

Relief When You Need It Can FedEx, DHL and TNT bring the delivery of emergency aid into the 21st century?

By Silvia Spring

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Sept. 11, 2006 issue - When disaster relief absolutely, positively has to arrive on time, it often does not. According to a 2005 study by the Fritz Institute of San Francisco, California, which studies aid operations, humanitarian agencies are 20 years behind big corporations in adopting the basic tools of modern logistics. After the 2004 tsunami, for example, most relief workers looking for supplies had no access to the kind of tracking software that traces every standard overnight parcel worldwide. The result is that lives, not just packages, are needlessly lost.

This is starting to change, however, as humanitarian groups move to adopt the methods and mind-set of big business. The trend has accelerated rapidly since Bill Gates announced plans to move into humanitarian work full time come 2008. Nothing has energized the world of humanitarian causes more dramatically than the imminent arrival of Microsoft's founding taskmaster and his billions—as well as another \$30 billion from his buddy Warren Buffett. When the world's richest man sets out to save the world, and demands results, interesting things start to happen.

Take the emerging industry of "humanitarian logistics." Those in the field understand that with the number and complexity of disasters on the rise (for reasons no one can quite pinpoint), the need to ship food, water, tents and first-aid supplies quickly and efficiently is becoming ever-more critical. The Fritz Institute has run annual humanitarian-logistics conferences since 2004. Georgetown University has a



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course on the subject and MIT offers a humanitarian concentration for logistical engineers. The largest humanitarian trade fair to date was held this May in Dubai.

Many of the leading private-sector logistics companies now have humanitarian programs or partners. In April, DHL of Germany launched its Disaster Response Team in Asia, the first of many that it plans to develop into a global network in cooperation with the United Nations. FedEx has partnered with the American Red Cross since 1996, and has created a miniature version of its own Memphis, Tennessee, control room at the relief group's Washington, D.C., headquarters. TNT, based in the Netherlands, has a humanitarian arm it calls Moving the World, which now works with the United Nations World Food Program (WFP) in 60 countries. The program's communications director, Luke Disney, says his company's expertise is a perfect fit for the WFP, which has "thousands and thousands of vehicles with spare-parts and refueling needs." TNT

has advanced systems that can tell the WFP not only where every single one of its trucks is, but also when each needs to have a tire changed. "Things like procurement and management processes," says Disney, "we've got down to a tee."

Still, there's a lot to be done. Paying for logistics takes up to a third of the budget of many relief groups. Estimates from INSEAD, a French business school, show that better organization could save as much as 20 to 25 percent on transport in disasters, and it's not unusual to see private companies do better. The mayor of Kenner, Louisiana, a suburb of New Orleans, publicly noted that Wal-Mart had distributed aid to Hurricane Katrina victims more quickly than the U.S. Federal Emergency Management Agency.

Of course, private companies are not looking for the same results as their nonprofit allies. Companies want a payoff, in projects completed and lives saved, to improve their images and

show their boards—goals humanitarian partners may not support, says Luk Van Wassenhove, professor of operations management at INSEAD. Such struggles marked early phases of the TNT-WFP partnership, says van Wassenhove, who considers such tensions natural when corporations enter the "humanitarian space." Relief, he says, can be delivered only by those who remain as removed as possible from political and economic agendas: "Companies distributing goods might easily violate this by just driving to the village where it's easiest and distribut-

ing the goods just where the CNN cameras are, rather than to the people who need it most," he says.

Still, look at some of the results of the TNT-WFP partnership, the largest and most visible of its kind. In southern Sudan, an area devastated by 20 years of armed conflict, TNT staff built a computer model that can compare the cost and capacity of delivering relief via rail, road, water and air, and identify the best routes, adjusting for changing local conditions. It can also calculate the costs and benefits of

infrastructure repairs, showing how much food or fuel could be saved by faster routes, in a field where lost time means lost lives. This recently helped persuade the Netherlands to pony up \$1.22 million to repair a 20-kilometer stretch of road; the work is now underway, and will save WFP \$500,000 a year, covering the initial outlay in just over two years. Now that sounds like a pretty good rate of return. Mr. Gates, are you listening?

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