

In this issue of Premium Procurement Bulletin...

- [Case Study] Fast Food Worker Strikes Pressure On McDonald's Supply Chain
- Are "Agrobots" the Future of Farm Labor?
- [Case Study] Coca-Cola: Why the Expansion to China?
- How Supply Chains Battle the Bird Flu Outbreak

[Case Study] Fast Food Worker Strikes Pressure On McDonald's Supply Chain



Image via [Flickr](#) by VOCAL-NY (Voices of Community Activists & Leaders)

The Fight for \$15 campaign is one of the biggest social campaigns in U.S. history. Protestors have stormed McDonald's stores across the U.S., showing their dissatisfaction. However, fight for 15 supporters does not just come from the fast food industry. All citizens who feel under paid are making their voice known through protests. New York City and Los Angeles have some of the biggest organized rallies to see their campaign along.

Organizing director of Fight for 15, [Kendall Fells](#), said, "It's something different. This is much more of an economic and racial justice movement than the fast-food workers strikes of the past two years."

Approach: McDonald's Agrees to Make Some Changes



Image via [Flickr](#) by Annette Bernhardt

McDonald's has conceded to some wage changes, but they do not come close to the \$15 per hour demand. For instance, they have [raised their starting wage to \\$1 above minimum wage](#). Additionally, employees are able to accrue paid time off. It's unknown whether McDonald's will agree to further wage increases, but \$15 per hour seems unlikely. The protests are hurting business, but not as much as a higher minimum wage.

Raising worker pay to \$15 per hour would hurt fast food giant McDonald's badly. They would likely have to lay off thousands of workers across the country to maintain profits. McDonald's would then have to focus on adding more automation to their restaurants to pick up the slack of fewer employees. On top of that, McDonald's would have to seek out additional ways to save money, and their supply chain would be the first place they look.

Impact and Advantage: McDonald's Supply Chain



Image via [Flickr](#) by -Paul H-

McDonald's has 35,000 restaurants around the world. One of the reasons why they have been so successful is their efficient supply chain. They source products from several distribution centers and can customize menus around the world based on local interest because of their strong supply chain. [Gartner](#) even ranked McDonald's No. 2 in supply chain efficiency. If \$15 per hour is forced on McDonald's, their supply chain will suffer because costs are already as low as possible.

McDonald's is also facing short-term supply chain challenges because of the Fight for 15 campaign. For instance, it's been hard to predict how many customers they will need to serve in any given day. Projections are usually simple, but not when there are protestors knocking on the doors. McDonald's is facing spoiled food, which is hurting their supply chain. However, McDonald's is working on a way to better manage stock levels in the face of crisis.

The supply chain crisis has been well managed so far. McDonald's is still seeing profits. However, it will be interesting to see if they can make it through a \$15 per hour worker wage. Even McDonald's is not immune to bankruptcy.

Are “Agrobots” the Future of Farm Labor?

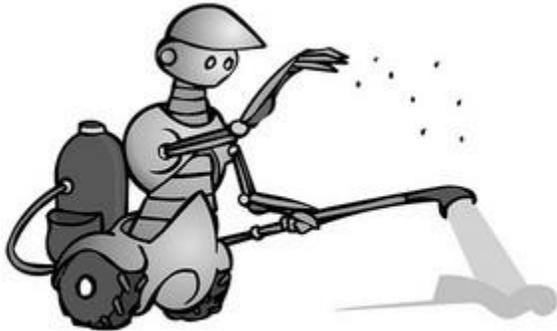


Image via [Flickr](#) by striatic

Agrobots are robots or drones that help farmers with agricultural tasks. For instance, some agrobots detect weeds and pick them; others apply fertilizer, bail hay, or provide surveillance. Most agrobots work off of sensors. These sensors help them avoid and detect obstacles in the field. Some agrobots are even guided by farmers through GPS. There are already several [Agrobots in use](#) across the country and new uses are being invented every day. Many consider agrobots the future of farm labor.

Why Do We Need Agrobots?



Image via [Flickr](#) by USDAGov

The [Robot Report](#) says that the world population will reach 9 billion by 2050. By that time, agricultural production needs to double to keep up with demand. Productivity must also increase by 25 percent. Without the use of agrobots, those numbers would be difficult to achieve.

The U.S. Bureau of Labor Statistics reports that the number of farm workers is on the decline. This is partially because of low pay, but also because there are fewer farms around the U.S. than there were only a decade ago. Most farmers are already using technology for their farming operations, but agrobots could help a lot more and reduce the need for as much farm labor.

[Agricultural Robots — Market Shares, Strategies and Forecasts](#) reports, "The agricultural robot market size at \$817 million in 2013 is anticipated to reach \$16.3 billion by 2020, a hefty growth for a nascent market. Agricultural robots are but part of an overall trend toward more automated process for every type of human endeavor."

Cost of Agrobots

Farmers that use agrobots invest thousands of dollars. It's estimated that most agrobots cost upwards of \$100,000. That's because these machines need to be specially programmed to do what farmers want them to do. Of course, farmers would have spent that much on a couple of farm workers over the course of a couple of years.

With the right investment, Agrobots can be programmed to do some pretty nifty things. The [Wall Street Journal](#) reports about one agrobot that roams strawberry fields picking the ripe fruit and leaving other fruit alone. It is a 14-arm machine that replaces the need for strawberry pickers. The machine cost over \$100,000 to make, but it will save farmers money in the long run and reduce the farm worker shortage problem.

There's no doubt that agrobots are important to the health and success of agriculture in the U.S. However, new innovations are needed to deploy agrobots on a wide scale. There are holdups on drones that may delay new agrobot innovations. However, many farmers are already starting to use different types of agrobots in their fields.

[Case Study] Coca-Cola: Why the Expansion to China?

Coca-Cola is the largest beverage company in the U.S. and the world. 60 percent of their revenue is generated from international markets, and they have a [goal of doubling profits by 2020](#). Part of that plan involves further expansion into China. Coca Cola believes there is great opportunity there because the beverage industry is growing.

The Situation: Coca Cola Acquires Culiangwang Beverages



Image via [Flickr](#) by vwb5

In April 2015, Coca-Cola paid \$400 million to acquire the Chinese business Culiangwang Beverages. Culiangwang offers a variety of protein drink products that are mostly based on green bean, red bean, and walnut variants. They are very popular in China. Culiangwang Beverages are sold under the product name China Green Culiangwang. Coca-Cola took over 100 percent control of the company. This was their first move in trying to gain business in China.

Coca-Cola Spokesman [Petro Kacur](#) said, "China is an important growth market for us and this investment complements our beverage offerings there." However, this is not the first time that Coca-Cola has tried to expand its offerings in the Chinese market. In 2009, Coca-Cola tried and was unsuccessful. There is still a chance that the Chinese government could block the acquisition of Culiangwang Beverages, although it's not expected.

The Approach: Coca Cola Avoids New Product Research



Image via [Flickr](#) by JeepersMedia

Coca Cola could easily take their current U.S. product offerings and try to sell them in China. However, they are worried that their flavors would not appeal to the Chinese market. That's why Coca Cola decided to acquire beverage products that are already popular in the country. A lot of time and money goes into developing beverage products that will do well in particular markets. Coca Cola is potentially saving a lot of money by avoiding this step and acquiring Culiangwang Beverages. Companies have been making similar moves for decades.

Impact and Advantage



Image via [Flickr](#) by JeepersMedia

The beverage industry in the U.S. has had a difficult time expanding in recent years. This is because a large chunk of consumers are looking for healthier options. Plus, there have been campaigns against sugary drinks because of their overall negative effect on the body. Because of

all this, Coca Cola has been having a hard time expanding, or even maintaining, their sales in the U.S. That's one of the biggest reasons they are looking to China.

The beverage industry in China is nothing like in the U.S. It is growing fast, particularly protein and energy drinks, such as the offerings from [Culiangwang Beverages](#). Coca Cola figures that it might as well turn to a market where there is potential for growth. Of course, that doesn't mean they are ignoring their U.S. market. For instance, Coca Cola introduced their Coke Zero and similar products to appeal to health conscious consumers.

Coca Cola has spent a lot of time planning their expansion in China. It's always difficult to navigate foreign markets. It will be easier for them to be successful with Culiangwang Beverages on their side.

How Supply Chains Battle the Bird Flu Outbreak

2015 has seen the biggest bird flu outbreak in history. Countries around the world have been affected, but the U.S. is feeling it the hardest. More than 1.2 million birds have been killed by the disease already, and authorities are baffled on how to contain it. The bird flu outbreak has also been a supply chain nightmare.



Image via [Flickr](#) by Ella Mullins

The [U.S. Department of Agriculture](#) reported that since December of 2014, two strains of the bird flu have been found across 14 U.S. states. The H5N2 strain has been found in Idaho, Oregon, Washington, Montana, Wisconsin, Kansas, Kentucky, North Dakota, and South Dakota. The H5N8 strain has been found in California and Idaho.

Many countries have banned imports of U.S. poultry and egg products, [costing the U.S. \\$6 billion in 2014](#) alone. The loss of goods in 2015 is expected to be a lot higher. Mexico, China, and many other large economies were the first to ban U.S. poultry.

Trying to Contain the Bird Flu Outbreak



Image via [Flickr](#) by taberandrew

It's been difficult for the U.S. to [contain the bird flu outbreak](#) because not all farmers use the same supply chain companies. Plus, scientists believe that migratory birds and water fowl are mostly to blame for the spread of the disease. Currently, distribution channels are shut down when the bird flu is suspected. It's hard for the government to control where affected birds and poultry products go, though. Farmers are mostly responsible for their own distribution channels across the U.S. and the world.

The bird flu has been around for a long time. However, the strains are becoming stronger and easier to spread. That's bad news for the poultry industry as a whole because they may never be able to get their flocks back up to previous levels. It is costing farmers millions of dollars because the bird flu is nearly impossible to contain.

Egg Shortages and Long Term Effects of the Bird Flu



Image via [Flickr](#) by John Loo

Egg shortages have already become a problem because of the bird flu. This has caused the price of goods to skyrocket, especially processed egg products like liquid eggs. Supply chains must pick and choose where their products go, and since there are not enough eggs to keep up with the demand, some places are experiencing these shortages. Additionally, many food products use eggs, such as breads and cookies. Grocery stores are seeing an increase in the price of several goods as a result.

Many believe that the [egg shortages will stay around for several years](#) as farmers struggle to increase their flock sizes again. Some farmers have lost more than 50 percent of their normal increase. Plus, further outbreaks are expected in the coming years.

The bird flu is a massive food safety issue. It is something that the world is going to have to deal with for a long time. Supply chains need complete reform for sanitation and other prevention methods to help stop the spread of the disease. Migratory birds can't be contained, but there are some prevention measures that can help minimize the spread.

Related Procurement Events

Certified International Procurement Professional (CIPP)

- 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:

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

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

Download the full details:

<http://www.ethanhathaway.com/training/certified-supplier-program>

Certified Global Logistics Manager

- 31 August - 3 September 2015– Hong Kong
- 23-26 November 2015- Singapore
- 6-9 December 2015- Dubai
- 26-29 October 2015- London, UK

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How to Increase Profit by Discovering Hidden Risks in Your Business

- 28 Oct - 30 Oct, 2015 - Hong Kong
- 2 Nov - 4 Nov, 2015 - Singapore
- 8 Nov - 10 Nov, 2015 -Dubai, United Arab Emirates

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