2022/23</b>				<b>2023/24</b>				<b>2024/25</b>			
		<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>
Customer Service function establish by 2021.	To recruit and setup the office.	<input type="checkbox"/>																			
	Develop and implement CMST customer service strategy.	<input type="checkbox"/>																			
<b>STRATEGY AREA 3: STRENGTHENING SUPPLY CHAIN SYSTEMS</b>																					
<b>Strategic Objective 1. Improve procurement methods to reduce cost of Medicines and Medical Supplies by June 2025.</b>																					
<b>Target</b>	<b>Activity</b>	<b>Yearly target</b>																			
		<b>2020/21</b>				<b>2021/22</b>				<b>2022/23</b>				<b>2023/24</b>				<b>2024/25</b>			
		<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>	<b>Q 1</b>	<b>Q 2</b>	<b>Q 3</b>	<b>Q 4</b>
Reduce the cost of Medicines and Medical Supplies (MMS) by 20% through improving procurement methods.	Utilise open tendering procurement method.	<input type="checkbox"/>																			
	Plan and schedule procurement to meet targets and timelines.	<input type="checkbox"/>																			



<b>Strategic Objective 5. Distribution efficiency enhanced from 93% to 98% by 2023.</b>																					
Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Distribution efficiency enhanced from 93% to 98%	National integrated Distribution strategy.	<input type="checkbox"/>																			
	Adopt consolidated distribution model.	<input type="checkbox"/>																			
	Develop MOU for Distribution and Warehousing for program items.	<input type="checkbox"/>																			
	Review of distribution SOPs.	<input type="checkbox"/>																			
	Review last mile distribution routes.	<input type="checkbox"/>																			
	Expand distribution fleet.	<input type="checkbox"/>																			
<b>STRATEGY AREA 4: MAXIMISE THE USE OF ROBUST MANAGEMENT INFORMATION SYSTEMS TO EFFECTIVELY MANAGE BUSINESS PROCESSES</b>																					
<b>Strategic Objective 1. Implement effective Management Information Systems by June 2021.</b>																					
Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Fully functional ERP implemented by 2021.	Configure and implement financial module.	<input type="checkbox"/>																			
	Configure and implementation of warehouse Management System.	<input type="checkbox"/>																			
	Implement barcode scanning solution.	<input type="checkbox"/>																			
	Configure and implement the Power BI Reports.	<input type="checkbox"/>																			

	Implement a Tendering solution for procurement.	<input type="checkbox"/>																			
<b>Strategic Objective 2. Implement National Supply Chain Information System Strategy by June 2025.</b>																					
<b>Target</b>	<b>Activity</b>	<b>Yearly target</b>																			
		<b>2020/21</b>				<b>2021/22</b>				<b>2022/23</b>				<b>2023/24</b>				<b>2024/25</b>			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Achieve an integrated management of products through a centralised interconnected system by 2025.	Tracing health commodities.	<input type="checkbox"/>																			
	Code and implement Master Health Product List for CMST.	<input type="checkbox"/>																			
	Standardise essential data elements.	<input type="checkbox"/>																			
	Instill data management and accessibility guidelines and protocols.	<input type="checkbox"/>																			
	Deploy tools to optimize and reinforce data collection and management.	<input type="checkbox"/>																			
	Develop skills on data capturing, managing and knowledge generation.	<input type="checkbox"/>																			
<b>Strategic Objective 3. Improve data visibility in the supply chain by 2022.</b>																					
<b>Target</b>	<b>Activity</b>	<b>Yearly target</b>																			
		<b>2020/21</b>				<b>2021/22</b>				<b>2022/23</b>				<b>2023/24</b>				<b>2024/25</b>			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Achieve 100% stock visibility and traceability at all levels of supply chain.	Implement an End to End tracking system e.g. (eHIN).	<input type="checkbox"/>																			

Support open e-LMS activities with feeder of ordering process into ERP.	<input type="checkbox"/>																			
Provide pipeline data for items in the supply chain at central level.	<input type="checkbox"/>																			
Implement the GS1 Standard solution for traceability of products.	<input type="checkbox"/>																			
Develop and implement a helpdesk system to manage user and customer expectations in line with supply chain and other operations.	<input type="checkbox"/>																			

**STRATEGY AREA 5: ENHANCE TOTAL QUALITY MANAGEMENT (TQM) ACROSS GOVERNANCE, OPERATIONAL AND MANAGEMENT PROCESSES**

*Strategic Objective 1: Develop and review SOPs, policies and guidelines by June 2025.*

Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
SOP, Guidelines developed and reviewed by 100% by 2025.	Identify gaps (SOP's; policies; guidelines.	<input type="checkbox"/>																			
	Develop SOP's, policies, guidelines.	<input type="checkbox"/>																			
	Disseminate and Train Staff.	<input type="checkbox"/>																			
	Enforce adherence and compliance.	<input type="checkbox"/>																			
Quality Assurance systems improved to 80%.	Fill vacant positions in quality assurance unit.	<input type="checkbox"/>																			

*Strategic Objective 2: Review all Internal Controls and Risk Management Processes across business units every year.*

Target	Activity	Yearly target																			
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		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Oversight services provided to 100% to all business processes.	Establish and implement an internal compliance system on quality.	<input type="checkbox"/>																			
	Develop framework for reporting on quality issues in all units.	<input type="checkbox"/>																			
	Develop a costed product recall mechanism.	<input type="checkbox"/>																			
	Develop CMST costed waste management policy.	<input type="checkbox"/>																			
	Establish and implement Quality Management System.	<input type="checkbox"/>																			
	Implement warehouse automated temperature monitoring and control systems.	<input type="checkbox"/>																			
	Establish a Fully equipped quality testing laboratory.	<input type="checkbox"/>																			
	Conduct internal audits.	<input type="checkbox"/>																			
	Risk profiling.	<input type="checkbox"/>																			
	Review risk profile annually.	<input type="checkbox"/>																			
	Staff training and awareness.	<input type="checkbox"/>																			

STRATEGY AREA 6: EMBRACE HUMAN RESOURCE CAPITAL DEVELOPMENT																					
Strategic Objective 1: Streaming staff capacity and skills progressively through June 2025.																					
Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Staff skills improved by 90% by 2025.	Identify capacity and skill gaps.	<input type="checkbox"/>																			
	Develop capacity and skills development plan.	<input type="checkbox"/>																			
	Monitor and evaluate impact on training.	<input type="checkbox"/>																			
Improved Organisational strength 85% to 90%.	Recruit staff in critical vacant positions.	<input type="checkbox"/>																			
Enhanced working environment.	Review condition of service every 3 years.	<input type="checkbox"/>																			
	Implement functional review.	<input type="checkbox"/>																			
	Develop, review and implement policies, SOPs and guidelines.	<input type="checkbox"/>																			
	Conduct employee satisfaction survey every 2 years.	<input type="checkbox"/>																			
Staff performance improve from 75% to 80%.	Development of Human Resource Strategic plan.	<input type="checkbox"/>																			
	Career development plan in place.	<input type="checkbox"/>																			
	Talent management and succession Plan.	<input type="checkbox"/>																			
	Review performance	<input type="checkbox"/>																			

	management system.																			
Strengthen good conduct and work ethics through organizational culture 2022.	Review, implement and monitor compliance to CMST code of Conduct.																			

STRATEGY AREA 6: EMBRACE HUMAN RESOURCE CAPITAL DEVELOPMENT																					
Strategic Objective 1: Streamlining staff capacity and skills progressively through June 2025.																					
Target	Activity	Yearly target																			
		2020/21				2021/22				2022/23				2023/24				2024/25			
		Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Staff skills improved by 100% by 2025.	Training needs analysis																				
	Develop capacity and skills development plan (individual and organisation).																				
	Monitor of training.																				
	Evaluating training impact.																				
Improved Organizational strength to 100% by 2025.	Development of Human Resource Strategic plan.																				
	Recruit staff in critical vacant positions based on competency and transparent recruitment system.																				
	Implement functional review.																				
	HR SOPs and guidelines.																				



## FINANCIAL PLAN

The CMST was established on the concept of implementing a self- financing service-fee-based model where revenues collected through the provision of medicines and medical supplies as core products and respective services in procurement, warehousing and distribution services would fund internal operations.

The donor community has overwhelmingly assisted CMST in achieving substantial agenda reforms within the transition period to become independent from the MOHP through donations in form of start-up inventory to supply to health facilities. These proceeds provided short term financing to CMST.

In addition, aiming at enhancing timely availability of funds for the procurement of medicines and medical supplies, a quarterly advance payment mechanism strategic resolution was made by the Ministry of Finance, Economic Planning and Development and the Ministry of Health and Population (MOHP), on 12<sup>th</sup> August 2015. As a result, significant improvement in stock availability and partial suppliers account settlements were registered.

However, sustainable finances for the procurement of adequate medicines and medical supplies, timely settlement of creditors' debts, infrastructure enhancement and operational expenditures have been a significant challenge to CMST.

A recapitalisation proposal has been factored in the corporate strategy amounting to MK40 billion to finance core activities, especially procurement of inventory (essential medicines and medical supplies), capital infrastructure such as warehousing, distribution vehicles and management information systems with the incorporation of the national supply chain integration strategy. The increase in stakeholders' support in assisting the integration agenda signifies the CMST potential to expand its business processes and achieve sustainable growth.

## Working capital

Having adequate finances, the generated inventory levels are expected to increase from current MK18 billion to MK25 billion by 2021 with the aim of covering about 18 months of demand. This increase in stock shall come from the continuously improving national drug budget funding for public hospitals by MoFEPD (Treasury) and re-capitalisation finances enabling the Trust to float larger tenders for medicines and medical supplies.

Receivables settlement is expected to improve to sixty (60) days with the implementation of the credit policy plus intensified debt collection mechanisms, especially on key customers which include Central Hospitals, CHAM and other private hospitals.

The cash and cash-equivalents are expected to improve from the current MK500 million average level to an estimated MWK2 billion by 2021. Improved liquidity will also improve the timely payments to suppliers, with a goal of payment within ninety (90) days in 2022 and continuously improving to sixty (60) days in 2023 and thirty (30) days in 2024 and beyond.

## Income Forecast

Sales trends generated on prior year performance have guided the potential businesses that require respective development, especially in procurement, warehousing and distribution services, apart from the core business of selling medicines and medical supplies.

Medicines and medical supplies have been forecast to increase by 10% annually following prior years consistent increase in demand for most essential medicines. In-house production of morphine shall be improved in terms of production levels and quality. Service provision of procurement, warehousing and distribution has been estimated at an average of 5% annual increase following implementation of supply chain integration effective 2020.

The tables below show the projected revenue and a summary of corporate strategy implementation budget for 2020 to 2025:

**TABLE VI : CMST PROJECTED REVENUE**

<b>PROJECTED REVENUE</b>						
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
<b>INCOME</b>	<b>MK'000</b>	<b>MK'000</b>	<b>MK'000</b>	<b>MK'000</b>	<b>MK'000</b>	<b>MK'000</b>
Sales-Medicines	28,168,772	25,601,551	28,161,706	30,977,877	34,075,664	37,483,231
Warehousing	784,100	1,459,330	1,532,297	1,608,911	1,689,357	1,773,825
Distribution	632,100	1,388,150	1,457,558	1,530,435	1,606,957	1,687,305
Other Income	512,096	258,824	271,765	285,353	299,621	314,602
<b>Total Income</b>	<b>30,097,068</b>	<b>28,707,855</b>	<b>31,423,325</b>	<b>34,402,577</b>	<b>37,671,600</b>	<b>41,258,963</b>

## CORPORATE STRATEGY IMPLEMENTATION BUDGET 2020-2025

<b>TABLE VII : CORPORATE STRATEGY IMPLEMENTATION BUDGET</b>			
<b>SUMMARY CORPORATE STRATEGY IMPLEMENTATION BUDGET</b>			
<b>STRATEGY DETAILS</b>		<b>COST</b>	
<b>Strategy Number</b>	<b>Strategy Name</b>	<b>MK</b>	<b>USD</b>
		<b>MK'000</b>	<b>USD'000</b>
1	Ensure organisational financial sustainability	40,000,000	53,333
2	Engage stakeholders to strengthen and continue implementing customer-centric organisational systems to address current and emerging national pharmaceutical supply chain issues	500,000	667
3	Strengthen supply chain systems	500,000	667
4	Maximise the use of robust management information systems to effectively manage business processes	750,000	1,000
5	Enhance Total Quality Management (TQM) across governance, operational and management processes	250,000	333
6	Embrace human resources capital development	500,000	667
<b>Grand Totals</b>		<b>42,500,000</b>	<b>56,667</b>

## RISK MANAGEMENT PLAN

Risk is the probability that an event or action will adversely affect the organisation. Risk assessment is the identification and analysis of risks associated with the achievement of operations, financial reporting and compliance goals and objectives.

For CMST to be in the best position to effectively implement the reviewed strategic plan, it must also undergo a thorough analysis of risks associated with the execution of the plans outlined in this document.

In this section of our strategic plan, we have identified priority risks across the six (6) strategies and come up with mitigation plans to prevent these risks from occurring and to minimise their impacts should the risks materialise.

On a quarterly basis, monitoring of the identified risks within the corporate strategy will be undertaken to ensure that the key risks are addressed and also to ensure that implementation plans remain harmonised with those in the strategic plan to attain efficiency in the managing of the risks and avoid duplication of effort

Each risk is evaluated in terms of:

**Likelihood of occurrence** – using a scale of 1-5 where 1 is rare (highly unlikely); 2 is Unlikely occurrence; 3 is possible (sometimes); 4 is likely (frequent); and 5 is almost certain (very likely).

**Impact if it occurs** – using a scale of 1-5, where 1 is minor (insignificant); 2 is moderate; 3 is severe, 4 is major; and 5 is catastrophic.

The table below provides the list of the key risks identified and their mitigation strategies.

**TABLE VIII : RISK MANAGEMENT PLAN**

	LIKELIHOOD	IMPACT	MITIGATION PLAN	RATING (LIKELIHOOD, IMPACT)
	5	5	Lobby government and development partners for recapitalisation of the CMST.	25
	4	4	Quarterly monitoring of the strategic plan implementation budget for possible revision to reflect changes in costs of implementation.	16
	4	5	Extend into nontraditional markets beyond the government health facilities and CHAM facilities. E.g. participating in bids to supply medicines and medical supplies to other organisations.  Establish marketing function within the Branches to undertake marketing of CMST products.	15
	3	5	Continued engagement of affected stakeholders across the parallel supply chain for commitment and support.  Close coordination between the PSCI project Management Team with the CMST and other stakeholders.  Continuous monitoring of progress of integration of the Parallel supply chains	15

	3	5	Engagement of all internal and external stakeholders from development to implementation of the plan.	15
	3	5	Training and development of key personnel  Succession planning of key personnel to cater for key personnel losses.	15
	3	5	Resolve all outstanding challenges in the implementation of Navision ERP.  Continuously train all personnel in the use of Microsoft Dynamics Navision ERP and other MIS.	15
	4	4	Develop and document SOPs for every business process of the CMST and train all staff in the SOPs for conformance.	16
	3	5	Training and involvement of all personnel in risk management process.  All business Units to develop risk profiles for formal tracking / monitoring of the risks.	15
	3	5	Increased product availability in CMST to meet customer demand.  Continuous customer engagement via various forums organised by CMST as well as other stakeholders.	15

			<p>Reduce emergency procurements using RFQs at the expense of open tendering.</p>	
	3	5	<p>Lobby with the PPDA for shortening of the Procurement cycle for CMST procurements.</p> <p>Conduct price review of CMST products to determine accuracy of the 18% markup charged.</p>	
	3	5	<p>Involvement of CMST in the development of the NSCMP to ensure alignment of the two documents.</p>	15
	1	5	<p>Continuous engagement with government and other stakeholders for continuous support.</p>	5
	2	5	<p>Promote increased transparency and accountability of CMST operations for confidence.</p> <p>Promote continuous improvement and monitoring of CMST operational and financial performance.</p>	10
	3	5	<p>Periodic review of the CMST's corporate strategy to make it more relevant to achieving CMST's mission.</p>	15

			Reduce over procurements through accurate quantifications by increasing data confidence level.	
	3	5		15
			Implement min-max stock reorder level to ensure optimal stock holding.	