



CENTRAL MEDICAL STORES TRUST

*Trusted Partner in Healthcare*

# Corporate Strategy

**2015 - 2020**



CMST's 2015-2020 Corporate Strategy describes its customer service, procurement, information management, continuous improvement, and stakeholder engagement strategies to achieve our organisational mission. It includes the identification of cross-functional objectives, the prioritisation of business unit activities, and the measurement of progress towards goals. This Corporate Strategy updates the initial Corporate Strategy developed in 2013.



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## Acronyms

<b>Accpac</b>	Sage Software Information System
<b>CEO</b>	Chief Executive Officer
<b>CHAI</b>	Clinton Health Access Initiative
<b>CHAM</b>	Christian Health Association of Malawi
<b>CML</b>	Cargo Management Logistics
<b>CMS</b>	Central Medical Stores
<b>CMST</b>	Central Medical Stores Trust
<b>DFA</b>	Director for Finance and Administration
<b>DFID</b>	Department for International Development (UK)
<b>DHO</b>	District Health Office
<b>DPO</b>	Director of Pharmaceutical Operations
<b>ERP</b>	Enterprise Resource Planner
<b>GOM</b>	Government of Malawi
<b>HRM</b>	Human Resource Manager
<b>IAM</b>	Internal Audit Manager
<b>IHS</b>	Imperial Health Sciences
<b>JIT</b>	Just-In-Time
<b>KPI</b>	Key Performance Indicator
<b>LPO</b>	Local Purchase Order
<b>MOF</b>	Ministry of Finance
<b>MOH</b>	Ministry of Health
<b>NAC</b>	National AIDS Commission
<b>NLGFC</b>	National Local Government Finance Committee
<b>PIC</b>	Pharmacist-In-Charge
<b>PMPB</b>	Pharmacy, Medicines and Poisons Board
<b>PRO</b>	Public Relations Officer
<b>QAM</b>	Quality Assurance Manager
<b>QMS</b>	Quality Management System
<b>RFQ</b>	Request for Quotation
<b>RMS</b>	Regional Medical Store2
<b>SOPs</b>	Standard Operating Procedures
<b>WHO MQAS</b>	World Health Organisation Model Quality Assurance System (for Procurement Agencies)

## Message from the Chief Executive Officer

In early 2015 the Central Medical Stores Trust's (CMST) executive management decided to review and update the 2013-2018 corporate strategy and business plan. The goal of this review is to better streamline those documents and ensure that our strategies consider our progress to date, as well as the most current operational and supply chain challenges we face. In this review we aim to develop and implement a corporate strategy that is focused, makes decisions regarding priorities, and is, above all, customer-oriented. As an organisation, we are therefore proud to present the updated 2015-2020 Corporate Strategy.



Areas of priority in our updated corporate strategy include strengthening debt management, the implementation of quality management systems, and most importantly, building our customer engagement capacity. Through an intensive, consultative process, was developed by our internal CMST strategy team with facilitation from the Clinton Health Access Initiative (CHAI). It integrates feedback from CMST staff, suppliers, District Health Offices (DHOs), Central Hospitals, the Ministry of Health (MOH), Ministry of Finance, Department for International Development (DFID), as well as other donor partners.

As the new depot warehouse in Lilongwe nears completion and we prepare for the implementation of a hybrid distribution model in 2016, I believe this updated corporate strategy comes at an exciting time for CMST. As we undertake these new challenges and opportunities, the updated strategies in this document will help us set our priorities, more effectively allocate our internal sources, and support our day-to-day operational planning and decisions.

The CMST Board of Trustees and I believe that this updated strategy presents a structured, prioritised way forward for CMST to more efficiently and effectively execute its GOM mandate to procure, store and distribute medicines and health commodities for the Malawi public health system. We encourage all CMST staff, as well as partners and all stakeholders to critically review this strategy, contribute to CMST's reform agenda, and support the successful implementation of this corporate strategy over the next five years.

Many thanks to CHAI, for spearheading the Corporate Strategy review process, and to our partners who provided their feedback in this process, and who also continue to support us in our goal of becoming the preferred medicine and health commodity provider in Malawi and a true *"Trusted Partner in Healthcare."*

Last but not least, many thanks to the CMST Corporate Strategy team for turning ideas into workplans.

Sincerely,

A handwritten signature in black ink, appearing to read 'Feston Kaupa'. The signature is fluid and cursive.

**Feston Kaupa, CEO**

## Executive Summary

This Central Medical Stores Trust (CMST) Corporate Strategy 2015 - 2020 is an updated and revised version of the one initially developed in 2013. Our goals in updating the Corporate Strategy are to better clarify our organisational priorities, consider the most current CMST organisational challenges and developments, and better streamline the document. Above all, we wanted to develop a Corporate Strategy that made decisions, and better reflected our commitment to our customers.

The updated strategies were developed by an internal CMST strategy team, with coordination from CHAI, and integrates feedback from a broad group of stakeholders, including suppliers, and representatives from the Malawi MOH, the Pharmacy, Medicine and Poisons Board (PMPB), DHOs, Central Hospitals, donors, as well as other partners (See Annex 2 for complete list). The “Balanced Scorecard” methodology was used to develop this updated strategy. This strategy development method aims to balance external (customer) and internal (operational) perspectives, and also seeks to more effectively align business unit activities and indicators to developed corporate strategies. Our six (6) updated corporate strategies are:

- ***Ensure organisational financial controls, planning, cost-effectiveness and sustainability***
- ***Build and implement customer-focused organisational systems to become the preferred national health commodity supplier***
- ***Execute procurement planning and operations to efficiently and effectively anticipate and fulfil customer demands***
- ***Establish and utilise information systems to build an organisational culture of planning, responsiveness, accountability and business unit integration***
- ***Continuously improve operational and management systems***
- ***Engage stakeholders to address current and emerging national public health challenges in Malawi***

Twenty-six (26) activities and initiatives have been developed to implement these strategies and ten (10) key performance indicators (KPIs) have also been designed to monitor and track the implementation of those activities. This document will be accompanied by a forthcoming updated Business Plan, which will provide more detail on CMST’s business approach to meeting customer demands and addressing market challenges.

This strategy document outlines the investments (activities, talent, finances, time, as well as internal leadership) we as CMST plan make to achieve our organisational goals. It is meant to frame resource-allocation and decision-making, identify organisational “trade-offs,” and ultimately better clarify what is just “helpful” versus what is “critical” in terms of achievement of our goals as an organisation.

## Organisational Overview

### CMST Overview

The former Central Medical Stores (CMS) was established in 1968 as an operational department under the Malawi MOH. Its purpose was to procure, store and distribute medical supplies from its regional network of warehouses to public health facilities throughout Malawi.

In order to improve operational performance, discussions began in 1995 to review the judicial status of the CMS. In 2010, CMS was separated from the MOH and was officially registered as the Central Medical Stores Trust (CMST) under the Trustees Incorporation Act (1962) of the Laws of Malawi. This transformation was intended to accelerate organisational reform, improve operational performance, and transform the CMS into a financially self-sustaining, fee-based commercial organisation. In addition to improving the operational capacity of the CMS as the primary procurement and logistics service provider to the MOH, the ultimate goal of this transformation was to strengthen overall national public sector procurement, warehousing and distribution capacity.

We are a not-for-profit, autonomous organisation whose main stakeholder is the Government of Malawi (GOM). We are overseen by the CMST Board, which is made up of seven (7) members who broadly represent various aspects of the Malawian public, private and academic sectors. As an organisation, we develop our own policies, strategies and are authorised to hold assets (land, buildings, equipment, and inventory). Revenues and operating costs are managed by CMST and are not a part of the government budget.<sup>1</sup>

### Management Structure

Our corporate headquarters is based in Lilongwe and we operate five (5) warehouses. These warehouses currently consist of three regional (North, Central and South) branch warehouses, and two rented receipt warehouses (Kanengo and Manobec), both based in Lilongwe. An additional warehouse in Lilongwe is currently being equipped and is expected to be completed in early 2016, and will replace the rented Kanengo and Manobec receipt warehouses.

CMST's organisational management structure is as follows (*Figure 1 on following page*):



<sup>1</sup> See *CMST Business Plan, 2015–2020* for more detail on the CMST governance and business structure

Central Medical Stores Trust Management - September 2015

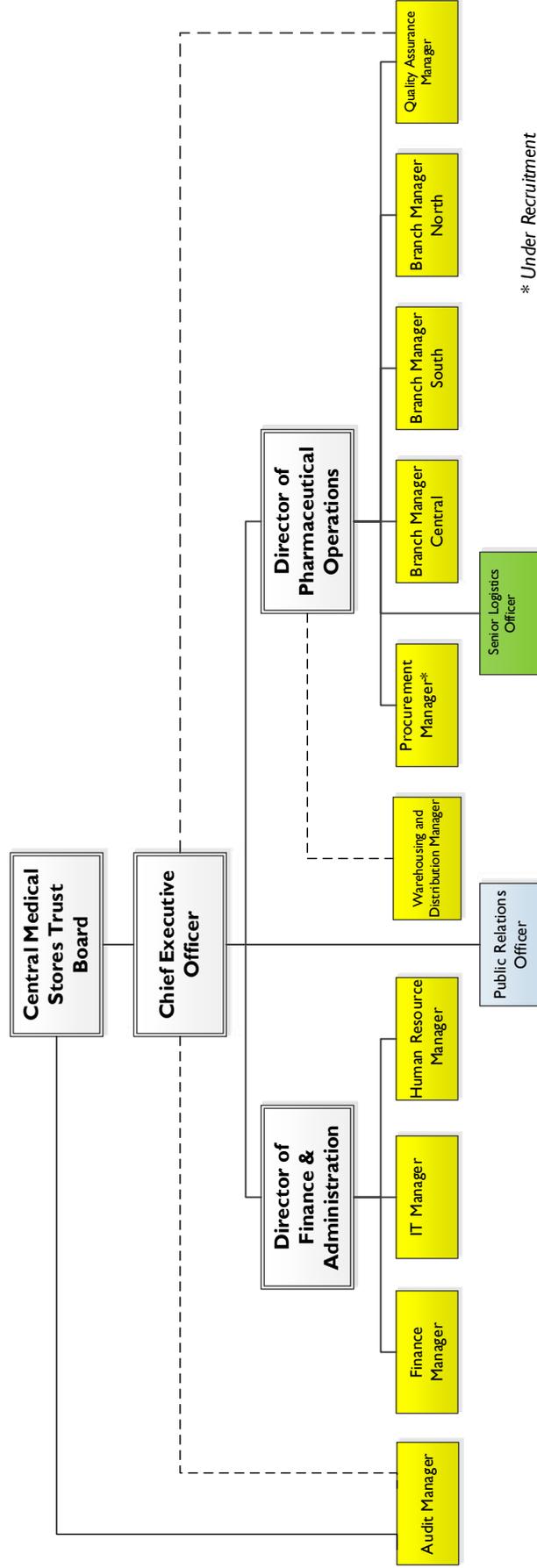


Figure 1 CMST Organisational Structure, September 2015

## Organisational Challenges and Successes

Since we became independent from the MOH in 2010, we have undergone significant transformation and organisational change. However, as we continue our progress towards establishing ourselves as an independent and financially sustainable organisation, we continue to address several challenges. The high level challenges and developments listed below provide the context in which CMST's corporate strategies were updated. These challenges and developments include:

### *Product Availability*

- Since 2010 the national product stock out rate has been reduced from 78% to 25% for essential medicines. CMST currently has a 59% product availability rate for items in its product catalogue (2,393), and a 77% product availability for the items in its "Must Have List" (944).<sup>2</sup>
- The execution of two international tenders for medicine and health commodities, and supply donations from DFID, United Nations Children's Emergency Fund (UNICEF), the Kingdom of Norway, and other partners have contributed to improved product availability since 2012.
- Due to a lack of funding, in part due to the continued outstanding debts (see below), we continue to routinely implement "spot" emergency procurements, which are more expensive due to their shorter planning horizon. However, we have been able to improve this situation and in late 2015 we were able to initiate several open procurement tenders.

### *Infrastructure and Fleet*

- Warehouse improvements in security, temperature control, warehouse signage, as well as the painting of floor markings have been implemented since 2013. The installation of racks in 2013 increased the 4,000 cubic meters of storage at the three Regional Medical Stores (RMS) facilities. The new warehouse being constructed in Lilongwe will add an additional 3,000 cubic metres of storage capacity when its construction and refurbishment is completed in early 2016.
- In 2014 a cold chain vehicle was procured and a 30-tonne vehicle, originally procured by the National AIDS Commission (NAC), was received from the MOH. We are currently in the process of procuring five additional vehicles which will replace five vehicles from our aging fleet.

### *Financial Management*

- As of June 2015, CMST is owed K7.9 billion in arrears from the Malawi government. This has subsequently resulted in an outstanding debt of K5.1 billion to local and international suppliers. However, the government has demonstrated a commitment to clear financial arrears to CMST through the issuance of promissory notes. Currently, alternate methods of payments to CMST, including direct payment from the Treasury rather than the MOH, have been proposed and are being explored.

<sup>2</sup> The "Must Have List" is currently in the process of being reduced to a list of less than 500 items.

- After documentation challenges and a change in auditing firms, CMST is now clearing its backlog of financial audits. The external audits for the 2010-2011 and 2011-2012 were recently completed. The external audits for 2012-2013 and 2013-2014 are expected to be completed in September 2015. The final outstanding 2014-2015 audit is expected to be completed by the end of 2015.

### *Staff and Operations Management*

- Since 2012, some notable additions to the CMST management and planning team include the addition of a Quality Assurance Manager (QAM), an Internal Audit Manager (IAM), as well as a Logistics Officer. The critical role of Procurement Manager is currently under recruitment with support from an international staffing agency.
- In June 2014 CMST entered into a contract with Imperial Health Sciences (IHS) to outsource warehousing and distribution of DFID-procured essential medicines and supplies. As of January 2016, we will assume IHS's role by directly managing the Cargo Management Logistics (CML) distribution contract, with IHS continuing to warehouse the DFID commodities until mid-2016.
- The collaboration with IHS also includes the establishment of a Quality Management System (QMS), which includes the formalisation of a staff performance management framework and the development of warehousing standard operating procedures (SOPs). This work will be completed in December 2015.

In addition to the above, other developments since CMST became an independent organisation in 2010 include the continued implementation of a warehouse improvement plan, a review of its pricing strategy, the development of procurement SOPs, as well as continued progress on the milestones and indicators laid out in the 2012 Joint Plan for Supply Chain Integration.

While significant progress has been made, we still face many challenges as an organisation as we continue to implement the reforms to transition into a more commercially-oriented, financially self-sustaining organisation. Reforms include improving internal planning and coordination, strengthening internal operations and procedures, and above all, improving service delivery to our customers. It is in this context<sup>3</sup> that we reviewed and updated our Corporate Strategy for the 2015-2020 period.

<sup>3</sup> See Business Plan for SWOT analysis for additional details.

# CMST Corporate Strategy: 2015 - 2020

## Objective of the Corporate Strategy Review

Our initial 5-year Corporate Strategy, along with the Business Plan, was first developed in 2013. That document outlined the organisational vision of the Board of Trustees and the Senior CMST Management as it transitioned from a civil service organisation to an independent and self-sustaining commercial organisation. The development of that strategy was led by a team of external consultant and put forward 80 strategies for implementation during the 2013-2018 period. However, the lack of project costing, an overemphasis on process rather than outputs, and a lack of prioritisation were among the observed gaps in the previous strategy document. In early 2015, the CMST leadership initiated a review of the Corporate Strategy in order to better reflect CMST's progress, integrate the most current organisational challenges, and overall, streamline and improve the focus of the strategy document.

## Strategy Development Methodology and Goals

In collaboration with a cross-unit CMST strategy team, the Clinton Health Access Initiative (CHAI) facilitated the review and update of the Corporate Strategy document. As a first step, feedback on suggested organisational and operational areas of improvement was collected from a broad stakeholder group. This stakeholder group included representatives from suppliers, the Malawi Ministry of Health, the Pharmacy, Medicine and Poisons Board (PMPB), District Health Offices, Central Hospitals, donors, as well as other partners (See Annex 2 for a complete list). The CMST strategy team, through a consultative process, then developed and refined the corporate strategies based on this feedback.

The "Balanced Scorecard" methodology was used to develop this updated strategy.<sup>4</sup> This methodology promotes a more integrated approach to strategy development by ensuring the alignment of strategies against the organisational mission, customer value propositions, business unit activities, as well as performance indicators. In its design, this approach aims to "balance" customer (external) and operational (internal) perspectives in the development of a strategy. In addition, as a part of the review process, the strategy team also developed a strategy implementation plan and costed the activities to ensure its successful implementation.

By prioritising organisational goals, activities, and limited resources (financial, staff, and time), this Corporate Strategy is designed to guide day-to-day organisational decision-making and resource allocation. It is meant to be continuously implemented, monitored and shared across the entire organisation with the goal of institutionalising its priorities (See Strategy Monitoring Plan and Governance Structure).

## CMST Strategy Map

In order to visualise the strategy and ensure the alignment of internal and external perspectives, a strategy map was developed (see next page). The goal of this map is to more effectively communicate the alignment of CMST's business unit activities to the developed strategies.

<sup>4</sup> The internal Learning and Growth element of the Balanced Scorecard methodology will be presented in more detail in the CMST Business Plan.

**CMST Corporate Strategy 2015—2020**

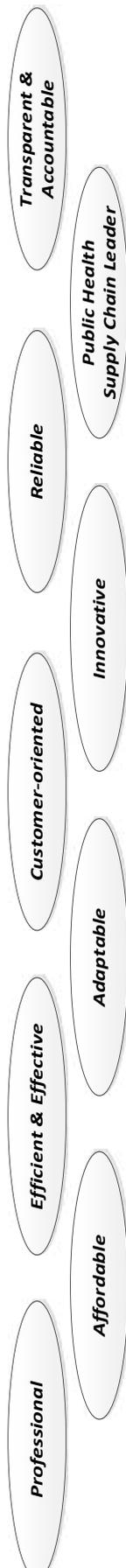
**Improve health in Malawi by ensuring reliable, continuous access to the highest quality medicines and medical supplies through efficient procurement, warehousing and distribution services at the most affordable cost**

Mission Statement

Core Business Areas



Customer Value



Strategies

1. Ensure organisational financial controls, planning cost-effectiveness and sustainability
2. Build and implement customer-focused organisational systems to become the preferred national health commodity supplier
3. Execute procurement planning and operations to efficiently and effectively anticipate and fulfill customer demands
4. Establish and utilise information systems to build a organisational culture of planning, responsiveness, accountability and business unit integration
5. Continuously improve operational and management systems
6. Engage stakeholders to address current and emerging national public health challenges in Malawi

Cross-Unit Objectives

- A) Strengthen invoicing and debt management
- B) Ensure price competitiveness for all products and services
- C) Implement and institutionalise internal controls in all business units
- A) Establish customer service leads; at the RMS level
- B) Utilise market intelligence to make demand-driven procurement decisions
- A) Reduce the number of emergency orders from hospitals, DHOs and health facilities
- B) Reduce the number of emergency RFOs to suppliers
- C) Implement robust internal specification processes and guidelines
- A) Implement a robust ERP system
- B) Strengthen stock data accuracy, integration and availability
- C) Improve data visibility from the supplier to the customers
- A) Improve quality assurance systems in all units (SOPs, staff guidelines, etc.)
- B) Improve PMPB quality testing turnaround time
- C) Improve warehouse utilisation
- D) End use of rental warehouses
- E) Strengthen distribution systems

Implementation Activities

- I. Engage the MOH, MOF, Planning, CHAM, NIGFC and the Treasury Department to clear CMST debts
- II. Improve the updating of AccPac contracts (IOC) with manufacturers on a need basis
- IV. Review and improve financial control procedures and activities
- I. Improve order status reporting to customers
- II. Establish customer service leads at the RMS level
- III. Implement web-based order and stakeholder feedback submission
- IV. Collect and analyse customer demand data (vs. order history)
- V. Establish regional "must-have" list, conduct specialist consultations, and develop regional quantifications
- I. Improve on-time ordering
- II. Reduce the number of emergency orders
- III. Provide quarterly updates to the CMST catalog
- IV. Develop product specification guidelines
- I. Improve the timeliness of stock data entry
- II. Improve stock status data accuracy and timeliness by strengthening the capture and updating of LPO, receipts and issues, data and status
- III. Integrate CMST supply chain planning to invoicing
- I. Establish and implement an internal auditing system
- II. Establish and implement CMS system (WHO MQAS)
- III. Implement improved skip batch testing and new PMPB policies
- IV. Implement JIT planning and contracting for bulk items
- V. Reduce congestion at receipt warehouse
- VI. Integrate new warehouse into CMST system
- VII. Develop distribution models and strengthen distribution function
- I. Rationalize and improve the national donation system in partnership with the PMPB and MOH
- II. Update stakeholders on CMST operations and reform progress

## CMST Mission Statement

Our mission statement summarises our goals as an organisation and is the reason for our existence in the first place. In the process of developing the 2015-2020 Corporate Strategy, we used our mission statement to guide the development of our six strategies, which we in turn refined as follows:

*“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.”*

## Customer Value Propositions

Our strategy team developed a list of values which we continuously aim to demonstrate to our customers, which were also used to guide the development of our corporate strategies. In the provision of our services to our customers, as an organisation, we propose that we are:

<b>Adaptable</b>	Responsive to the changing customer service and product needs
<b>Affordable</b>	Provide competitive pricing and value-for-money
<b>Customer-oriented</b>	Execute customer-driven organisational management, activities and decision-making
<b>Efficient and Effective</b>	Provide rapid and impactful service delivery
<b>Innovative</b>	Implement supply chain and operational problem solving that considers new perspectives and novel approaches
<b>Professional</b>	Timely, courteous, and responsive in our customer services
<b>Reliable</b>	Dependable and consistent in the quality of service delivery
<b>Public Health Supply Chain Leader</b>	Apply organisational expertise to address national supply chain challenges
<b>Transparent and Accountable</b>	Provide informational accountability to customers, partners and stakeholders

## Corporate Strategy Goals and Rationale

The goals and the rationale of the six (6) updated strategies are described below. The alignment of activities, target implementation dates and performance indicators are presented in more detail in Strategy Implementation Framework in Annex 1.

### Strategy #1: Ensure organisational financial controls, planning, cost-effectiveness and sustainability

**Goal:** Improve operational cost efficiency with the overall goal of ensuring money-for-value to CMST customers and the longer term operational sustainability of the organisation.

The financial environment in which we operate is characterised by limited government drug budgets, delayed customer payments, volatile exchange rates, and among the most expensive transport and logistics costs in Africa<sup>5</sup>. The debts we are owed by the MOH are a particular challenge. By limiting our cash flow, this outstanding debt prevents us from paying our suppliers on time and also limits our capacity to undertake bulk commodity purchases to better achieve cost-savings. The clearing of such debts owed to us is our first priority under this strategy. We will work with the Ministry of Finance (MOF), MOH, the National Local Government Finance Committee (NLGFC) to clear all GOM customer debts so that we can pay our own debts to better secure our financial position.

In order to strengthen our financial outlook, we do not only need to more effectively manage our debt, but we also need to achieve better cost efficiencies in our daily operations. Under this first strategy, we will also establish indefinite quantity contracts with suppliers for a range of products so we can lock in the unit costs of selected commodities to improve our price competitiveness as a supplier. In addition, we will establish internal expenditure targets for recurring expenses under each business unit to strengthen our compliance monitoring of expenses against monthly budgets.

## Strategy #2: Build and implement customer-focused organisational systems to become the preferred national health commodity supplier

**Goal:** Establish CMST as the supply chain provider of choice in Malawi by ensuring that customer needs and priorities drive operations, planning and organisational decision-making.

The patients that rely on Malawi's public health system are our ultimate "customer" and the reason why we as CMST exist in the first place. As a result, we are prioritising the improvement of our customer service performance and capacity by establishing regional customer service representatives, which we consider one of the most critical elements of this strategy. These customer service representatives will directly engage with DHOs and other customers on the order fulfilment process. Their activities will include troubleshooting the planning and operational issues (including the monitoring of district budgets) that can negatively impact our ability to meet customer needs and service expectations. The overall goal of this position is to strengthen our customer communications and relationships.

In order to better serve our customers we also need to better understand their current and future demands so we can better plan for them. While we have traditionally utilised MOH forecasts and quantifications for planning purposes, we will begin conducting our own forecasts and quantifications to inform our planning. Under our logistics team, we will be establishing a Demand Planner position, who will conduct biannual forecasts for each region to better understand product demand trends to inform procurement planning.

<sup>5</sup> Malawi is ranked 170 (out of 189 countries) in terms of ease of trading across borders. On average it costs \$2,200 to export a shipping container, it costs \$2,895 to import the same container. *Doing Business 2015, Malawi Economy Profile, World Bank 2015*

<http://www.doingbusiness.org/data/exploreconomies/malawi/~media/gjawn/doing%20business/documents/profiles/country/MWI.pdf?ver=2>

In collaboration with the RMS teams, particularly the customer service representative, the CMST Demand Planner will collect customer order data and analyse it to better understand the actual demand for products. As a part of this work, demand data will be compared to data from other sources (such as HTSS consumption data) to better validate internal CMST forecasts. The goal of this demand analysis and planning is to inform procurement decisions, better plan RMS stock positions, and ultimately improve product availability to reduce the number of stock outs nation-wide.

### Strategy #3: Execute procurement planning and operations to efficiently and effectively anticipate and fulfil customer demands

**Goal:** Strengthen procurement planning and operations to ensure that customer demands are met

In order to prevent product stock outs and meet the needs of our customers, we must maintain adequate stocks at our RMS facilities, which begins with improving our internal procurement planning processes. By effectively planning our orders, and executing timely procurement processes that utilise the correct product specifications, we will not only be able to more effectively meet the needs of our customers, but also achieve the kinds of cost savings that will allow us to purchase even more commodities for our customers.

In addition to establishing product demand planning and analysis functions (see above), we will also improve our procurement planning processes by improving customer on-time ordering and reducing the number of emergency or ad-hoc orders. The more predictable the orders we receive, the better we are able to plan for and fulfil them. Due to a lack of agreement with customers on products specifications, procurements could be delayed or the wrong products could be procured. As a result, as part of this strategy, we will also strengthen the robustness of our product specification documentation so we can provide more effective technical guidance to our customers on their commodity orders to mitigate any procurement process delays.

### Strategy #4: Establish and utilise information systems to build an organisational culture of planning, responsiveness, accountability and business unit integration

**Goal:** Establish robust information systems to optimise the management of product flow, operational planning and financial management across the organisation.

Timely, accurate and uninterrupted information systems are the foundation for organisational planning, responsiveness and accountability. Under this strategy, we will strengthen our internal information systems so they can effectively support order fulfilment, procurement, stock management, invoicing as well as other financial management and reporting processes. Activities under this strategy include improving the timeliness of updating of stock-on-hand, Local Purchase Order (LPO), as well as warehouse issues and receipts data in our AccPac system.

In addition to its timeliness and accuracy, data also needs to be effectively integrated across CMST's various business functions to ensure that process and business decisions are based on the same assumptions. Under our logistics team, our Demand Planner

(See Strategy #2), in addition to developing forecasts and quantifications, will also play a critical role in ensuring that the supply chain and organisational data (demand, stock-on-hand, financial, etc.) is accessible and used by all business units effectively for organisational planning and decision-making.

### Strategy #5: Continuously improve operational and management systems

**Goal:** Establish effective and efficient quality management systems to ensure continuous performance improvement throughout CMST.

In order to constantly provide value to our customers, we will also continue to improve our internal operations across all business units. Through the implementation of quality management systems and the continuous improvement of warehousing and distribution practices, we will establish an organisational culture that is self-critical, open to change, and committed to improving our operational performance.

Activities and initiatives under this strategy will enable us to distribute our products to our customers more efficiently and includes establishing an internal auditing system, the continued implementation and expansion of our Quality Management System (QMS), as well as improving the PMPB turn-around time to more quickly distribute products to our customers. In addition, we plan on implementing the requirements to achieve the World Health Organisation Model Quality Assurance System (WHO MQAS) accreditation, which donor organisations, including the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), have endorsed as a part of their quality assurance policy for procurement agents. As our new depot warehouse becomes operational in early 2016, improving our distribution systems is also a strategic focus. The improvement of supplier delivery coordination under Just-In-Time (JIT) logistics principles, the reduction of intra-CMST facility redistribution costs, as well as the integration of the new warehouse into the CMST system are also key initiatives under this strategy. We will also continue to build the capacity of our staff and will implement a staff capacity building plan that will be more fully detailed in the CMST Business Plan.

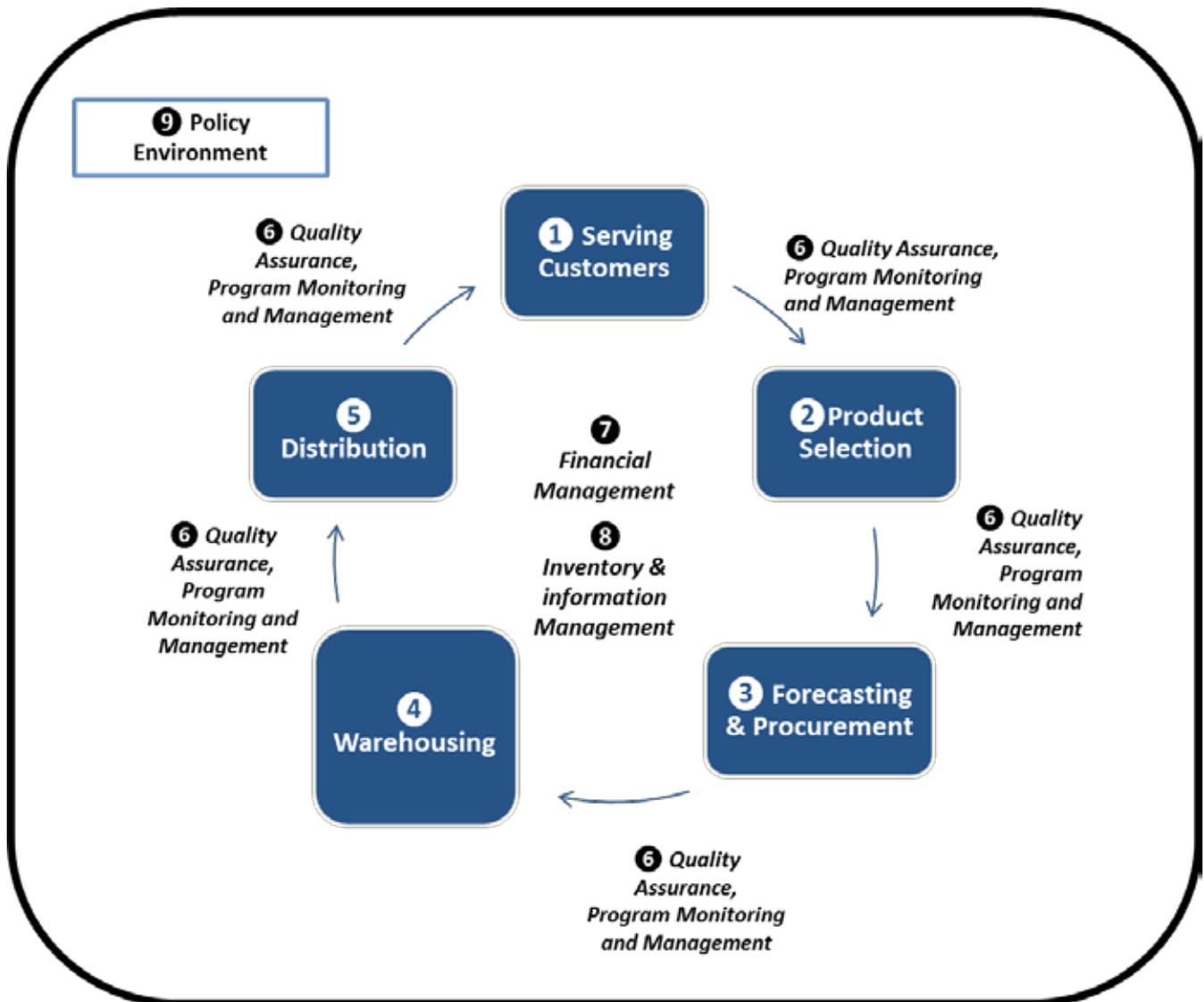
### Strategy #6: Engage stakeholders to address current and emerging national public health challenges in Malawi

**Goal:** Collaborate with the MOH and partners to apply CMST market knowledge, infrastructure, and supply chain expertise to improve public health outcomes in Malawi.

Due to our experience, capacity and government mandate, we as CMST have the responsibility to contribute and guide national supply chain and public health problem-solving in Malawi. By applying our market and operational expertise we will prioritise contributing to all critical public health decision making in Malawi, particularly those with a health commodity management component. We are particularly committed to applying our expertise and leadership to address the supply chain coordination challenges posed by uncoordinated ad-hoc commodity donations which can distort the planning processes of both CMST as well as the parallel supply systems. Under this strategy, similar to our Ebola commodity procurement work, we will prioritise our continued support to the MOH and other partners in tackling the most pressing public health challenges in Malawi.

## Logistics System Aligned Strategy Implementation Activities.

Over the years, logisticians and supply chain professionals have developed a systematic approach to describing the activities of a logistics system.<sup>6</sup> The table below demonstrates how our Strategic Implementation Framework (Annex 1) and its activities capture and align to all the elements of the logistics system.



<sup>6</sup> The Logistics Handbook. USAID | DELIVER Project, 201.1 p.5

<p><b>1. Serving Customers</b></p> <ul style="list-style-type: none"> <li>• Improve order status reporting to customers</li> <li>• Establish customer service leads at the RMS level</li> <li>• Implement web-based order and stakeholder feedback submission</li> </ul>	<p><b>2. Product Selection</b></p> <ul style="list-style-type: none"> <li>• Quarterly updates to the CMST catalogue</li> <li>• Develop product specification guidelines</li> </ul>	<p><b>3. Forecasting &amp; Procurement</b></p> <ul style="list-style-type: none"> <li>• Implement indefinite quantity contracts (IQC) with manufacturers on a need basis</li> <li>• Collect and analyse customer demand data (vs. order history)</li> <li>• Establish regional “must-have” list, conduct specialist consultations, and develop regional quantifications</li> <li>• Improve on-time ordering</li> <li>• Reduce the number of emergency orders</li> </ul>
<p><b>4. Warehousing</b></p> <ul style="list-style-type: none"> <li>• Implement JIT planning and supplier contracting for bulk items (IV, family planning, syringes, cotton wool, etc.)</li> <li>• Reduce congestion at receipt warehouse</li> </ul>	<p><b>5. Distribution</b></p> <ul style="list-style-type: none"> <li>• Develop distribution models and strengthen distribution function</li> </ul>	<p><b>6. Quality Assurance, Programme Monitoring &amp; Management</b></p> <ul style="list-style-type: none"> <li>• Establish and implement an internal auditing system</li> <li>• Establish and implement QMS system (WHO MQAS)</li> <li>• Implement improved skip batch testing and new PMPB policies</li> </ul>
<p><b>7. Financial Management</b></p> <ul style="list-style-type: none"> <li>• Engage the MOH, MOF, Planning, CHAM (Christian Health Association of Malawi), NLGFC and the Treasury Department to clear CMST debts</li> <li>• Review and improve financial control procedures and activities</li> <li>• Improve the updating of AccPac</li> </ul>	<p><b>8. Inventory &amp; Information Management</b></p> <ul style="list-style-type: none"> <li>• Improve the timeliness of stock data entry</li> <li>• Improve stock status data accuracy and timeliness by strengthening the capture and updating of LPO, receipts and issues data and status</li> <li>• Integrate CMST supply chain information from demand planning to invoicing</li> </ul>	<p><b>9. Policy Environment</b></p> <ul style="list-style-type: none"> <li>• Rationalise and improve the national donation system in partnership with the PMPB and MOH</li> <li>• Update stakeholder on CMST operations and reform progress</li> </ul>

# Corporate Strategy Key Performance Indicators

The development and the continuous monitoring of performance indicators are critical in the implementation of a Corporate Strategy. Performance indicators, effectively aligned to a Corporate Strategy, help an organisation to better understand, demonstrate and communicate progress against an organisation's strategies. By creating a "feedback" mechanism on the progress of the implementation of a Corporate Strategy, performance indicators institutionalise organisational commitment to key results, motivate staff to achieve specific objectives, and enable an organisation to more effectively achieve the goals of a Corporate Strategy.

A total of twenty-five (25) initiatives and activities were developed to implement the six (6) strategies. Each of those activities has one or more indicators or milestones aligned to them to assess implementation progress or achievement. Ten (10) indicators (see overleaf) have been identified by the CMST strategy team as the corporate strategy's key performance indicators (KPIs). The monitoring and assessment of these KPIs will be prioritised, routinely reported on to internal and external stakeholders, and will ultimately help to measure progress on the implementation of the Corporate Strategy for CMST senior leadership and business unit managers.

Additional detail on the KPIs, as well as on other indicators is listed in the Strategy Implementation Framework (Annex 1). They will continue to be refined in a separate performance indicator document to be developed, which will include additional detail on data collection procedures, calculation methods, as well as reporting and monitoring cycles.

#	KPI / Milestone	Objective	Target Date
1	Improved regional customer order fill rate <ul style="list-style-type: none"> <li>70% Catalogue items</li> <li>90% for Must Have List</li> </ul>	Expand product access to reduce MOH health facility product stock outs.	June 2016
2	Improved on-time delivery (Actual targets to be determined)	Reduce MOH health facility stock outs.	June 2017
3	Establish "customer service lead" position at each RMS	Improve supply chain planning and CMST customer service and relationship management	January 2016
4	Invoices produced with each dispatch and delivered with each delivery note (e.g. Local Purchase Order (LPO), receipt, transfer voucher and supplier invoice data updated daily in AccPac)	Improve customer expenditure and CMST debt visibility and monitoring	December 2015
5	80% on-time order submitted between the 1st and 10th of each month (June 2016)	Improve requisition process management and customer order fulfilment	June 2016
6	Reduce the number of emergency Request for Quotations (RFQs) to suppliers by 50%	Improve cost-effectiveness by increasing the number of planned orders	June 2016
7	Procurements executed under framework agreements for the following products: oncology medicines, insulin, intravenous fluids, anti-rabies vaccines, dental cartridges, and surgical sutures	Improve commodity procurement cost-effectiveness	January 2017
8	Established QMS and MQAS in place	Establish and implement standardised quality systems to improve organisational efficiency and effectiveness	June 2017
9	Establish and implement standardised quality systems to improve organisational efficiency and effectiveness	Eliminate GOM debt to CMST	June 2016
10	Established internal expenditure targets for recurring expenses (includes distribution costs)	Improve organisational cost efficiency and effectiveness.	Continuous

# Strategy Monitoring Plan and Governance Structure

The success of a strategy is ultimately determined by its implementation. It is estimated that around 70% of corporate strategies fail, not due to the poor design of the strategy, but rather through poor execution.<sup>7</sup> In order to effectively execute our Corporate Strategy, we will implement it at all levels in our organisation to ensure that all business units and staff are on-board. Five management processes have been identified as critical to ensure that a strategy is successfully implemented. They are:<sup>8</sup>

1. **Mobilisation:** *Orchestrating change through executive leadership*
2. **Strategy translation:** *Defining strategy maps, targets and initiatives*
3. **Organisational alignment:** *Aligning corporate business unit, support units, external partners and boards with the strategy*
4. **Employee motivation:** *Providing education, communication, goal setting, incentive compensation and training of staff*
5. **Governance:** *Integrating strategy into planning, budgeting, reporting and management reviews*

In line with the above management processes, the following 10 activities and initiatives have been developed to implement, monitor and institutionalise the Corporate Strategy. As noted in the management principles above, executive leadership on executing and monitoring the strategy is a critical prerequisite and an underlying assumption in the following 10 activities.

1. **Establish a Corporate Strategy Oversight Committee that will meet bi-monthly for the first year, and then quarterly to monitor the implementation of the Corporate Strategy**

This committee will monitor the implementation of the corporate strategy. It will identify reporting and performance bottlenecks and provide decision-making on improvements. The members of the committee who are business unit leads will also be responsible for reporting out to the committee. The Internal Audit Manager (IAM) will play a critical role validating and supporting the individual business units to report on their progress. The Director of Finance and Administration (DFA) will ultimately be responsible for coordinating this meeting.

**Responsible:** DFA

**Dates:** September 2015 to June 2020 (Continuous)

2. **Update the CMST Business Plan**

Update and streamline the CMST Business Plan developed in 2013. This document will provide an overall description of organisational goals, structures, activities and finances and integrate the six Corporate Strategy benchmarks in this document.

**Responsible:** Director of Pharmaceutical Operations (DPO)

**Dates:** October 2015

<sup>7</sup> "Strategy Maps: Converting Intangible Assets into Tangible Outcomes." Kaplan and Norton, Harvard Business School Press, 2004. P. 6

<sup>8</sup> "Alignment." Kaplan and Norton, 2006 Harvard Business School Press, p. 6

### 3. **Present Corporate Strategy and Distribute Strategy Map to All Staff**

After the approval of the Corporate Strategy, all staff will receive copies of the strategy document, and it will be presented to them through various methods to be determined by the senior management and communications team. Under this activity, staff will be trained on the strategy implementation plan and the proposed indicators and milestones.

**Responsible:** Human Resource Manager (HRM) / Public Relations Officer (PRO)

**Dates:** September 2015

### 4. **Implement bi-monthly (every 2 months) business unit reporting to inform oversight committee monitoring of progress in implementing strategic activities to DFA**

As a part of the routine monthly business unit lead meetings, at every other meeting, the business unit leads will present on the progress of their business unit in implementing the activities in the Corporate Strategy. The objective of this meeting is to problem solve and ensure that activities are coordinated across the various units more effectively and to identify and assess any implementation risks.

**Responsible:** All CMST Business Units

**Dates:** September 2015 to June 2020 (Bi-monthly)

### 5. **Develop a separate performance indicator document**

As a collaborative initiative lead by the QAM and the Internal Audit Manager (IAM), the indicators and milestones in the Corporate Strategy will be refined. The goal of this refinement is to validate their appropriateness and identify data sources, and methods of data collection for analysis and reporting. A more complete indicator document will be developed to help more effectively monitor the execution of the strategy and support the work of the Strategy Oversight Committee.

**Responsible:** IAM and QAM

**Dates:** October 2015

### 6. **Institutionalise strategies and progress reporting in all internal and external communication materials**

The PRO will collaborate with business units to ensure that the priorities documented in the Corporate Strategy are integrated into CMST internal and external communication materials.

**Responsible:** PRO

**Dates:** July 2015 to June 2020

### 7. **Align staff capacity development and training plans with the strategy**

CMST staff needs to have the knowledge, skills, and attitudes to effectively and efficiently undertake the activities that execute the Corporate Strategy. The current staff training plan will be reviewed to ensure that planned and prioritised trainings align with the priorities laid out in the Corporate Strategy. The training plan will then be updated as necessary based on any observed gaps. Our internal plan to address human resource capacity gaps will be more fully documented in the CMST Business Plan.

**Responsible:** HRM

**Dates:** August 2015 to June 2016 (with annual reviews)

**8. *Implement biannual budget review of the Corporate Strategy activities to ensure cost-effectiveness and sustainability***

In order to ensure that the activities in the implementation of the Corporate Strategy are cost-effective and sustainable, a biannual budget review of the Corporate Strategy will be conducted by the CMST finance team. This rebudgeting will identify any financial resource gaps that may present barriers to the effective implementation of the strategy. In addition, overall operating budgets will be reviewed against the strategy budget to ensure that any additional costs not included in the strategy budget are adequately funded.

**Responsible:** DFA

**Dates:** January 2016

**9. *Present progress on the implementation of the Corporate Strategy at CMST board meetings (quarterly), stakeholder meetings (quarterly), as well as at the annual general meeting.***

The CMST senior leadership will present out on our progress on implementing the strategy in various forums. The goal of continuously reporting out on our progress is to align internal and external (customers, stakeholder and partners) expectations around the priorities outlined in the corporate strategy.

**Responsible:** CMST CEO, DPO & DFA

**Dates:** September 2015 – June 2020 (Continuous)

**10. *Conduct corporate strategy implementation mid-term review to address implementation barriers***

During the mid-term implementation of the strategy, we will revisit the identified activities and assess their effectiveness in implementing the strategy. The objective of this review is to identify and address any barriers to the timely and effective execution of the strategy activities. This mid-term review will provide the strategy oversight team the opportunity to accelerate, expand or modify implementation activities, or reprioritise implementation timelines along with any required resources.

**Responsible:** CEO

**Dates:** January 2018

# Corporate Strategy Implementation Budget: 2015-2020

The budget below represents<sup>9</sup> the estimated costs to implement the 2015—2020 Corporate Strategy. It is a five year budget and includes costed activities above routine operational expenses. For example, staff salaries, with the exception of staff added to implement a specific strategy (such as the Customer Service Representative, the Demand Planner, etc.), are not included in this budget. The majority of expenditures are planned for the 2015-2016 period. In addition, previously planned investments related to the completion of the new depot warehouse in Lilongwe are also included in this budget. As noted in the previous section, this budget will be reviewed on a biannual basis to ensure cost-effectiveness and project sustainability.

## Budget Summary

	MKW	USD
<b>Strategy 1: Ensure organisational financial controls, planning cost-effectiveness and sustainability</b>	33,380,000	59,395
<b>Strategy 2: Build and implement customer-focused organisational systems to become the preferred national health commodity supplier</b>	106,500,000	189,502
<b>Strategy 3: Execute procurement planning and operations to efficiently and effectively anticipate and fulfil customer demands</b>	30,750,000	54,715
<b>Strategy 4: Establish and utilise information systems to build an organisational culture of planning, responsiveness, accountability and business unit integration</b>	46,320,000	82,420
<b>Strategy 5: Continuously improve operational and management systems</b>	368,432,472	655,574
<b>Strategy 6: Engage stakeholders to address current and emerging national public health challenges in Malawi</b>	60,313,966	107,320
<b>Grand Total</b>	<b>645,696,438</b>	<b>1,148,926</b>

## Activity budget details are as follows

<b>Strategy 1: Ensure organisational financial controls, planning cost-effectiveness and sustainability</b>					
Activity	Detail	Implementation Dates	Cost (MKW)	USD	
1. Engage the MOH, MOF, Planning, CHAM, NLGFC and the Treasury Department to clear CMST debts	<i>Public relations activities and Travel</i>	July 2015 - June 2016	7,500,000	13,345	
2. Improve the updating of AccPac	<i>Travel</i>	July 2015 - Dec 2015	6,240,000	11,103.20	
3. Implement framework agreements from manufacturers	<i>Meetings and travel</i>	July 2015 - Jan 2017	6,240,000	11,103	
4. Review and improve financial control procedures and activities	<i>Includes consultancy</i>	July 2015 - June 2020	13,400,000	23,843.42	
<b>Total</b>			<b>33,380,000</b>	<b>59,395</b>	

<sup>9</sup> This is the budget for the Corporate Strategy as of September 2015. It is based on an exchange rate of MKW562 to USD1.

**Strategy 2: Build and implement customer-focused organisational systems to become the preferred national health commodity supplier**

Activity	Detail	Implementation Dates	Cost (MKW)	USD
1. Improve order status reporting to customers 2. Establish "customer service leads" at the RMS level	<i>Salaries for 3 reps</i>	July 2015 to June 2020 January 2016 (Target)	36,000,000	64,056.94
3. Implement web-based order and stakeholder feedback submission	<i>IT Development and Training (DHO, Central Hospitals and others)</i>	July 2015 to June 2016	36,000,000	64,057
4. Collect and analyse customer demand data (vs. order history)	<i>Branch level, demand data collection and customer visits twice a year</i>	July 2015 to June 2020	22,500,000	40,036
5. Establish regional "must-have" list, conduct specialist consultations, and develop regional quantifications	<i>Printing and workshop; Reduce to less than 500 items</i>	July 2015 to June 2016	12,000,000	21,352
<b>Total</b>			<b>106,500,000</b>	<b>189,502</b>

**Strategy 3: Execute procurement planning and operations to efficiently and effectively anticipate and fulfil customer demands**

Activity	Detail	Implementation Dates	Cost (MKW)	USD
1. Improve on-time ordering	<i>Travel, communications; Activities also under customer rep and other activities</i>	July 2015 to June 2016	9,000,000	16,014
2. Reduce the number of emergency orders	<i>SADC bulk procurement meetings;</i>	July 2015 to June 2016	2,250,000	4,004
3. Quarterly updates to the CMST catalogue	<i>Update workshop; Printing in 2017</i>	Dec 2015 to June 2020	11,000,000	19,573
4. Develop product specification guidelines	<i>Supplier, ODPP, and end user meetings; Document development</i>	July 2015 to Dec 2015	8,500,000	15,125
<b>Total</b>			<b>30,750,000</b>	<b>54,715</b>

**Strategy 4: Establish and utilize information systems to build an organisational culture of planning, responsiveness, accountability and business unit integration**

Activity	Detail	Implementation Dates	Cost (MKW)	USD
1. Improve the timeliness of stock data entry	<i>Staff training; Monitoring costs</i>	July 2015 to Dec 2015	4,320,000	7,687
2. Improve stock status data accuracy and timeliness by strengthening the capture and updating of LPO, receipts and issues data and status	<i>Training costs; additional finance staff (2);</i>	July 2015 to June 2016	30,000,000	53,381
3. Integrate CMST supply chain information from demand planning to invoicing	<i>Central level demand planner position</i>	Jan 2016 to March 2016	12,000,000	21,352
<b>Total</b>			<b>46,320,000</b>	<b>82,420</b>

**Strategy 5: Continuously improve operational and management systems**

Activity	Detail	Implementation Dates	Cost (MKW)	USD
Establish and implement an internal auditing system:				
1. Develop an annual audit plan	<i>Additional staff (2); Meetings and Training</i>	July 2015 to June 2020	69,000,000	122,776
2. Implement annual and quarterly audit reports				
3. Establish and implement QMS system (WHO MQAS)	<i>Additional hires; travel;</i>	July 2015 to June 2017	84,300,000	150,000
4. Implement improved skip batch testing and new PMPB policies		July 2015 – June 2020	27,000,000	48,043
5. Implement JIT planning and supplier contracting for bulk items (IV, family planning, syringes, cotton wool, etc.)	<i>Under logistics costs</i>	Jan 2016 to Dec 2016	650,000	1,157
6. Reduce intra-CMST redistribution costs	<i>Activities also a part of improving distribution models</i>	Jan 2016 – Dec 2016	9,382,472	16,695
7. Integrate new warehouse into CMST system	<i>Includes repairs and remaining works; Previously budgeted</i>	March 2016 – June 2016	168,600,000	300,000
8. Develop distribution models and strengthen distribution function	<i>Training; 3 new logistics assistants</i>	July 2015 – June 2017	9,500,000	16,904
<b>Total</b>			<b>368,432,472</b>	<b>655,574</b>

**Strategy 6: Engage stakeholders to address current and emerging national public health challenges in Malawi**

Activity	Detail	Implementation Dates	Cost (MKW)	USD
1. Rationalise and improve the national donation system in partnership with the PMPB and MOH	<i>Meetings and travel</i>	July 2015 - June 2016	6,546,432	11,648
2. Update stakeholder on CMST operations and reform progress, and provide facility tours	<i>Includes the AGM cost, travel and related meetings</i>	July 2015 to June 2020	53,767,534	95,672
<b>Total</b>			<b>60,313,966</b>	<b>107,320</b>

## Annex 1: Strategy Implementation Framework

The following tables provide a framework on the activities that will implement our six (6) strategies. They include indicators, target completion dates, as well as clear internal CMST owners.

<b>Strategy #1: Ensure organisational financial controls, planning cost-effectiveness and sustainability</b>				
<b>Cross-Unit Objectives</b>	<b>Implementation Activities</b>	<b>Indicators / Milestones</b>	<b>Dates</b>	<b>Owner</b>
<b>A) Strengthen invoicing and debt management</b>	I. Engage the MOH, MOF, Planning, CHAM, NLGFC and the Treasury Department to clear CMST debts	<ul style="list-style-type: none"> <li>Clear past GOM debts by June 2016</li> </ul>	June 2016	Finance Unit Manager
		<ul style="list-style-type: none"> <li>80% Invoices paid within 60 days</li> </ul>	January 2016	Finance Unit Manager
	II. Improve the updating of AccPac	<ul style="list-style-type: none"> <li>Invoices produced with each dispatch and delivered with each delivery note (e.g. LPO, receipt, transfer voucher and supplier invoice data updated daily in AccPac)</li> </ul>	July 2015 to December 2015	Branch Managers
<b>B) Ensure price competitiveness for all products and services</b>	III. Implement indefinite quantity contracts (IQC) with manufacturers on a need basis	<ul style="list-style-type: none"> <li>Procurements executed under IQCs for the following products: oncology medicines, insulin, intravenous fluids, anti-rabies vaccines, dental cartridges, and surgical sutures</li> </ul>	July 2015 to January 2017	Procurement Unit Manager
<b>C) Implement and institutionalise internal controls in all business units</b>	IV. Review and improve financial control procedures and activities	<ul style="list-style-type: none"> <li>Complete all outstanding audits: 2013- 2015</li> </ul>	July 2015 – December 2015	Finance Unit Manager
		<ul style="list-style-type: none"> <li>Monitoring of compliance with monthly business unit budgets on a monthly basis</li> </ul>	July 2015 to June 2020	
		<ul style="list-style-type: none"> <li>Established internal expenditure targets for reoccurring expenses (includes distribution costs)</li> </ul>	July 2015 to June 2020	

**Strategy #2: Build and implement customer-focused organisational systems to become the preferred national health commodity supplier**

Cross-Unit Objectives	Implementation Activities	Indicators / Milestones	Dates	Owner
<b>A) Establish customer service leads at the RMS level</b>	I. Improve order status reporting to customers	<ul style="list-style-type: none"> <li>Monthly communications to all 28 DHOs</li> </ul>	July 2015 to June 2020	RMS Branch Managers
	II. Establish customer service leads at the RMS level	<ul style="list-style-type: none"> <li>Establish "customer service lead" position at each RMS (January 2016);</li> <li>Improved regional customer order fill rate 70% Catalogue items; 90% for Must Have List (June 2016);</li> <li>Stock Turn-Over = 6 months (max) (January 2017);</li> <li>80% of all requisitions submitted online (June 2016)</li> </ul>	Various	
	III. Implement web-based order and stakeholder feedback submission	<ul style="list-style-type: none"> <li>80% of all requisitions submitted online</li> </ul>	July 2015 to June 2016	
<b>B) Utilise "market intelligence" to make demand-driven procurement decisions</b>	IV. Collect and analyse customer demand data (vs. order history)	<ul style="list-style-type: none"> <li>Demand database updates done quarterly</li> </ul>	July 2015 to June 2020	Logistics
	V. Establish regional "must-have" list, conduct specialist consultations, and develop regional quantifications	<ul style="list-style-type: none"> <li>Regional Must-Have list;</li> <li>Quarterly lab quantifications;</li> <li>Annual supply quantifications completed</li> </ul>	July 2015 to June 2016	RMS Branch Managers

**Strategy #3: Execute procurement planning and operations to efficiently and effectively anticipate and fulfil customer demands**

Cross-Unit Objectives	Implementation Activities	Indicators / Milestones	Dates	Owner
A) <b>Reduce the number of emergency orders from hospitals, DHOs and health facilities</b>	I. Improve on-time ordering	<ul style="list-style-type: none"> <li>80% on-time order submitted between the 1st and 10th of each month (June 2016)</li> <li>80% of all requisitions submitted online</li> <li>Improved regional customer order fill rate 70% Catalogue items; 90% for Must Have List (June 2016)</li> </ul>	July 2015 to June 2016	Branch Managers
B) <b>Reduce the number of emergency RFQs to suppliers</b>	II. Reduce the number of emergency orders	<ul style="list-style-type: none"> <li>Reduce the number of emergency orders to suppliers by 50%</li> </ul>	July 2015 to June 2016	Procurement Unit Manager
C) <b>Implement robust internal specification processes and guidelines</b>	III. Provide quarterly updates to the CMST catalogue	<ul style="list-style-type: none"> <li>CMST Catalogue Updated Quarterly</li> </ul>	December 2015 to June 2020	Director of Pharmaceutical Operations
	IV. Develop product specification guidelines	<ul style="list-style-type: none"> <li>Completed product specification document</li> </ul>	July 2015 to December 2015	

**Strategy #4: Establish and utilise information systems to build an organisational culture of planning, responsiveness, accountability and business unit integration**

Cross-Unit Objectives	Implementation Activities	Indicators / Milestones	Dates	Owner
<p><b>A) Implement a robust Enterprise Resource Planner (ERP) system</b></p>	<p>I. Improve the timeliness of stock data entry</p>	<ul style="list-style-type: none"> <li>• 100% of stock data updated by the close of business each day</li> <li>• &lt; 5% variance between stock reports and physical counts (biannual)</li> </ul>	<p>July 2015 to December 2015</p>	<p>RMS Branch Managers</p>
<p><b>B) Strengthen stock data accuracy, integration and availability</b></p>	<p>II. Improve stock status data accuracy and timeliness by strengthening the capture and updating of LPO, receipts and issues data and status</p>	<ul style="list-style-type: none"> <li>• &lt; 5% variance between stock reports and physical counts (biannual)</li> <li>• &lt; 5% LPOs signed vs. LPOs captured in AccPac (LPO backlog)</li> </ul>	<p>July 2015 to June 2016</p>	<p>ICT Manager</p>
<p><b>C) Improve data visibility from the supplier to the customers</b></p>	<p>III. Integrate CMST supply chain information from demand planning to invoicing</p>	<ul style="list-style-type: none"> <li>• Establish a cross-cutting demand planning position to reconcile demand forecasts, product pipeline data, and current stock on hand information.</li> </ul>	<p>January 2016 to March 2016</p>	<p>Logistics Unit</p>

**Strategy #5: Continuously improve operational and management systems**

Cross-Unit Objectives	Implementation Activities	Indicators / Milestones	Dates	Owner
A) <b>Improve quality assurance systems in all units (SOPs, staff performance management, guidelines, etc.)</b>	I. Establish and implement an internal auditing system:	<ul style="list-style-type: none"> <li>Audit reports completed each quarter (Starting July - Sept 2015)</li> </ul>	July 2015 to June 2020	Internal Audit Manager
	<ul style="list-style-type: none"> <li>Develop an annual audit plan</li> <li>Implement annual and quarterly audit reports</li> </ul>	<ul style="list-style-type: none"> <li>Annual audits completed annually in July of each year</li> </ul>		
B) <b>Improve PMPB quality testing turnaround time</b>	II. Establish and implement QMS system (WHO MQAS)	<ul style="list-style-type: none"> <li>Established QMS and MQAS in place</li> </ul>	July 2015 to June 2017	Quality Assurance Manager
	III. Implement improved skip batch testing and new PMPB policies	<ul style="list-style-type: none"> <li>PMPB approval of skip batch testing procedures and policies</li> <li>Skip batch testing for all products (Continuous)</li> </ul>	July 2015 – December 2015 September 2015 – June 2020	Quality Assurance Manager
C) <b>Improve warehouse utilisation</b>	IV. Implement JIT planning and supplier contracting for bulk items (IV, family planning, syringes, cotton wool, etc.)	<ul style="list-style-type: none"> <li>Stock Turn-Over = 6 months (max)</li> </ul>	January 2016 to December 2016	Logistics Unit & Procurement Unit
	V. Reduce congestion at receipt warehouse	<ul style="list-style-type: none"> <li>Reduce intra-CMST redistribution costs</li> <li>Stock Turn-Over = 6 months (max)</li> <li>Relocate CMST products into the new warehouse by end of Q1 2016</li> </ul>	January 2016 – December 2016	Logistics Unit
D) <b>End use of rental warehouses</b>	VI. Integrate new warehouse into CMST system	<ul style="list-style-type: none"> <li>Relocate CMST products into the new warehouse by end of Q1 2016</li> </ul>	March 2016 – June 2016	
E. <b>Strengthen distribution systems</b>	VII. Develop distribution models and strengthen distribution function	<ul style="list-style-type: none"> <li>Improve on-time delivery</li> </ul>	July 2015 – June 2017	

**Strategy #6: Engage stakeholders to address current and emerging national public health challenges in Malawi**

Cross-Unit Objectives	Implementation Activities	Indicators / Milestones	Dates	Owner
A) <b>Initiate and contribute to national public health discussions and decision-making (i.e. new medicines, health technologies, etc.)</b>	I. Rationalise and improve the national donation system in partnership with the PMPB and MOH	<ul style="list-style-type: none"> <li>Updated national donation guidelines</li> </ul>	July 2015 - June 2016	Director of Pharmaceutical Operations
B) <b>Lead Quarterly CMST partner meetings</b>	II. Update stakeholders on CMST operations and reform progress	<ul style="list-style-type: none"> <li>CMST Reform Committee Meeting; Stakeholder meetings held quarterly; Annual General Meeting</li> </ul>	July 2015 to June 2020	

## Annex 2. CMST Staff and Stakeholders Interviewed

Organisation	Name	Position
CMST	Mr. Innocent Issa & Mr. David Kulemela	Branch Manager & Pharmacist - South Branch
CMST	Mr. Alfred Edwin	Quality Assurance Manager
CMST	Mr. Feston Kaupa	CEO
CMST	Mr. Washington Kaimvi	Finance Director
CMST	Dr. Moses Chisale	DPO
CMST	Mr. Enock Foster	Pharmacist In-Charge
CMST	Mr. John Mponda	Board Member
CMST	Mr. Rex Kuyeli	Logistics Officer
CMST	Mr. Joe Kaliliangwe	Human Resource Manager
CMST	Mr. David Chima	ICT Manager
DFID	Mr. Andrew McNee	Health & HIV Adviser
DHO (Chikwawa)	Dr. A Majidu & Mr. Nyambo	DHO & PT
DHO (Thyolo)	Ms Maria Botha & Mr. Nelson Nanchinga	DNO & Pharmacy Technician
Galaxy Pharmaceuticals	Mr. Jayant Makhecha	Managing Director
HERA	Ms. Marianne Shurman	Consultant
Imperial Health Sciences	Ms. Marsel Opperman	Country Manager
Kamuzu Central Hospital	Mr. Ngoma & Ms. Taddala Hamisi	Director & Pharmacist
Karonga DHO	Dr. Charles Sungani	DHO
Kentam	Ms. Janet Thindwa, Mr. Henderson Namwaza & Mr. Chinyama	General manager/ Accountant/ Quality Assurance Manager
Lab Enterprise	Ms. Emily Samati	Director
Lilongwe DHO	Dr. Mwai Mwale	DHO
LLW - RMS PIC	Mr. Evans Chidakwa	PIC - Central Branch
Malawi Pharmacies	Mr. Chokani Mhango	Finance Director
Mchinji DHO	Dr. Chimwemwe Banda	DHO

MOH - HTSS	Mr. Albert Khuwi	Deputy Director, Pharmaceuticals
MOH - Planning	Mr. Dalitso Kabambe	Director
Mzuzu Central Hospital	Mrs R Nyirenda & Mr. M Nyirenda	Director & Pharmacist
Nkhata-Bay DHO	Mr. Nkhuta; Mr. Paul Kaseka & Mr. Musutu	Pharmacist In-Charge & District Nursing Officer; Pharmacist
Pharmamed	Mr. Kalpesh Panchal	Managing Pharmacist
PMPB	Mr. Godfrey Kadewele	CEO
POA	Mr. Franz Friedrichs	Procurement Oversight Agent
CMST	Mr. Herbert Chandilanga	Public Relations Officer
Procurement Unit	Ms. Charity Madula	Senior Program Officer
Queen Elizabeth Central Hospital	Mr. Andrew Gonani & Mr. Stanford Miyango	Director & Pharmacist
RiteChem Pharmaceuticals	Mr. Shar	Managing Director
RMS-North	Mr. Stewart Lichapa & Mr. Innocent Mbowela	Branch Manager/ Pharmacist
Royal Norwegian Embassy	Ms. Hildegunn Tobiason	First Secretary
United States Agency for International Development	Mr. Ugbede Abu & Mr. Lumbani Makwakwa	Supply Chain Advisors



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