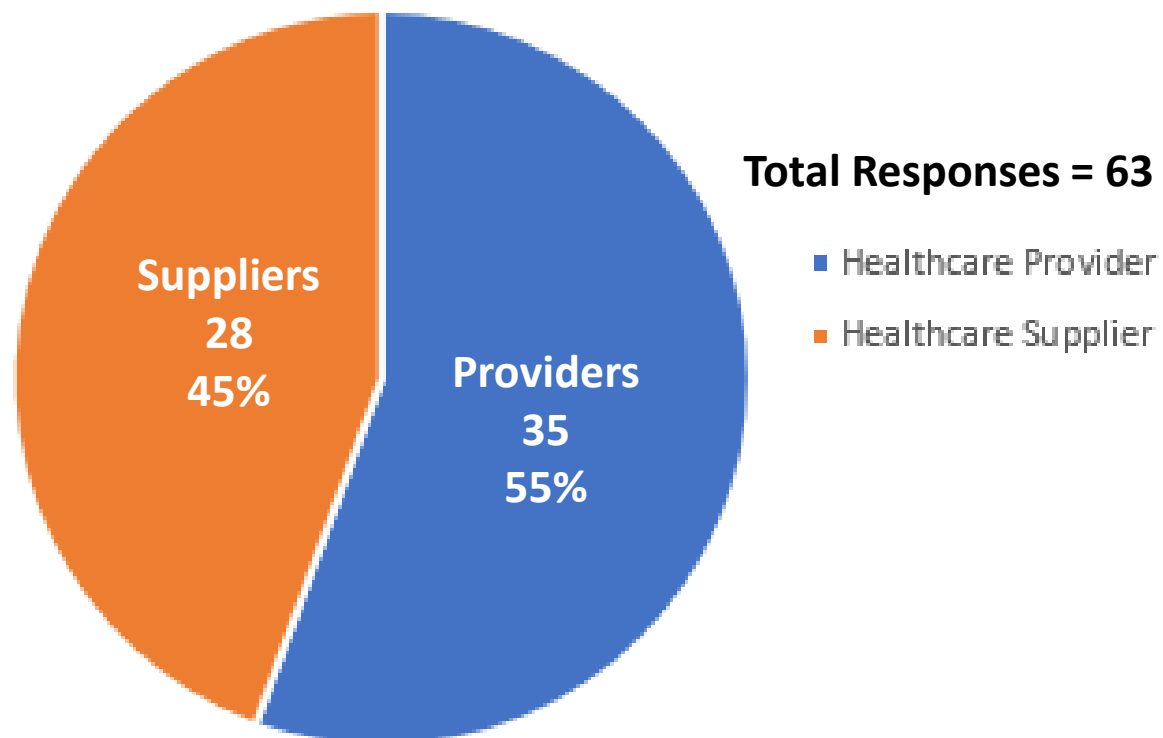




February 9 2022 Quick Quiz Results

Backorder Insights



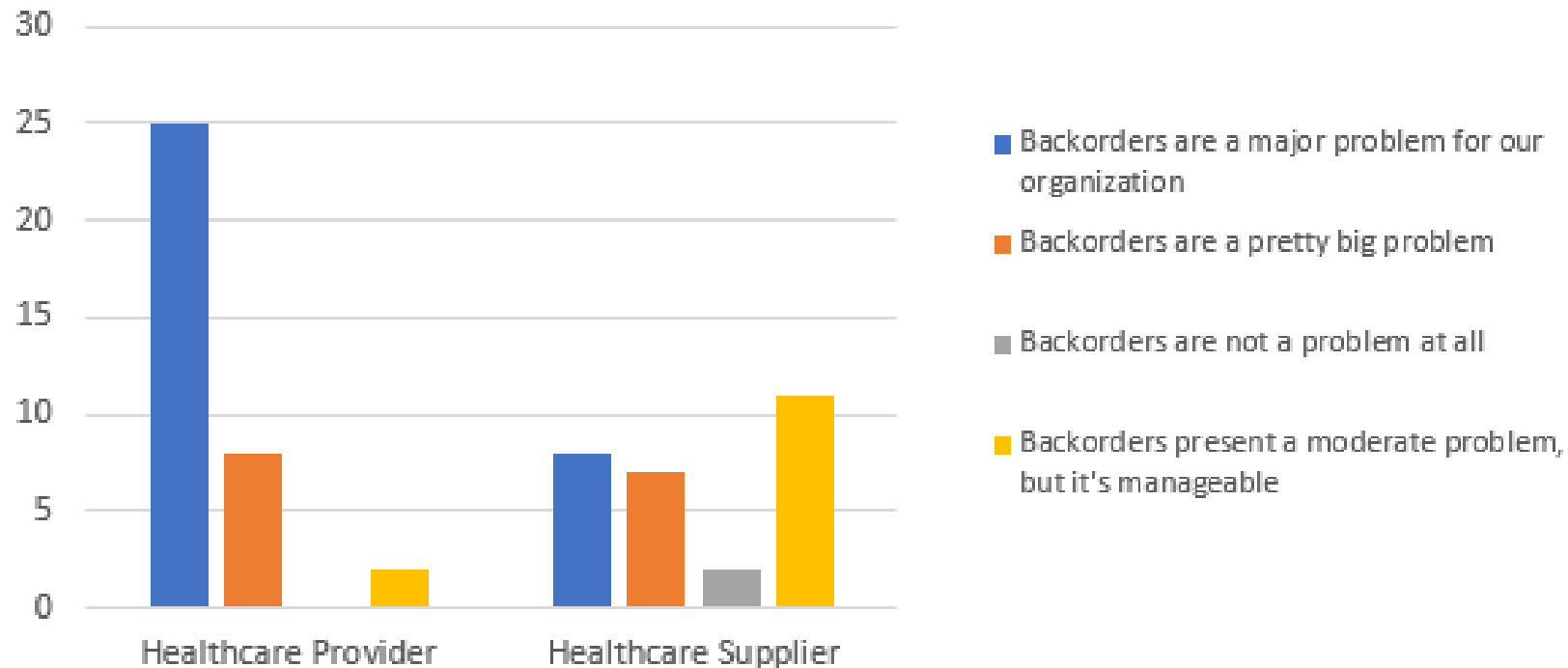
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February 9 2022 Quick Quiz Results

Backorder Insights

For you, your team, and your organization, define the degree to which backorders are currently a problem:

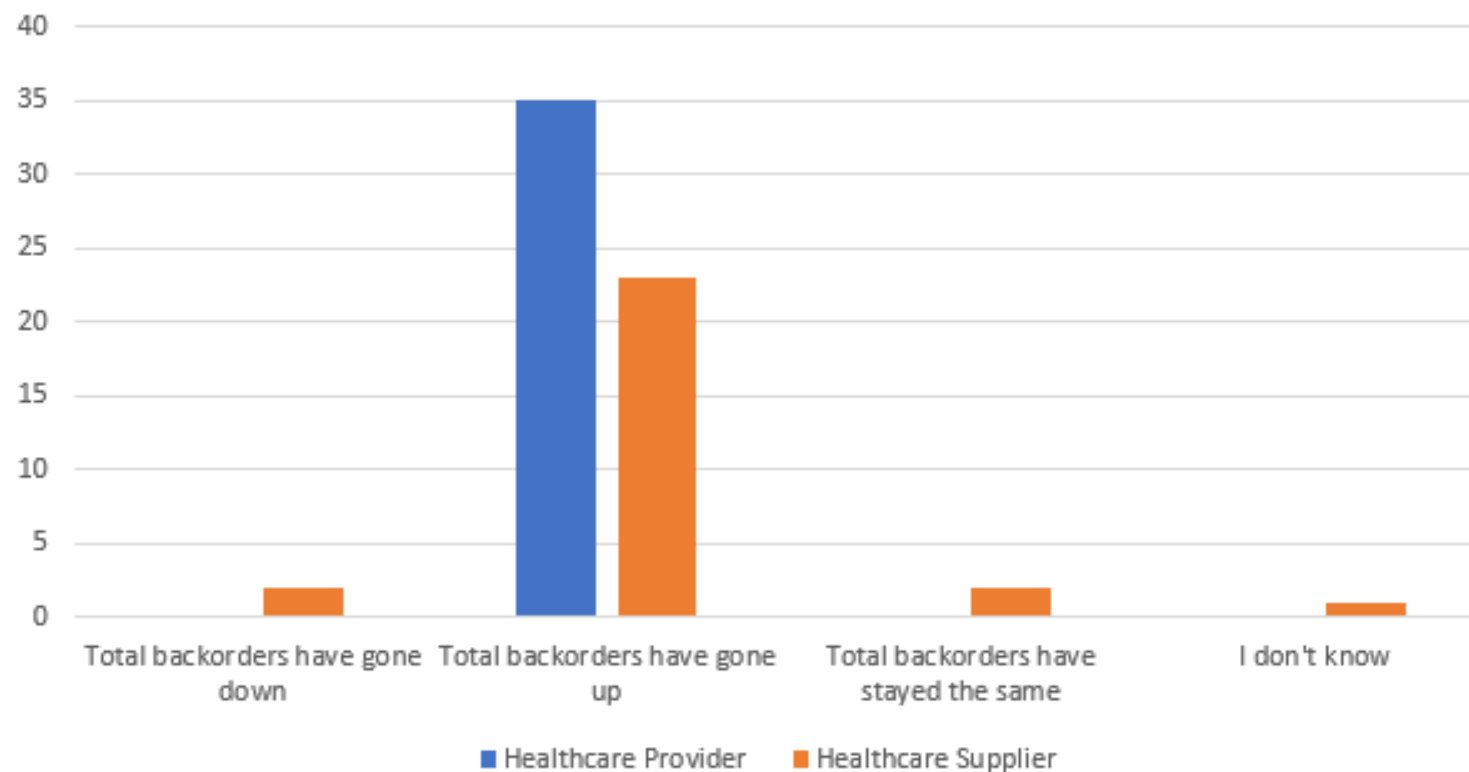




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Backorder Insights

From your perspective, how does the level of backorders now compare to before the pandemic?



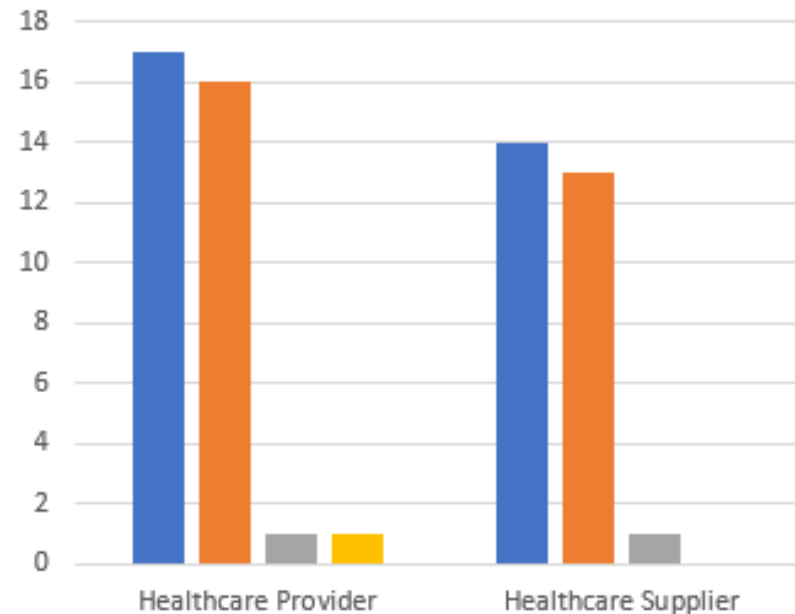


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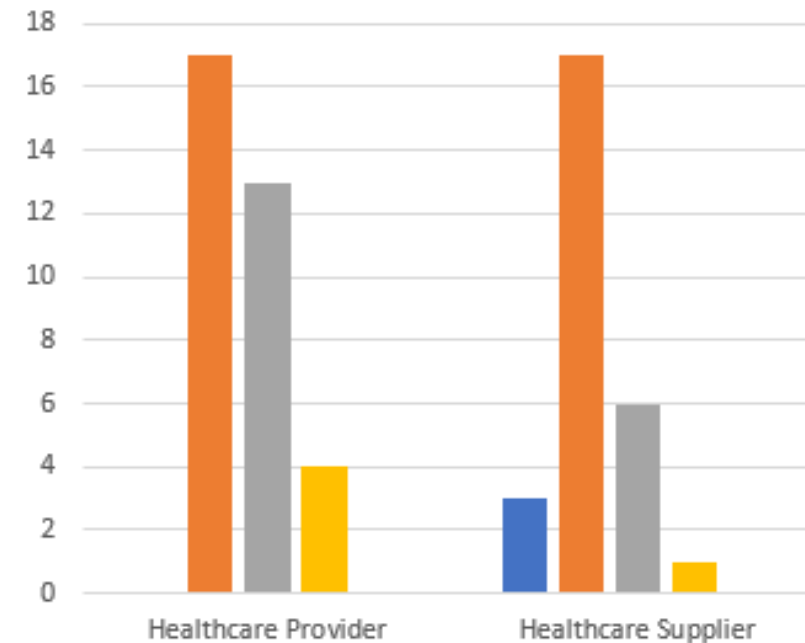
Backorder Insights

BEFORE THE PANDEMIC...

How much of your time was spent managing problems related to backorders?



How much of your staff's time was spent managing problems related to backorders?



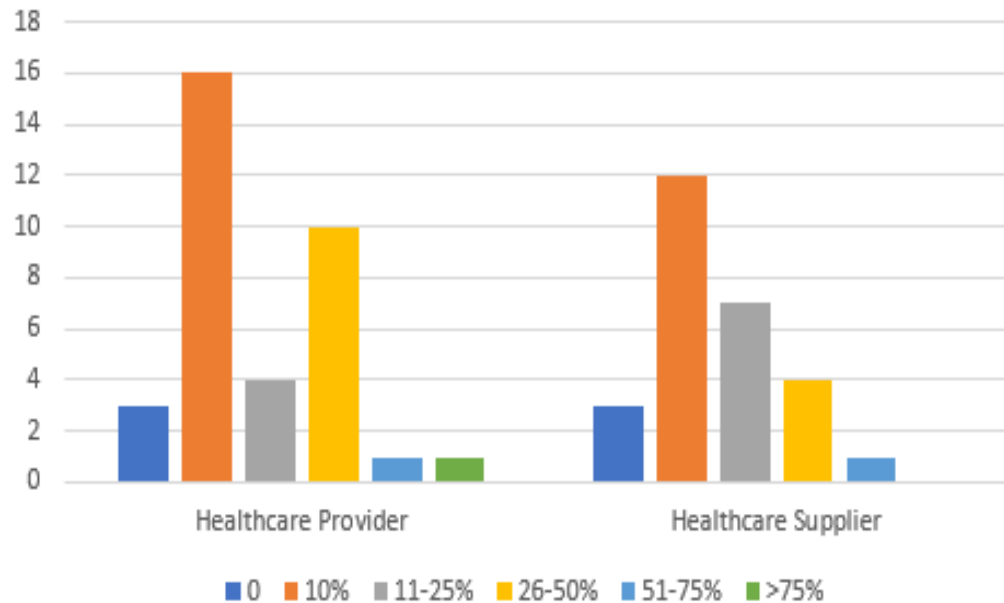


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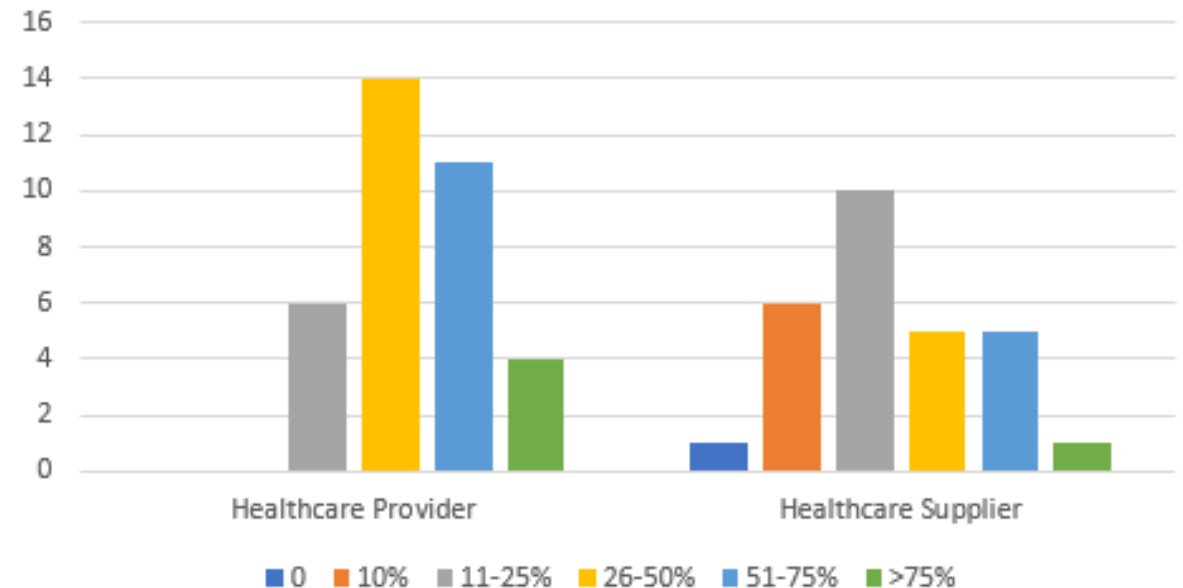
Backorder Insights

TODAY...

How much of your time is spent managing problems related to backorders?



How much of your staff's time is spent managing problems related to backorders?





February 9 2022 Quick Quiz Results

Backorder Insights

Providers and Suppliers ranked the following issues on how much impact they are having on current backorders:

Providers
1. Shipping Delays
2. Lack of accurate demand data
3. Raw materials shortages
4. Natural Disasters
5. Production shortfalls

Suppliers
1. Production shortfalls
2. Raw materials shortages
3. Shipping Delays
4. Lack of accurate demand data
5. Natural Disasters



February 9 2022 Quick Quiz Results

Backorder Insights

Provider comments on the current backorder situation:

A lot of time is given to help resolve backorders. Buyers are overwhelmed. Clinical folks haven't necessarily accepted the current state we are in - many still demand products to be readily available.
Allocation is not working. Distributors are struggling to keep up with product status. Mfg reps are able to get product directed but distributors seem to struggle.
Backorders are so widespread. Some products just are not getting better and then new product issues pop up out of no where.
Backorders have increased 6-fold over pre-pandemic levels. We are currently managing 6-7K per month.
Backorders on subs, tertiary subs, nontraditional sourcing/suppliers, inaccurate info on estimations. Significant portion of far more people's time is now spent trying to react than before where we were more focused on proactive programmatic improvements to how we did work etc.
Demand data is changing quickly, sometimes it is hard to identify which items are spiking due to COVID. Recalls and production shortages are major issues and are causing problems as we move between backup products.
Encountering instances where supplier has product, but distributor is out of supply; of course, should not happen

I have little confidence that vendors have in depth knowledge of their supply chains below tier 1.
increased inventories, increased staffing levels, increased overtime, and increased prices for substitute products
It is interesting that you ask us to rank the issues, as all have come up in discussions with suppliers. However, the biggest challenge is trying to manage through these with no, delayed or misinformation to the real situation so we can plan for an actual solution with our providers.
It is very frustrating and stressful for the team. Moving from one problem to another without any end in sight.
Logistics issues are the biggest challenge right now followed by raw material shortages
Need to continue building out product subs is key to mitigate unexpected backorders arising.
Negative impacts on patient care; unneeded stress on clinicians; wasted time by purchasing
now have 2 staff members dedicated on backorder response. Increased handling costs from moving stock across IDN



February 9 2022 Quick Quiz Results

Backorder Insights

And more Provider comments on the current backorder situation:

Our procurement and sourcing teams are burned out from the never-ending stream of increased backorders. Our distributor has failed us and we are doing more inventory management than in the past because our distributor CAN'T MANAGE THEIR INVENTORIES.

Our team is not built for this volume of back orders. The ability to scale up our team to handle the volume and find subs quickly is lagging behind the demand to work back orders. The ripple effect of the swell of backorders has moved into our buyer group because the number of stat orders which inturn has overrun our customer service team trying to answer people's questions on 'where is my order' Supply chain gained a lot of exposure during the first two waves of covid, good or bad depends on the situation. The global back orders are chipping away at our credibility because of the unreliable information from vendors and shippers.

Poor intelligence from our partners in combination with the need to bring in direct, bulk orders has created a separate distribution stream in our high intensity LUM environment. We have added the equivalent of five FTEs just to manage back-orders/substitutions and the resulting change in processes necessary to assure consistent supply continuity. Not to mention the added costs associated with increased supply cost and labor.

Priorities have shifted to researching and confirming clinical acceptance of substitute products, and oftentimes finding substitutes for the substitutes.

Relationships, transparency, and communication are critical. These are both external to the organization with our supplier partners and internal with key stakeholders. Internally, it is critical to give advance warning to clinical leadership to collaborate on conservation, substitutes, and practice changes.

Suppliers are not consistently and transparently sharing product shortage information including raw material issues, production issues, and transportation delays.

The chronic backorder environment is driving us to refocus our conversations with suppliers, challenging SCM to become better customers and pushing our organization to streamline processes for identifying, communicating and resolving backorders

There's a different, seemingly random new emergency related to backorders every day. We've had to develop product teams and develop elaborate communication plans to address these challenges

Very rapid AI solution innovation is occurring and there is a need to standardize approaches

We have everyone hunting for subs, and constantly putting out fires. We are not use to having to be so reactive, we need to get ahead of this issue.

We have needed to bulk up our communication processes and awareness to avoid quality and safety issues.

While patient care hangs in the balance, backorders are extremely problematic all the way through the A/P function, with PO-to-invoice match exceptions skyrocketing.



February 9 2022 Quick Quiz Results

Backorder Insights

Supplier comments on the current backorder situation:

Backorders are happening more than ever due to raw material shortages, production shortfalls (due to COVID-19 absenteeism), competitive outages, air/ocean/ground transportation challenges and, lastly, increased costs for all of this!
backorders will lower as everyone has an individual organizational interest in reducing the number.
Chip shortages are the primary raw material issue we are facing
Continues to escalate and includes all areas of the supply not just clinical
Delayed projects, heightened customer dissatisfaction
Global Disruptions and shortages are problematic.
It has exposed weaknesses in our resiliency planning
Labor constraints is another big issue affecting providers and suppliers alike. It is one of several issues that contribute to backorders and is driving up costs for everyone
Our organization is battling staffing shortages as our top priority affecting our ability to meet demand. The pandemic exacerbated this impact, and we are yet to recover adequately. It is requiring us to look to relocate certain production lines in domestic areas with larger labor forces...but this is not an overnight solution, so the negative impact to production continues to persist.

Shifting focus away from strategic activities that net greater returns to transactional activities
Sourcing material from outside of China
The demand from the pandemic for our main product focus has leveled out, in fact in some states less than 2019. The issues we are having is FDA audits another product line. We are just not getting relief from supplier on another product line and will resume shipping for that category this week.
The supply disruptions are more involved than simple supply and demand. The lack of labor is a major issue and one that we will need to grapple with for the next few years. We absolutely need better transparency between partners. There is an exorbitant amount of time wasted in multiple communication streams to obtain accurate information.
we are all spending too much time managing backorder related issues and this has created a lot of additional stress across health care supply chain
We have had to decline taking on new business so we can prioritize existing customer supply
We have invested millions of dollars since the start of the pandemic to build additional infrastructure, capacity, vertical integration, and supply chain resiliency to better ensure supply to our customers
We have won new business due to other supplier's backorder situations



February 9 2022 Quick Quiz Results

**A bunch of states got
1 vote each:**

Alaska	Pennsylvania
Massachusetts	South Carolina
Maryland	South Dakota
Maine	Vermont
Minnesota	Michigan
Missouri	

**Other States that ranked highly
(in order of popularity):**

Florida (the Sunshine State where you salt margaritas not sidewalks)

Hawaii
Texas
Colorado
Washington
Utah
California
Wyoming
Michigan

Nevada (where else can you snow ski in the morning and fly an hour south in the evening to the warm desert to gamble and see a fantastic show?)

**And what is the most popular state
among SMI members?
NORTH CAROLINA!!**

**Extra points to the
members who offered
these creative "states":**

Inebriated
Bliss
Any one that's ocean front
They are all pretty great!