



Donation as a Reverse Logistic Solution and Why Today's Non-Profits Must Operate Like a 3PL

Reverse Logistics Magazine talks with Pastor John Murphy, Founder and President of Harvest Time International

RLM: *Good afternoon Pastor John. To get started, what would you like our readers to know about Harvest Time International?*

JM: My wife, Mary, and I started Harvest Time International 19 years ago in our garage, where we distributed donated food to local hunger victims. Today, we occupy a 100,000 square foot Global Mission Center and distribute many categories of product including food, clothing, household goods, kitchen wares, furniture, hygiene, dental, and

medical supplies to over 500 local, national and international ministries and Non-Profit organizations. We accept new, used, out of package, discontinued, scratched, dented, surplus, out-of-date, as well as product that might ordinarily be labeled for disposal. Every 24 hours, we provide disaster and hunger relief to over 7,000 families. In addition, Harvest Time International is one of the largest outlets for volunteerism in Central Florida. In the last 12 months, over 6,000 people have volunteered 50,000 hours to help sort, stock and

distribute donated product. Recently, Harvest Time International received the "Best in America" seal from the Independent Charities of America, the Seminole County Chamber of Commerce Non-Profit of the year award, the Jefferson Award for the top Non-Profit of the year, as well as, other recognitions for community service and disaster relief.

RLM: *Why do you think Harvest Time International has experienced such rapid growth?*

JM: One reason is that we have established great donor alliances. Harvest Time International's Unsaleables Management and Execution Logistics programs have saved our donors millions of dollars in reverse logistics expenses. In response, our donors have blessed us so that we can bless those in need. Another reason for our rapid growth is that we accept and repurpose all kinds of grocery and non-grocery product.

RLM: *So you think today's Non-Profits must operate like a 3PL?*

JM: Absolutely. Just like a 3PL, a Non-Profit must listen to its donors and focus on their needs and how those needs can best be addressed. For example, Brand Protection, Environmental Sustainability and Execution Logistics are just a few of the major concerns associated with donating unsaleable product. Donors also want to be able to provide a mix of grocery and non-grocery unsaleable products without incurring the handling risk inherent with segregating the product prior to donation. In response to these concerns, Harvest Time International has developed an Unsaleables Management Program. By assuming the role of a 3PL, our donors experience better sustainability, asset protection, and warehouse utilization with lower handling, transportation and disposal costs. We also accept mixed, full and partial loads, pick-up same day and we pay the freight.

RLM: *How does your Unsaleables Management Program meet your donor's need for Brand Protection and Environmental Sustainability?*

JM: As product moves from its end-of-first use to its "second" use, donors are very concerned about their product showing up at a flea market

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or on the internet. At Harvest Time International, our donor's brand is protected by contractual agreements with our ministry partners prohibiting resale of donated product. If necessary, we can also distribute the product to needy families in locations where there is no risk of a brand being compromised. Environmental Sustainability is another very real concern. Since Harvest Time International accepts donated product that might ordinarily be labeled for disposal, our goal is to repurpose or recycle. This preserves landfill space and lowers handling risks and costs





and fees associated with disposal.

RLM: *What are some examples of a product that was labeled for disposal that you were able to repurpose?*

JM: One of our donors, a large retail chain, was faced with having to dispose of over 24,000 gallons of customer returned house paint. In addition to handling risk and transportation and disposal costs, there were obvious warehousing, environmental sustainability and landfill issues. We accepted the paint, had it mixed into one color, and shipped it to developing countries. What was a formidable reverse logistics challenge was converted to a blessing to thousands of people and a charitable donation for our donor.

Another donor, a resort and theme park operator, was concerned about brand protection, environmental sustainability and the expense associated with the disposal of its used hotel linens and uniforms. Together, we developed a solution whereby, every month, we ship

multiple containers of clean, useable bedding, linens and clothing overseas to orphanages, refugee camps and field hospitals. In the last 10 years, the donor has touched over 15,000,000 lives.

RLM: *What do you mean by the term Execution Logistics?*

JM: No matter how comprehensive a non-for-profit's unsaleables program is, it is of little value to a donor if the product is not moved in an expeditious and efficient manner. Response time and load flexibility are critical. Donors want to work with recipients that can pick up full or less than truck loads (FTL) of mixed product within hours of being notified. To meet these execution demands, Harvest Time International has outsourced its transportation logistics to C.H. Robinson Worldwide, Inc. We can now accept any donation, in quantities that range from a few pallets to many truckloads, with very little lead time. We can also spot a trailer at the dock door, which accommodates donors who have neither storage space for

its donations nor yard equipment. As product becomes available, it is loaded directly on the trailer, maximizing warehouse floor space. With C.H. Robinson, we have a national matrix of local transportation and warehouse operators who can aggregate full loads that are either shipped to Harvest Time or rerouted by us to other ministry or Non-Profit partners. The success of the program benefits all parties. Because our donors have the peace of mind in knowing that we will execute, we receive more product and people in need gain access to more relief.

RLM: *How important is it for a Non-Profit to accept both grocery and non-grocery items?*

JM: It's very important. Unless a Non-Profit can accept a mixed load, the donor incurs the handling risk and expenses involved with segregating, re-packing and distributing the product. Hunger is a major issue here in the U.S., as well as in other countries, so donated grocery items are always in short supply. Since

Harvest Time International also serves a wide variety of needs like disaster and refugee relief, homelessness, the elderly, and the disabled, we also accept donations that take us beyond just food distribution. Two of our assistance programs, Hope One and Hope Two, are located at our Global Mission Center and serve nearly 600 families each day. Hope One offers mostly grocery items, whereas, Hope Two offers all kinds of products including electronics, school supplies, health and beauty products, diapers and some furniture items. During the Haitian earthquake relief efforts, our Central Florida headquarters served as a collection, staging and distribution command center for truckloads of donated items. We shipped 60 sea containers with over 1,500,000 pounds of much needed supplies including baby food, supplies, diapers, medical and first aid supplies, generators, food, clothing, tarps, plastic sheeting and 1,000,000 bottles of drinking water.

RLM: *Manufacturers and retailers are looking at new ways to minimize their supply chain and reverse*

logistics challenges. Are you finding that donations are harder to come by?

JM: With costs increasing, reverse logistics is becoming an increasing area of focus for manufacturers and retailers looking to become more competitive and improve their bottom-line. Unfortunately, the need for grocery and non-grocery product is greater than ever. This is why Harvest Time continues to say yes to every donation. Many of our donors have found that there are substantial tax advantages for expanding their charitable outreach. Congress has made more generous exceptions to the general tax rule when the donated goods are used by a charity for the care of the ill, the needy or for infants. Per IRS tax code section 170 (e) (3), a donor can deduct the lesser of one-half of the unrealized appreciation plus the taxpayer's cost or 200% of the cost of the goods donated.

RLM: *Any final words you would like to share with our readers?*

JM: There are many concerns

associated with solutions to the Reverse Logistic challenges of our nation. Environmental Sustainability and Brand Protection are significantly increasing the expenses associated with processing unsalables. Every time the product is touched, the expense goes up. Along with the challenges, there are also many good options for donating product. Our Unsaleables Management and Execution Logistics programs have enabled Harvest Time International to receive donations of every kind and to serve over 20 million hunger and disaster victims. The need for more donated product is great, and donors are seeking partners that can help cut their expenses and increase their charitable outreach, while maximizing their deductions. Harvest Time International is such a partner. We believe in "two-way street" partnerships, where the donor and the nonprofit work together to bless people who are in need.

RLM: *Thank you for your time!*

JM: My Pleasure.

RLM

