Measuring Success in Humanitarian Supply Chains

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Abstract
What success entails in a humanitarian supply chain has not yet been clarified satisfactorily. Depending on the specific actor or stakeholder, definitions of success may be different. This research defines success factors and translates them into concrete indicators and measures supported by a case study in two German and two Dutch humanitarian aid agencies.

Keywords: Humanitarian supply chain, success factors

Introduction
In today’s environment the number of natural and man-made disasters increased significantly. Due to the climate change there will be more disasters (Oloruntoba, 2005; Dupont and Pearman, 2006). Thomas and Kopczak expect a steady increase of fivefold times for the number of natural disasters over the next fifty years (Thomas and Kopczak, 2007). In 2006 the United Nations also confirmed that the natural disasters over the next years become more severe, often and destructive (UN, 2006). In the existing Annual Disaster Statistical Review 2011 is reported that 332 natural disasters were registered less than the average (384 natural disasters) from the observed years from 2001 to 2010. In 2011, natural disasters killed 30.773 people and caused 244.7 million victims worldwide. Economic damages from natural disasters were estimated US$ 366.1 billion. The earthquake and tsunami disaster in Japan was the most expensive natural disaster ever recorded, with estimated economic damages of US$ 210 billion. In June 2011 a flood affected China and has made the most victims ever it caused 67.9 million victims. Furthermore droughts and consecutive famines caused many victims in Ethiopia (4.8 million), Kenya (4.3 million) and Somalia (4.0 million) (Guha-Sapir et al., 2012). The increasing number of natural disasters and the resulting complex humanitarian emergencies put pressure on Humanitarian Aid Agencies (in following HAA) to deliver humanitarian aid in an appropriate and cost effective way (Fritz Institute, 2005; van Wassenhove, 2006; Oloruntoba and Gray, 2006; Kovacz and Spens, 2007). These are considerable reasons to work on determining the success factors of humanitarian supply chains and what success factors are essential in all disasters. Success factors are critical for a successful operation of humanitarian aid delivery and
for improving humanitarian supply chain efficiency. This paper uses the existing literature to identify success factors for the humanitarian sector. The proposition of identified success factors based on literature is in itself not sufficient. Concrete key success factors are presented in an illustrative case study would help specific humanitarian supply chain actors in their decision making and supply chain process management.

**Humanitarian supply chain**

Generally a supply chain is the network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products or services in the hands of the ultimate consumer (Christopher, 2005). Supply chain management is the management across a network of upstream and downstream organizations of material, information and resource flows that lead to the creation of value in the form of products or services (Mangan et al., 2008). However, the humanitarian supply chain encompasses the planning and management of all activities related to material, information and financial flows in disaster relief. Importantly, it also includes co-ordination and collaboration with supply chain members, third party service providers and among humanitarian organizations. It does not include the development aid aspect of humanitarian logistics (Kovacz and Spens, 2012). Further, humanitarian supply chain management is concerned with managing the efficient flow of aid materials, information and services and aim to reduce the impact of disaster on human lives (Lijo and Ramesh, 2012). Humanitarian supply chains play a central role in several phases of a disaster relief concept such as preparedness, immediate response, reconstruction and recovery phase (Baumgarten et al., 2010). Each of these phases and activities require logistics support, although every phase has its requirements with regard to the duration, volume, the needed as well as the variety of supplies, urgency and procurement location. Considering this, efficient collaboration and cooperation between the varieties of supply chain actors is one of the main criteria for the humanitarian network design. Especially in sensitive phases such as the preparedness and response phase a high need of cooperation and collaboration can be noted. The following figure underlines the specific need, the logistics volume and urgency, duration, as well as variety of supplies, procurement location change referring to the specific phase and disaster.

![Humanitarian supply chain management cycle](image-url)
A humanitarian supply chain is dynamic, agile and innovative (Oloruntoba and Gray, 2006). It can be seen as clearly unpredictable, turbulent, and requiring flexibility (Oloruntoba and Gray, 2006) because of complex environments due to the disasters that occur anywhere and anytime, unfortunately often in underdeveloped countries with poor infrastructure or political instability (Scholten et al. 2010). And hereby it can be argued that humanitarian supply chains need a combination of military and commercial application (van Wassenhove, 2006). Due to this complexity, key success factors are essential to achieve efficient and effective supply chains, to fulfil the donor and beneficiary demands as well as service requirements and to generate competitive advantages e.g. in quality of products.

**Key success factors**

**Key success factors definition**

Key success factors are also known as critical success factors (Freund, 1988; Oloruntoba, 2010). Key success factors are not key performance indicators (Oloruntoba, 2010). Rockard defines critical success factors as those things that must be done if a company (a HAA) is to be successful (Rockard, 1979; Digman, 1990). Key success factors have to be established for the overall organization for achieving objectives centered on financial, growth and positioning issues (Freund, 1988; Oakland, 1995) on the strategic, tactical and operational levels. Daniel (1961) proposed the concept of success factors for enterprises; these contribute to competitive success in the particular business. He adds that all financial and non-financial data within an enterprise (a supply chain) are needed to plan, operate and control an enterprise (a supply chain). This includes external information such as economic and political factors and data on competitive activities (Daniel, 1961). The key success factors concept (Freund, 1988):

a) is important to target overall organization goals and objectives
b) it should be measurable and controllable
c) it should focus relatively on only a few indicators
d) it expresses the things that must be done
e) it should be applicable to all organizations or companies with the similar objectives and strategies
f) it should be defined for overall organization, each organization unit in a hierarchical manner

Key success factors have been determined for different management topics for example knowledge management (Alazmi and Zairi, 2003; Davenport and Prusak, 1998; Monnavarian et al. 2012), supply chain management (Power et al., 2001; Tummala et al., 2006), information technology (Holland and Light, 1999), humanitarian relief and supply chain (Oloruntoba, 2010; Lu et al., 2006; Pettit and Beresford, 2009; Komrska et al. 2013), logistics (Razzaque and Sheng, 1998; Gunasekaran and Ngai, 2003; Shen and Chou, 2010) project and change management (Chrusciel and Field, 2006).

**Identification key success factors**

Hofer and Schendel stated that the identification of key success factors is obvious and easy due to a combination of sensitivity and elasticity analysis (Hofer and Schendel, 1978). However, Leidecker and Bruno argue that key success factors are not as obvious. Because the sensitivity and elasticity analysis are useful identification tools but they are by no means sufficient, nor are they the only useful methods for identifying key success factors (Leidecker and Bruno, 1984).
Leidecker and Bruno (1984) have for example proposed environment scanning, industry structure analysis, opinions of experts in the industry, analysis of competitors, and analysis of the industry’s dominant firm, a specific assessment of the company, intuitive judgment and the profit impact of market strategy as further analysis instruments (Leidecker and Bruno, 1984). Summarized, key success factors are seen as areas, goals, objectives and points for the overall organization on a strategic, tactical and operational level. Key success factors support the management to achieve the corporate and organization goals, quality, and high performance and contribute to competitive success in the business. So, the key success factor methodology that is proposed by Freund (1988) is as follows:

1) Analysing the objectives and mission of the organization to determine success factors.
2) Identification of key success factors for each organization unit, and then key functional areas.
3) At each level the number of key success factors ranges between five and ten to avoid that performance indicators are going to be used.
4) Develop strategies to influence competitive strength and overcome weakness in each area and focus on the areas offering the maximum benefit.
5) Develop measurement tools to monitor performance.
6) Creating processes and procedures to report performance information in time.

Consequently, we develop a case study - two German and two Dutch HAA for a better understanding of the working field in the humanitarian sector.

**Key success factors in humanitarian supply chains**

Compared to commercial supply chains, key success factors in humanitarian supply chains are rarely mentioned. The first work that focused on key success factors to humanitarian supply chains is of Lu, Pettit and Beresford (2006) and Pettit and Beresford (2009). The suggested key success factors in humanitarian supply chains of Lu, Pettit and Beresford (2006) and Pettit and Beresford (2009) based on the work of different authors from the commercial supply chain sector: 1) Gunasekaran (2003) who outlined five key success factors to a small logistics enterprise, namely strategic planning, transportation planning, capacity planning and information management (Gunasekaran, 2003). 2) Power et al. (2001) who defined success factors to an agile supply chain, namely human resource management, information and technology management as well as utilization, inventory management, collaboration as well as continuous improvement and just in time concept (Power et al. 2001). 3) Thus of Razzaque (1998) who determines key success factors specific to outsourcing of logistics function to logistics service provider (Razzaque, 1998). Summarized Lu, Pettit and Beresford (2006) and Pettit and Beresford (2009) identified three key success factors strategic planning (including corporate strategy, centralized or decentralized distribution centers, outsourcing of non-score activities, budget and deployment of ressources), inventory management, transport and capacity planning, information management and technology utilization, human resource management, continuous improvement and collaboration and supply chain strategy. Olortunba (2010) has investigated the key success factor for a relief chain based on document analysis and semi-structured face to face interviews with directors and mid-ranking managers of three significant civil response organization to evaluate the management of relief operations during the cyclone “Larry” in Australia (Olortunba, 2010). Olortunba has grouped the key success factors into two categories: 1) Preparedness and readiness in form of prior cyclone awareness and education, accurate and specific early warning as well as
effective prioritization and planning. 2) Unity of direction and whole of government response (Olortunba, 2010). Komrska et al. have identified recommendations that can be seen as key success factors to improve the ready-to-use therapeutic food (RUTF) supply chain of UNICEF. The five delineated key success factors being implementation of key performance indicators, pre-position buffer stock, diversification the RUTF supplier base, improve inter-agency and donor collaboration and improve information flow and forecasting (Komrska et al., 2013). From the above key success factors for humanitarian supply chain it becomes apparent that there are more specific key success factors which have to be outlined for the ultimate success of humanitarian supply chains and applicable to all HAA and other humanitarian actors with similar objectives and strategies. Therefore this paper seeks to identify the variety of macro and micro factors that ensure the success of humanitarian supply chains and translate them into concrete factors by applying a case study with two German and two Dutch HAA.

Case research
Description
To identify the key success factors for the humanitarian supply chain, the authors use the case method as a research method. The case method is essential for the development of new theory parts and for a design of explorative research (Voss, 2009). The case method helps to study and understand the success factors of humanitarian supply chains because it is rarely established in science and practice. The authors use a case to learn about the complex operating procedures and objectives of NGOs. The case method allows to address “Why?” and “How?” questions (Yin, 2003). The case shows the key success factors of two German and two Dutch HAA. Case data was collected by using semi-structured interviews with the head of the operations management and logistics unit as well as logistics manager. The interviews (telephone and e-mail) were the main source of our data and the 6 questions concentrated on the objectives of the humanitarian supply chain, key success factors and the measurement of key success factors. The interviews had duration of 1 hour. Further the interviews were conducted with the general issues about the organisation, structure, logistics volume and operations in the field.

Case study results
In this section the results of the deployed exploratory research design is presented. Organization 1 is a neutral NGO and contributes to humanitarian aid worldwide. It has a federative structure and consists of a national entity and 19 general branches with a membership of over 420 district branches as well as a national federation of nurses associations with 34 nurses associations. It works in 50 countries worldwide in the response phase as well as in recovery and reconstruction phases. The relief items in disaster relief, disaster preparedness, and disaster risk reduction are shelter, water, sanitation, basic healthcare and healthcare education. Organization 2 is a NGO and seeks to fight against hunger and poverty as well as for sustainable food security in the response phase as well as in recovery and reconstruction phases. In 2011, Organization 2 worked in 39 countries worldwide and focused on regional development, social integration and education, as well as basic infrastructure. Organization 3 is a NGO and provides health services to more than 200,000 truck drivers of the road freight industry, sex workers and community members in Africa. It operates 24 roadside wellness centers. Organization 4 is an international, neutral, an independent non-profit, self-governed organization with 23 associations worldwide. It supplies aid e.g. medical care, water, sanitation to people that were affected by a natural disasters, armed conflict as well as epidemics. Organizations 1 to 4 were asked to define the humanitarian supply
chain in case of natural disasters. There are no grave distinguishing features between the definitions. Summarized, a humanitarian supply chain is seen by the four organizations as follows:

*as the complete process of humanitarian logistics and include planning, procurement, distribution, transport, warehouse management, fleet management, monitoring and evaluation the material information and financial flow in a timely manner in consideration of different type of goods, different type of disasters and different type of phases in the case of disaster.*

In this case study, four HAA – different in size, goods, number of staff, number of projects, received donations and corporate identity – consistently consider the main role of the supply chain to ensure the right items, in the right place, at the right time, at the right cost, in the right condition, and in the right quantities. All four organizations act neutral in the field, are non-profit and provide beneficiaries with aid. Furthermore the topic efficient supply chain or logistics increased significantly and they focus on improving and promoting the supply chain and invest the saving in achieving more people that are affected by natural or man-made disasters and becoming much more transparent for the stakeholder. The results related to the key success factors are presented in following table for a better structure and use in the analysis and discussion section.

**Table 1: Results of the interviews with four HAA**

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Organization 1</th>
<th>Organization 2</th>
<th>Organization 3</th>
<th>Organization 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What Objectives are central for your humanitarian supply chain?</strong></td>
<td>Time, quality, security, costs and neutrality on strategic, tactical and operational level</td>
<td>Availability of goods in the right time in the right place, price, quality, proper information for proper planning of activities</td>
<td>Avoid of out of stock, availability of goods in the right time in the right place, preventing expiry of medication, security, continuum of care, cost control, donor satisfaction, provide sufficient medicine for patient</td>
<td>Multiple chain (because depending on case and need) therefore different type of goods in different chains, for humanitarian medical activities staff is needed, price, quality, considering rules, ethical principles, impartiality and independence from the different actors within the conflict</td>
</tr>
<tr>
<td><strong>What success factors are essential to achieve these objectives?</strong></td>
<td>✔️ Sustainability ✔️ Speed and flexibility ✔️ Cooperation, coordination and network ✔️ Local procurement ✔️ Performance measurement ✔️ Beneficiary involvement ✔️ Standardization (e.g. relief items, processes)</td>
<td>✔️ Proper assessment and planning in advance ✔️ Qualified staff, enough staff members ✔️ Monitoring all the time in order to re-adjust if necessary</td>
<td>✔️ Availability of goods ✔️ Growth of the wellness centers to reach many people ✔️ Inventory management ✔️ Order management ✔️ Performance measurement ✔️ Security ✔️ Medical quality control ✔️ Contract management with donors</td>
<td>✔️ Availability of goods over the price ✔️ Speed ✔️ Saving lives ✔️ Cost efficiency in case where planning is possible ✔️ Independence ✔️ Impartiality ✔️ Knowledgeable and motivated staff</td>
</tr>
<tr>
<td><strong>What decisions or actions are</strong></td>
<td>Save lives, come back to the normal life</td>
<td>Qualified and experienced staff</td>
<td>Quality system in place (TQM), monitoring and</td>
<td>Medical ethics, independence,</td>
</tr>
</tbody>
</table>
Analysis and discussion

Even the four HAA are different in size, goods and corporate identity the central objectives of their humanitarian supply chain are similar. Three main objectives have to be considered in the humanitarian supply chain such as neutrality, availability of goods and information. They target to stay neutral in case of natural or man-made disasters and work irrespective of race, religion, gender or political views. Furthermore they do not intervene to the political, economic or religious interests of a government. Another priority is to follow the ethical aspects which mean they treat the beneficiaries with dignity and they respect their religion and culture. The objective neutrality as an ethical aspect seems to be important even for creating a supply chain because it has a high effect on the access to the affected country or to increase the security standard of the staff and goods as well as to have success in the operational level e.g. on procurement to avoid crimes and corruption. Further the HAA prioritize the objective availability of goods that should be in the right time, in the right place, to the right price and in the right quality. Quality of goods in a humanitarian supply chain is an essential criterion that stands for e.g. preventing the expiry date of products or standardization of the relief items. Further one organization mentions that they have 150 different kits for different situation that are stored in their warehouses worldwide to avoid the out of stock situation and depending on the humanitarian supply chain management phases to ensure the speed and to reach the victims in the right time. The third objective for the HAA is information. The information is needed for a proper planning. The HAA have different concepts to get the needed information in case of a disaster to reduce vulnerability and to save lives. The term information has to be subdivided in two categories, 1) information about the situation e.g. mortality rate, impact on health, affected people, access to areas and logistics hub e.g. airport, seaport, development of the disaster, population structure, availability of sources in the affected area, staff and their education; 2) information about the security, reporting to local authorities and communication to the national security services, other HAA, supplier or logistics service provider. Based on the collected data the key success factors for humanitarian supply chain can be classified in strategic, tactical and operational level that are summarized in the
following table. In the first look the identified key success factors for a humanitarian supply chain seems to be similar to the commercial key success factors of an enterprise. Hereby a Humanitarian Aid Agency does not target profit maximizing or expansion to fulfill the needs of the customer or to assess the threats and opportunities as well as strength and weakness of its business environment.

*Table 1: Identified key success factors for humanitarian supply chains*

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Tactical</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sustainability</td>
<td>(1) Coordination</td>
<td>(1) Speed</td>
</tr>
<tr>
<td>(2) Cooperation</td>
<td>(2) Beneficiary involvement</td>
<td>(2) Flexibility</td>
</tr>
<tr>
<td>(3) Performance measurement</td>
<td>(3) Proper assessment and planning</td>
<td>(3) Local procurement</td>
</tr>
<tr>
<td>(4) Standardization of relief items, processes</td>
<td>(4) Qualified and experienced staff</td>
<td>(4) Order management</td>
</tr>
<tr>
<td>(5) Growth</td>
<td>(5) Inventory management</td>
<td>(5) Cost efficiency</td>
</tr>
<tr>
<td>(6) Security</td>
<td>(6) Long-term contracts</td>
<td>(6) Enough staff members in the field</td>
</tr>
<tr>
<td>(7) Independence and impartiality</td>
<td>(7) Quality management</td>
<td>(7) Availability of relief items</td>
</tr>
<tr>
<td>(8) Continuum of care</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Two key differences have to be considered that HAA target to save many lives much more as possible despite the chaotic environment and to use efficiently donations. Summarized the factor saving lives or beneficiaries can be seen as a main output criteria and the factor donations can be seen as main input criteria in a humanitarian supply chain. Compared to the counterpart the classical commercial supply chain considers main input criteria such as a product and the main output criteria the satisfaction of the customer. The above mentioned key success factors for humanitarian supply chain are derived from different decisions and actions from the HAA. For example the key success factor *sustainability* is essential for HAA because their aim is to save lives and to bring the beneficiaries in their normal life situations and they should grow on their own means. Further the HAA should be transparent for their stakeholder e.g. donor and be lean and agile in their overall internal organization structure or following the Humanitarian Aid Agency principles such as accountability, different ethics aspects and independency e.g. to achieve the growth. The case study has shown that the humanitarian claims about the difficulties to measure the success that is categorized in qualitative and quantitative criteria. Further the adoption of the commercial performance system and its establishment in the humanitarian supply chain management has to be criticized due to different reasons. The quantitative measurement e.g. of lead times or the number of supplied beneficiaries with relief items is possible nowadays. The great challenge is supposed in qualitative measurement e.g. staff satisfaction compared to last year (last project) or the purchase prices not increase more than a certain percentage compared to last year or do the carrier keep performing according to what is expected or beneficiary satisfaction compared to the last period.

**Conclusion and further development**

This paper highlights that the identified key success factors are relevant in humanitarian supply chains but with different targets. However, there are potential implications from these research findings for different HAA. These are important for an effective management of emergency response measures. As limitation it can be observed that the boundaries between the objectives of the stakeholders, key success factors and performance measurement metrics are not sufficiently clear. Therefore as a further development the boundaries have to be defined. By a sufficient definition of objectives and key success factors a holistic performance measurement
metrics can be developed that matches the humanitarian supply chain environment - considering the link between logistics processes and donations. The suggested key success factors here have to be translated into measurement metrics and implemented as well as tested in different HAA. Further a performance measurement system and tools can be developed for this sector based on these research results.

**Acknowledgment**

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