

Sequoia Spotlight



A supply chain heading for disaster

How the Red Cross responds to global emergencies

When the earthquake struck Japan in March 2011, Tony Prophet, the senior vice president for operations at Hewlett-Packard was informed within 5 hours and 45 minutes. It was 3.30am in California when his phone rang. By the time he had picked up the call, the Japanese Red Cross had already set up its operations centre, dispatched a field Hospital and sent out 19 medical teams to the worst hit provinces.

The Red Cross may be the world's largest humanitarian movement – 97 million staff, volunteers and members across 186 national organisations - but it is no slouch when it needs to move; its response team, structure and supply network enables it to be quick off the mark.

The Japanese Red Cross, just like the British Red Cross, is part of a multitude of national organisations which exist in almost every country around the world co-ordinated by The Federation of the Red Cross.

When a disaster occurs, the Federation will often dispatch a Field Assessment and Co-ordination Team (FACT) to ascertain the impact first hand. These teams consist of trained staff with skills in logistics, health and sanitation, nutrition and languages, among others. Its members all have regular jobs, often in other areas of the Red Cross in countries around the world, but if they're on call when a disaster occurs they leave immediately and are often at ground zero within 24-48 hours of the event.

By linking up immediately with the affected country's Red Cross organisation they can combine specialist disaster knowledge with local familiarity and quickly gauge the appropriate response to the particular crisis in question.

Following the FACT team's assessment and forecasted requirements, the Federation can initiate the release of strategic relief stock from locations around the world and deploy a cluster of specialised Emergency Response Units (ERUs) suited to the task at hand.

An ERU consists of a group of trained technical specialists with pre-packaged equipment who can be dispatched at short notice to anywhere in the world and then, if needed, left there unsupported for up to a month. They are resourced by the national societies, the British Red Cross for example maintains two in a permanent state of readiness: one is a Logistics ERU containing a couple of 4x4's, some inflatable warehouses, a large generator, a forklift



truck and all the administrative kit required to support an international aid operation (including elastic bands and paper clips). The other is a Mass Sanitation ERU, capable of providing water and sanitation for up to 20,000 people.

The logistics and relief ERUs will manage the distribution of the strategic relief stock, pulled from the nearest available storage location. The Federation maintains four warehouses around the world for this purpose – located in Dubai, the Canary Islands, Kuala Lumpur and Panama, as well as several smaller stores in countries that are exposed to frequent disasters such as some of the Caribbean islands.

If possible, the entire response operation, including the ERU's and strategic stock will be managed by the local national organisation, with the federation and FACT team in a supporting role.

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Rescuee the casualty by Viola Nakamaanya (2017) https://commons.wikimedia.org/wiki/File:Red_Cross_Active_Team.jpg
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This ensures rapid access to countries that might not be so keen on the UN dropping by: Somalia, Afghanistan, Chad, Lebanon, Syria, Iraq, Iran and even North Korea all have their own national Red Cross or Crescent societies.

It could not be expected for any company to recreate this unique setup, or hold significant amounts of stock distributed globally in anticipation of a disaster that, in all likelihood, would not strike the company. Instead, large multinationals with lean supply chains might consider examining their response mechanisms. A quick, appropriate and well managed response will go a long way to mitigate the effects of any disruption.

As a textbook example, in March 2000 a microchip factory supplying both Nokia and Ericsson was contaminated by smoke from a nearby fire. Both companies found out relatively quickly: Nokia immediately sent out a team of engineers and supply chain professionals (similar to a FACT team) to examine the site and make an independent assessment, whereas Ericsson relied on reports from its suppliers (who, unsurprisingly, reassured Ericsson that everything would be fine).

After Nokia's team arrived, they determined that supplies were likely to be significantly affected for months and reported back to Nokia HQ – who



encouraged other suppliers in the US and Japan to ramp up production and reconfigured products to accept slightly different chips. In doing so they avoided the supply shortage that, when it finally arrived a few months later, cost Ericsson approximately €400m in new product sales.

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