

Service Delivery:

Establishing Efficient Supply Chain Processes



Queensland Government

Queensland **Health**

Objective

To outline a Queensland Health initiative to establish an efficient service delivery model for the provision of Supply Services.

SSP Service Functions Performed

- ✓ Operational procurement:
 - ❖ Procurement and processing (Transactional activity)

- ✓ Some tactical procurement:
 - ❖ Significant purchases
 - ❖ Development of supply arrangements

- ✓ Warehousing & Distribution:
 - ❖ Inventory management
 - ❖ Warehouse management
 - ❖ Distribution

- X Not Strategic Procurement:
 - ❖ Policy & planning
 - ❖ Supply positioning

Scope of QHSSP Supply Activity

Staff – 307 FTEs

Purchase Orders raised - 400,000 pa

Purchase Order Value - \$660m pa

PO Line Items raised - 1,000,000 pa

Inventory Value - \$5.7m

Supply Staff by Location

Location	Number	Location	Number
Newmarket	39	Tablelands	3
Townsville	34	Mt Isa	2
Cairns	24	Roma	2
Prince Charles	20	South Burnett	2
Princess Alexandra	18	Northern Downs	2
Gold Coast	18	Torres Strait	2
West Moreton	18	Cape York	2
Toowoomba	18	Bayside	2
Redcliffe/Caboolture	14	Gladstone	2
Rockhampton	14	Central Highlands	2
Sunshine Coast	14	Central West	2
Fraser Coast	12	Banana	2
Logan/Beaudesert	10	Gympie	2
Queen Elizabeth 11	7	Charleville	2
Mackay	6	Charters Towers	1
Bundaberg	6	Bowen	1
Southern Downs	3	Innisfail	1

Why the need for change?

- ❖ Support achievement of the shared services agenda
- ❖ Supply function is fragmented (34+ supply facilities)
- ❖ Lack of standardisation in processes
- ❖ Unnecessary added costs :
 - ❖ Multiple inventory holding points
 - ❖ Freight costs
 - ❖ Costs to vendors of multiple customers/POs
 - ❖ Volumes of non-stock

Physical Distribution Model

- ❖ Establish three DCs - SE QLD, Townsville & Cairns:
 - ❖ Holding inventory
 - ❖ Receiving in bulk and issue to cost centre level
 - ❖ Cross docking operations
- ❖ Maintain contingency stores (*Mt Isa, Weipa, Thursday Island?*)
- ❖ Expand inventory lines (*reduce non-stock*)
- ❖ Reduce Nos of independent supply chains (*Supply, pharmaceuticals, dental supplies & pathology a singular activity ??*)
- ❖ Rationalise procurement & freight operations

Procurement Model

- ❖ Centralised purchasing/inventory mngt of stock?
- ❖ Non-stock purchasing options?
- ❖ Purchase of low cost low risk products *(Use of CPC?)*
- ❖ Opportunities for standardisation of products?
- ❖ Delivery of contracts management services?
- ❖ Opportunities to better utilise technology? *(eg Shopping cart, e-procurement)*

Constraints

- ❖ **Geographic Dispersion** — the freight distribution network will be required to be developed in an environment which sees health care facilities geographically dispersed and long lines of communication.
- ❖ **Hospital Infrastructure** — inpatient storage capacity is limited within many health care facilities.
- ❖ **SAP Environment** — there is a requirement to look to SAP, in the first instance, to provide information technology systems and WMS solutions.

Constraints *(Cont)*

- ❖ **Finance Business Solution** — implementation of the FBS will impact timetables and resource availability.
- ❖ **Industrial Environment** — current EB arrangements impact available options.
- ❖ **Health Environment** — products, positions and politics.

Project Status

- ❖ Project team and framework is in place
- ❖ Consultative processes commenced
- ❖ Moving to implement deliverables in accordance with work breakdown schedules:
 - ❖ Service delivery models being developed
 - ❖ Contractors appointed to assist in development of a freight model
 - ❖ Specification developed to design & construct the Townsville DC

Key Messages - Our Staff

- ❖ Staff are valued. SSP is seeking to be an employer of choice.
- ❖ Support to “regionalisation” of services.
- ❖ There is a commitment to consultation with staff. We will allow adequate time for staff to understand, analyse, seek appropriate advice and respond to information, and give genuine consideration to their views before making a final decision.

Key Messages - Our Customers

- ❖ Our focus is delivering outstanding service to our customers. Client service, service delivery, customer focus ... are paramount!
- ❖ We must engage our customers. Get them to value our service ... it is our key to survival.
- ❖ First time right ... but, we accept that bad decisions/mistakes may be made; the critical issue is how we then get in and fix it!

Key Messages - Service Delivery

- ❖ QHSSP is committed to being a high performance organisation. This will be achieved by optimising opportunities within the environment within which we work.
- ❖ Ours is a business model. Unless we organise and perform on such a basis we will be fair game for others.
- ❖ Hubbing is part of our business model; BUT ...
- ❖ We aim to achieve “end to end” management of the supply chain with standardised, consistent processes and outcomes.

Key Messages - Communication

- ❖ As managers, we will focus on face to face engagement with staff and customers. Lets get off our butts!
- ❖ Recognition that L2 and L3 managers have a critical role to play in communicating the vision, direction and values of QHSSP to staff and clients.
- ❖ SSP is committed to working with unions and improving consultation processes.



Thank you

Peter Rushbrook
A/Director, Supply Services
Queensland Health Shared Service Partner

Phone: 07 3352 8286

Email: Peter_Rushbrook@health.qld.gov.au