



PROCUREMENT BULLETIN

August 2016 Issue

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[Case Study] Kraft Macaroni and Cheese Eliminates Artificial Flavors and Preservatives

The Kraft Heinz Company eliminated all artificial flavors and preservatives from its macaroni and cheese products in December 2015. Then the company proceeded to sell its products to consumers without announcing the change. Surprisingly, consumers didn't notice, and Kraft succeeded in performing the largest blind taste test ever. Take a look at what happened and how consumers responded.

Situation: Kraft Changes Recipe for Macaroni and Cheese



Image via [Flickr](#) by JeepersMedia

In April 2015, Kraft Heinz announced it would work on removing preservatives, artificial flavors, and dyes from its popular macaroni and cheese. The goal was to find a recipe that altered neither the flavor nor the texture of its product. The company revealed no additional details as it got to work testing recipes.

Kraft Heinz made the final recipe switch in December 2015, and the new recipe will extend to Easy Mac products in late 2016. The biggest change involved replacing yellow food dye in the dried cheese powder with a combination of paprika, annatto, and turmeric. The company also



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removed preservatives from the recipe. Kraft Heinz didn't make any public statements about the switch and instead decided to see if any consumers noticed. Vice President of Meal Solutions for Kraft Heinz, [Greg Guidotti](#), said, "We wanted our fans to experience the new recipe themselves, without being prompted."

Approach: Kraft Launches a Marketing Campaign



Image via [Flickr](#) by JeepersMedia

Hardly any consumers noticed that Kraft Macaroni and Cheese had changed. Finally, in March 2016, Kraft Heinz decided to tell the public about the new recipe with the campaign slogan, "It's changed but it hasn't."

Kraft Heinz developed [two commercials promoting the new macaroni and cheese recipe](#), a 15-second and a 30-second version. The commercials depict a mother, child, dog, and others eating Kraft Macaroni and Cheese without noticing that it has changed. In the commercial, Craig Kilborn calls out the new ingredients, announcing that Kraft Macaroni and Cheese still has the same great taste and that the ingredient switch largely went unnoticed. Kraft Heinz increased its marketing budget by \$50 million in 2016 to promote the new macaroni and cheese recipe.



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Impact and Advantage



Image via [Flickr](#) by JeepersMedia

Creating this large-scale blind food test proved to be a smart move on behalf of Kraft Heinz. Consumers often resist change, but Kraft Heinz essentially eliminated this problem. The new Kraft Macaroni and Cheese tastes virtually identical, and most people can't tell the difference between the new and old recipes. As a result, many consumers took to social media to congratulate Kraft Heinz on its success.

Kraft Macaroni and Cheese has [annual sales in excess of \\$500 million](#). Kraft Heinz sells numerous other products at grocery stores across the United States, and the macaroni and cheese recipe change is only the company's first step in removing artificial flavors, colors, and dyes from its products. Kraft Heinz expects to make many more recipe changes in the near future. The company will likely perform the same blind taste test stunt on consumers again, especially after its initial success with revising the recipe for Kraft Macaroni and Cheese.

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Imports Made With Forced Labor Are Banned in the United States

Over the past few years, advocacy organizations and consumers alike have brought attention to slave labor and other forced labor situations present in supply chains. As a result, many companies have committed to researching their procurement line to ensure that they don't rely on these practices. Now, President Obama has signed a law that requires all American companies to do their part to eliminate slave labor and forced labor.

Loophole in the Tariff Act of 1930



Image via [Flickr](#) by ProgressOhio

The United States has been fighting against global slavery for decades, but a loophole in the [Tariff Act of 1930](#) made this practice a persistent problem. This trade enforcement bill cut imports in half during the Great Depression because of increased tariffs on agricultural and industrial goods. At the same time, the bill allowed for the import of goods made from forced labor if demand existed due to low domestic production.

Thanks to the [Trade Facilitation and Trade Enforcement Act of 2015](#), however, this is no longer the case. This bill closes the legal loophole in the Tariff Act of 1930 and prohibits imports made from forced labor. Commissioner of United States Customs and Border Protection, [Gil Kerlikowske](#), stated, "The mere deterrent effect of closing this loophole is a great step forward ... We're going to make sure that is heavily noted throughout the world."

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Forced Labor Around the World



Image via [Flickr](#) by UT Moody College of Communication

Millions of people are affected by forced labor around the world, but this practice is most common in countries with under-regulated industries, such as agriculture and fishing, manufacturing, and construction. Forced labor is a global problem, but according to [AntiSlavery.org](#), Asia and the Pacific region contribute 56 percent of the problem. In fact, an estimated 20.9 million people are involved in forced labor around the world.

In addition to the United States, several countries have made a stand against forced labor. Few countries have truly made forced labor illegal, but Australia and Canada are leading the way. Australia has banned financial gain from forced labor, and Canada has banned imports from prison labor.

Ripple Effects of Trade Facilitation and Trade Enforcement Act of 2015



Image via [Flickr](#) by Phil Roeder



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When it comes to ending slave and forced labor, the United States' Trade Facilitation and Trade Enforcement Act of 2015 is a monumental step. This new law could potentially prevent billions of dollars' worth of goods produced with forced labor from entering the United States. This illegal industry generates an estimated \$150 billion each year in profits. Companies will now have to forge new business relationships and monitor their partners closely.

In [President Obama's speech](#) about the new law, he stated that no countries would be granted exceptions. The hope is that countries around the world will follow suit and make changes that ban forced labor. After all, they will have no choice if they want to export goods to the United States.

Nations around the world still have a long way to go to end forced labor and slavery, but the new bill is a step in the right direction. The United States has made a stand against harmful labor practices and will no longer tolerate them from business partners.



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[Case Study] Crown Equipment Improves Forklift Ergonomics

Working in a warehouse can be dangerous and difficult. That's why Crown Equipment Corporation designed a forklift with more ergonomic features to prevent injuries for warehouse workers. The company has received awards for its design. Take a look at the new Crown SC 6000 series forklift, and read what businesses are saying about this innovative product design.

Situation: Crown Equipment Receives 2016 Excellence in Ergonomics Award



Image via [Flickr](#) by KarmaCat_SF

[Crown Equipment Corporation](#) is one of the largest material handling companies in the world, and it has a reputation for award-winning products. The company's headquarters are in Ohio, but it has regional operations in China, Australia, Germany, and Singapore. Crown distributes its forklifts around the world.

In 2016, the Fork Lift Association (FLT) presented Crown with the Excellence in Ergonomics award for its Crown SC 6000 series of electric counterbalanced forklifts. FLT gives awards to companies that show superior performance and innovation in designing products for the material handling industry. The Excellence in Ergonomics award is one of the most prestigious a company can receive in the United Kingdom.

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Approach: Crown SC 6000 Design



Image via [Flickr](#) by Renaissancechambara

The director of marketing product management at Crown Equipment, [Andy Smith](#), stated that it was an honor to receive this respected design award from the FLT. In his speech, Mr. Smith stated, "Ergonomic features, such as the low step height of nearly 15 inches and generous head clearance, make it much easier for the operator to get on and off the truck. Every Crown forklift is designed to help enhance operator comfort, safety, and productivity."

The Crown SC 6000 has several new features that improve its performance, including new soft and hard cab options. The forklift's rugged design and clear view doors protect the driver while improving visibility. Workers can use the forklift indoors or outdoors because of its elastic tires and steel construction. All of these features, combined with a comfortable seat and ergonomic design, are why the Crown SC 6000 received the Excellence in Ergonomics award.

Following is a more complete list of features on the Crown SC 6000 forklift:

- Three-quarter-inch steel plate and I-beam rails to help the forklift maintain its form
- Soft and hard cabin options to suit a variety of material handling environments
- Powerful Crown-engineered drive units and alternating current (AC) motors that can support between 3,000 and 4,000 pounds of cargo
- Low step height and 15-inch operator head clearance



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Impact and Advantage



Image via [Flickr](#) by Navalsurfaceforces

Nearly [100,000 workers are injured on forklifts](#) each year in the United States. The injuries result from a range of issues, such as poor training, improper use, and repetitive stress. Crown Equipment's Crown SC 6000 forklift makes forklift operation easier and more comfortable. This could potentially reduce the amount of injuries that occur every year.

Other forklift companies will likely draw from the designs of Crown Equipment to improve ergonomics on their own forklifts and material handling machinery. Crown Equipment will continue to strive to be a leader in the forklift industry and improve material handler safety and comfort.



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Warehouses Are Hiring Humans Again Instead of Robots

Manufacturing workers have been losing their jobs to robots for several years. However, a surge in the number of customized orders has caused factories to start hiring humans again. This could lead to a new normal with coworking among humans and robots. Take a closer look at current hiring trends in the manufacturing industry.

Robots Are Prominent in the Workplace



Image via [Flickr](#) by jurvetson

Today, 10 percent of manufacturing jobs are performed by robots, but [that figure is expected to rise to 45 percent by 2025](#). Currently, the cost of machinery and computers is too high to implement on a large scale. As the costs decrease, the manufacturing sector can expect more robots. Despite the increase in robots, however, the manufacturing industry also expects to create more jobs for humans will also be created to cowork with these robots.

Japanese auto factories serve as a prime example of coworking among robots and humans. Overall, these factories use more than 1,500 robots per 10,000 human employees. These robots are responsible for placing parts in cars and lifting heavy objects. In most cases, humans closely monitor their robot coworkers.

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Robots Are Getting Smarter



Image via [Flickr](#) by Hey Paul Studios

Robots have the potential to do much more than lift heavy objects. Researchers at the [University of Dresden](#) believe that humans and robots can work together through wearable technology. To do this, a human can wear a glove or a jacket with movement sensors and then perform routine job tasks. The sensors record these movements, which can then be used to program robot movements. Wearable technology can even help program robots to perform tasks for customized orders.

A study from the [Massachusetts Institute of Technology](#) also reveals that humans can cross-train robots to perceive human preferences. In the study, a human worked with a robot to place screws into holes. The human placed a screw in a hole, and then a robot drilled it in. The robot was able to predict whether it should place the screws in batches or one at a time based on the human's speed.

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Could You Lose Your Job to a Robot?



Image via [Flickr](#) by khalilshah

For the most part, robots have replaced humans in manual labor positions. However, [experts warn that skilled professions are at risk](#), too. This warning even extends to professionals in the health care industry. In most cases, it's likely that robots and humans will cwork to enhance human productivity rather than replacing humans entirely.

Warehouses continue to hire more humans than robots. This is predicting market trends isn't easy, and it takes time to program robots. Once a robot is trained to make a product, there may no longer be a demand for that item. The number of customized orders also plays a role in the need for humans in the manufacturing industry. Even though some workers will lose jobs to robots, the manufacturing industry still has a strong need for human employees.

It's unclear whether employing more robots will have positive or negative effects on the economy. On the one hand, low labor costs and high productivity means the United States could regain more manufacturing jobs. On the other hand, robots could promote wage inequality because lower paid jobs would disappear more quickly. For now, however, humans are still critical to manufacturing.



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Related Procurement Events

Successful Project Management

- 26-30 September 2016-Kuala Lumpur, Malaysia
- 6-10 November 2016-Dubai,UAE
- 5-9 December 2016-Singapore

Download the full details:

<http://www.ethanhathaway.com/training/successful-project-management/>

Certified Enterprise Risk Management Specialist (CERMS)

- 14-15 November 2016-Kuala Lumpur, Malaysia
- 7-8 December 2016-Hong Kong

Download the full details:

<http://www.ethanhathaway.com/training/enterprise-risk-management/>

Certified Procurement & Purchasing Specialists (CPPS)

- 24-27 October 2016-London,UK
- 13-16 November 2016-Dubai, UAE
- 28 Nov-1 December 2016-Singapore
- 12-15 December 2016-Hong Kong

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Certified Corporate Compliance Specialists (CCCS)

- 6-9 November 2016-Dubai, UAE
- 6-9 November 2016-Hong Kong
- 12-15 December 2016-Hong Kong

Download the full details: <http://www.ethanhathaway.com/training/certified-corporate-compliance-specialist-cccs/>