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## **[Case Study] Pepsi Implements Sustainable Initiatives and Sees Cost Savings**

Since 2007, PepsiCo has taken a proactive stance on environmental and sustainable practices. The company has significantly reduced waste and water use in its manufacturing and distribution processes. Additionally, PepsiCo has worked with its suppliers to promote sustainable agriculture. As a result, PepsiCo has seen increased profits and improved customer satisfaction.

### **PepsiCo Sets Ambitious Goals**



Image via [Flickr](#) by JeepersMedia

In 2007, PepsiCo set several goals, all with the purpose of improving environmental and sustainable practices in its supply chain. By 2010, the company had met its original goals, and PepsiCo wanted to take things to the next level. On World Water Day in 2010, PepsiCo set 10 new ambitious goals to improve company practices in terms of sustainability. Now, in 2015, PepsiCo has reached or surpassed all of these 2010 goals.

In 2010 [Walter Todd](#), Vice President of Sustainability at PepsiCo, told the Guardian, "One of the ways that we have triggered innovation is by setting big hairy audacious goals. This forces us to look at every area of our operations and encourages ideas to bubble up." Todd went on to say that he doesn't understand why companies don't see the benefits. After all, as new sustainable practices are implemented, companies can take advantage of clear cost savings and benefit from improved brand awareness.

## PepsiCo's Environmental and Sustainable Practices



Image via [Flickr](#) by epSos.de

Between 2010 and 2014, [PepsiCo saved more than \\$375 million](#) thanks to its environmental and sustainability programs. The savings were a result of the company's waste reduction initiatives, water management, energy, and sustainable packaging. Since 2010 PepsiCo has achieved the following major milestones:

- Reduced water usage by 23 percent, exceeding the original target goal of 20 percent by 2015.
- Eliminated warehouse space constraints to allow for larger inventory levels.
- Maintained greenhouse gas emissions since 2008, even though production volume has significantly increased.
- Invested in greener fleet initiatives, such as electric vehicles and other alternative fuel sources.
- Improved its energy efficiency as an overall company.
- Reduced waste by recycling and reusing 90 percent of production waste.
- Decreased the amount of packaging used in distribution by switching to recycled polyethylene terephthalate packages and bottle.
- Started its Sustainable Farming Initiative (SFI), which helps suppliers achieve more sustainable agricultural practices through training, support, and other resources.
- Launched the website [howwillwe.com](http://howwillwe.com) to share ideas about relevant sustainability ideas.

### What Other Companies Can Learn from PepsiCo

While PepsiCo certainly cares about the environment, other motivating factors prompted the company to change its environmental and sustainable practices. The biggest is a reduction in procurement, manufacturing, and distribution costs. After all, less waste means smaller landfill fees, less water means smaller water bills, and improved supplier practices mean less procurement hassle.

Many of the company's competitors are also seeing the benefits of implementing environmental and sustainable practices. Coca-Cola has made similar changes to its operations, and as leaders in the beverage industry, both PepsiCo and Coca-Cola are setting a good example for other companies. By 2020, more and more companies will see the benefits of going green in their own supply chains.

## Is There a Future for U.S.-Cuba Trade?

The Cuban trade embargo has been in effect since 1962, after Cuba nationalized several American-owned assets equaling over \$1 billion. Though the two nations have had countless disagreements ever since, in mid-2015 Cuba agreed to allow U.S. embassies to reopen in its major cities. The relationship between the two countries has recently begun improving, which could be promising for future trade opportunities. Here's a closer look at the possible implications of trade between Cuba and the U.S.

### Current Trade Between the U.S. and Cuba



Image via [Flickr](#) by Mike\_fleming

It's a little-known fact that the U.S. already exports millions of dollars in goods to Cuba each year via a channel for humanitarian relief. Since 2000 the U.S. has sold meat, wheat, corn, and other agricultural commodities to the small country. The trade only goes one way, though. In the U.S. it's still illegal to buy products and commodities from Cuba in any form because of the longstanding embargo. In addition, Cuba must pay for goods with cash because the nation isn't allowed credit.

### What Would Happen if the Embargo Is Lifted?

Every year Cuba imports more than \$6 billion in goods from around the world. The U.S. only accounts for 5 percent of that market because of the embargo. If the embargo is lifted, however, this creates a huge potential revenue stream for the U.S. With negotiations still in progress, there are still numerous issues to address before trade becomes a real possibility.

Former Secretary of Agriculture [John Block](#) has expressed that he sees incredible financial potential in trading with Cuba. As he stated, "If we can get trade opened up ... and also make it possible for [Cuba] to work with companies to get financing when they need it, then I think we're going to be positioned where instead of selling to Cuba \$200 million worth of products, we can be over \$1 billion in a year."

## Improving Relationships



Image via [Flickr](#) by cubahora

[President Obama](#) stated that the two nations will continue to have some very serious differences, but the U.S. will not hesitate to speak up when Cuba's actions contradict American values. This shows that the U.S. is trying to find ways to get along with Cuba, but there is still a lot of work to do. More than 50 years have passed since free trade between the U.S. and Cuba last took place, and the underlying issues can't be resolved overnight.

The establishment of a U.S. embassy in Havana is just the first step in reestablishing trade relations. Several months or years could pass before free trade actually becomes a possibility, but Cuba has shown strong interest in the future trade. After all, the island nation is only 90 miles off the coast of the U.S., which presents clear benefits in terms of the cost of moving goods.

Ports in Cuba are already preparing for possible trade off the coast of South Florida. Many companies in the U.S. are also gearing up for these trade possibilities. The U.S. stands to gain a lot from these renewed relationships in Cuba, but it hasn't happened yet.

## [Case Study] C.H. Robinson Expands Into Cloud-Based Technology

C.H. Robinson is a third-party logistics provider and freight brokerage business. The company provides transportation services to customers both large and small. Recently C.H. Robinson announced an innovative transportation management system (TMS) to help its customers with booking, tracking, and reporting for their shipping needs.

### Shippers Need Better Technology



Image via [Flickr](#) by emmajanehw

Small and midsize shippers do not usually have the necessary resources to improve efficiency in their shipping processes. This is typically because developing software and other technology at an internal level is too expensive. Many shippers turn to third-party logistics providers for help, especially when it comes to implementing new technology.

In recent years many companies have started to look at cloud-based TMS. C.H. Robinson identified that these small shippers were underserved and needed better ways to get products from one place to the next. Shippers needed a way to compare vendor pricing and make the booking and tracking process easier. That's why C.H. Robinson decided to announce a new TMS that shows customers their vendor options.

### Introducing Freightview



Image via [Flickr](#) by racheocity

C.H. Robinson's new TMS is called Freightview, and the company acquired it in 2014 as part of its move to buy the Kansas-based freight broker Freightquote. Freightview offers numerous browser-based solutions that are easy for customers to implement. Following are some of the system's main features:

- Compare direct rates from several vendors
- Schedule pickup dates and times
- Print shipping labels
- Track shipments and look at shipment history
- Create a unified address book and product catalog
- Look at reports and analytics
- Gain API access for multiple users in multiple locations

As Freightview co-founder [Jason Roberts](#) said, "Many shippers are growing quickly, but managing freight is slowing them down. We built Freightview so small and mid-sized business can be more competitive in today's marketplace." Essentially, Freightview redefines the relationship between shippers and vendors. It allows shippers to gain control and see their cost savings.

### **Impact and Advantage of Freightview**

Shippers no longer have to access multiple vendor websites and spend time sorting through the data to choose a vendor based on price. Freightview enables customers to compare the shipping costs of different vendors on one platform and book within. It provides an excellent solution to this problem and saves companies time.

Most shippers report that it only takes 24 to 48 hours to set up Freightview. This is because the TMS uses applications on a cloud-based system instead of an electronic data interchange. This makes connecting shippers with vendors much faster. In addition to choosing transportation services, Freightview tracks and reports data. This helps customers evaluate how they are doing and what areas need improvement.

There are many advantages to using Freightview, but the biggest one is gaining a competitive advantage when it comes to pricing, visibility, and time. This helps companies create better transportation strategies because customers maintain control of vendor relationships and freight networks. Another great thing about Freightview is that customers don't have to implement new TMS systems as they grow because of the scalability Freightview offers.

## What the Government Is Doing About Food Safety in the U.S.

Whenever an outbreak of Listeria occurs or any other food safety issues arise, the U.S. government steps in to investigate and prevent further crisis. The government has always had an interest in food safety, but it has made significant changes to food safety protocol over the past couple of years. Take a look at what the government has been doing lately and the impact it has had on the food procurement industry in 2015.

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## Consumers Demand to Know More About Their Food



Image via [Flickr](#) by USDAgov

American [consumers want to know](#) where their food comes from, but this can prove challenging because many large food companies rely on global suppliers that utilize complex food chains. Therefore, it's not always clear where the food originated or which locations the food has traveled through.

The local food movement enables consumers to know more about where their food comes from. The [U.S. Department of Agriculture](#) reports that farmers markets have increased in number by more than 50 percent in only five years, which shows that consumers want fresh food and more control over their food's origin.

The U.S. government recently asked food companies to increase transparency by disclosing the location of all production and distribution facilities. The standards and specifics of this measure are still up for debate. The government is also considering other package labeling requirements. For instance, proposed legislation requires companies to [disclose the presence of genetically](#)



[modified organisms](#) (GMOs). Many people argue that the rules could get too strict and hurt small food businesses who do not have the resources to comply.

## New Nutrition Label Requirements

Nutrition Facts			
Amount Per Serving			
Calories		2,009	
Calories from Fat		537.4	
<hr/>			
Fat	60.7g		93%
Saturated Fat	16.9g		80%
Polyunsaturated Fat	12.9g		
Monounsaturated Fat	21.7g		
Cholesterol	177.0mg		58%
Sodium	2,975.0mg		124%
Potassium	3,379.0mg		97%
Carbohydrate	266.9g		89%
Dietary Fiber	27.1g		109%
Protein	83.3g		167%
Alcohol	23.0g		
<hr/>			
Vitamin A	313%	Vitamin C	570%
Calcium	168%	Iron	217%
Vitamin D	133%	Vitamin E	132%
Thiamin	6,645%	Riboflavin	1,361%
Niacin	325%	Vitamin B12	579%
Vitamin B6	602%	Manganese	433%
Phosphorus	147%	Copper	166%
Selenium	%	Magnesium	117%
		Zinc	166%

Image via [Flickr](#) by syvwich

In addition to new food labeling standards, the U.S. Food and Drug Administration (FDA) proposed [new requirements for nutrition facts](#) in July 2015. These standards require labels to indicate daily values for added sugars as well as update servings and calories to reflect the actual serving sizes that people are eating.

Some labeling requirements are waived by the 2010 [Food Safety Modernization Act](#). Small producers who only sell food at farmers markets or directly to local restaurants are regulated on a state level. Of course, the FDA can step in at any time when a food safety issue arises.

## The Government's Role in Food Safety



Image via [Flickr](#) by USDAgov

The government does a lot more about food safety in the U.S. than requiring proper labeling. Various agencies also perform inspections, monitor imports and exports, and respond to issues. The bulk of food safety inspections and regulations are performed by the FDA and Centers for Disease Control and Prevention (CDC), but other government agencies are also involved.

The FDA watches more than 150,000 food facilities and farms in the U.S. and 420,000 around the world that supply food to the U.S. An audit and inspection process is in place to prevent outbreaks of Listeria, salmonella, E. coli, and other problematic outbreaks.

The CDC reports that [48 million people get some form of food poisoning](#) each year. That's why food safety isn't something that the government can simply overlook. Small businesses should be prepared to change their procurement practices and food labeling to comply with new food safety standards and regulations.

## Adidas Takes Fast Manufacturing to a New Level

As one of the largest sportswear brands in the world, Adidas needs to stay ahead of trends to maintain its position in the market. That's why the company focuses on leaner and faster manufacturing processes. Adidas recently decided to take its manufacturing processes to an entirely new level.

### Situation: Changing Trends in Sports Apparel



Image via [Flickr](#) by adifansnet

For the past few decades, most consumers have cared more about function than fashion when it came to their athletic shoes and apparel. Consumers wanted shoes that helped them run faster and clothes that wicked away moisture quickly. However, the industry has recently seen a shift in consumer desires. Consumers are starting to care about fashion as well as function in their sportswear.

Going to the gym is now a lifestyle choice, and many people want to look good when they go. Because sportswear trends have begun to change, Adidas saw the need to develop products faster in order to keep up with fashion. The company is changing to a more consumer-centered focus. As [CEO Herbert Hainer](#) stated, "We will become the first true fast sports company."

### Approach: Adidas Amps Up its Manufacturing Speed

Adidas has [high production expectations](#). The company recently set the goal of taking 50 percent of its products from inception to store shelf in 45 days or less. That's something that very few companies can claim. Adidas already has an impressive supply chain and hopes to reach this faster production goal by 2020 so that consumers can get the products they want as quickly as possible.

To reach its fast manufacturing goals, Adidas plans to focus on three elements:

- **Localized Production:** Instead of continuing all production in Asia, Adidas is looking to move manufacturing closer to its consumers, including those in the U.S. This will cut down on the typical six-week delivery timeframe after products are manufactured.

- **Cloud Technology:** Adidas is implementing widespread cloud technology to increase manufacturing agility and end-to-end visibility for its consumers. Inventory levels will also be easier to track in real time so products can get to their destinations faster.
- **Consumer-Driven Products:** Adidas is listening to its consumers and is heading towards an open-source ecosystem for its suppliers. This is a complete culture overhaul for the company.

## Impact and Advantage



Image via [Flickr](#) by autumm\_bliss

A desire to become a more consumer-centered company has driven Adidas to push for faster design, development, and manufacturing when it comes to new products. As Hainer said, "We have developed game-changing capabilities that will enable us to listen and to win our consumers with the right concepts anytime, astonishing experiences everywhere, and the desired product always."

As a company, Adidas understands that it will need to spend a significant amount of money on big data in order to make the right decisions and get the company where it wants to be. The company's investors are comfortable with that and understand that it will take the company one step closer to meeting the new production goals. Adidas is still behind competitor Nike in terms of sales, profit, and value, but a more customer-centered focus could help close the gap.

## **Related Procurement Events**

### **Certified International Procurement Professional (CIPP)**

- 23-25 November 2015–Singapore
- 7-9 December 2015-Hong Kong
- 21-23 March 2016-Kuala Lumpur, Malaysia
- 22-24 May 2016-Dubai, UAE
- 25-27 July 2016-London, UK
- 15-17 August 2016-Singapore
- 26-28 September 2016-Jakarta, Indonesia
- 24-26 October 2016-London, UK
- 13-15 November 2016-Dubai, UAE
- 28-30 November 2016-Singapore
- 12-14 December 2016-Hong Kong

Download the full details:

<http://www.ethanhathaway.com/training/certified-international-procurement-professional-cipp>

### **Certified International Supply Chain Professionals (CISP)**

- 16-18 March 2016-Kuala Lumpur, Malaysia
- 20-22 April 2016-Jakarta, Indonesia
- 17-19 May 2016-Dubai, UAE
- 20-22 July 2016-London, UK
- 10-12 August 2016-Singapore
- 21-23 September 2016-Jakarta, Indonesia
- 19-21 October 2016-London, UK
- 23-25 November 2016-Singapore
- 7-9 December 2016-Hong Kong

Download the full details:

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