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[Case Study] Whole Foods: A Look at Their Fresh Food Rating System



Image via [Flickr](#) by Portral Abras

Whole Foods Market is a grocer dedicated to fresh and organic food. They want to help customers live healthier lives by eliminating pesticides and unsafe environmental practices in the produce they sell. However, the chain store has been getting a lot of grief lately about some of the produce they sell at their store because they do not all come from the same supplier. To combat the problem, they have come up with a fresh food rating system to inform customers about the organic quality of their food.

The Situation

It's impossible for Whole Foods to get all of their produce from the same source. Therefore, some produce is not as organic, environmentally safe, and sustainable as others. This is frustrating for customers who want a transparent way of knowing the source of their food. After all, organic food is the main reason they shop at Whole Foods. Whole Foods does have a process for choosing the most organic options. They even have a list of chemicals that are prohibited in their produce. However, they were not making this clear to customers until recently.

[Matt Rogers](#), Whole Foods Global Produce Coordinator said, "After three Years of research and planning, Responsibly Grown is the result of our collaboration with suppliers, scientists and issue experts to continue our strong commitment to organic, while embracing additional important topics and growing practices in agriculture today."

The Approach

To help customers understand where their produce comes from, Whole Foods has created a [fresh food rating system](#) that is tiered. Fruits, vegetables, and flowers are all given the rating of "good," "better," or "best," to indicate their impact on the environment and their health benefits. There are 16 steps growers must take to earn a "good" rating, in addition to embracing the responsibly grown commitment set forth by Whole Foods in relation to pesticides. The "better" rating adds advanced performance and the "best" rating means that produce comes from growers who are environmental leaders in their industry. In general, produce that receives a "best" rating is more expensive than "good" and "better."

Impact and Advantage

Because Whole Foods is dedicated to organic produce and foods produced through environmentally safe and sustainable practices, [most of the items they sell are more expensive](#) than the items found at your neighborhood grocer. However, they have tapped into a niche customer base that cares more about the organic quality of their food than the price, and are therefore willing to pay more money for their groceries. Whole Foods is taking the next step with their fresh food rating system to give customers the information they want.

The new fresh food rating system further helps customers determine the quality and health benefits of their food. Whole Foods said, "We educate our customers about the importance of food safety measures and techniques, including our concerns about irradiation, food borne illnesses, food handling, and material safety. The new fresh food rating systems makes it clear where the produce and food is coming from and that it is safer for customers to eat than the alternatives.

How Robots Are Changing the Supply Chain Industry

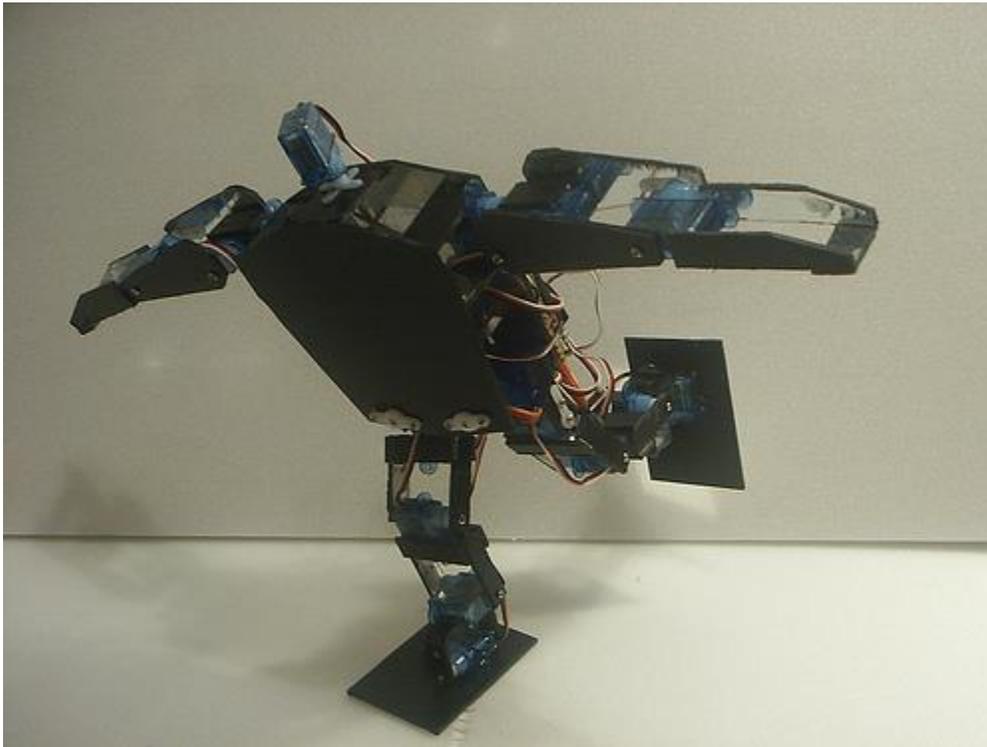


Image via [Flickr](#) by Gerardo Barbarov

Robots have been replacing human workers for decades, but research shows that there's going to be a revolution in the supply chain industry. That's because robots are getting smarter and cheaper. They can be programmed to do just about anything a human can do on the assembly line, packaging station, and many logistics maneuvers.

The Research

According to [WinterGreen Research's Industrial Logistics Robots report](#), robots for palletizing, packaging, and material handling are projected to grow at a rate of 10.1 percent over the next couple of years and reach \$31.3 billion by 2020. 65 companies were interviewed and 25 of the market leaders were studied extensively. The report said, "As production of goods and services embrace process automation, logistics robots are being used to adapt conveyor belts, end of the line tasks, and loading to a flexible systems approach."

How Robots Are Being Used

You can use a robot to do just about anything in the supply chain, but they are easiest to incorporate at processes that are repetitive with no variable. For instance, at a packaging station, a robot could easily fill a box with packaging material and then tape it up. However, robots are

not limited to no variable tasks because programmers are making them smarter. Some companies use robots for complex tasks such as picking items from their warehouse.

One good example of robots in the supply chain is [3D printers](#). They are revolutionizing the supply chain industry because goods no longer have to be transported and stored in a warehouse; they can be printed at the nearest facility to the customer. This saves lots of money and customers are able to get their purchases faster than ever before.

Another great use of robots in the supply chain is in the food industry. Robots don't carry airborne illnesses and other diseases that can contaminate food. Therefore, less food gets introduced to disease along the supply chain because fewer humans handle it. Robots can be programmed to sort through good and bad food, too.

And, one of the newest advances in logistics robots is delivery drones. Amazon has been trying to get approval to use them in their supply chain, but there have been hold ups from the government. However, these flying robots could be the future of logistics.

Supply Chain Implications

From a financial standpoint, it makes a lot of sense to use robots instead of human workers. There will always be a need for humans to supervise robots to make sure they are doing what they are supposed to, but large groups of manufacturing and logistics workers could be eliminated, saving millions of dollars. There is some cost in using robots, such as the initial purchase, software development, maintenance, and energy, but these costs are a lot less than employing a human, even if you don't offer comprehensive benefits.

Robots do raise concerns for the economy because they eliminate jobs. However, many companies that are using robots were previously outsourcing their work to other countries anyway. That's why the U.S. is primarily known as a service-based industry.

[Case Study] Sustainable Logistics: Nestle Water's Propane-Powered Delivery Vehicles



Image via [Flickr](#) by rejflinger

Businesses are always looking for cheaper ways to ship their goods to customers while choosing sustainable options. Nestle Waters is taking a proactive approach with propane-powered delivery vehicles. They are reducing their operations costs while also lowering their carbon footprint — something that consumers are starting to care about. Take a look at the way they've incorporated sustainable logistics.

Situation: Nestle Introduces Propane-Powered Vehicles to Their Fleet

Nestle Waters is one of America's largest bottled water companies. They use over 2,000 distribution trucks fueled by diesel gas. These vehicles carry Arrowhead® Mountain Spring Water and other Nestle beverage products to local businesses and customers. However, at the end of 2014, the company purchased five medium-duty trucks fueled by propane autogas from Midway Ford to reduce their transportation costs and operate more cleanly.

The propane-powered vehicles will operate out of Nestle Water's Los Angeles facility. Each of these new trucks are equipped with an autogas fuel system from ROUSH CleanTech. They also have 45 gallon tanks. Nestle Waters has installed on-site truck fueling stations for both diesel and propane fuel.

Approach: Nestle Waters' Chooses ROUSH CleanTech Retrofitting

ROUSH CleanTech is an industry leader in alternative fuel technology. That's why Nestle Waters turned to ROUSH to outfit their new trucks with propane fuel systems. In addition to the retrofit, the vehicles still maintain their manufacturer's warranty. This means they are beneficial for both the community and Nestle Waters. Propane-powered vehicles reduce logistics costs without effecting delivery procedures.

[Bill Ardis](#), Fleet Manager of Nestle Waters North America said, "Nestle Waters North America is committed to delivering customers drinking water with reliable, innovative, and efficient green transportation solutions. Like many, we are evaluating the different technologies that offer savings over the life of the vehicle and realized that propane autogas is a smart choice for reducing fuel and maintenance costs while providing cleaner air for the community."

Impact and Advantage

Clean-burning propane is more affordable than diesel fuel by as much as 50 percent. It is also more cost effective for businesses than most other types of alternative fuel, too. Electric vehicles were another option for Nestle Waters, but with the low cost of propane, retrofitting through ROUSH CleanTech seemed like the more economical choice. You wouldn't even know the trucks were propane-powered by just looking at them.

[Todd Muow](#), Vice President of Sales and Marketing for ROUSH CleanTech, said, "Fueling beverage delivery trucks with propane autogas offers the best total cost of ownership without compromising standard delivery procedures. By choosing this fuel, fleets around the nation are reducing their operating costs and lowering their carbon footprint." ROUSH CleanTech is hoping other businesses will follow in Nestle Waters' footsteps and choose alternative fuel vehicles.

Nestle Waters strives to improve their environmental footprint. That's why they are always looking for ways to recycle and use more sustainable logistics. Their propane-powered vehicles are just one of the things they have done for the environment. More information about [Nestle Water's commitment to sustainability](#) can be found on their website

The Long Term Effects of the West Coast Labor Talks

West coast ports faced a nine-month long work slowdown because of labor disputes between the Pacific Maritime Association and the International Longshore and Warehouse Union. There was even a short period of time where the ports closed. Thousands of companies had to make adjustments to their supply chains to keep business moving around the country. On February 20, the Pacific Maritime Association finally came up with a tentative contract with the International Longshore and Warehouse Union to end labor disputes. However, west coast ports still have a big backlog to cover from months of delays.

Backlog of Containers Will Continue to Cause Delays

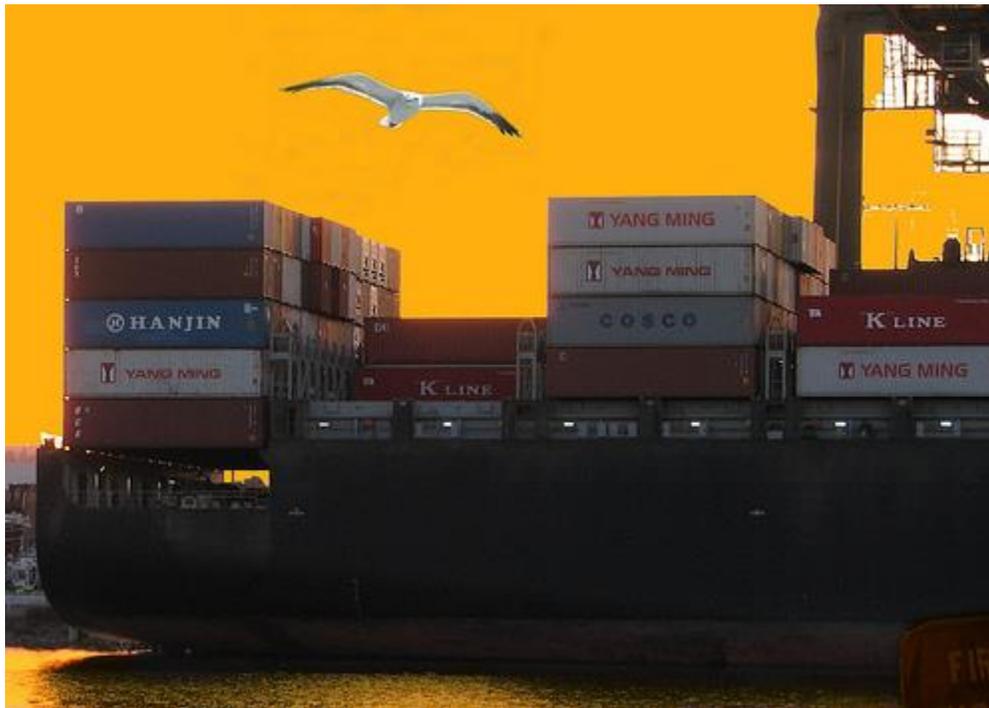


Image via [Flickr](#) by Rennett Stowe

It will take three months or more for the [backlog of shipments](#) to get back to normal. So, companies that use the west coast ports, specifically the ones in Long Beach and Los Angeles, will still have logistics and supply chain issues to deal with. This will cost companies billions of dollars and have long term effects on their business profits. Customers don't like when they go into a store and can't find what they want or have to wait months before an item can be shipped to their homes. These customers end up taking their business elsewhere.

The reason why it will take so long to clear the backlog of containers from the ports is because workers must move each container individually, clean it, unload and load product, and do anything else mandated by the companies using the container. This backlog must be cleared so that new ships coming into the ports have a place to dock and unload their containers.

West Coast Ports Lose Business



Image via [Flickr](#) by John Morgan

Some businesses are choosing to no longer use the west coast ports. For instance, [Hanjin Shipping](#) announced that they will no longer ship cargo out of Portland because it takes too long. This one company alone made up 78 percent of the Port of Portland's workload. The Port of Portland is working hard to try and get the contract back.

The bad news for the west coast ports is that many businesses that have found alternative shipping routes may never come back. The east coast ports have picked up a lot of the diverted cargo. They saw an [increase in growth of 10 percent](#). Canada and Mexico are also seeing more cargo traffic that may never go back to the west coast ports.

U.S. Agriculture Exports Suffer Badly



Image via [Flickr](#) by USDAgov

Agriculture companies faced the biggest impacts from the west coast port delays because their goods were perishable. It's estimated that the industry lost \$2 billion in goods for three months when the port delays were at the worst. Many exporters are actually facing bankruptcy because of the losses. If things don't start speeding up soon, the agriculture business might have a very hard time recovering, even years.

The [west coast ports are picking up speed](#), but the long term effects of the labor union disputes are not good. The Pacific Maritime Association and the International Longshore and Warehouse Union need to find a way to get along or the west coast ports will continue to suffer as they have for years.

Related Procurement Events

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17-21 May 2015– Dubai, United Arab Emirates

14-18 September 2015–London, United Kingdom

23-25 November 2015–Singapore

7-9 December 2015-Hong Kong

Download the full details:

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How to Implement a Certified Supplier Program

17-21 August 2015–London United Kingdom

31 August - 4 September 2015– Hong Kong

26 - 30 October 2015 – Singapore

13-17 December 2015-Dubai, UAE

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