The ultimate logistics challenge

BY JOSEPH BONNEY

Three years after selling Fritz Cos. to UPS for $437 million, Lynn Fritz can go where he wants to go and do what he wants to do, when he wants to do it. He could be taking it easy, spending all his time at his San Francisco home and his Sonoma Valley vineyard. So why has he been traveling to places like Lesotho, Zimbabwe and Iraq?

"I didn’t sell the company to retire," Fritz says. Since the sale, he has become immersed in what he says is the ultimate logistics challenge - improving the supply chains of humanitarian-relief organizations that deal with the aftermath of earthquakes, hurricanes, droughts, wars and other natural and man-made disasters.

His vehicle is the Fritz Institute, a nonprofit organization he founded in 1995. Fritz said, though, that he began thinking about humanitarian-aid logistics when he was still running the company he built from a 40-employee forwarder into a global business with 400 offices in 120 countries.

As the company spread worldwide, he noticed something that bothered him. "During my last six or seven years with the company, there were one or two incidents per year - an earthquake, a typhoon or some other incident - that put our employees and their families in harm’s way," he says. "We always tried to help, but we were never able to do it well. It was frustrating."

The problem was poor logistics. When an earthquake or famine makes news, relief organizations are deluged with money, food and supplies, often unsolicited. Much less attention is paid to the mundane work of seeing that those supplies are delivered to the right people at the right places at the right time. Most relief agencies and other organizations are not set up to handle the complicated work on the back end of the supply chain. As a result, perishable foods rot in warehouses and corn arrives too late for the planting season.

Relief organizations face unique logistics difficulties, Fritz says. In the commercial world, companies deal with generally predictable circumstances. Most companies have a familiar group of suppliers, vendors, carriers and other service partners that provide regular service, often under multi-year contracts. In humanitarian relief, that kind of routine doesn’t exist.

Disasters are unpredictable and create unpredictable needs. They tend to occur in remote places; even when they happen in a developed area, basic infrastructure is likely to be disrupted. Humanitarian-aid organizations rely heavily on volunteers, many of them temporary. With high staff turnover, institutional knowledge is lacking.

Fritz decided to see what could be done. He began talking with specialists, and retained two professors to study the operations of relief organizations. They confirmed what he had seen - that the people in the humanitarian-aid field are talented, hardworking and resourceful, but that their work is hindered by time-wasting manual processes and poor logistics.

And he did more than talk. The Fritz Institute spent more than $1 million to help humanitarian-aid organizations improve their logistics systems. The institute worked with the International Federation of Red Cross and Red Crescent Societies, the world’s largest humanitarian network, to develop Web-based logistics soft-
The software is designed to help the organizations stretch their resources by automating manual processes, standardizing procedures, tracking donations and generally bringing order to a disorderly system. "You wouldn’t believe how much time workers at humanitarian organizations spend manually filling out reports to donors who want to know what their money is used for," Fritz says. "This automates that process."

Fritz says the software was developed with the Red Cross because it was the biggest relief organization with the most complex needs. The software will be made available to other relief organizations. Unfortunately, there is no shortage of need. The spread of small-scale wars has taxed the resources of relief agencies worldwide.

The software represents only the initial phase of the Fritz Institute’s work in humanitarian-aid logistics. The institute has helped Georgetown University, his alma mater, to develop a course in humanitarian-aid logistics. Fritz hopes it will help attract young people to a field that he has found rewarding.

"I loved what I did in the private sector," he says, "but I’ve never found anything to match this for emotional fulfillment. The return per unit of work is 20 times greater than anything else I can think of."

Joseph Bonney is deputy editor of The Journal of Commerce. He can be reached at (973) 848-7139, or via e-mail at jbonney@joc.com.

Copyright 2002, Commonwealth Business Media. Displayed by permission. All rights reserved. Obtain additional permission by typing http://www.icopyright.com/3.5560.953942 into any browser. iCopyright Clearance License 3.5560.953942-15469