Agility Under Pressure

By , INSEAD Professor of Technology and Operations Management, Charles Delagarde ,
INSEAD Research Associate and Joachim Mikalsen , INSEAD Research Associate

A large humanitarian organisation with Strategic Agility shows others how to quickly respond to strategic challenges without creating more chaos.

Crises of global importance are increasing in their frequency. From the European refugee crisis to conflicts across the Middle East to market disruptions, dynamic responses are required. Careful strategic planning is less pertinent in all organisations. Responses must be fluid, making the concept of Strategic Agility a new necessity.

Strategic Agility, as **described** by INSEAD Professor **Yves Doz** and Mikko Kosonen of Sitra, is the capacity of organisations to proactively identify and respond to emerging strategic challenges, changing and updating their operations to stay fluid and nimble.

How can organisations change so they are capable of reconfiguring quickly to solve a problem or react to a change in situation? Or capture an opportunity in a market? One humanitarian organisation – UNICEF – is clearly showing the way, as exemplified by its successful operation in war-torn Yemen.

At the **9th Annual Conference on Health & Humanitarian Logistics**, we will present our paper **"Humanitarian Agility in Action: UNICEF's Response to the Yemen Crisis"** in which the INSEAD Humanitarian Research Group investigates UNICEF's Strategic Agility in the crisis in Yemen; in particular, how the hurdle of a supply chain in a blockaded country can be overcome without creating more chaos.

On the ground

In 2014, the Houthis began protesting against the Yemeni government. The situation escalated and, by January 2015, they had seized control of the capital, Sana'a, and forced the president to step down. In March of that year, a Saudi-led coalition of ten Arab States began airstrikes on Sana'a. The coalition imposed both an aerial and naval blockade on the whole of Yemen, plunging the already ravaged country into an even deeper conflict.

Present in Yemen for more than a decade, UNICEF had put in place well-functioning supply lines to and within the country. The Yemen Country Office (YCO) was located in Sana'a, with five field offices spread across the country.

UNICEF's Supply Division in Copenhagen handled all logistic activities related to delivering humanitarian supplies to Yemen, while the YCO organised the in-country transportation. The Middle East and North African Regional Office (MENARO) in Amman also played a support role. Only a limited range of goods were available locally, so most of the supplies had to be shipped into the country.

Before the airstrikes, UNICEF was operating two separate supply chains: one for vaccines, and one for dry goods. Vaccine shipments were sent by air to Sana'a, while dry goods were shipped to the port cities. From these entry points, goods were transported to warehouses for temporary storage or shipped directly to partners. All logistics activities were outsourced to service providers via long-term agreements.

This well-oiled operation ground to a halt when the main ports and airports were bombed and a blockade of Yemen began. UNICEF's immediate problem was how to get relief shipments into Yemen, as it was not clear who could give permission to enter the country, or how long the situation would last. "We didn't expect the entire delivery system to collapse," says Yasser Al-Azazi, a logistics officer in the YCO. There was also an urgent need to finance the initial operation, as the humanitarian situation was worsening at a rapid

pace.

A flexible solution

In the face of lack of traditional supply chains, UNICEF set up a forwarding hub in Djibouti (close to Yemen across the Red Sea) and used small boats, *dhows*, to deliver the necessary supplies to Yemen. This is one key example of how UNICEF managed to put Strategic Agility in action during this crisis.

Strategic Agility consists of three major building blocks:

1. **Resource fluidity:** Fluidity in fast mobilisation and (re)deployment of strategic resources or funds, people and competences, providing the operational underpinning for Strategic Agility.
2. **Collective commitment:** The ability to make and implement decisions that mobilise multiple subunits to sustain and integrate collaborative action.
3. **Strategic sensitivity:** The early awareness and acute perception of incipient trends, converging forces, risks of discontinuities, and the real-time creation of strategic situations as they develop and evolve.

Resource fluidity

In this crisis, resource fluidity meant redistributing people, funding and adapting transport quickly.

The Supply Division sent a team of people to create a forwarding hub in Djibouti in order to reroute supplies destined for Yemen into the country. The personnel from the Supply Division, the MENARO, the Djibouti Country Office and the YCO all knew and respected each other, which facilitated quick decision making. Experienced people with mutual respect and trust could create a joint understanding, agree on an action plan and quickly move forward.

Immediate funding was obtained in a fluid fashion from several sources, including the UNICEF's Emergency Programme Fund and the YCO (through internal reallocation). This fluidity allowed for quick and independent action – and prevented the delays that are typical of many bureaucratic organisations with slow-funding processes. Indeed, funding fluidity is **essential** in emergencies, where a time lag between pledges and actual availability of funds can be substantial and seriously hamper operations.

With an ecosystem of freight forwarders contracted through global freight agreements (GFAs), UNICEF's Supply Division had transport fluidity. The organisation could tap into the supply chain and partnering network capabilities of the freight forwarders. It also benefitted from their one-stop-shop services and excellent IT tracking systems.

The global supply chain strategies and the outsourcing of transport through GFAs allowed the organisation to focus on a solution, i.e. establishing a forwarding hub in Djibouti, rather than on the details of execution, since UNICEF could count on its partners to swiftly reallocate, reroute and execute shipments.

Collective commitment

UNICEF's focus and organisational culture is centred on its mission of helping children. This alignment on every level ensures that people are driven by a purpose rather than by the usual organisational key performance indicators centred on efficiency. The wellbeing of children always takes precedence over any hurdles that a necessarily large and therefore bureaucratic organisation may sometimes impose.

This collective commitment facilitated fluid navigation across hierarchical levels and units, circumventing the usual barriers of bureaucratic organisations.

Strategic sensitivity

The efforts over the years to build a strong Supply Division have increased UNICEF's anticipative capability and allowed it to be better prepared in case of emergencies.

A clear sign of strategic sensitivity in the Yemen crisis was the recognition that large container vessels would be slow to arrive. The bombing of port infrastructures had destroyed most unloading cranes, resulting in queuing delays and unloading difficulties for ships. *Dhows*, on the other hand, could be unloaded manually and routed to smaller Yemeni ports.

Yet, this was their weakest point in terms of Strategic Agility. They knew there were frictions in Yemen but they hadn't anticipated sudden bombing. Had they consulted reports from UNICEF study groups, they would have seen that the situation had the potential to become a serious and prolonged conflict. They also thought the bombing would be over quickly.

Managing agility

Strategic Agility is a fundamental organisational capability that requires time and resources to develop into a unique differentiating factor. To be most effective, it also requires commitment in the organisation, such as a team dedicated to further development, communication and training. This focus is necessary – an organisation needs to research what type of agility it will need and exactly how much.

Deciding where to put resource fluidity – in IT, people, money or inventories – is difficult. Working out the right anticipative capabilities (strategic sensitivity) and ensuring everyone moves in the same strategic direction (collective commitment) is not easy either. All three components of Strategic Agility need to be jointly in place before an organisation can act in a strategically agile way.

Regardless of the type of organisation (private company, NGO, government body), look outside the organisation to see who does what well and how it's relevant to that business. Some problems that a company can experience may have already been solved elsewhere.

Luk Van Wassenhove is Professor of Technology and Operations Management and The Henry Ford Chaired Professor of Manufacturing at INSEAD and a co-editor of Managing Closed-Loop Supply Chains. He is also faculty lead for the INSEAD Humanitarian Research Group.

Charles Delagarde and Joachim Mikalsen are Research Associates, Humanitarian Logistics, for the INSEAD Humanitarian Research Group.

Follow INSEAD Knowledge on Twitter and Facebook.

Find article at

https://knowledge.insead.edu/operations/agility-under-pressure

---

About the author(s)

Charles Delagarde Charles Delagarde is a Research Associate for Humanitarian Logistics in the INSEAD Humanitarian Research Group.

Joachim Mikalsen Joachim Mikalsen is a Research Associate for Humanitarian Logistics with INSEAD Humanitarian Research Group.