Fritz on Globalization:

“We’re not political, we’re operational”

—Lynn Fritz, chairman and CEO of Fritz Companies

ALSO:
Interest in International Studies Strengthens
One thing’s for bloody well sure—they are all absolutely symbiotic,” says Lynn Fritz as he explains the highly integrated nature of the supply chain, and the striking effect that individual components can have on the entire supply chain. “What happens to one is going to have a definitive action on the others,” he emphasizes.

If anyone knows supply chains, it’s Lynn Fritz. He turned his family owned domestic documentation company into a global logistics conglomerate that was eventually acquired by UPS two years ago. And while he is an expert in commercial supply chains, his interest in humanitarian supply chains was piqued during his tenure as chairman and CEO of Fritz Companies.

“I remember Turkey. I remember Caracas,” Fritz says, reflecting on a five-month period in late 1999 when natural disasters claimed the lives of tens of thousands of people in two separate parts of the world. It started with a 7.4 magnitude earthquake in western Turkey on August 17, 1999, that killed 17,000 people. Three months later, a 7.2 magnitude aftershock killed hundreds more. Then, in the middle of December, Venezuela experienced the worst natural disaster of its history when catastrophic floods and mudslides caused the deaths of nearly 50,000 people along the country’s Caribbean coast and in the suburbs of Caracas.

During his conversations with other CEOs around the world at that time, he began noticing that many didn’t have a disaster preparedness plan. He also discovered that relief organizations were suffering from a lack of collaboration and coordination on the operational side.

Fritz retained two professors to conduct further research into the operations of relief organizations. "They came back and validated the fact that the people in the field were very talented, innovative, experienced, and did great things with very little tools. However, there were very few methods and little automation-operations were largely manual," he says.

Armed with a greater understanding of the relief organizations’ operations and internal processes, Fritz assembled a team of professionals under the Fritz Institute to bring together business best practices, technology, and academic research to enhance the capabilities of humanitarian organizations involved in disaster relief.

GETTING A HAND AROUND THE HUMAN SUPPLY CHAIN

It’s not an exaggeration to say that few things have had as dramatic an impact on supply chains as information technology, which has raised efficiency, communication, and visibility to new heights. But while there are core similarities, "software for relief organizations’ supply chains is
uniquely different from that intended for commercial supply chains," Fritz says.

That's why the Fritz Institute began working with the International Federation of Red Cross and Red Crescent Societies (IFRC)--the world's largest humanitarian network--to design a customized web-based humanitarian logistics software that would track information from the origin of a donation or pledge all the way to delivery of supplies to the field warehouse.

"It took us over 3000 hours spent interviewing the IFRC," during the initial development stages of the software, says Fritz. The software will standardize the process of disaster resource mobilization; automate manual processes and reduce redundancies; and establish a means for measuring results. Indeed, being able to quantify outcomes is essential, explains Fritz. "We do solutions now. We do not engage with anybody that is not absolutely, totally agreeable to measurement and accountability." With 178 members around the world, the software promises to have a tremendous influence on the IFRC's operations.

According to Fritz, the exceptional challenges of managing a humanitarian supply chain have generated a lot of excitement from logistics experts. He tells of a professor friend who has consulted for leading multinationals, including Heineken, on their supply chains. "The guy's an algorithmic genius, and he says to me, 'I have to be involved with you. Think about it; disasters are the embodiment of randomness. You don't know when they're going to happen, where it's going to happen, and who's going to be affected. This is the ultimate execution of a sophisticated supply
chain, particularly from an algorithmic planning basis. Every other supply chain is based on predictability. That's why the things that are learned from humanitarian supply chains will be so important even to commercial supply chains.

The humanitarian logistics software, aside from being the first of its kind, will help relief organizations get a handle on another unique challenge—fluctuating budgets. "There's a lot of turnover when it comes to relief organizations because crises are cyclical, as are their budgets, especially the operational budget," says Fritz. Relief budgets are typically skewed toward providing direct relief for the victims of disasters, and not for infrastructure services. Most times there is little or no money at the end of a relief effort to record or codify best practices. As a consequence, the processes of managing commodities and tracking the information of the complex supply chain under the most dynamic of conditions remains largely manual, ad hoc, and repetitious. Meanwhile, limited institutional memory is kept over the course of successive disasters, further hampering the upgrading of methods and processes.

Another difficulty facing disaster relief management, Fritz points out, is human nature itself. "There's a profound dissonance in the human condition against preparation for tragedies and disasters, not that we don't know that they're going to happen. On the other hand, there is an extraordinarily positive response from people when they do happen. But, after the tragedy, there's total apathy again." He draws a parallel to the relief organizations' operations. "The way humanitarian aid 'works,' in this context, makes sense when you analyze human behavior."

**CALLING ALL SCHOLARS**

Along with tapping into the expertise and practical experience of the business community, the Fritz Institute sponsors curriculum that will begin teaching disaster management. The institute formed a partnership with Georgetown University's Institute for the Study of International Migration to provide specialized professional education and training to leaders in humanitarian relief, and training to improve logistical management in humanitarian disasters. Other partnerships have been formed with INSEAD University in France, Florida International University, Oxford University, and Pepperdine University.

Speaking about the importance of sponsoring education in disaster relief, Fritz remarks, "It makes it an appealing area for young people to invest their lives in." He makes another comparison to the commercial logistics environment. "The word 'logistics' wasn't even used in the industry 25 or 30 years ago, and there was no formal education available. Everything was learned on-the-job." Fritz adds, "Disaster relief management as a science has evolved just like logistics evolved to mean everything--customs brokerage, warehousing, freight forwarding, etc."

The Fritz Institute is also passionate about putting organizations together to convene. Last January, the institute helped facilitate one of the largest gatherings of relief organizations ever. In addition to sharing knowledge and experience, "convening will also generate a list of 'hot things' that need to be addressed," Fritz says, adding, "The convenings are not just for relief groups, but also for academicians."

**GLOBALIZATION: FRIEND OR FOE?**

Along with the WTO, the World Economic Forum (WEF) has received a fair amount of heat from anti-globalizationists. As co-chair of the WEF's Disaster Relief Network steering committee, Fritz could easily be found guilty by association. Nonetheless, "Nobody seems to have issues with operations," he says. "People have issues with political fund raising, where you go, why you go there. When you're there on the ground doing the work, nobody seems to mind." While he can empathize with anti-globalization critics, he defends the mission of the Fritz Institute by saying, "We're not political, we're operational."

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Relief supplies in Bulawayo, Zimbabwe.

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