



Australian Red Cross

**Australian Red Cross
BLOOD SERVICE**

Oliver Wight
OLIVER WIGHT

Customer
profile

The bloody end of the supply chain

Ensuring sufficient red cell inventory by blood group is a tremendous challenge for blood services across the world. But the Australian Red Cross Blood Service, with the help of business improvement specialists Oliver Wight is aligning supply with demand to improve its efficiency across the board.

Inspiring
Business
Performance



The Australian Red Cross Blood Service is responsible for the collection and supply of the nation's blood and blood products. A division of the Australian Red Cross organisation, the 3,800 person Blood Service is wholly government funded and has an obligation to provide a safe and secure supply of blood for all Australians.

The Australian Red Cross Blood Service faces a unique set of supply chain challenges; it can't procure raw material, relying instead on non-remunerated Australian donors. Additionally, each product has a different shelf life, storage method, and packing and shipping method.

By far the greatest variable affecting the supply chain is the steady flow of Australian donors who, like many of their colleagues overseas, are time poor and struggling to keep up with the day to day demands of a busy life.

The Blood Service uses contemporary marketing techniques to keep the importance of blood donation 'top of mind' for Australians and the organisation is continually striving to improve the donation experience to ensure access to donor centres is easy and relatively quick.

There have been periods in history, when there have been too many donors to meet demand: having too much blood

means that blood components would need to be stored longer, affecting shelf life and value for money. Having too little means the Blood Service needs to appeal for donors. Neither situation is ideal.

Faced with these challenges, the Blood Service reviewed its supply chain and recruited Jacqui Caulfield, now its Executive Director of Manufacturing, to implement change.

Coming from a commercial background, Caulfield had strong experience in Integrated Business Planning (IBP) - otherwise known as advanced sales and operations planning (S&OP) - a process she believed could greatly benefit the Blood Service.

Aligning Supply with Demand

The Blood Service introduced a new program called Aligning Supply with Demand, tailored by Oliver Wight IBP. Whilst there are many similarities between the two, the



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Blood Service doesn't call its process sales and operations planning because it doesn't actually 'sell' blood.

Implementation is still ongoing; nevertheless the results have been quick to arrive. Demand forecasts have been established and accuracy has improved significantly, inventory levels have stabilised and planning accuracy has increased. The process has also had a positive impact on order fulfilment rates.

It has not been an easy journey however. “Most of the staff had worked in the Blood Service and health industry for a long time and were unfamiliar with the concept of IBP. It was difficult for them to see how it could assure we have the right blood in the bank,” Caulfield says.

Oliver Wight consultant, Mike Reed, was engaged to explain the relevance of S&OP to the Red Cross Blood Service. He spoke to the Executive team, ran a discovery workshop, and facilitated a two-day Q&A session.

Project Manager, Shannon Gibson, was also hired, and Caulfield is quick to recognise the credibility Gibson brought with her. “Coming from CSL, who fractionate (manufacture) plasma and plasma-derived therapeutics, Shannon had

industry experience. She had also implemented S&OP there - so she had immediate credibility - and people were willing to go along with what she said.”

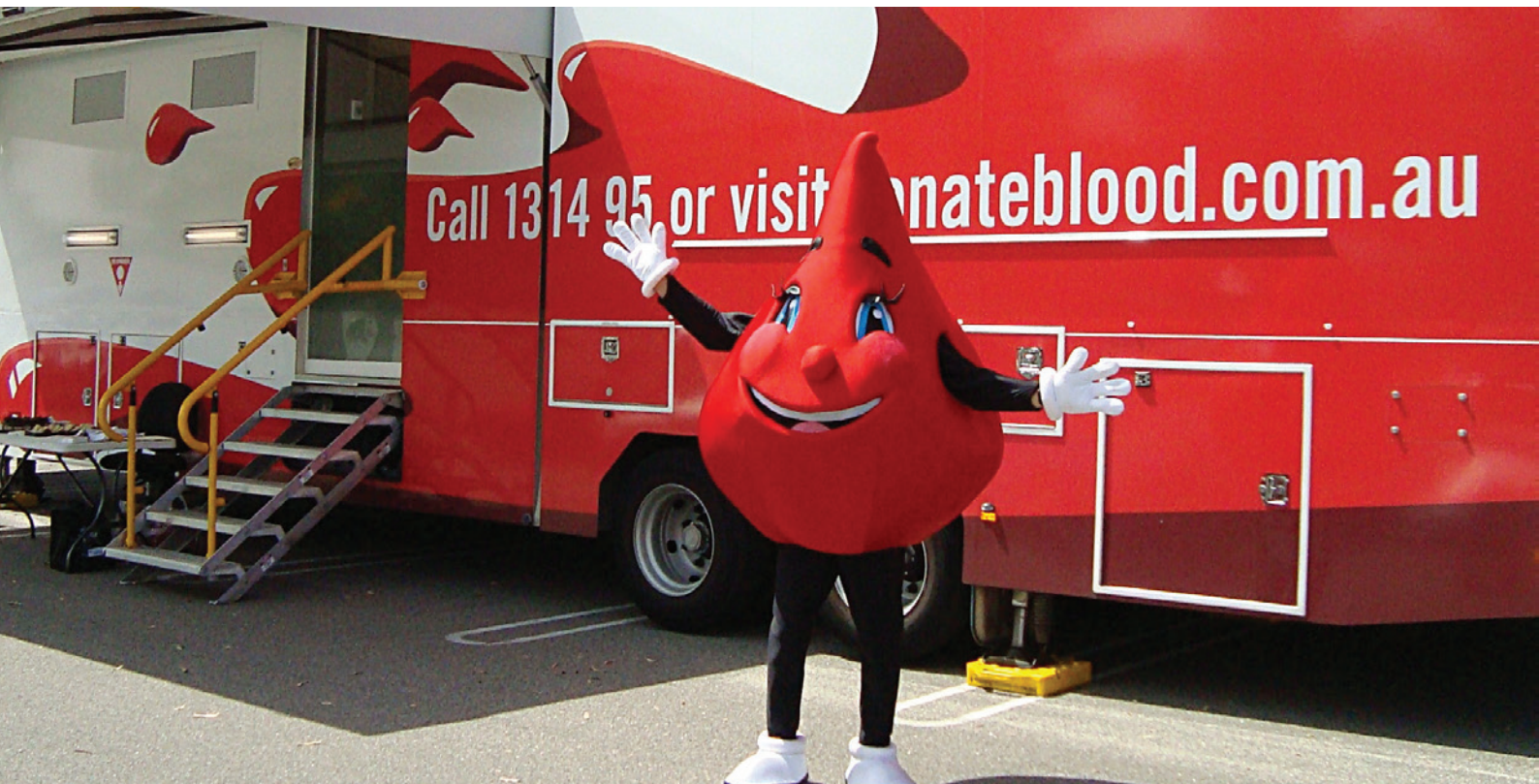
The project focussed on three streams: demand, supply and products and services. The project logically began with the demand group, who created a red cell forecast to pass on to the supply stream.

The supply group was further sub-divided in to two clear steps: the first and most complex was collection; the other, manufacturing. “The collection process is not only quite involved, it is also quite different to other industries because these steps would normally fall under the role of procurement,” explains Caulfield.

“Manufacturing involves processing, testing, inventory management and packing the final product for distribution.”

Paving the way for integration

As part of the Aligning Supply and Demand program, a stage and gate methodology has been introduced, and the process has helped identify and deliver high value initiatives as well as aligning product and services with the organisation's strategic objectives.



The product and service portfolio has also been integrated under the Chief Medical Officer, Dr Joanne Pink; aided by a parallel wider service re-structure.

The alignment process has resulted in each of the states and territories having to align their practices after having been their own local blood services. A major restructure was also carried out whilst Aligning Supply with Demand was being rolled out.

“For a highly regulated industry, we had a lot of variable processes with people doing things quite differently across the different regions,” Caulfield says. “The new structure and Aligning Supply and Demand program has however paved the way for a more integrated system with standardised planning processes across the states.”

Big Change

Implementation of the Aligning Supply and Demand process went well with people keen to get involved. “It’s a big change moving to this way of working,” admits Caulfield. “But we’ve got a very strong leadership team and it’s working very well.”

The new funding model introduced by the government in mid-2010 was another substantial catalyst for the project;

rather than being based on collection, funding is now driven by actual demand. “This increased the challenge of the organisation to collect the right amount to meet demand ” says Caulfield.

Mirroring an Integrated Business Planning process, five monthly reviews have been established. One for each team – demand, supply and products and services – an integrated reconciliation meeting, and a management review.

Attended by a cross-section of employees, including finance, the meetings assess current performance and agree a plan going forwards.

Here, Oliver Wight still play a significant role, with consultant Mike Reed sitting in on some of the monthly review meetings to continue supporting the group towards achieving its objectives.

Fantastic Progress

As a result, the organisation has made fantastic progress on the Aligning Supply and Demand project. Greater discipline has been established, there is one set of realistic numbers, and a 36-month rolling plan, visible to all of the team at any point in time, has been implemented.



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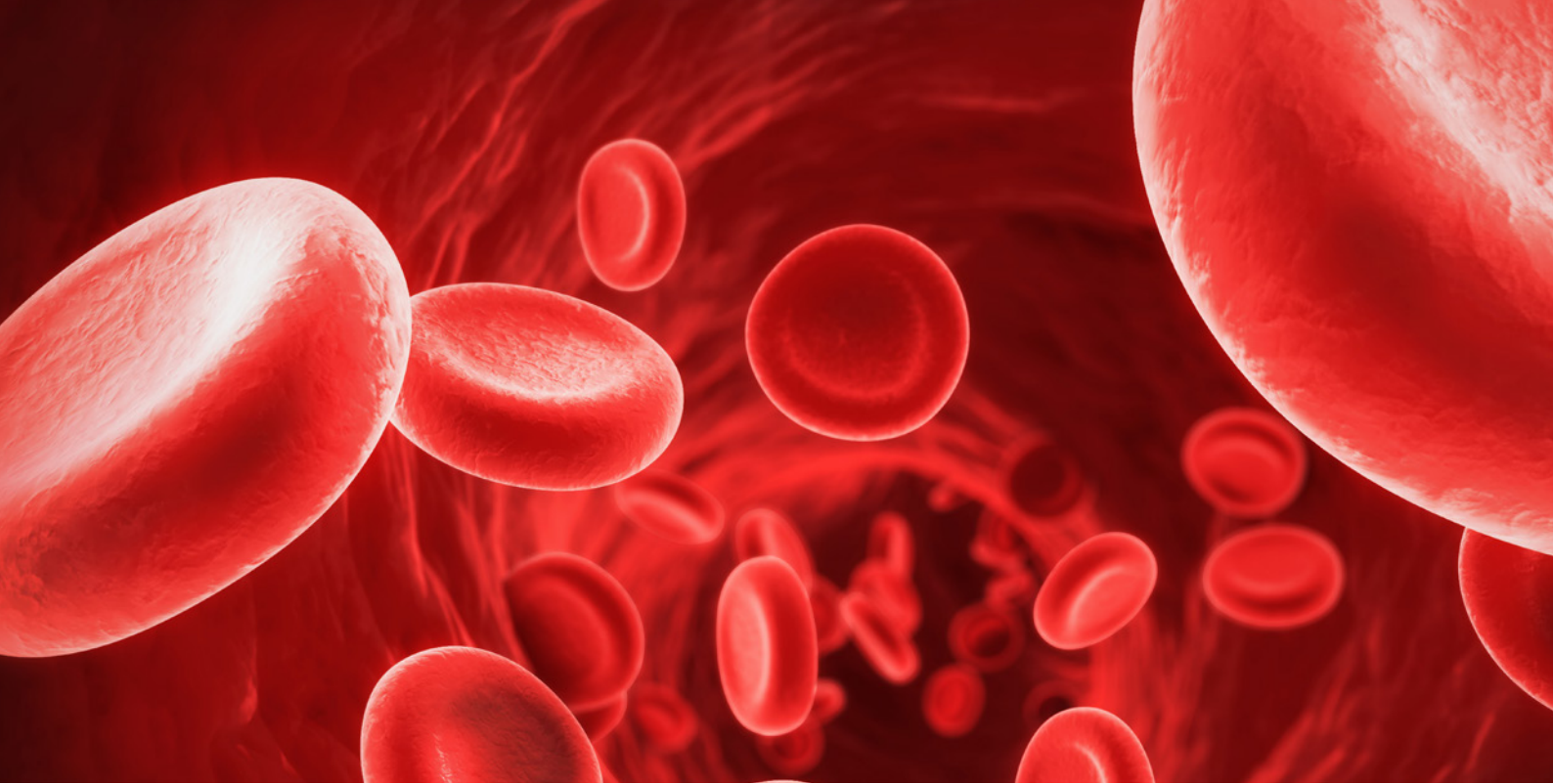
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Caulfield believes the program is also helping to shape a donor’s understanding of how they are contributing to saving lives.

“We know we need blood day-in, day-out so, but now we know what types and what quantities of each we will need,” she explains. “So we are now more specific in our communication with donors. We encourage donors to make appointments so we can forecast inventory better. ”

The service’s marketing and media campaigns now target specific blood types to ensure the blood being collected is what patients need. The national contact centre has been particularly instrumental here, making outbound calls to targeted donors and receiving inbound calls from donors responding to our marketing, public relations and SMS messaging.

“Overall, we’re very happy with both the process and the outcomes. We are still on the journey, however we’ve come a long way and continue to learn as we go. The Oliver Wight approach really helped us to train and develop our own champions, instead of relying heavily on consultants. We’ve managed to embed the principles into our operating mode, which was our goal.” Caulfield concludes.



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