

# CENTRAL FLORIDA BUYLINES

ISM – Central Florida  
PO Box 621416 Orlando, FL 32862-1416



*Newsletter of ISM -  
Central Florida  
Issue #8 – 2014/2015*

*ISM-CF's Mission and Vision statement is "To promote and maintain excellence among purchasing/supply management professionals through continued leadership in the areas of Ethics, Professionalism, Education, Networking, Community, and Involvement."*

## **Upcoming Events at a Glance**

**Saturday, July 18** – ISM-CF 2015–2016 Board of Directors Retreat OUC Gardenia Training Room, 3800 Gardenia Ave, Orlando, FL 32839

**Saturday, July 25** – CPSM Exam 3 Review 8:00 am – 5:00 pm. OUC Gardenia Training Room, 3800 Gardenia Ave, Orlando, FL 32839

**Wednesday, September 9** – Professional Development and Networking Event, Details Coming Soon

**To Register:** Visit [www.ism-cf.org](http://www.ism-cf.org)

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## **Congratulations to the new Board of Directors Officers**

The newly elected officers were installed during the May 13, 2015 meeting and will serve from July 2015 to June 2016. Thank you for your service and commitment to ISM - Central Florida!

President:	Lou Emma Cromity
Vice President:	Michele Gibbons
Secretary:	Richard Plank
Treasurer:	John Morris

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## **Meetings are on summer break until September 9th**



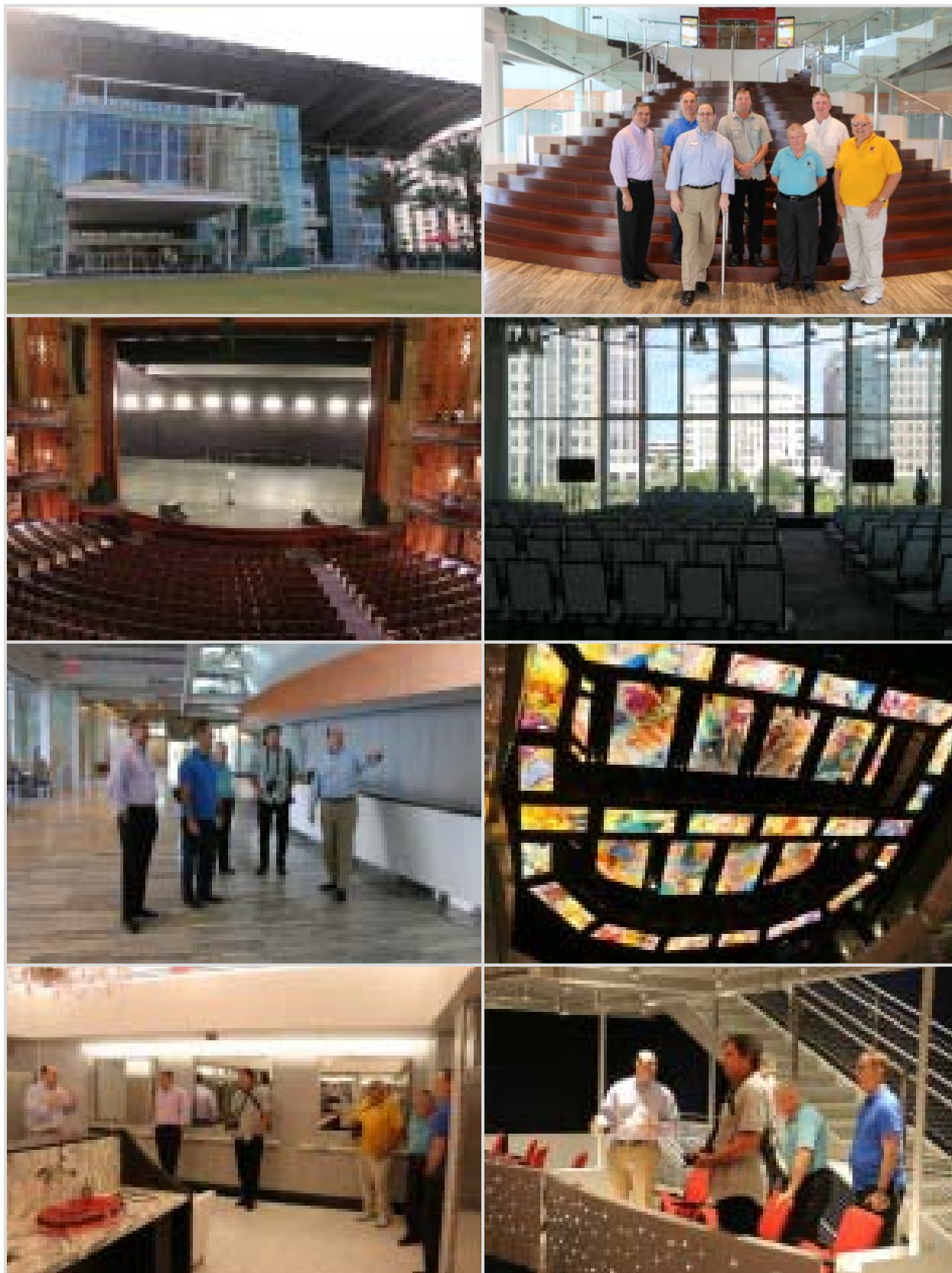
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**NEWSLETTER ITEMS** – Please send newsletter articles, announcements and news releases to David Billingsley at: [comm@ism-cf.org](mailto:comm@ism-cf.org).

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**Dr. Phillips Center for the Performing Arts Tour – June 10, 2015**





## Certification Exam Review

To help you successfully pass the certification exams, ISM-CF is providing review classes for Certified Professional Supply Manager (CPSM) certification exams.

The next CPSM Exam Review will be held on the following date:

**Saturday, July 25** – CPSM Exam 3 Review, 8:00 am – 5:00 pm, OUC Gardenia Training Room, 3800 Gardenia Ave, Orlando, FL 32839

Ed Wainwright, C.P.M., APP will be instructing the classes using the ISM training materials. Ed taught ISM-CF's C.P.M. review classes from 1985 until 2006. In 2011, he attended the ISM Trainer Course and has taught numerous CPSM Review classes since. The classes provide excellent knowledge and resources to attendees.



The reviews will be held at the OUC Gardenia Facility first floor training room located at 3800 Gardenia Ave, Orlando, FL 32839, from 8:00am to 5:00pm. The cost per review is \$50.00 for ISM-CF members, \$75 for other ISM members and \$100.00 for non-members.

Individuals taking the classes should purchase the CPSM Study Guide and the CPSM Diagnostic Exam. The materials used during the review classes are also an excellent guide for individual study after the class.

Registration is available at [www.ism-cf.org](http://www.ism-cf.org). If you have any questions, please contact Ed Wainwright at (407) 348-2489 or [ed\\_wainwright@hotmail.com](mailto:ed_wainwright@hotmail.com).

## Stay tuned for future dates.

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# Trans Fats Replacements: A Moment on the Lips, a Lifetime in the Sourcing Pipeline



Posted by **Kelly Barner**

On Tuesday, the Food & Drug Administration (FDA) announced that by 2018 all partially hydrogenated oils (the primary source of trans fats in the American diet) must be phased out of the food supply chain. The many costs associated with this change will give procurement an opportunity to have a positive impact at a time of transition. When you add up the costs of experimenting with replacement oils and reprinting/redesigning packaging and labels, Roger Clemens, a pharmacology professor at USC, estimates it could cost companies as much as \$200K per product.<sup>[1]</sup>

Although there are a number of oils that can be used to replace partially hydrogenated oils, including palm oil and coconut oil, the decision of which to use is not simple. Partially hydrogenated oils have been used for several qualities they give to food: they are inexpensive, have a long shelf life, and give food desirable taste and texture.

This is a huge opportunity for procurement to add value, not only because there are potential cost increases to mitigate, but because there will be tradeoffs to quantify and make. One product might taste better but be more expensive, while another adds to shelf life. In yet another trade off, coconut oil is more sustainable than palm oil, but there are still fair trade and child labor concerns in the countries where they are typically grown.

Ironically, trans fats are being banned because they add to healthcare costs through high cholesterol and risk of heart attack. But the savings on healthcare (and of course the implied improvement in American health) are being realized at the expense of food product makers – many of whom are already working with price and cost pressures.

For instance, General Mills, one of the companies whose products will be affected by the ban on trans fats, has already launched a “Holistic Margin Management” program to remove non-value add costs from their supply chain. As Bridget Christenson wrote on the Taste of GM blog, “Simply put, HMM call on us to understand the drivers of value in our brands and to eliminate non-value added costs and activities. These cost savings allow us to protect our margins and reinvest in brand building and innovation, fueling growth. ... Cumulative savings in our cost of goods through 2013 have totaled \$1.4 billion dollars, accelerating progress against our stated goal to achieve \$4 billion dollars of HMM savings by 2020.”<sup>[2]</sup>

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These pricing pressures come from consumers and well as retailers, as noted by Samir Dani in his book *Food Supply Chain Management and Logistics*: “Increasing pressure for price reduction from the markets and the power of the retailers will also have an adverse effect on the food being supplied. Producers and processors will find substitutions for raw materials or modify recipes or packaging volume in order to maintain margins. Although this will not always lead to unsafe food (due to contamination), it will influence the characteristics of the final product and sometimes have an adverse effect post-consumption (for example, the use of trans-fats in confectionery and snack foods to reduce costs and increase shelf life affects human health).”

The good news is, there are a myriad of ways that companies can choose to handle this transition. They can experiment with alternate oils, trying to maintain quality of product as well as price. They can also work to improve associations with their brand, raising the prices that can be charged for food that is perceived as healthier than the alternative. And there is plenty of time – three years – before companies have to be trans fats free. This means that there is at least a full contract cycle before the regulation goes into effect, not to mention an early mover advantage for companies who get there sooner: supported in no small part by their procurement teams.

For more on the costs associated with the trans fats ban read:

The Strategic Sourceror: Ban on Trans Fats = Cost Reduction? (11/18/2013)

<http://www.strategicsourceror.com/2013/11/ban-on-trans-fats-cost-reduction.html>

The Washington Post: Why the new ban on trans fats may be the most important change in our supply chain ever (6/16/2015)

<http://www.washingtonpost.com/blogs/wonkblog/wp/2015/06/16/why-the-new-ban-on-trans-fats-may-be-most-important-change-in-our-food-supply-ever/>

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[1] Hadley Malcolm, “Cutting Trans fats Could be Expensive,” *USA Today*, June 17, 2015, <http://www.usatoday.com/story/money/2015/06/16/trans-fat-elimination-consequences/28813439/>.

[2] Bridget Christenson, “\$1B Saved and Counting,” *Taste of General Mills*, May 15, 2014, <http://blog.generalmills.com/2014/05/holistic-margin-management/>.