

# Module 5: International Transport and TPL



22nd April 2013 |  
Marianne Jahre



con**tribute**



# Content

## ■ Learning Objective

- Students shall have an understanding of the development of transport strategy and process in the humanitarian context, focusing 3PL and shippers/providers relationships, transport tenders and contracting.

## ■ Literature

- Hammervoll, T. and Bø. E. (2010) Shipper-carrier integration – Overcoming the transparency problem through trust and collaboration, European Journal of Marketing, 44(7/8), 1121-1139.

## ■ Set-up

- Introduction module 5 and introduce Carl-Fredrik and Taino (MJ)
- Formal presentation exam project (Taino & Karl-Fredrik with opponents Lina & Sven): Developing a warehouse optimization model for humanitarian logistics - A study with United Nations High Commissioner for Refugees (UNHCR).

## ■ Report from the field (SH)

- Svein Hapnes (UNHCR) is in Amman, Jordan, as temporary Regional Logistics Coordinator for the Syria Crises, originally to be finished by 21<sup>st</sup> January. As we all know the crisis is on going and he needs to stay. He is with us by skype

## ■ Use of logistics service providers in the humanitarian context (MJ)

- 3PLs, services, resources, challenges and mitigation

# The case hand-in for 13th May

## ■ STUDENT TASK:

- With basis in the logistics strategy and structure of IFRC as described in on pp.1-28 incl. appendix in this document (1st strategic change) you are to discuss alternatives for their 2<sup>nd</sup> strategic change using the information from Module 2 and the LOG2015-document. This should include an analysis of
  - Factors that are dictating or will influence future development (Majewski et al. 2008 and lecture in Module 1)
  - Options that are available to the IFRC (e.g. outsourcing of logistics, centralisation of sourcing, warehousing, postponement, etc.)
  - Risk and benefits of these alternatives compared to the choice they have made and;
  - What is your recommendation
- You are requested to use the compulsory literature and lectures in modules 1-9 to solve the case, but you can also use additional articles/reports.

# Groups

Group case hand-in 13th May	Group presentation 15th May	Module for presentation
Jonas, <b>Fredrik</b>	Jonas, <b>Fredrik</b>	8
Knut, <b>Michaela</b> , Frida, Per N.	Knut, <b>Michaela</b>	5
<b>Panagiotis</b> , Lluc	<b>Miriam</b> , Frida, Per N.	2
Johan, Johanna, <b>Erik Li.</b> Miriam	<b>Panagiotis</b> , Lluc	1
Elina, <b>Lina N.</b> , Sara, Lina O.	Johan, Johanna, <b>Erik Li.</b>	7
<b>Linn</b> , Catharina, Christoffer	Elina, <b>Lina N.</b> , Sara, Lina O.	3
Kristina, Erik Lu., <b>Per V.</b>	<b>Linn</b> , Catharina, Christoffer	4
	Kristina, Erik Lu., <b>Per V.</b>	6

# Use of logistics service providers in disaster relief logistics

- DHL: [http://www.dhl-dgf.com/logistics/freight\\_transportation/aid\\_and\\_relief\\_services.html](http://www.dhl-dgf.com/logistics/freight_transportation/aid_and_relief_services.html)
- Kuehne + Nagel: [http://www.kn-portal.com/industry/emergency\\_relief/](http://www.kn-portal.com/industry/emergency_relief/)
- Maersk: <http://www.maersk.com/press/newsandpressreleases/pages/20110127-160425.aspx>
- DAMCO: <http://www.damco.com/en/About/Sustainability/Logistics%20Emergency%20Teams.aspx>
- TNT: [http://www.tnt.com/wfp10years/en/site/home/In\\_times\\_of\\_crisis.html](http://www.tnt.com/wfp10years/en/site/home/In_times_of_crisis.html)
- UPS: <http://www.community.ups.com/UPS+Foundation/Humanitarian+Relief>
- Agility: [http://www.agilitylogistics.com/en/pages/agility\\_csr\\_humanitarian.aspx](http://www.agilitylogistics.com/en/pages/agility_csr_humanitarian.aspx)
- IFRC: <http://www.ifrc.org/en/what-we-do/logistics/key-logistics-services/>

## Logistics service providers in disaster relief - discuss with your fellow students

Q1: What type of **services** are/could be offered?

Q2: What **resources** do you see commercial service providers have that would be interesting for the humanitarian organisations to buy?

Q3: What could be **challenges** for commercial service providers if they want to offer services to humanitarian organisations?

Q4: Use the Hammervoll & Bø (2010) article to discuss how some of these challenges could be **overcome**

## Use of LSPs by humanitarian organisations

- *Most logistics service providers are engaged based on a **commercial contract**. Humanitarian organisations may receive **in-kind donations** for example for **materials and free storage of goods** at the UNHRD, and sponsorships deals such as **standing agreements for some free cargo services** offered by companies such as British Airways, TNT, UPS, DHL. All organisations interviewed **have long-term standing contracts with providers of logistics services at the global level**. A decade ago most of these relationships **did not exist**, but currently it is commonly believed to be **essential to establish well-functioning partnerships and long-term agreements (LTAs) with the private sector preferably in a non-emergency phase**. This will allow fast deployment of services and resources (personnel, materials, commodities) when needs arise. Long-term agreements (LTAs) in general do not hold any obligation.*

(Source: Contribute 2011; Disaster relief logistics from the perspective of key humanitarian actors: Building the road: A snapshot of the key resources and challenges for the key humanitarian actors, Natalia Gomez-Tagle Leonard, Everywhere Humanitarian Response and Logistics Services.)

# Examples of services offered

- [http://www.kn-portal.com/industry/emergency\\_relief/](http://www.kn-portal.com/industry/emergency_relief/)
  - Transport arrangements as necessary, including sea, air and overland, partial or full charter
  - 24/7 warehouse services and logistics handling capabilities at emergency sites
  - Local field specialists in Africa, Afghanistan, Iraq, the Caucasus, Central and Latin America, and Southeast Asia
  - Strategically located storage and warehousing, allowing immediate dispatch of emergency medical items, water purification kits, food and housing materials
- [http://www.agilitylogistics.com/en/pages/agility\\_csr\\_humanitarian.aspx](http://www.agilitylogistics.com/en/pages/agility_csr_humanitarian.aspx)
  - transport, trucks, forklifts, warehousing and refrigeration, as well as share our deep expertise in supply chain management
- <http://www.ifrc.org/en/what-we-do/logistics/key-logistics-services/>
  - The IFRC uses the term 'procurement' to mean the purchase of goods, services and capital items, as well as the contracting (hiring or renting) of equipment, facilities, consultants or services. Full procurement services include:
    - tendering
    - supplier selection
    - transportation to final port of entry
    - import and export
    - insurance
    - inspection services



# IFRC services

## ■ Procurement and transportation

- When we receive your request for goods and services, we offer the most cost-effective way to deliver them in line with your specifications and timescales.

## ■ Warehousing and handling

- Our global network of storage facilities, operated by specialist staff, allows us to ensure safe and efficient receipt, warehousing and dispatch of relief supplies.

## ■ Contingency stock

- We hold pre-positioned stock at our logistics units worldwide to meet the immediate needs of 400,000 people at any time and anywhere. We can store additional relief items in our warehouses upon request.

## ■ Fleet services

- All vehicles operated under the IFRC umbrella are managed by the GLS Dubai office. By implementing an optimized vehicle management strategy, we are able to secure the best possible pricing with the most appropriate vehicle specification. Purchase options are not restricted to cars and can include motorcycles, forklifts, generators and even motor boats. Vehicles can also be equipped according to requirements – with radio equipment, vehicle recovery kits or additional security. In 2010, we adopted our Clean Fleet Strategy exemplifying the IFRC's strong commitment to reducing the adverse effects of our fleet on the environment.

## ■ Insurance

- When you select one of our services, we can ensure that comprehensive insurance cover is in place.

# Selected commercial actors in international humanitarian response claim....

## Main resources

In house expertise in providing logistical services

Availability of logistical infrastructure

Recognition of humanitarian logistics as a key area for the future

Global reach and local knowledge

Relationships with key actors in disaster relief landscape

Well trained and experienced personnel

## Main challenges

Firewalling of CSR related activities from commercial interests

Establishing communication and trust in their key relationships

Finding creative solutions in times of emergencies

Limited participation in preparedness and capacity building activities

Ad-hoc procurement practises in the humanitarian sector

Dealing with the bureaucracy in humanitarian organizations

## Hammervoll and Bø (2010)

- Transaction: Not seeing distribution as crucial in the marketing mix means transport is treated as a commodity purchased in transactional manner (request for quotation/aggressive negotiation/rate discounts)
- Collaboration: with regards to information, decision making, financial matters, operational issues: **transparency problem** (sharing sensitive information)
- Problem: short-term vs. long-term advantages for shipper vs. Carrier
- How to overcome problem:
  - Pooling of risk, communication, trust are part of integrated transportation mmgt.
  - A decision support tool that provides detailed cost-analysis of transportation arrangements: cost mapping, enhanced productivity and improved risk management for shippers AND carriers
- Transparency encourages both parties to manage risks collaboratively
- Trust and communication can be facilitated by development of tool
- Full information about costs means it is difficult for carrier to act opportunistically
- Significant effort required to build relationships