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## Charities Must Heed the Lessons From Hurricane Katrina

By Trent Stamp

In the days after Hurricane Katrina savaged New Orleans and its outlying areas, it became de rigueur to criticize everyone in the disaster-relief business, including America's charities, for their inability to literally deliver the goods.

But after speaking with donors, charities, and recipients alike in the past year, I'm not convinced that lumping the Red Cross or the Salvation Army in with the Federal Emergency Management Agency was fair. Because the federal government has been unable to prove that it can handle a disaster, the role of charities in disaster response is more vital than ever — and it is important to look at the lessons that can be learned from both charities' successes and failures.

No charity will ever be well- positioned, with its lean staffing and volunteer labor, to handle an event like Katrina. The Red Cross New Orleans chapter office was destroyed in the floods. Nearly half of the office's employees lost their homes, and two staff members lost family members. And still donors, lawmakers, journalists, and other people screamed at the Red Cross workers, often from the safety of dry offices half a continent away, urging the charity's employees to do their jobs faster and better than before, in conditions no one could imagine.

The real story is that charities in and around New Orleans did a ton of good. Residents were evacuated, meals were served, cash assistance was provided, counseling was given to people who needed help, and the community is slowly being rebuilt, largely on the backs of donor dollars and volunteer labor.

Plenty of mistakes were made, to be sure, but in most cases, they were errors of commission, not omission. The debit cards that charities gave out were given too often to the wrong people, but the groups were trying to honor the wishes of their donors by getting the money they raised to those who needed it as fast as possible.

In other cases, people waited too long for help, money was wasted, and, at times, redundant services were offered in one neighborhood while no assistance arrived at all in other places.

In assessing charities' performance in Katrina and other disasters, several principles that nonprofit groups should follow are clear:

- Stick with what you do best. Following the tsunamis in South Asia, I was impressed by the Natural Resources Defense Council, which recognized that even though it was well known, it was not in a position to aid the victims. So the organization referred people to other charities that could do a better job. Unfortunately, that didn't happen often enough with Katrina. Many charities decided that they should solicit funds and participate in the recovery, even though they had no track record for success in dealing with disaster relief and recovery. Moving forward, charities should follow Warren Buffett's recent example (with his decision to give most of his fortune to the Bill & Melinda Gates Foundation) and defer to others who already have systems in place to do better work than they do.
- Imagine the unimaginable. The night before Katrina hit land, the Red Cross was able to mobilize thousands of meals and store them in Baton Rouge, a mere 70 miles away from New Orleans. The plan was to keep the meals safely out of the path of the hurricane, and to send them into the city as soon as it was safe to do so. The chief executive of the New Orleans chapter told me recently that, in hindsight, the meals "might as well have been on the moon." The food was worthless to the relief workers because no one had ever imagined that the levees would break and every road in the region would be flooded. Next time, charities must imagine not just the most-likely scenarios, but the worst-case scenarios.
- Learn from Katrina, but remember next time will be different. We must not be, as the saying goes, "generals

fighting the last war."

After the September 11, 2001, terrorist attacks, many charities started "pay as you go" disaster policies, where funds for each disaster-relief operation had to be raised specifically for each catastrophe and spent only on helping its victims, rather than making a general appeal and putting excess money into a reserve.

While that satisfied donors who wanted to make sure their dollars were allocated immediately and not saved in the charity's coffers, it created an untenable situation when Hurricane Rita followed Katrina just four weeks later, and nonprofit groups were powerless to shift excess Katrina funds to Rita's relief efforts. The next disaster will probably not be another New Orleans hurricane, but an earthquake in San Francisco or a tornado in Omaha, and it is unwise to make new rules, based on Katrina, that hamstring charities and donors.

- Put aside differences and work together. In the days after Katrina, the Red Cross in particular took a lot of heat for its inability to "play well with others."

The charity was indeed too territorial, and, as a result, services were duplicated in some areas and in others the group lacked entree to some of the low-income, minority neighborhoods. That being said, when other charities say that the Red Cross doesn't collaborate with them, it usually means that the Red Cross won't write them a check that they can spend as they see fit. Charities that want to work with the Red Cross (and most should) would be wise to pick up the phone and explain to the Red Cross why the partnership would allow both groups to better serve their communities. Partnership is a two-way street.

I get paid to criticize charities for a living. But in the case of Hurricane Katrina, much of the criticism has been unfair. Most of the charities that helped the people of New Orleans worked with passion and purpose under unbelievable conditions. All Americans owe them a debt of thanks. And in return, those charities must learn from the mistakes that were made and do all they can to correct them, for the sake of the victims of the next inevitable disaster.

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