

**Supply Chain Risk Management
Strategies of For-Profit and
Humanitarian Non-Profit
Organizations and Their Cross-
Learning Potentials**

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Agenda

Humanitarian Non-Profit Supply Chain Management

Comparison of For-Profit and Humanitarian Non-Profit Supply Chains

Supply Chain Risk Management

Research Questions

Research Design

Next Steps

Humanitarian Non-Profit Supply Chain Management

Definition: “the integration of business processes from end beneficiary through original suppliers that provides products, services and information *for the purpose of meeting the end beneficiary’s requirements.*” (based on Thomas and Mizushima, 2005 and The International Center of Competitive Intelligence, 1994)

Two branches (Kovacs and Spens 2007) :

- continuous aid work
- disaster relief



unicef.org



nytimes.com

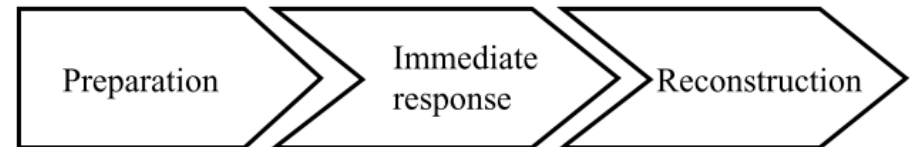
Disasters

Definition: „**a serious disruption** of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts **which exceeds the ability of the affected community** to cope using its own resources“ (United Nations, 2009)

Types of disasters

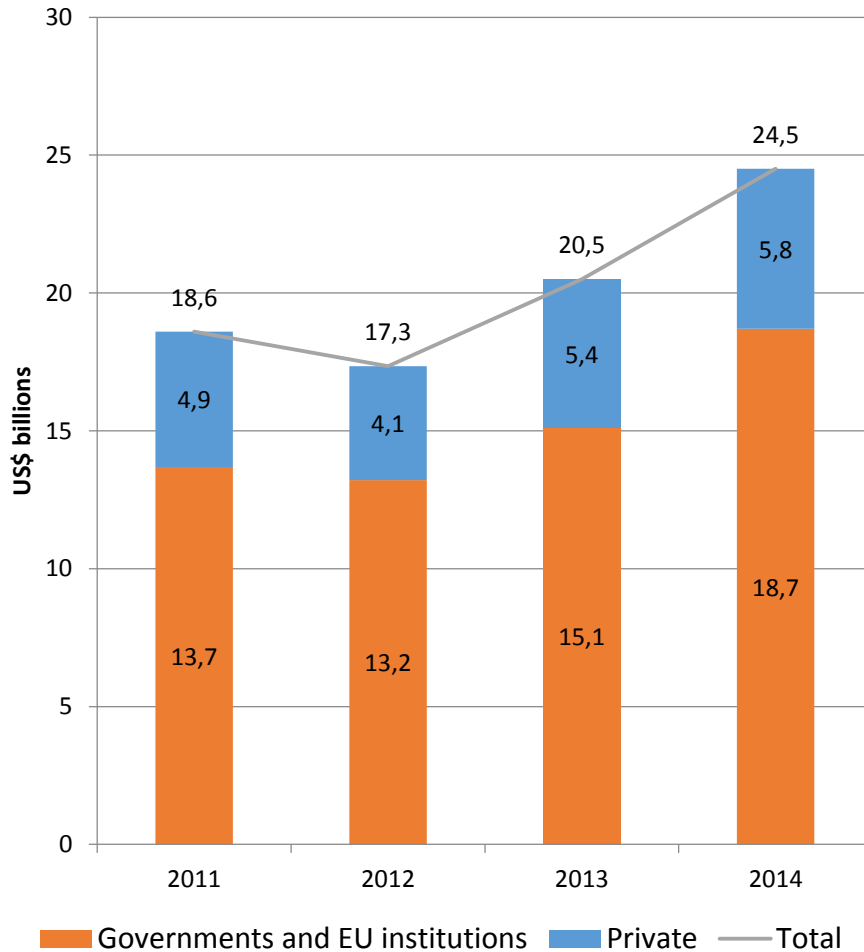
| | Natural | Man-made |
|--------------|--------------------------------------|--|
| Sudden-onset | Earthquake Hurricane Tornadoes | Terrorist Attack Coup d'Etat Chemical leak |
| Slow-onset | Famine Drought Poverty | Political Crisis Refugee Crisis |

Phases of disasters



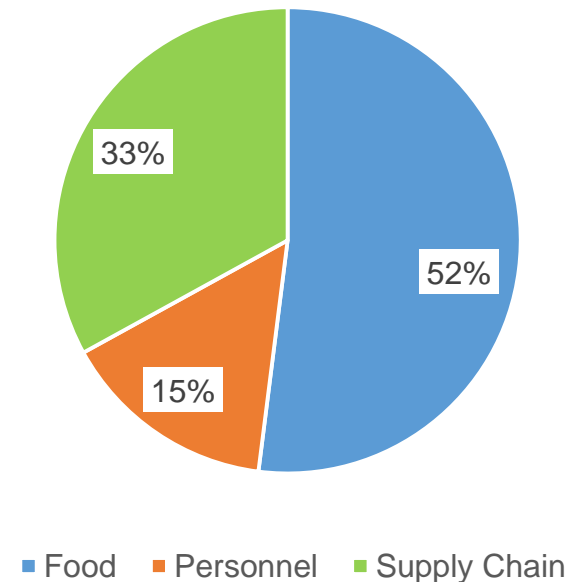
Van Wassenhove, 2006
Kovács et al., 2007

Annual Budget for Humanitarian Assistances is rising



Supply chain costs account for > 30% of overall budget

World Food Program Expenses 2011



Source: Global Humanitarian Assistance, 2015 / based on: wfp.org, Annual Report 2012

Supply Chain Configuration

For-Profit Supply Chains



Humanitarian Non-Profit Relief Supply Chains



adapted: SCOR Framework, Supply Chain Council, 2008

adapted: Van Wassenhove & Pedraza, 2010 "Using OR to adapt supply chain management best practices to humanitarian logistics"

Comparison For-Profit and Humanitarian Non-Profit Supply Chains

| Issue | Business | Humanitarian |
|---|--|---|
| Logistical Demands | Predetermined | Unique |
| | Predictable | Unpredictable |
| Logistical Drivers/ Motivators | Flexibility, Quality, Costs, Effectiveness, Agility,... | |
| | Profit | Preservation and Improvement of Life |
| | Efficiency | Speed of Response - acute timeframe |
| Improvement and Learning | Encouraged | Waking up |
| | Achievable | Little time to review, rapid response leads to a fire fighting approach |
| Risk of Mismatch | Increasing globalization = longer paths and shorter response times | High |
| | Decreasing margins for error | Very small margins for error |

Adapted: Ramsden, G. "Managing the Humanitarian Supply Chain - a Collaborative Approach?" 2014

Comparison For-Profit and Humanitarian Non-Profit Supply Chains

“Business logistics usually deals with a **predetermined** set of supplies, manufacturing sites, and a stable or at least **predictable demand** – all of which are **unknown in humanitarian logistics**” (Cassidy, 2003)

“...purchasing and logistics for major disaster relief is like having the client from hell – **you never know beforehand what they want, when they want it, how much they want and even where they want it sent.**” (Arminas, 2005)

“Unlike the private sector, **humanitarian organizations are specialists at being agile and adaptable**, implementing complex supply chains under high levels of uncertainty with limited resources and infrastructure – and often overnight.” (Van Wassenhove and Tomasini, 2009)

Supply Chain Risk Management

Risk Management: The implementation of strategies to manage both everyday and exceptional risks along the supply chain based on continuous risk assessment with the objective of reducing vulnerability and ensuring continuity (Wieland and Wallenburg 2012)

Physical Risks: associated with the movement and storage of materials (Waters, 2011)

Financial Risks: associated with the flow of money (Waters, 2011)

Information Risks: associated with the systems and flows of information (Waters, 2011)

Organizational Risks: arise from the link between members of the SC (Waters, 2011)

Supply Chain Risk Management Strategies

Vulnerabilities

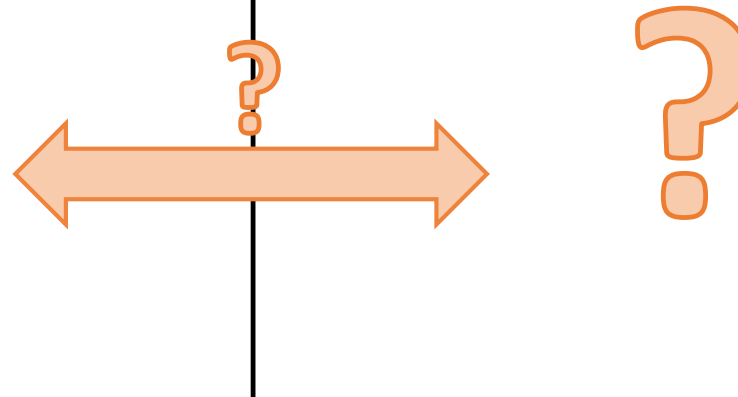
- Turbulence
- Deliberate threats
- External pressure
- Resource limits
- Sensitivity
- Connectivity

Capabilities

For-Profit Organizations

- Capacity
- Efficiency
- Visibility
- Adaptability
- Anticipation
- Flexibility
- Collaboration
- Agility
- ...

Humanitarian Non-Profit Organizations



modified Fiksel et al, 2015 //

Research Question

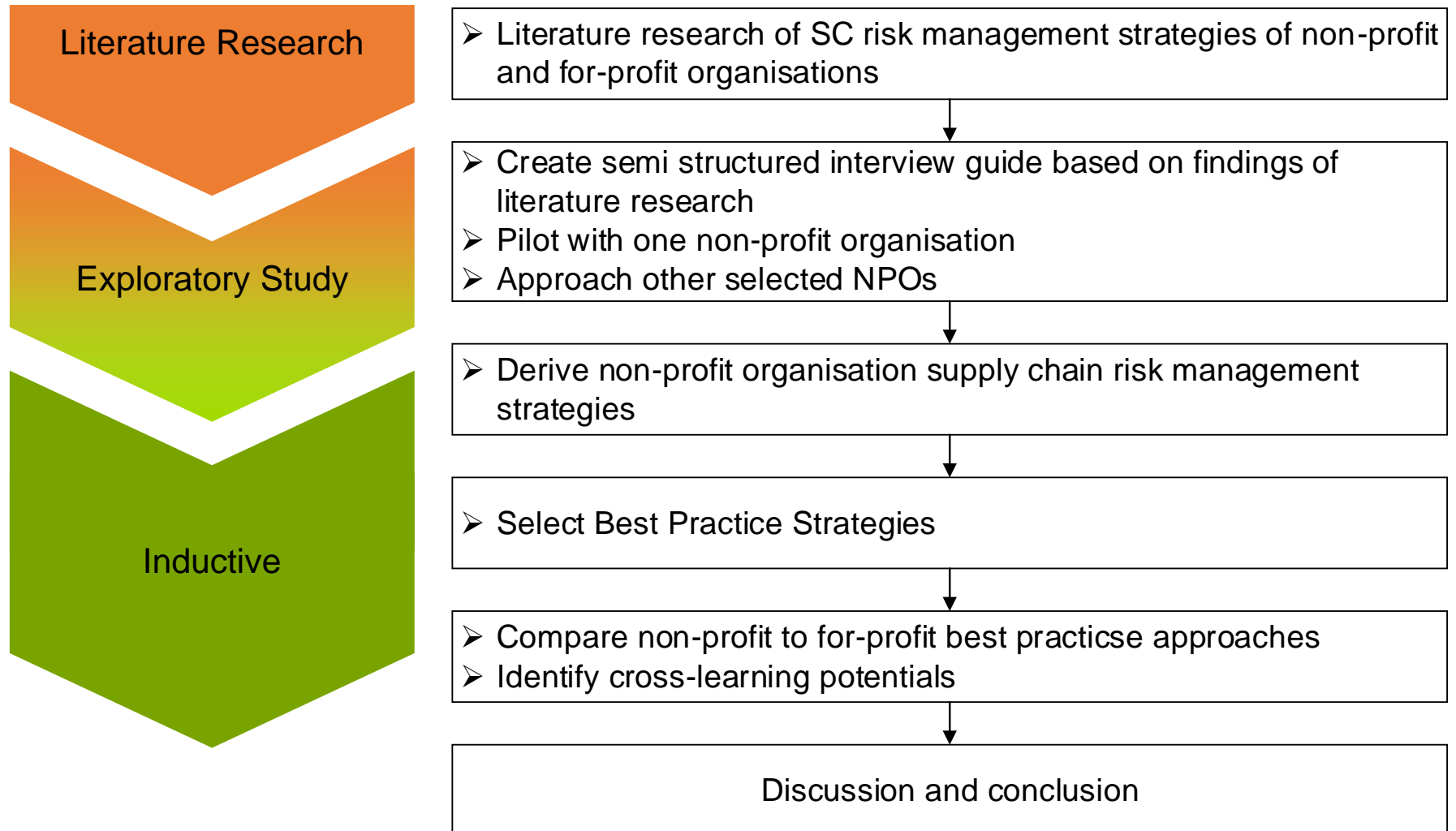
RQ1: What are the implemented risk management strategies of for-profit and humanitarian non-profit organizations?

RQ2: What are the cross-learning opportunities between for-profit and humanitarian non-profit organizations in terms of risk management strategies?



<http://monroevillein.com>

Research Design



Next Steps

- Literature research on SC Risk Management best practices
- Select humanitarian non-profit organizations
- Create semi-structured interview guide

Sources

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