

Efficient and Caring

Rasheeda Bhagat

Jan. 06, 2006

The first 48 hours in a natural disaster are crucial; a dollar in preparation is worth \$10-20 in response. Here, corporates can help the most.

From the CEO of US-based Fritz Companies that provided logistics services, employing 11,000 people in over 100 countries including India, to the director general of Fritz Institute (FI), which is in "humanitarian business", is a leap of faith.

When you ask why he did it, Lynn C. Fritz says with a shrug, "Well, I had done that for 30 years... it was a small family business that I sold to UPS (supply chain solutions) in 2001. They found us... and as opposed to normal acquisitions, took all the 11,000 people." Satisfied his employees were protected, he set out to use his experience in logistics for something else. "The alternative was to stay for another 5 to 10 years, doing the same thing," says Fritz, recalling that his vote went to "investing in charity or humanitarian services, which I consider a great investment as well."

At the behest of some international NGOs like the Red Cross, FI took on a mammoth exercise to carry out a scientific and well-documented survey on the effectiveness of tsunami relief and rehabilitation in India, Indonesia and Sri Lanka... the response to the disaster, the speed and effectiveness of the response and the lessons learnt from the calamity. Fritz explains how prior to this survey FI spent 18 months doing research, "using business principles in an area of humanitarian operations, to evolve the technology and the processes that should be put in place quickly while responding to natural disasters such as tsunami, earthquakes, cyclones, etc."

He clarifies at the outset that "we're not in public policy and here only to say how the organisations run and how we can help them be more effective in improving their backroom facilities, processes and infra-

structure." The key question any relief provider — NGO, government, etc — should ask pertains to the technology, training and process used to deal with the disaster.

Importance of technology

He claims FI has "created and developed what is without question the defining technology... the supply chain technology for the humanitarian world. We developed this in tune with the International Federation of the Red Cross... a complex, up-to-date technology, the best business practice and supply chain technology to mobilise, finance and distribute relief."

FI is a not-for-profit organisation and the \$ 2 million for the technology development came from his personal funds. While he can "annually spend a few million bucks", the FI has a fulltime staff of only eight members and works most of the time through the private sector and its human resources, employing experts when necessary. "For example our software was made in Mumbai. With the private sector, we use not their money, but their brains, processes, knowledge and experience," says Fritz.

This is FI's first major assessment operation; "because of the enormous media attention that the tsunami devastation received, we thought objective assessment was required, and created the tools and questions to make it a valid evidence-based research and not one based on just anecdotes or opinions. It was directed by and large to the impacted people to find their assessment and appraisal of the services; what were the lacunas and how services could be improved in any future disasters."

The burden of Fritz's song is that every major disaster like the tsunami should be considered a learning opportunity and there can't be better teachers than the impacted people.

When asked if there were question marks on the donated money reaching the impacted people, Fritz says, "Whenever there is lack of control or method/process mistakes, corruption does result. The answer to your question is to organise and orchestrate business processes so there will be less waste and we can improve standards so that donors can feel that their contribution is an investment in the relief and rehabilitation process."

So where was relief and rehabilitation efforts the most effective? "While there were geographic differences, on the basis of the scorecard given by the impacted people there was more satisfaction with government response in India than in the other two countries," he says.

A major issue during disaster relief is lack of psycho-socio sensitivity, "but I'm happy to report that this was not lost on the NGO community or the government; we were happy to see that experiences from past disasters were applied in tsunami relief." He was also happy at the synergy between the government, NGOs, military, etc. At a conference organised by FI in Chennai to mark a year of tsunami, all the major stakeholders came together to share their experiences and compute lessons learnt.

He says the most crucial factor in responding to natural disasters is preparation and this time too this was found lacking. "The need for preparation is what we are all about. Our mission is to sponsor, organise, help and support preparation that enables quick response. The first 48 hours are the most crucial; a dollar in preparation is worth \$ 10-20 in response. This is true in any business but particularly applicable to disasters and crisis," says Fritz.

An interesting question asked by the stakeholders was: How can we be prepared when there is no warning. "To which

I'd say many places, such as southern India, sit in the way of cyclones and earthquakes; Mexico and Southern US have hurricanes, San Francisco has earthquakes and Bangladesh will have floods every year."

He compliments Bangladesh where "the progress in the preparation for cyclones in the last 20 years has been awesome and there is data to show that. An earthquake or cyclone of the same intensity that killed 500,000 people 20 years ago would now kill 100 people. They've learnt from past mistakes and are much better prepared for a fast response."

Concerns on livelihood

Even though in India the co-ordination between the government and NGOs was more than adequate — "at the conference everybody complimented the government, particularly the Tamil Nadu government" — the saddest part is that the survey found that the "majority of people impacted in all the three countries are still operating at less than 50 per cent of their income levels prior to the tsunami. We heard people say we will build it better and that certainly should be the goal, but income levels have to be restored as soon as possible," says Fritz.

Among the fishing community even though many of the boats have been replaced, the fishermen are fishing less than half the days they used to because of issues con-

nected to spouses and the fear of going out more often. With the market for fish also going down thanks to all kinds of rumours, and there being no boats in the first few months, the supporting services for the fishing industry, such as trucks, were also adversely affected.

Where corporates can help

On the response from corporate India for tsunami victims, Fritz says the impacted weren't able to discern where the aid was coming from. But the best help the corporate world could give was on the preparation front and in the backroom of the government and NGOs. It is here that he finds his logistics experience invaluable. "I was able to help MNCs prepare for activities such as shipping, sales, manufacture. The amount of leverage — and I don't exaggerate here — that the government and NGOs can get from what companies do for their average purchasing, internal communication, technology, etc, is both enormous and invaluable."

That's why he has started Corporations for Humanity. "Now that people know who we are, companies such as Intel, Levis Strauss, General Motors, KPMG, etc have come to us, saying we want to join and help in disaster management. For example, what Wal-Mart could do during Katrina... they have warehouses, drugs, grocery, and all kinds of stuff, along with the ability to manage and do things... today a Mayor's office has no way of beat-

ing or building a Wal-Mart or a Tata! It takes generations to build such organisations. The application of their knowledge and resources in disaster management is what Corporations for Humanity aims to do.

Even though Fritz ducks the question on the relief and rehabilitation on a scale of 1 to 10, he admits: "This is a great question. Frankly it is our intention that two or three years later for other disasters such a question should have a precise answer... like: `Yes this was done well, this is how and why, and let's celebrate that. At that point I'll go to my next career!'"

But as of now, FI is involved in the Kashmir earthquake assessment too. "The Red Cross used our software which they said made them 4 to 5 times more efficient."

What about a man-made disaster like Iraq?

His answer: "Man is... ", followed by a huge sigh and silence.

Though he has been to Iraq a number of times in the last two years, FI does not plan to get involved "because that's a government... a political situation."
