

Fritz Institute

Leveraging private expertise for humanitarian supply chains

by Anisya Thomas, Managing Director, Fritz Institute

In March 2004, Lynn Fritz, director general of Fritz Institute, and George Rupp, CEO of International Rescue Committee (IRC), received an enthusiastic response from the executive committee of the Board of Directors of the IRC when they reported on the successful private-public partnership between the two organisations. The private sector experts from Intel and Solectron¹, brought to IRC by Fritz Institute, had significantly streamlined procurement and created processes to significantly reduce response time. Their solution is expected to save the organisation \$300,000 in the first year of implementation alone.

How a private-public partnership improved response time

Senior IRC management in New York had come to realise that, as the number of people affected by disasters and humanitarian crises grew, IRC's ability to provide timely and effective relief was being stretched to capacity. Although IRC was responding to simultaneous crises in different parts of the world, its success depended greatly on the ingenuity and dedication of its staff. It was clear that systems and processes to support the staff were needed. Since most funding for relief is provided by government donors and is earmarked for direct relief, IRC now looked to the private sector for new ways to leverage their limited resources.

Identifying the problem

When George Rupp and Lynn Fritz met in September 2003, Rupp asked

Fritz Institute to find ways to improve its response time - the time it takes from the announcement of an emergency somewhere in the world to the arrival of staff and supplies to the affected population. In October, Mich Mizushima, Fritz Institute's chief logistics officer, met with IRC's heads of logistics and international emergency operations to assess the problem and define the objectives of the assistance they needed.

The group determined that IRC's procurement process was slowing the lead time for delivering emergency and relief supplies to the field. With 50 active suppliers and approximately 1,000 purchase orders for about 200 separate products, the current system was cumbersome, unwieldy and time-consuming. A random sampling of IRC's procurement log revealed that, depending on the location and the nature of the emergency, IRC's response time varied from as little as 24 hours to as long as 52 days.

To assess how much improvement was needed, Mizushima attempted to document IRC's current delivery time. However, she found that there was insufficient data to establish an accurate base-line response time. This led to formulating objectives with IRC's management to:

- dramatically improve the procurement process so that in-country delivery of supplies occurs within 72 hours of a needs assessment following an emergency;
- reduce the process of purchase requisition to purchase order

placement to 24 hours; and

- develop standards and tools so that improvements can be monitored and accurate data on all logistics functions gathered on an ongoing basis.

With these objectives established, Fritz Institute assembled the expertise required to develop solutions to IRC's problem. Jon Olson, Director of Global Logistics of Intel, and Jim Molzon, Vice President of Sourcing and Logistics at Solectron, were supply chain veterans who had helped their organisations become globally competitive through sustained supply chain excellence. As supporters of Fritz Institute's mission, they quickly agreed to Mizushima's invitation to join the IRC-Fritz Institute Supply Chain Assessment Team as volunteers. The team was rounded out by Jeri Driskill, an expert in supply chain analytics, who had worked for many years with Manugistics.

The supply chain assessment process

In November 2003, the Fritz Institute Supply Chain Assessment Team began a two-day review, analysis and solution-developing process at IRC's headquarters. An initial meeting was attended by all the stakeholders of the process, including representatives from finance, logistics, field operations, emergency relief operations, logistics, procurement and senior management. The goals of the assessment were clearly defined and representatives of all functions provided input to the process that followed. The Assessment Team then mapped out IRC's current supply chain processes, confirming with

stakeholders at each stage to assure accuracy. Through this process, the Assessment Team identified gaps, bottlenecks and redundancies.

Solutions and benefits

The Team then suggested an alternative process with a list of benefits to IRC and its beneficiaries associated with each recommended change. The key components of the supply chain solutions included several fundamental changes in the way the IRC manages its procurement process:

- It was proposed that the organisation move from *ad hoc* purchases to 12-month supplier agreements wherever possible.
- Agreements with suppliers were to be modified to include clauses for 36-hour delivery times in emergencies, which would eliminate the need for contingency stocks and therefore the network of warehouses.
- A standard catalogue was developed to facilitate the accurate communication of orders from the field, which were often incomplete.
- Standard measurements for reliability, responsiveness, efficiency and value of suppliers were introduced to monitor the supply chain activities and to highlight improvements and bottlenecks.

When the solutions were discussed with IRC staff, some of the recommendations initially met with resistance. For example, the recommendation to put a 'request for proposal' out on all commodities to find the suppliers who could deliver to different locations within a 36-hour time period met with a response that "this will not work in our industry" and "there are too few suppliers". Solectron's Molzon reassured IRC staff, saying that "I have done this many times before. If it does not work, we can always go back to the old way". All concerns were aired and discussed and the solution adapted accordingly.

The Assessment Team asked IRC's senior management to ratify and support the required changes. Subsequently, a plan for implementation was designed. Specific responsibilities were assigned across IRC departments and staff, and time-lines for execution were agreed. The IRC-Fritz Institute team agreed to meet once a month by phone to monitor progress and provide support.

This public-private partnership between IRC and Intel and Solectron, facilitated by Fritz Institute, was highly collaborative and rewarding to all concerned.

The partnership between IRC, Fritz Institute and private industry is an excellent model to enable the humanitarian sector to benefit from world-class best-known methods, and bypass many of the critical hurdles that top logistics and materials organisations have learned the hard way.

Jon Olson, Director of Global Logistics, Intel

The impact is already being felt and we are energised by the changes. I cannot begin to tell you how important that process has been to IRC.

Gerald Martone, Director of Emergency Response, IRC

At the end of the assessment at IRC's office, Assessment Team members walked away satisfied with the improvements that the collaboration had achieved in the logistics and supply chain activities based on proven experience and few new resources.

¹ a leading global provider of electronics manufacturing and integrated supply chain services

Fritz Institute brings private sector experts to enhance the performance of humanitarian organisations. These services are offered free of charge. For more information, please contact Anisya.Thomas@fritzinstitute.org.

Humanitarian relief: struggling to make the news agenda

According to a March 2004 study by Reuters AlertNet and Fritz Institute, a lack of reporters assigned to cover humanitarian crises, together with little or no funding available for field visits to crisis sites, means that humanitarian relief is low on the news agenda. Furthermore, many NGOs lack media skills and fail to make proper use of technology and resources available to them.

NGO field staff are often inexperienced in press relations and have only limited time available during emergencies. In the absence of funding for journalists' trips and timely information from NGO press officers, reporters are increasingly reliant on NGO websites but Internet technology is not being used to the fullest. Of the

32 websites covered in depth by the study, three lacked any contact names and addresses; only 17 described the organisation's background or included an archive of reports on current and past projects; and only a third included an archive of past press releases. Furthermore, few sites are organised so that Google and other search engines can search reliably beyond their home page - and few include links to and contact information on other agencies undertaking similar work or working in the same region. Journalists' frustration at these shortcomings may go some way towards explaining why 75% of respondents in the survey say that criticism and scepticism in the press about relief organisations have also increased.

Mark Jones of AlertNet comments: "Crisis fatigue and funding are undoubtedly difficult issues to overcome. However, what NGOs can control is their communications with press. Our research confirms that there is room for NGOs to improve on some of the very basics of media communications. Furthermore, the potential of Internet technologies has barely begun to be exploited by NGOs. Improving on these two areas could lead to a direct increase in recognition and coverage."

The full report, 'Towards New Understandings: Journalists & Humanitarian Relief Coverage', can be found at www.fritzinstitute.org/images/FLpdfs/Media_study_wAppendices.pdf

Individual hard copies of the study may be requested by email to sharon.reaves@fritzinstitute.org or by writing to Fritz Institute, Attention: Media Study, Three Embarcadero Center, Suite 1320, San Francisco, CA 94111, USA.