



RISK MANAGEMENT

Task

Use risk management approaches to anticipate and prepare for likely challenges to new product rollout and scale-up.

Overview

Smooth rollout of a new product into the national healthcare system requires numerous tasks to occur in coordination. Delays in any one step can lead to delayed rollout dates as well as commodity expiries or stockouts. Risk management offers a formal approach for considering and prioritizing potential threats to reaching program goals, and is well suited to projects such as rollout of a new product. Under the risk management approach, informed stakeholders and technical staff identify risks to achieving program goals, and determine ways to reduce the likelihood or impact of those risks. This approach enables allocation of limited management resources to where they can be most effective in preventing or reducing the impact of adverse events.

Basic Steps

1. Assessment

Convene program implementation, supply chain, and relevant partner staff in a technical meeting or workshop setting to:

- a. Agree on a specific performance goal. This may be drawn from existing rollout strategy guidance, or it can be drafted within the workshop setting. An example might be "incorporate regular prescription of LPV/r pellets for targeted patients at pediatric ART sites across the country by January 2019."
- b. As a group, list specific risks (threats) to this goal. These can be framed around the sections of this toolkit, or the stages listed in the [activity planning calendar](#) contained in this toolkit.
- c. For each identified risk, have participants determine levels of likelihood and impact that each risk will occur. Likelihood reflects the relative chance of the event taking place, while impact will reflect how disruptive the event might be if it occurs. These ratings should be expressed quantitatively, as a score from 1 to 5 for example, with 1 being not likely and 5 being very likely. Participants should use their professional experience, or data if available, to determine these scores. For example, this could include historical data that

would capture the frequency of risk events, or logistics management information data for stock outs of antiretroviral commodities. Once the team is finished, multiply the scores together to obtain a single numerical rating for each risk event.

Example

Risk Description	Likelihood	Impact	Rating
Registration approval delayed	2	3	6
Uptake differs significantly from forecasted consumption	4	3	12
Election or other transition causes delay in roll-out activities	1	3	3
Lead time delay at manufacturer	3	3	9
Add other risks here	2	4	8

2. Planning

Once risks have been quantified and prioritized, identify appropriate response strategies for each. Each response should have dedicated staff, timelines, and monitoring mechanisms identified at this stage also. This will be the risk management plan.

Responses can fall under the following categories:

- a. Accept risk: This is appropriate for risks deemed unlikely and/or with minimum impacts. The team decides that the risk is not worth dedicated management effort or that there is no appropriate response.
- b. Control for impact: Identify approaches that minimize the impact of the event once it occurs. For example, if uptake of LPV/r pellets is faster than anticipated, emergency deliveries to facilities could take place. Hedging the risk (by using insurance or holding extra safety stock for example) is another means of controlling for impact.
- c. Control for likelihood: Use management interventions to prevent or reduce the likelihood of the event occurring. In the example of faster than expected uptake, the team could decide to implement monthly demand monitoring and forecast reviews.

3. Monitoring

Per the risk management plan, staff should [monitor prioritized risks](#) to determine if response is needed. Ideally, existing reporting and monitoring mechanisms can be used for this, but it may be determined that temporary monitoring or coordination channels should be established for the duration of the rollout.

4. Incident Handling

Following the risk management plan, staff should determine specific courses of action or general contingency plans as needed. Once the risk event occurs and management is able to identify it, management plans can be enacted.

Additional Resources

- [Supply Chain Manager's Handbook](#): High-level technical overview of the process summarized here.
- [Risk Management Guide](#): [PDF, 360KB] In-depth technical report on approach and application.
- [TRAC tool](#): [XLS, 2.3MB] MS Excel tool built to facilitate risk identification and monitoring.
- Risk Management Workshop Template [Slides](#) and [Facilitator Notes](#): [PDF, 212KB] Resources for designing and facilitating a risk assessment activity.