

FIRST PERSON
Money & Meaning

Special Delivery

A logistics guru applies his time, talents and wealth to moving relief supplies to where they are needed.

By Lynn Fritz

Lynn Fritz is the former chairman and CEO of the San Francisco-based Fritz Companies, a Fortune 1000 global logistics firm. In 2001, propelled by a desire to apply his expertise to disaster relief organizations, he founded the Fritz Institute. The institute helps nonprofits move much-needed supplies around the world. His ethos is straightforward: Doing things is better than giving things.

MY FATHER STARTED the Fritz Companies in 1933 as a small, customhouse broker in San Francisco. When I took over in 1970, we did everything manually, and operations were fragmented. But I saw that the company was part of the large, highly complex importation process. I thought: If we can automate all parts of the transaction, it will be great for customers—and we can generate 10 to 15 types of revenue. It seemed that all constituencies would win dramatically. It took me 30 years to do it, but ultimately we were a very dynamic change agent in the logistics industry. In 2001, I sold the company to UPS for around \$500 million.

After a 1999 earthquake killed 17,000 people in Turkey, I began wondering if humanitarian organizations used all the same business practices we did at Fritz. What was the state of the art? I saw that the disaster relief sector was growing rapidly. The world is beginning to crumble because of a lack of sound ecological standards. Where there would not be a flood 20 years ago, there are floods now because trees have disappeared due to enormous concentrations of people. I spent a year and a half researching relief organizations, what they did and how they did it. I found that disaster relief is 80 percent logistics, and figured that I could help change the way relief agencies operate. I really like being involved with projects that are change agents.

In 2001, I founded the Fritz Institute. We did it in a very businesslike way. We created our business plan,



and planned the institute for some time before we set it up. I wanted to see that there was a value proposition before I went ahead and launched it. I have put in about \$6.2 million so far, and I have set aside money for the institute.

AN AMERICAN ABROAD

I spend a lot of time in the Middle East and Africa on behalf of the institute. I traveled to Lesotho, Zimbabwe and Zambia. I went to Africa to understand where relief services touch the customer. At Fritz, I always traveled to visit our customers; everything I ever did was for the customer. Now I ask questions when I travel for the institute. Does the aid

get there? Does it arrive complete? How does it work? Where does the money come from? Zimbabwe is suffering a famine because of political strife; Ethiopia endures famines every two years due to self-imposed economic factors. If we include the overarching element of the AIDS epidemic in Africa, that exacerbates conditions to a point that one cannot exaggerate.

I remember being in Lesotho, in a remote village on a hill. It was a poor village filled with hungry people, and the Red Cross was distributing aid there. One old man asked me to come into his hut; it had no lights and only one candle. He was the oldest man in the village, and many of his friends had died during the famine. He told me, "It's good to meet the U.S.A., because all I've seen are the bags of food and seeds. I've never seen an American." The delivery system there consisted of two or three sheds. The use of basic technologies would have created a significant uptick in the amount of aid that got through.

We are here to help improve our customers—large nonprofits such as UNESCO, CARE and Catholic Relief. We want to make them more efficient, more strategically balanced. We go into their headquarters, or visit them in the field; together we identify solutions and work them out. The means to the end, we feel, is measurement and accountability using best practices tools. We do not do the work if the organization is not willing to be measured and commit to ongoing accountability. When it all clicks, it is very satisfying to see do-gooders do good. I love leveraging the efficiencies. One-to-one does not get very far. With the use of planning and tools—one-to-three, one-to-seven, one-to-10—you can really do something.

One of my proudest achievements is developing humanitarian logistics software to track commodities. It



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Fritz gets a firsthand lesson on relief delivery supplies in southern Africa.

made the Red Cross more efficient, and could reduce by half the time spent doing the largely administrative work of relief operations.

We bring in the best talent in the world to perform the jobs. One of our biggest outreach efforts is to the world's business community; we had 50,000 accounts at Fritz Companies. We were known well across the world, so I call up CEOs that I know. They may not be interested in giving \$1 million, but are interested in giving professional knowledge or products. There is such an extraordinary amount of latent interest.

REPAYING A DEBT

Normally, if you acquire some wealth, you start a foundation to give something back to certain charities. But rarely do people say, "We'll put our minds and our expertise to work." People have said that the Fritz Institute is the best example of the new, progressive philanthropy. They cite many reasons. First, we have a very specific focus; we avoid splitting

our dollars in many ways. Second, we have gained an ability to execute by assembling a world-class team of professionals. Third, we act as an intermediary, rather than doing everything ourselves. Fourth, our leadership seeks to utilize its own resources to meet our goals. But I do not do this to be progressive; I do it because I think it is the best thing to do. There are so many people living on the edge, and if the human condition is suffering, markets are suffering.

Money is simply a vehicle for change. I do not have to work, so I am applying my time, my talent and my resources to effect change.

At Fritz Companies, I hired the most frustrated people in the world, because good people are frustrated. They charge ahead, and then they become frustrated because they want to do more. I take advantage of their frustration and say, "I'll do something for you because you're good at what you do. I'll give you an opportunity." ■