



Local sourcing as a sustainable strategy from a global company in the fast-food industry.

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Abstract

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How is local sourcing a strategic approach to sustainability from a global company perspective in the fast-food industry?

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The purpose of this thesis is to provide an analysis of the main practices and benefits obtained by a global fast-food company due to the implementation of a local sourcing strategy. It aims to cover the most valuable advantages a company obtains from the practice, economically, socially, ly and regarding profit, as well as the complexity reduction within the operations.

The research was based on multinational fast-food companies mainly located in Querétaro, México through interviews, face-to-face, and zoom meetings. Suppliers who worked for the previously interviewed companies and experts in the area were contacted through the net web page and LinkedIn. It was intended to answer the questions related to global fast-food brands'nds'st local sourcing practices, the profitability, the ad does local sourcing is imimpactustainability.

The analysis was based on qualitative research through open questions during the interviews performed by the author. Some of the information provided by the inintervieweesas is complemented with desktop research.

The results showed several sustainable advantages of a local sourcing strategy in the fast-food industry. From supplier's perspectives, international firm,s and of coursee'perts'ts point of view. The companies have been able to reduce several costs arisksks situations with the implementation of local sourcing. Locasupplier'srs integratiinto to its supply chain increased their profitability and implies soresponsibilityity, as we as a great community, on has ended up the in reduction of logistics and supply chain processes complexity.

Local sourcing is a sustainable and profitable strategy for international fast-food companies to use. This research mentions several best practices indicated by some of the most recognized brands and experts are exposed that should work like guidelines for companies.

Keywords

Local sourcing, procurement, sustainability, strategic sourcing, profitability, cost reduction, supply chain management, multinational companies.

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1 Introduction

This writing is a bachelor's thesis for the degree program in International business in the major specialization of the supply chain at the Haaga-Helia University of Applied Sciences. The purpose of this chapter is to develop a planning and organizational structure of the thesis itself. It will cover the general to the particular aspects, starting with the objective of the thesis and the research questions. Once this is established, the investigative questions will be mentioned and allocated on an overlay matrix. As a next subtopic, the aim of the thesis will be defined on the demarcation, mentioning what is included in the study and the possible benefits obtained from the research. The possible risks will be mentioned, followed by the key concepts of the investigation and the theoretical framework. Finally, the research method and research design are observed.

1.1 Thesis objectives and publication

In a very competitive world, the consumers can choose from several different companies, it is always a challenge for international firms to stay relevant. Customers are very interested in the perceived quality of a product or service and how it was done, if it is free from animal harm, and specifically, how it impacts people in the economic and social awareness aspect. Every time, customers have more quality options with less variation in price and benefits, which is the reason why an international company needs to remain innovative and adaptable to customers' demands.

Social awareness is today one of the main concerns of consumers, and it can easily affect the buying decision. This is the reason why global companies are looking for different strategies in the supply chain to be efficient, to increase quality and be people-oriented, and of course, to be as profitable as possible. In other words, companies are aiming to be as sustainable as they can be. Local sourcing is a sustainable strategy that many global companies are deciding to implement. Local sourcing has been implemented for relevant companies like Starbucks by establishing a close relationship with several Mexican coffee producers in the last three decades (Starbucks 2021).

1.2 Research Question

The research objective of this study is to gain insight into how local sourcing is applicable as a sustainable strategy for a global company in the fast-food industry. The study aims to find the best global companies in the fast-food industry applying local sourcing to their supply chain, and the advantages obtained through the best local sourcing practices.

The outcome of this study could be implemented in the procurement department of several global firms towards a sustainable and social awareness approach. The result is mainly useful for companies in the fast-food industry. The study aims to answer a research question (RQ), Which is: **How is local sourcing a strategic approach to sustainability from a global company perspective in the fast-food industry?**

This research covers the international criteria because the main approach is global companies and their interaction in the designated area they enter. There are two main reasons for choosing the fast-food industry. The first one is the level of consumption and the second is that several companies are recognized worldwide. Additionally, local sourcing is known and designed for international firms, looking for sustainable practices

The research question (RQ) of this thesis was how is local sourcing a strategic approach to sustainability in the fast-food industry? A global company perspective. It was divided into investigative questions (IQ) as follows:

IQ1. How is local sourcing directly related to sustainability in the fast-food industry?

IQ2. Why does local sourcing improve the profitability of a global fast-food company?

IQ3. Apart from profit, what are other possible advantages of local sourcing in a global fast-food company?

IQ4. What are the best local sourcing practices that global companies in the fast-food industry are applying?

Investigative question	Theoretical Framework*	Research Methods **	Results (chapter)
IQ 1. How is local sourcing directly related to sustainability in the fast-food industry?	Strategic sourcing Sustainability	Qualitative research method through surveys and interviews. Desktop research to complement	4.1
IQ 2. Why does local sourcing improve the profitability of a global fast-food company?	Strategic sourcing Supply Chain Management Sustainability	Qualitative research method through surveys and interviews. Desktop research to complement	4.2
IQ 3. Apart from profit, what are other possible advantages of local sourcing in a global fast-food company?	Strategic sourcing	Qualitative research method through surveys and interviews. Desktop research to complement	4.3
IQ 4. What are the best local sourcing practices that global companies in the fast-food industry are applying?	Strategic sourcing	Qualitative research method through surveys and interviews. Desktop research to complement	4.4

1.3 Demarcation

The demarcation of this study is centered on three main aspects: phenomenon, the target population, and the local suppliers. The phenomenon of this research is local sourcing, which is the action of “sourcing” or purchasing certain materials or products, from where they will be used or sourced. (Chefs for Development 2021). The target population and the focus of this study are the global companies in the fast-food industry, that have implemented a local sourcing strategy in their procurement department and the best practices. Finally, the local supplier and its interaction with a global firm.

The study tries to find the main benefits and advantages of local sourcing through benchmarking the best global fast-food companies. It aims to understand and explain why local sourcing a sustainable practice is and the reason why global companies are opting for a local approach and the sustainable advantages it brings to it. It will be accomplished through online research and interviews with franchisors and local suppliers. Works as a guide for companies to review the best local sourcing practices that can adapt to their needs.

The research study does not explain any other sustainable practice.

1.4 Benefits

The main benefit obtained from this study is for global companies in the fast-food industry because this research can be used as a best practice guide for companies who are trying to implement this procurement strategy.

Local suppliers also benefited from the investigation. If this sourcing strategy is implemented by global companies, business opportunities will increase. In addition, the research explains certain practices that global companies are implementing. It shows certain factors that global companies are looking for in local suppliers.

Finally, this research benefits the author since it implies an increase in the knowledge of sustainable strategies applicable to global companies and more specifically to the purchasing department.

Table 2. Risk Analysis

Risk Source	Risk	Level of Risk *	Manageability of Risk **	Risk Management Need ***	Risk Management Activities
1	Lack of relevant information	1	3	1	If there is not enough information, it will require a change on the topic.
2	Loose motivation	2	1	1	It requires a lot of self behave to undertake the problem.
3	Not finding franchisors or local suppliers to interview	2	2	1	Ask teachers or friends, even go directly to the places.
4	Decide to change to another industry	2	1	2	It will require a lot of investigation and time to select a new one.
5	Not finding enough information on the topic	2	3	2	If there is not enough information on the topic, probably several surveys would have to take place.
6	Losing my laptop and not having a backup of the thesis	3	1	1	Not possible, but have a backup just in case.
7	Getting confused about the information and graphs for the qualitative analysis	2	1	1	Ask teachers and my mentor for the best way to do it.
8	Losing interest in the topic	2	1	3	If there is a loss of interest, then the discipline will have to perform the thesis.
9	Finding out it is already a very	3	1	3	

	used topic, and it is not interesting				Trying to give the thesis a different approach
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The number in each option goes from 1 to 3, with being 3 the greatest option and 1 being the lowest level of implication.

1.5 Key Concepts

This section aims to provide a short and specific dictionary of main concepts for the reader not familiar with the concepts discussed for the thesis topic development.

Procurement: “Procurement is the process of sourcing and acquiring the goods and services a company needs to fulfill its business objectives.” (Lim, 2021).

Strategic sourcing: Involves developing a proactive, holistic, and continuous evaluation and re-evaluation of the sourcing activities in an organization. Strategic sourcing aims to achieve the lowest Total Cost of Ownership (TCO) along with minimal supply chain risk. (Patowarya, j 2019).

Local Sourcing: This is the action of “sourcing” or purchasing certain materials or products, from where they will be used or sourced. (Chefs for Development 2021).

Sustainability: Sustainability in supply chains requires three responsibilities: social, environmental, and financial. (Winter, B 2021).

Supply Chain Management: Management and organization of all the activities of acquisition, production, and distribution of the goods that a company makes available to its customers. (Goikolea, M 2014).

2 Local Sourcing Baselines

This chapter introduces the key concepts and theories that are utilized within this research. The main objective of this chapter is to divide the research into general topics and allocate what is important to focus on each of them.

As figure 1 presents, this chapter is divided into three major categories, which are strategic sourcing, sustainability, and supply chain management. All the categories are linked together to develop a complete picture of the thesis topic.

2.1 Supply Chain

The supply chain is the process of delivering a product from raw material to the customer. Everything that needs to be done to make it possible is part of the supply chain. It involves, as its name says, the management of the flow of materials and services. Including all raw material transformation processes into final goods.

Supply chain management, on the other hand, is defined as a goods distribution channel, starting with the raw material supplier, continuing with an operational process to distributor and retailer, and ending with the consumer (Procure Port blog 2021). It aims to maximize customer value and gain a competitive advantage in the marketplace. Therefore, sourcing strategies are implemented by supply chain managers. Find next, an illustration that describes the following:

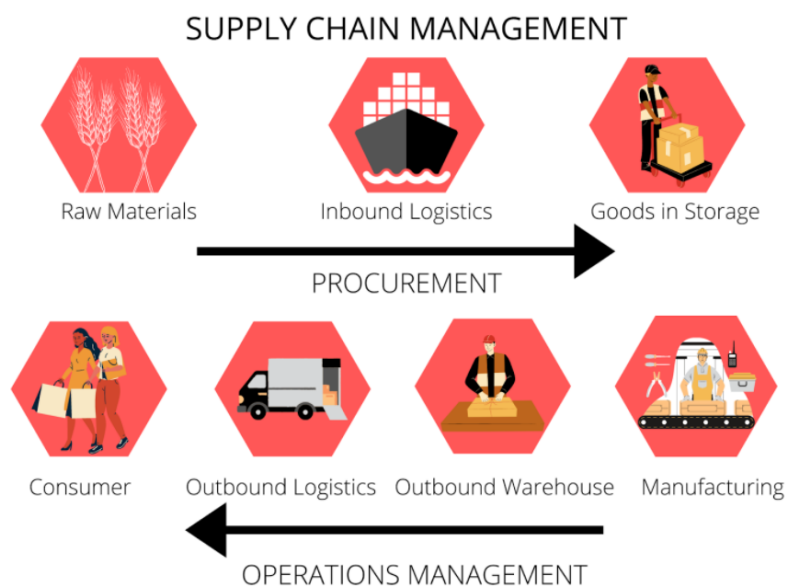


Figure 1. Supply Chain Management process (Procure Port blog 2021)

Businesses consider management important on the supply chain since it has a positive or negative impact throughout the business. As Quasney E, mentioned in an article published by Anaplan (2022) “There are two core areas to the impact: customer happiness and cost.” When the supply chain meets the customers’ expectations, it is due to efficiency. If customer expectations are met, this leads to larger purchase orders, which benefits the entire business.

2.1.1 Components

Even though supply chain management involves the whole picture of the supply chain, it can be partitioned into 5 major parts. The first component is planning, which refers to the development of an overall strategy for the supply chain. The procurement teams need to ask themselves several questions including if the organization is going to manufacture the goods themselves or if they will buy ready-made goods. In case the company launched finished goods, where will the raw material be sourced, either from local or international suppliers. Planning includes deciding how the product will be stored. Some companies make the product in advance and store it to await an order. On the other hand, a product can be made once there is a purchasing order or have a certain portion of the final product made in advance and complete production upon order. There are several performance measurements to decide the strategy that suits the company better and it is established before planning begins. (Hindsman A 2020.)

Following with the second component which involves sourcing. This is one of the most critical steps of the supply chain as it is the stage where the greatest cost savings are achieved. At this stage, companies procure their raw material and any components they need to outsource. Some of the aspects a firm must consider when sourcing the raw material is that it needs to occur at the best possible price, at the right time, and the right moment. The reason why suppliers should have the capacity to deliver the required volumes according to the service level agreement parameters. An incompetent supplier affects the entire supply chain operations. Therefore, global firms are constantly assessing suppliers’ performance, including in the process, the need to evaluate and qualify them. (Procure Port blog 2021.)

The third component is inventory, which means the ready list of items, raw materials, and other essentials for the company’s product or service. The correct inventory management is vital for the supply chain, without it, production and sales are not possible. The main goal of inventory management is having the material at the right place, at the right time and this requires visibility. Inventory visibility consists of knowing when to order and where to store the necessary material based on what the company already has and where it has it. There are 3 basic steps of inventory management according to an article published by

IBM (2022). The first one is purchasing inventory; this type of inventory is ready to sell goods delivered to a warehouse or retailer. The second one is storing inventory, in which material is stored until needed. Finally, profiting from inventory, products are shipped to customers.

Proper inventory management is very important for companies as it is the point where all the elements of the supply chain converge. Little inventory can lead to delays and unhappy customers, while a great amount of inventory can lead to spoilage, an increase in costs, or even damage. (IBM 2022).

The next important component in supply chain management is production, warehouse, and transportation. This component aims to ensure that the organization has what it needs to produce the correct volume of products and that the products meet the quality standards of the company. Be it in-house or a third-party vendor, the transportation management system must ensure zero damage and minimal loss in transit. A well-managed logistics system along with flawless invoicing are the two pillars of secure transportation. (IQualifyUK 2020).

The last component is the return of goods. This component aims to answer questions such as what happens if the customer returns a faulty product? What protocol will be followed to handle such an incident? This component is relevant because determines at a great level the customer's satisfaction, the reason why having clear and efficient reverse logistics is important. (Procure Port blog 2020).

2.1.2 Supply Chain Management best practices

There are several supply chain management best practices, that encourage a multinational company to succeed in a growing global market. For this thesis, only those that go hand in hand with the objective of the same will be covered. The first best practice is establishing alliances with suppliers. Building strong partnerships with suppliers is important for the success of a supply chain. It supports the company in saving costs and improving reliability. Relationships between parties should be equally beneficial through an objective alignment. Companies should seek suppliers who share the same values on matters such as environmental, sustainability, and social responsibility since they can find uncountable benefits from working with an aligned supplier.

Subsequently, diversifying supplier relationships. Suppliers-side delays are one of the most common reasons for supply disruptions, import/export issues, and lack of raw material, among others, can slow down the delivery of supplies. (Jenkins A 2022).

Anticipating this situation is basic for customer satisfaction, the reason why local sourcing is nowadays a suitable procurement strategy for global companies.

Inventory management is another crucial part of an efficient supply chain. Once a company can predict demand, it can calculate inventory levels. But it not only consists of calculating the right inventory level but trying to reduce the logistics costs of warehousing. The reason why it is necessary to align with supply chain objectives. Finally, invest in environmental and social sustainability.

2.2 Sustainability

The need for global companies to shift towards a more ethical and sustainable perspective in the supply chain has been imminent. In an evolving world, where consumers have several products and service options with little difference in price and quality, they are making decisions based on sustainability and firm values. Based on a 2015 survey performed by Cone Communications, show that 9 out of 10 millennials would switch brands to one associated with a cause. (Cone Communications 2015).

Sustainable environmental processes Sustainability from the supply chain perspective covers several aspects such as environmental impact, social awareness, health, safety, risk management, and customer management, among others. (Jason F 2021). It is seen as essential to delivering long-term profitable products or services that are positively reflected in society. A survey performed by Oracle shows that “43% of consumers expect businesses to hold themselves accountable for their environmental impact and that products marketed as sustainable grow 5.6 times faster than those that are not” (Jenkins A 2022). Sustainability should work as a vehicle for transparency and better behavior of suppliers. Creating a sustainable supply chain is about using the chain itself to ensure fair treatment to society; and commercially, potential consumers take it into account when they are going to choose between one product or another. Supplier participation is key. They have the objective of guaranteeing the development of a final product capable of being framed in the sustainable mentality accepted by consumers. (Achilles 2022).

2.2.1 Aspects of Sustainable supply chain

For a supply chain to be sustainable, it should ideally integrate 3 main aspects, society, natural environment, and economic performance, even though it is still considered sustainable if it only covers one or two aspects. “Sustainable Supply Chain Management is the strategic, transparent integration and achievement of an organization’s social, environmental, and economic goals in the systemic coordination of key inter-organizational business processes for improving the long-term economic performance of the individual company and its supply chains”. (The Sustainable Supply Chain Project 2013).

Find next a picture that explains the 3 main sustainable aspects of the supply chain and what conforms to each of them.

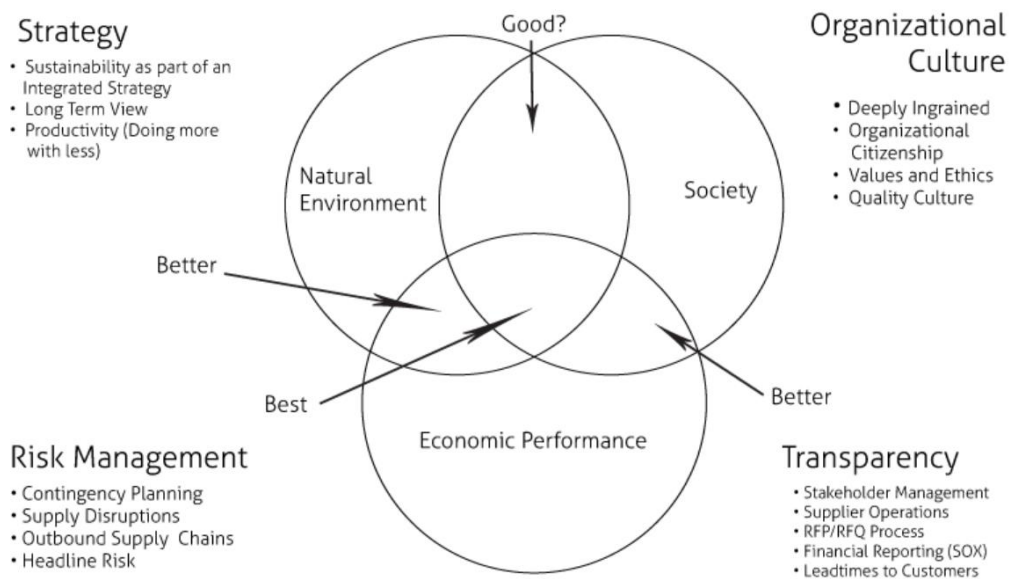


Figure 2. Supply Chain Sustainability aspects. (The Sustainable Supply Chain Project 2013)

Natural Environment

The term green supply chain refers to integrating into the traditional supply chain. When supply chain managers are designing a sustainable strategy that focuses on the environment, it is usually called a green sustainable supply chain. A green supply chain can be defined as a process where companies use environmentally friendly inputs and transform them into outputs that later, can be recycled or reused at the end of their life cycle. The green supply chain aims to reduce environmental pollution and production costs but also focuses on increasing economic growth, creating a competitive advantage by increasing customer satisfaction, and working on a positive brand image and reputation. It can also mean having a better opportunity to export their products to pro-environmental countries. The green idea has been evolving and expanding with several innovations and techniques designed to protect environmental sustainability, which can be recognized by corporate social responsibility, green manufacturing, waste reduction, recycling, and remanufacturing of the environmental friend supply chain.

Find next a green supply chain of child's crib manufacturers as an example that emphasizes how green practices can be adopted in firms.

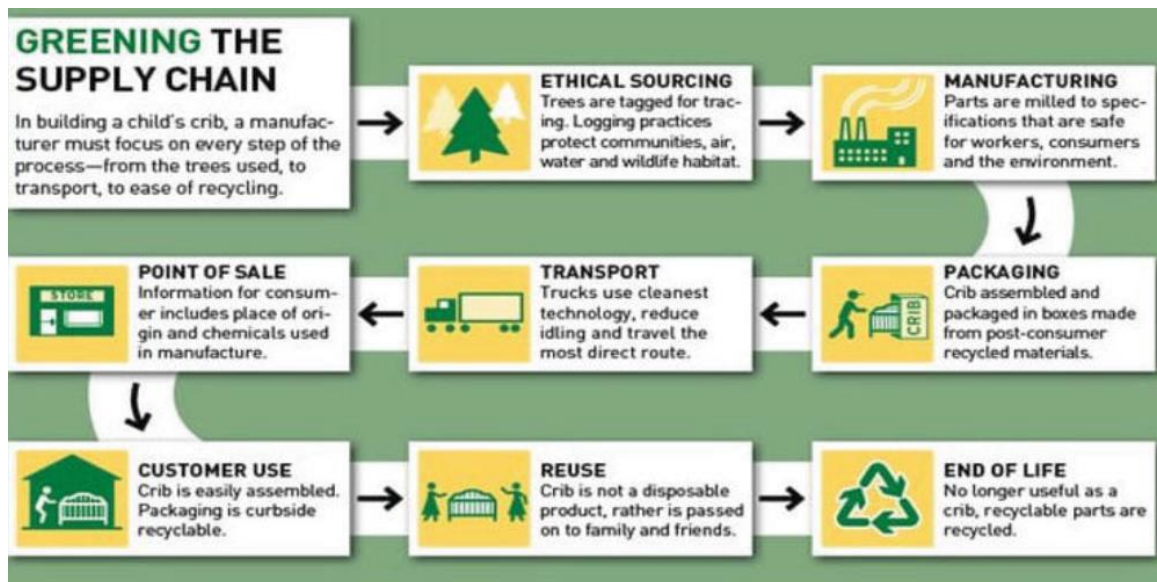


Figure 3. The green supply chain of child's crib manufacturers. (IntechOpen 2018)

A green supply chain ideally, affects the entire set of activities across the whole customer order cycle, including design, procurement, manufacturing and assembly, packaging, logistics, and distribution. Figure 3 illustrates a simple model of a green supply chain by explaining the main concepts of sustainability and green supply chain.

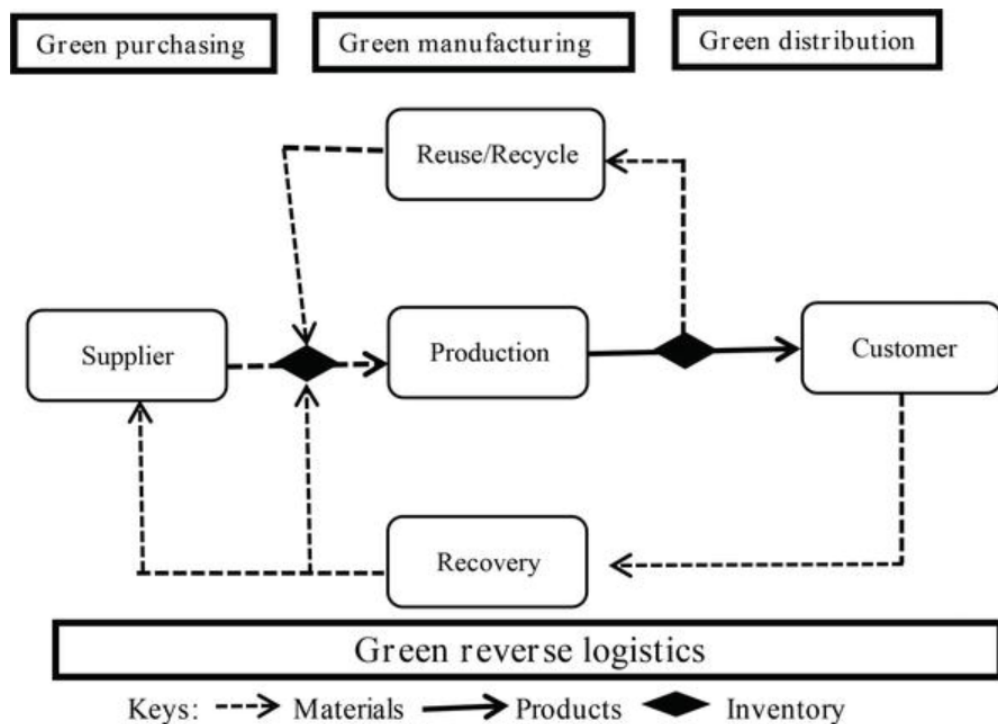


Figure 4. A simple model of GSCM. (IntechOpen 2018)

Green Supply chain best practices

With numerous green supply chain practices adopted, Abdul Syed, identified in an article published by IntechOpen (2018), certain best practices that firms are implementing to have a successful and profitable green supply chain. The first practice, which the author is emphasizing as it is related to the study subject is green material sourcing. Procurement professionals are now motivated to source material on environmentally friendly strategies due to the growing concerns on environmental protection. Green sourcing means purchasing materials with eco-friendly characteristics such as reusability, recyclability, and non-use of dangerous chemicals. "Green purchasing can be classified into 5 facets: design operation management, supply chain management, environmental authentication, ecological, and external environmental management." (Abdul Syed 2018).

The next presented best practice is green manufacturing, which consists of improving the efficiency of processes in production. This practice involves the usage of green resources, which leads to competitive advantage through cost reduction in products, cost, and quality improvement. The main benefit that green manufacturing represents for companies is the improvements in operational, environmental, and financial performance.

To continue, green transportation and reverse logistic represents a fundamental best practice for firms, as it represents an opportunity to decrease environmental impact while increasing quality and reducing costs. Reverse logistic activities are also part of sustainability, as it reduces the amount of waste an organization generates. Activities like repair, repackaging, recycling, and material harvesting can reduce not only a company's environmental, social, and economic impact.

Finally, the usage of renewable energy and biofuels. Undeniably, the global supply chain and logistic operations depend on energy and fossil fuels, which are one of the main reasons for pollution and global warming and the greatest contribution to carbon and greenhouse gas emissions. The corporate sector has been pressured by governmental policies together with customer awareness to use biofuels and apply other environmentally friendly energy in their supply chain operations. (IntechOpen 2018.)

2.3 Strategic sourcing

Strategic Sourcing has been growing in popularity, as digital transformation is causing procurement evolution. Nowadays, companies are taking advantage of a globalized world, and as it continues to occur, the role of effectively sourcing goods and services from suppliers has become a strategic tool for companies to align procurement functions with organizational goals and objectives. Strategic sourcing is an approach to supply chain management that aims to continuously evaluate and re-evaluate the sourcing activities in an organization with the specific purpose of achieving the lowest Total Cost of Ownership (TCO) and reducing the supply chain risk. For strategic sourcing, suppliers are crucial

value partners and organizations are willing to build strong and sustained collaborative relationships. As previously mentioned, strategic sourcing is different from conventional procurement as it not only focuses on the initial purchasing price but also mainly plaemphasize the total cost of ownership and the optimization of processes through several analyses of the market, building strong relationships with suppliers as strategic stakeholders and constantly evaluating performance based on companies KPIs. (Fogarty S 2019.)

Strategic sourcing can allow a global company to focus less on price and prevent short-sighted-oriented processes. Instead, generate an adaptable system that contributes to the overall value of the business long term. A sourcing plan starts with a detailed analysis of companies' needs and historical spending, followed by designing a strategic plan based on the data collection and market analysis that will eventually guide the supplier's selection. After negotiation and suppliers' selection have taken place, it is equally important for development to measure and evaluate performance. Strategic sourcing is in the great majority of the cases, practiced by multinational companies that have several suppliers. This is mainly done to delegate responsibilities and functions to experts.

There are several steps and variations for a strategic sourcing process. However, it can be broken down into seven main steps, which were initially developed by A.T. Kearney. The first step is to identify the sourcing category or commodity. For this step, the analysis and clear understanding of the brand projection and products is the most important thing to consider. For an accurate outcome it has to be as detailed oriented as possible, including the volume, taking into consideration the quantity, size, or types, the spent on products and services, current prices, and suppliers.

The second step towards strategic sourcing is the supply market analysis. It starts by understanding the buyer power of the organization, to critically positioning the sourcing strategy by performing an analysis of the market. Once the analysis took place, organizations identify which strategy suits better the type of service they are sourcing. To segment vendor's base, Kraljic's Matrix is considered one of the most effective tools. This matrix mapped two key elements, risk, and profitability. While risk demonstrates the likelihood of unexpected events occurring that may affect the operations. Profitability looks forward to impacting the organization's bottom line. Once the segmentation of a product or service is clearly defined, organizations might be able to understand how the product or service can affect the overall business. The more confident an organization is about the product risks and profitability of the business, the more accurate the strategy and partner relationship will be implemented. The picture below illustrates traffic's Matrix.

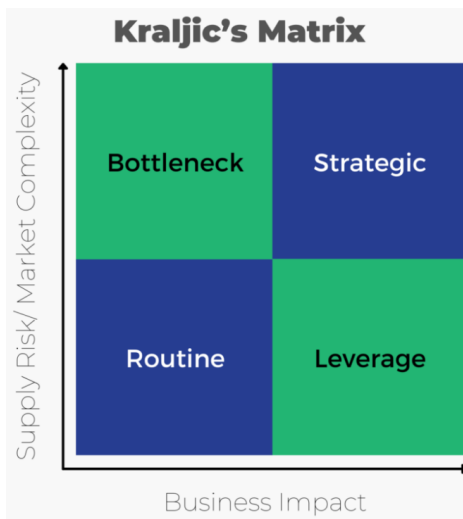


Figure 5. Kraljic's Matrix illustration

Step number 3 is to develop a strategic sourcing strategy. The main goal of this step is to minimize risk and cost by deciding the right place to buy. In this step, the sourcing team analyzes the existing suppliers and potential suppliers. For the right selection of suppliers, companies have to first define the business goal, establish the minimum requirements for suppliers, and list the most suited requirements, capabilities, and resources.

Next is a picture that shows the focus for choosing the most accurate sourcing strategy.



Figure 6. Strategic sourcing focus on companies' strategy acquisition. (AIPTS 2022)

For step number 4, the strategic sourcing process is selected. At this point, companies have already a reduced list of candidates that suit the basic companies' requirements. The selection will be guided now by the supplier's offer. The most common method used by companies in the RFP (Request for proposal). In this document, companies outline the specific details of products and services, expected or ideal delivery times, and legal and financial terms and conditions. The RFP variates between companies, any company will

need the same from their suppliers, which reason why the organization must know exactly what they are looking for and what the product or service will require from the supplier. (Nguyen Q 2021).

It has 3 main purposes, clarify, communicate, and compare. First, clarification of the ideas and thoughts a company compiles by writing the RFP. It outlines all needs and ensures that all aspects of the project are detailed thoroughly. Second, communicate. Through the RFP, companies communicate their needs and goal, as well as their objectives and main requirements for suppliers. It is designed to be as clear and specific as possible so that it prevents misunderstandings. Finally, the process of comparing all proposals. (Kucheriavy A 2018).

Find next a general example of an RFP (Request for proposal) and some of the basic information that companies generally asked from suppliers.

RFPtemplates.org RFP055

Sample RFP Short Form

1. GENERAL

Objective / Purpose
Provide a statement of company purpose and objectives.

Key Dates
List key dates and a description of what will occur within those timelines.

2. BACKGROUND

History
Provide a brief history of events leading up to the RFP.

3. SERVICE / WORK REQUIREMENTS

Expectations

- Explain important work relationship issues and what both parties are expected to bring to the agreement.
- Provide a clear description of problem to be solved or services required.
- Spell out details concerning quality and performance standards required.
- Provide an indication of the timelines, i.e. seasonal window, milestones / target dates related to delivery of the services.

Mandatory Requirements

Identify any mandatory requirements that, if not met, will result in proposal rejection (e.g. past experience, qualifications, equipment, etc.)

Pricing

Indicate how the proponent should state their price proposal (e.g. fixed price, price per hour / day, usually with a specific ceiling, including or excluding 'out of pocket' expenses, time and materials, etc.). Optionally, at the discretion of the [Your Company], the budget or maximum contract value may be disclosed.)

4. SUBMISSION GUIDELINES

Proponent Organization / Profile / Technical Skills / Experience

Proponents shall identify relevant management, administrative and financial capabilities as well as technical and necessary skills, qualifications and experience that they consider appropriate to the evaluation of their ability to successfully undertake the proposed contract and meet all RFP objectives.

Figure 7. Request for Proposal example (Kucheriavy A 2018)

As the process continues, the next step forward is negotiating with the selected suppliers. At this level, suppliers may have answers to the company's RFP, and it is time to shortlist the most potential suppliers and arrange interviews if clarifications are needed. This step is crucial for the right supplier selection, companies should consider that the most

accurate and correct information they obtained from the customer, the most correct the selection will be. Based on the importance of this step, organizations usually gather a team that has the best idea of what the product or service ideally is. In this way, the firm can ask the right questions.

After the negotiation, once a firm finds the best bidder, the implementation and integration steps begin. The companies must integrate suppliers into their processes and include them in meetings or discussions included in the implementation stage. The closer a supplier feels to a company, the better it will understand and be updated on company matters. The more complex a product or service is, the tighter the cooperation and partnership should be.

Finally, Benchmarking the product or service. This is a crucial step for a long-term relationship between the supplier and company and towards the expected outcomes. It consists of measuring the supplier's performance over time. There are several evaluation methods, starting with benchmarking the status of the product by continuously evaluating results. If there is a continuous evaluation, of the different and important aspects of the company, the easiest is to identify where the problem or the deficit is taking place and notify the supplier to address the issue with the lowest business impact.

2.4 Local Sourcing

In a constantly evolving world, where consumers have the facility to choose from equal quality products and services with little price difference, competitiveness increases, and organizations need to offer a different approach to call customers' attention. Nowadays customers are well informed about sustainability and the market tries to be as green and oriented to social responsibility as possible. According to a study conducted in July 2021 by Simon Kucher and partners, fielded by Dynata, an independent market research agency. Where they surveyed 10,281 consumers across 17 countries. The interviewers were divided into United States of America: 1,062, Germany 1,022, Denmark 771, Sweden 757, Brazil 539, China 516, Japan 516, Spain 515, Switzerland 514, England 513, Austria 510, France 510, Netherlands 510, Norway 506, Italy 506, United Arab Emirates 504. This study was designed to measure the consumer's attitude toward sustainability, the importance of sustainability, and willingness to pay for sustainability. As the results of the study expose, 34% of the population is willing to pay more for sustainable products or services, and those who are willing to pay more will accept an increase in the price of the 25% for premium products or services. (Pope R 2021.) The continuous increase in customer concerns on sustainability issues is forcing companies to find different strategies to continue competing in the market. Organizations are discovering the different image and cost benefits of these practices.

Local sourcing, as its name says, is a procurement strategy that global companies develop in a local market, it consists of allocating strategic suppliers within the geographic area of the company. A local supplier is a manufacturer or distributor who supplies the organization with the required raw materials and is located near the business's geographic area.

It is an approach to supply chain management that creates a formal way for information to be obtained and used to find value in the marketplace and align the purchasing strategy to the company's business goals. (Alibaba 2020).

This sourcing strategy is considered and applied by several international firms for the benefits and advantages it offers. The most valuable ones for this writing are mentioned next. Sourcing Locally has a sense of reliability since companies have direct oversight of suppliers' activities and processes. Organizations can visit tiers and have more control over the development and quality of the raw materials. It allows firms to see exactly what they are paying for as regular visits are possible and it avoids misunderstandings since face-to-face conversations are possible and the integration of processes between company and supplier.

One of the main advantages that firms recognize from this procurement strategy is the logistic benefits, such as faster shipping time. Companies can deliver the product to customers' hands faster if they also have faster access to the material. It not only reduces the delivery time but also there is a reduction in costs since transportation and shipping expenses are reduced.

In the long term, local sourcing not only helps to increase profitability by reducing the costs, but it can also help a company to generate more. The effort of companies to develop sustainable and social-oriented practices has a positive effect on customers buying decisions and increases image reputation and brand appeal. (Thomas Register 2022).

2.5 Procurement

For the objective of this writing, it is important to define what the term procurement is. The procurement process involves two or more companies, the buyer, and the seller. But it is the act of buying that is called the acquisition and not the activities of the seller. There are certain characteristics that the procurement department takes into consideration when buying a good or a service, it must be the adequate quality and quantity, it must meet the delivery time and from the most appropriate supplier. Generally, with certain contractual obligations and under optimal terms.

The process of buying or acquiring goods or services such as raw materials or for operational purposes for a company or a person can also be called acquisition. The procurement process not only involves the purchase of goods, but also the quality and quantity controls. Typically, vendors are listed and predetermined by the company making the purchase. This makes the process more fluid, which promotes a good business relationship between the buyer and the supplier.

The procurement process may be different for each company, and a government institution may have a slightly different procurement process compared to a private company. However, there typically are two types of purchases on the companies. The recurring purchase is periodic, it does not have to be in terms of their frequency, but terms of their permanence in the company. It generally occurs with suppliers with whom there is already a solid and continuous relationship over time. Between the parties, a master contract is established to allow a range of goods or services to be supplied at fixed prices and with established and agreed-on terms. It allows the streamlining of the purchasing process, and everything flows between the supplier and the purchasing company. (Biddown 2022.)

On the other hand, a company usually has non-recurring purchases that are characterized by sporadic and punctual acquisitions. Therefore, the purchase, in this case, is a formalized, staggered, and parameterized process in which several suppliers respond to an advertisement requesting a service or group of products. (Biddown 2022.)

Despite what many people think, there are certain differences between sourcing and procurement terminology, and their responsibilities and obligations. For this writing purpose, the differences between these two concepts will be pointed out in the next table.

Table 3. Sourcing and procurement responsibilities

Sourcing	Procurement
Sourcing is responsible for finding suppliers, examining, and contacting them, and maintaining a healthy chain of suppliers to meet the needs of the organization.	Procurement implies the acquisition of goods and services necessary for the organization.
Sourcing activities include building and maintaining the supply chain.	Procurement focuses on what is bought and

	take advantage of supply chains to guarantee a constant flow of supplies for the organization
Manage the chains and create alternatives for resilience.	Procurement is primarily concerned with running already-created supply chains.

(Forsitis 2022).

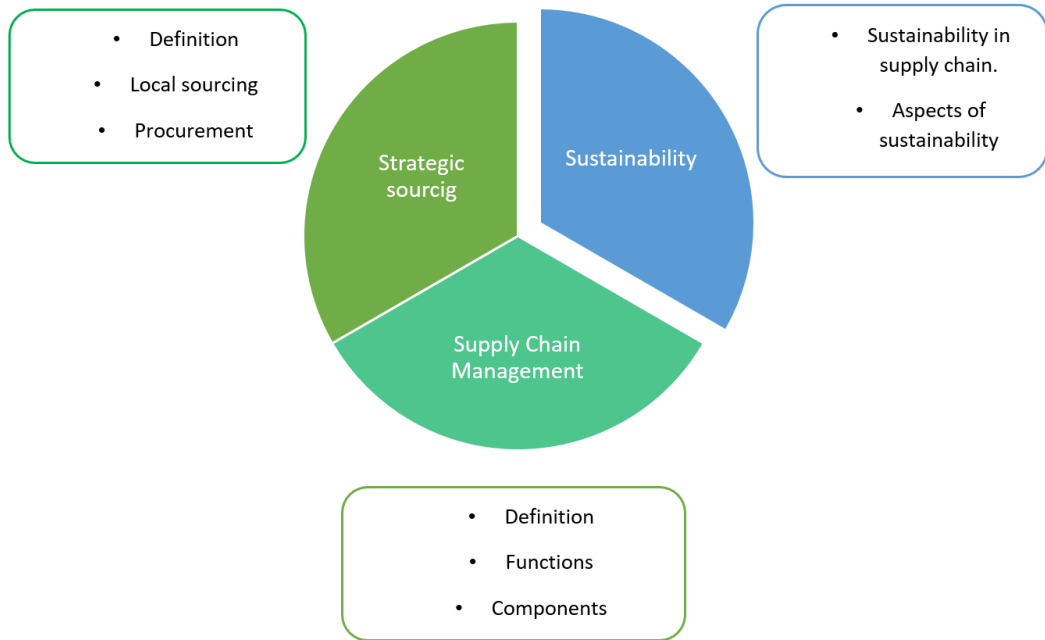


Figure 8. Theoretical Framework and main cat

3 Research Methods

This chapter describes the steps taken to design the research. It justifies the overall research design as well as the usage of specific data collection and analysis methods. In addition, the research design shows how the implementation of the interview took place.

The implemented research method is mainly qualitative. According to the Nephrology Nursing Journal “Qualitative research aims to create a rich description of the phenomenon of interest” (Vishnevsky, Tanya 2004.) It includes only participants with rich experiences in the investigation topic and it does not generate numerical data. However, it provides an extensive evaluation with research opportunities for the topic development. Table 3 aims to summarize the main characteristics that the qualitative research should be based on:

Table 4. Qualitative Research Method

Characteristics	In qualitative research concepts, definitions, meanings, case studies, and detailed descriptions of things have more importance. It explains how happens and does not answer what and how much happens (Bhasin H 2022.)
Purpose and Objective	To gain insight; explore the depth, richness, and complexity inherent in the phenomenon. (Bhasin H 2022.)
Research Design	The results are obtained from surveys sent via email, face-to-face interviews, and zoom meetings of open questions and questionnaires. Fields, notes, and journals have an important contribution to qualitative research. (Bhasin H 2022.)
Analysis and Interpretation	Small details matter to understand the whole picture of the process. It is time-demanding because results are obtained from narrative descriptions. It tries to examine data and themes. Non- statistical. (Bhasin H 2022.)

As mentioned before, the implemented tools for this specific research were zoom and face-to-face interviews with participants. The study subject was complemented with desktop research by reading articles, and global companies' web pages.

3.1 Data Collection

The research was conducted through interviews performed with the franchisors of the global fast-food brand, the local suppliers, and experts in the area. As presented in figure 3, the data will be collected through face-to-face interviews and surveys sent via email. As part of the study, desktop research will be used as a complement to the information.

3.2 Research Design

The study of the topic was divided into three major sources of data gathering. First, the global companies in the fast-food industry, regarding the experience and best local sourcing practices applied by them. For the first phase, the author contacted the global companies' franchisors by attending the franchise physically. The information was gathered through zoom calls, face-to-face interviews and surveys sent via email. Second, the author contacted local suppliers of global companies by word of mouth and certain contacts provided by the international firm. The approach was mostly through surveys sent via email and zoom calls. Finally, the author connected with a local sourcing expert who has worked on the supply chain and logistic activities and give an insight into best practices applied by international firms to successfully implement local sourcing as a procurement strategy.

An implementation plan based on investigative questions was designed.

The 4 IQ will be adapted into three or four different questions that allow the author to obtain the necessary information for the research. Three different surveys were performed to cover the three aspects of the approach to the topic. The IQ number 1) has been designed and adapted for the three sources of data collection. IQ2 is designed only for franchisors and experts in local sourcing. While IQ numbers 3 and 4 have been designed to obtain relevant information from franchisors of global fast-food brands, local suppliers, and experts on the topic. All the above will be complemented with desktop research. Below, is the figure that explains how the research design was created.

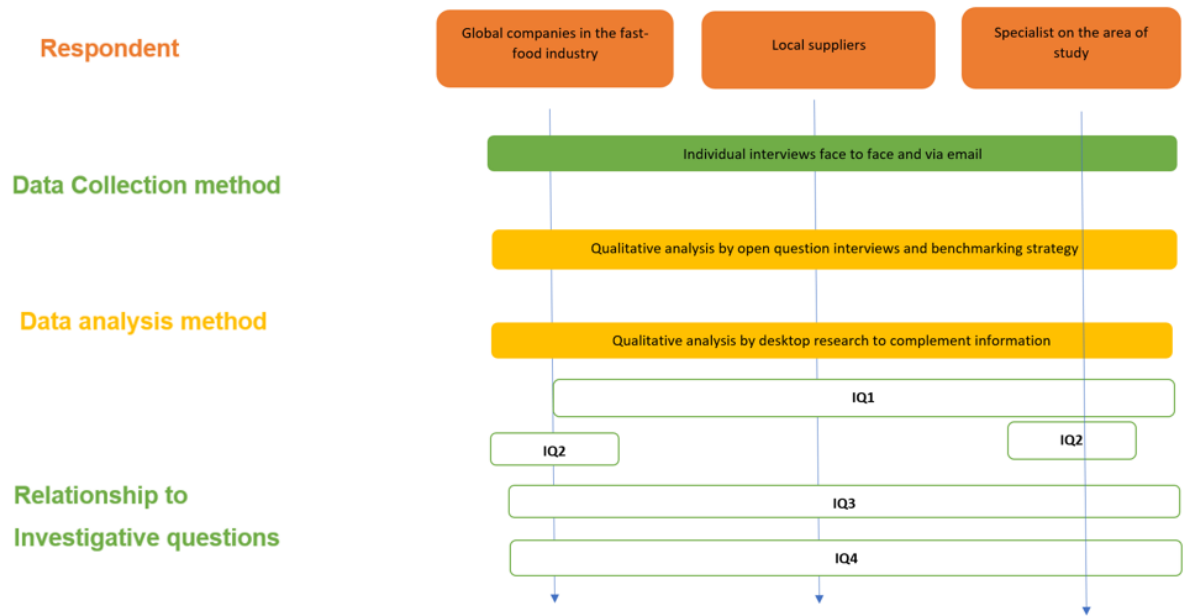


Figure 9. Research design

4 Data and results

This chapter presents the interviews performed by the author with the 3 main sources of data acquisition, which are the business owner of the franchise, the suppliers, and the experts. The aim is to interpret the key findings and translate them into the analysis. Some of the names and numbers provided by the interviewees would not be mentioned to protect the privacy and confidentiality of the business as well as their interests.

The results are intended to answer the 4 Investigative Questions designed by the author for this writing. Therefore, each investigative question will be mentioned next, accompanied by research and results found in each of the 3 main sources of data collection. The investigative questions were deeply analyzed, and interviews were performed by the author, asking open questions that focused on answering each of them.

4.1 IQ1. How is local sourcing directly related to sustainability in the fast-food industry?

The research's main findings are that in fact, the fast-food industry is very likely to include local sourcing as one of their strategies because of the nature of the product they sell. In most cases, the biggest and better-known global brands work with several local suppliers to ensure the quality and sustainable benefits of local sourcing. Mc-Donalds, Starbucks, KFC, Subway, and several other brands that might be recognized by the reader, are working with several suppliers located in the selling area of the organization. (Hatic D 2016).

According to the information gathered by the author, local sourcing is one of the main sustainable practices global companies in the fast-food industry, can integrate into their supply chain. This strategy covers the three main dimensions of sustainability, economic, social, and environmental. The author contacted the global fast-food companies and through zoom interviews and face-to-face meetings gather the information that is exposed next.

The organizations that formed part of the investigation process are Starbucks, which was interviewed directly in Querétaro, Mexico, and Madrid, Spain selling point. Subway franchise in Querétaro México. And McDonald's franchise in Querétaro México.

International fast-food industries, according to the analysis, have certain requirements for suppliers that must be met to work with them. Standards and conditions are divided into different areas such as minimum legal terms to protect customers, and brand. Minimum operational standards and certain requirements that suppliers must comply with to ensure safety, security, and streamline operations.

Starbucks works under C.A.F.E practices (coffee and farmer equity) which ensures that their buying practices are responsible. It consists of a set of economic, social, and environmental standards for suppliers that ensure fair payment and fair labor conditions, economic transparency, and responsible resource management. These pillars form the cornerstone of an approach that is then supplemented by producer support, industry collaboration, and community development programs. These standards are also a path for suppliers, establishing certain regulations like minimum salary for their employees, and the implementation of a coffee movement tracking system. It aims to monitor the coffee of C.A.F.E. Practices from the initial purchase or entry to the final sale or exit. In addition, it establishes law enforcement by delimitating the pesticides contraindicated by the world health organization.

The Starbucks supplier, who was interviewed, mentioned that it must meet the minimum C.A.F.E requirements and demonstrate they work in consonance with the normative along time. According to Starbucks, "Suppliers with the highest score receive preferential trade treatment, a higher price for their coffee, and better contract terms." (Faircompanies 2017.) In addition, Starbucks has developed nine farmer support centers around the world to ensure quality by training farmers on the best agronomy practices.

The supplier who in fact, is a woman, shared that the Starbucks foundation has a strong interest in woman empowerment and seeks to find economic opportunities including them throughout the supply chain. Thanks to their sustainable related practices around local sourcing and the strong partnership with suppliers, Starbucks has achieved 99% ethically sourced coffee. (Starbucks 2018.)

Based on a Vietnam coffee research performed in 2018, C.A.F.E can compete on sustainable results with other certifications that promote sustainable practices. C.A.F.E has been shown to focus on small farms since the 99% of their coffee is produced by small and local suppliers. Find next, a picture that provides a comparison between C.A.F.E. and the Rainforest Alliance Certification.

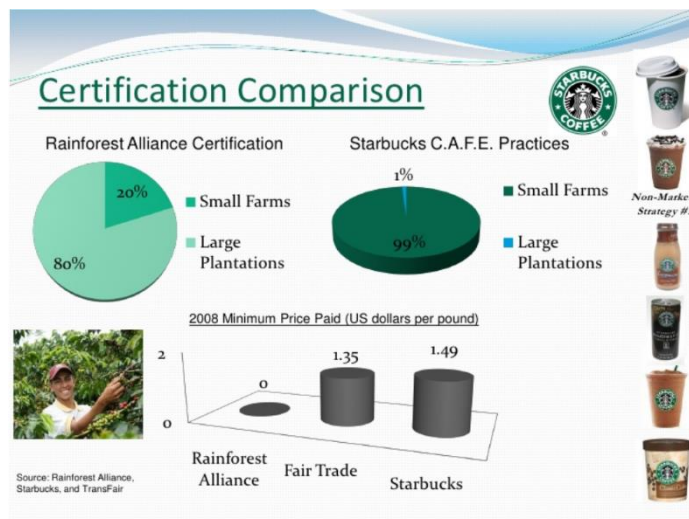


Figure 10. C.A.F.E and Rainforest Alliance Certification comparison (Vietnam Coffee 2018)

However, the subway franchisor who was interviewed in Querétaro, México, shared that each franchise and supplier are continuously evaluated. The global firm performs regular audits throughout the supply chain. During these audits, subway ensures that their Supplier Code of Conduct is met. On the supplier's state of conduct, there are several statements to ensure the well-being of the supplier's employees. Establishing work hours and wages, the prohibition of child and abuse labor, and the need to ensure a secure, safe, and healthy workplace. Subway has a program that offers employees and suppliers employees opportunities to develop their skills and capabilities and provide advancement opportunities if possible.

Subway IP Inc (SIP), The owner of the subway trademark and the subway restaurant system, conducts its business in a socially responsible way. Therefore, the company created the "Supply Chain Employment and Supplier Practices Policies". The policies apply to all vendors that are approved by SIP or its affiliates to either supply goods or equipment to be sold to subway franchisees throughout the world. For SIP, vendors are responsible to ensure that their suppliers adhere to this policy.

All vendors seeking to be approved to produce, supply, and/or sell products to subway must comply with certain policies that established the minimum requirements to be accepted. These are legal compliance, ethical principles, employment standards, wages, and benefits, working hours, overtime compensation, as well as child labor, forced labor, or modern slavery, vendors must be able to ensure the safety of employees, and harassment or abuse, among others. To ensure that vendors are working under the policy, SIP performs verifications before any approval and renewal, as well as regular audits performed by internal and external third parties which are unannounced inspections

of business practices, records, facilities, and packing, farming, and private interviews with employees.

Subway also focuses on the environmental aspect of sustainability, maintaining good agricultural practices and good manufacturing practices audits for food safety.

Subway has partnerships with small farmers all around the world and their local sourcing strategy is adapted based on their needs. This means that depending on the nature of the product, it would be sourced locally or not based on the season. Find next a figure that exposes the tomato main purchases of Subway for the year 2021.

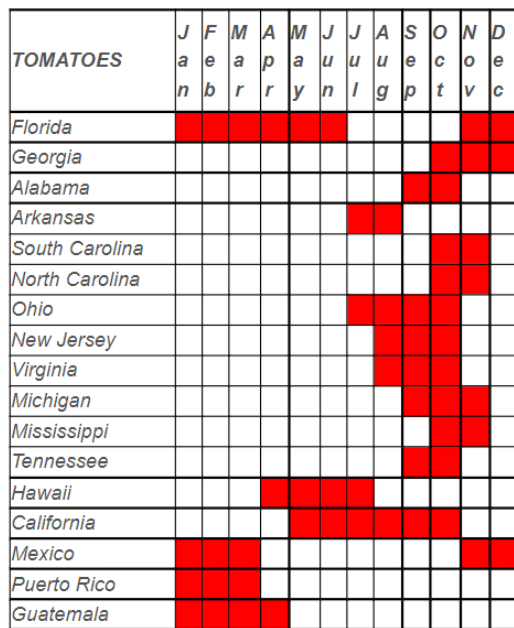


Figure 11. Tomatoes were purchased by Subway in the year 2021(Subway 2022)

Another example of how local sourcing has a direct impact on sustainability is McDonald's company. It has a global supply chain that directly employs more than a million people in over 100 countries (McDonald's 2022). As mentioned by the manager of a selling point in Querétaro México, McDonald's designed a program called SWA program (Supplier Workplace Accountability). This program mainly focuses on providing training to understand human rights and offers techniques for continuous improvement and education. In addition, it includes an online training platform where suppliers and certain stakeholders can access certain courses and information.

McDonald's, like the rest of the mentioned brands, has specific requests and guidelines for suppliers to follow. Therefore, they designed the SWSGD (Supplier Workplace Standards and Guidance Document), which states McDonald's expectations and guidance for suppliers to follow. The McDonald's manager contacted by the author shared that McDonald's updated the SWSGD in 2021, and hosted training sessions under the

updated standards. McDonald's SWA program is designed to support suppliers in meeting our standards. However, there are circumstances in which McDonald's will remove a supplier for noncompliance with the code. Therefore, the criteria for compliance are stated and very well defined on the SWA. (McDonald's 2022.) McDonald's has available on their webpage their human rights policy and their supplier code of conduct.



Figure 12. McDonald's human rights policy introduction (McDonald's 2022)

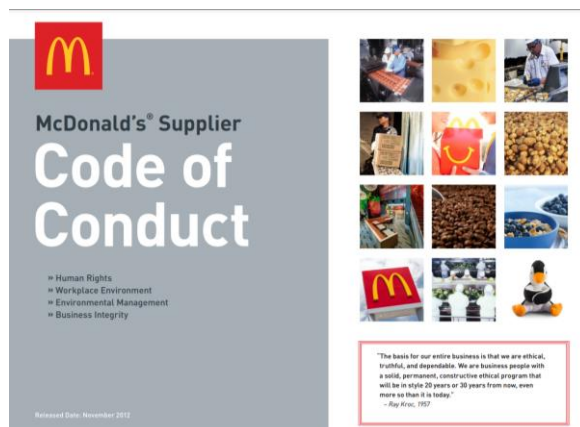


Figure 13. McDonald's supplier code of conduct (McDonald's 2022)

As a complement to all the information provided by the global brands and suppliers, Solidaridad, an international network organization that focuses on several sustainable practices participated in the process. Solidaridad was founded in 2011 and has grown due to the need for sustainable practices around the world and their expertise.

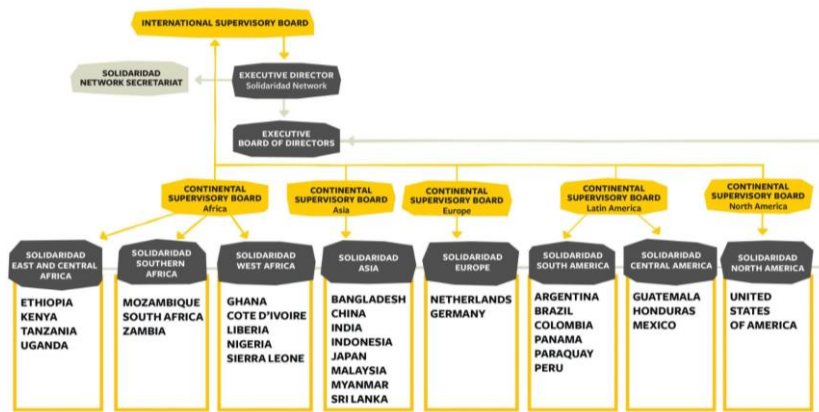


Figure 14. countries where Solidaridad has a legal presence (Solidaridad 2022)

As commented by Solidaridad's contact, local sourcing offers several advantages for companies. The most remarkable one according to him is the improvement in the brand image since customers are nowadays looking for responsible, social, and environmental oriented brands. Local sourcing as a practice affects the purchase decision of customers and possible customers positively. Encourage and increase local customers' loyalty to a brand. The next advantage is the environmental and social benefit by itself, the feeling of responsibility, and what it generates for all the stakeholders inside the company. It is not the same when working with a sustainable company when not, employees are loyal and willing to give their best if they are considerate and appreciated by the company. When it gets hard, the loyalty and willingness, as well as employees, and suppliers' commitment, will be a great difference in the capability of a business to confront difficulty. Finally, one of the most notorious and short-term benefits is the cost reduction in logistic expenses. It is not the same to move merchandise from one country to another, then in the same city. Warehousing, freight, and customs clearance expenses are eliminated. The next picture represents what a sustainable supply chain looks like, including the main benefits obtained from this kind of practice.

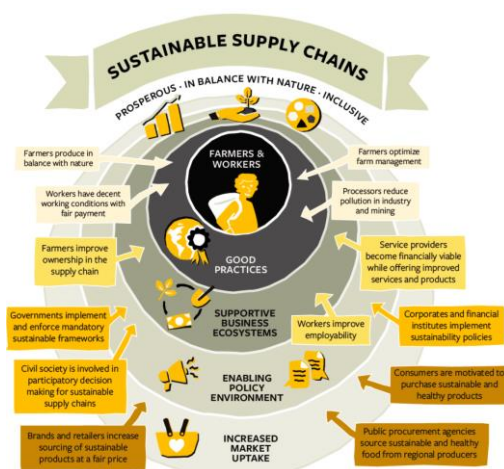


Figure 15. Sustainable supply chain. (Solidaridad 2022)

4.1.2 IQ Closure

After analyzing the information obtained from the different sources and adding the desktop research, it can be concluded that local sourcing is a sustainable practice. It covers the three main pillars of sustainability which are social, environmental, and economic. A global fast-food organization needs to practice sustainable practices to remain competitive in a world where customers have many options for the same product with little variation in price and quality. However, when they source locally all these sustainable practices must be included and adopted by suppliers. Otherwise, global companies would not be able to call themselves socially or sustainably responsible if part of their supply chain does not work with certain standards. Local sourcing not only implies the social responsibility of global brands to the local market, but it opens the path for small and medium-sized businesses to grow. For suppliers it is a great opportunity to acquire certifications and standards that increase their product qualities, opening opportunities to participate with other brands that without the global company's help, would never consider them. Even though environmental certifications must be part of the implementation of a global fast-food company it is not the only benefit. International firms can reduce their footprint and green gas emissions thanks to local sourcing due to the reduction of transport distances.

4.2 IQ 2. Why does local sourcing improve the profitability of a global fast-food company?

The main objective of businesses is to be as profitable as possible. Companies implement strategies based mainly on this matter, and local sourcing is not excluded. The interviewees mentioned that the main reason for profitability improvement for companies that work with local sourcing is not an increase in the product price. On the contrary, the increase in profitability is possible thanks to the reduction of expenses.

There are several expenses along the supply chain and for some companies, there is a significant increase in expenses when it comes to logistics, inventory, and customs clearance expenses. 66% of the global fast-food industries interviewed do not have any type of inventory. They have on stock what they know they will use for the day, and suppliers oversee having ready what will be used for future days. They use the supplier's warehouse, instead of having one of their own, reducing the inventory risks and costs.

In addition, the freight and customs clearance expenses are highly reduced or eliminated from the supply chain. As mentioned before, it is not the same to translate merchandise from another country, than in the same city. The risks, the legal requirements, and many costly matters are eliminated. Moreover, local sourcing helps companies avoid currency risks.

Following the respondents, Steward Redqueen from KFW agrees and identifies all the above as the main benefits of local sourcing. "Why would a company go through all the challenges of procuring inputs from far-flung countries? Indeed, unless local supply does not meet a company's requirements, there is no reason not to source locally" (Redqueen S 2018.) He mentioned that the main benefit obtained with a local sourcing strategy that relates to profitability is the reduction of costs and flexibility increment. As mentioned before, companies avoid customs clearance, which normally is a costly and time-consuming process. In combination with shorter transport distances. Logistic costs of locally sourced products tend to be lower than those imported.

4.2.2 IQ Closure

Local sourcing increases the profitability of a global fast-food company by facilitating cost reductions. With a local sourcing strategy, it is observed that companies reduce the logistic expenses related to international freight and customs clearance. Apart from being costly, it can be a slow and energy-consuming process. In addition, it has allowed organizations to reduce inventory expenses due to the reduction that local sourcing facilitates thanks to the closeness with suppliers. While reducing inventory, warehouse expenses have been reduced automatically. It is a sourcing strategy that allows organizations to reduce several risks and expenses while increasing the profitability of the company, not only by reducing the supply chain costs but also by motivating sales in the local area by creating loyalty and attracting possible customers with sustainable practices.

4.3 IQ 3. Apart from profit, what are other possible advantages of local sourcing in a global fast-food company?

When a global company works with local suppliers that are normally small or medium size, it opens a new kind of opportunities for them. First, suppliers have noted the increase in the quality of their operations, services, and products. Thanks to the courses and global companies' training and requirements, suppliers have been motivated to increase their capabilities and product quality, opening another kind of job opportunity with different brands that would not notice before.

Following the information obtained by Subway, it is a great benefit for the global fast-food company that their local suppliers are developing and growing on sustainable matters and quality. They recognize that suppliers' image directly affects and has an impact on them, as they are part of their supply chain. Any quality or sustainable implementation of suppliers means an increase in the final product the international fast-food company offers. As follow, is a picture of one of Subway's bread suppliers' that is shown on their web page. This supplier installed solar panels which will generate 479,880 kWh annually.



Figure 16. Solar fields at SW Baking in Tolleson Arizona, subways supplier (Subway 2022)

As it can be noticed, all the suppliers' achievements that have been motivated by the fast-food firm, directly affect their brand image and allows showing customers their social and environmental commitment. Starbucks also recognizes that much of its success in Central America is due to its customers' awareness of its sustainable practices, which include local sourcing. "A majority of the coffee we purchase comes from smallholder farmers and the coffee crisis in Central America related to low prices cannot be ignored", said Michelle Burns, senior vice president, of Global Coffee and Tea (2018).

In addition, companies identify that local sourcing has decreased the complexity of their supply chain processes. Since suppliers are in the same area, with the same time zone, problem resolution is a noticeable advantage. The companies agree that any extra need in terms of raw material is easily solved, even more so considering the nature of the products offered by a fast-food company. As previously mentioned, 66% of the fast-food global brands that participated in the research, do not have inventory. The benefit relies on the fact that inventory is not only costly and risky but space-consuming since a warehouse is needed. Finally, the reduction in logistic complexity. When the brands face a scenario where there is an urgent need for a certain product, it is always easier to find transport in the same city than to another country or region.

A company's key benefit obtained from local sourcing is that supply chain control is enhanced by being close. International firms' oversight and control of suppliers ensure they meet deadlines and quality requirements. The complexity of explaining issues and demands is reduced to the fact that they can be face-to-face discussed. Besides, sourcing from local suppliers simplifies communication and reduces the risk of things being lost in translation.

Steward Redqueen identified the reduction of currency risk as one of the main obtained benefits from global companies. Even though it is related to money, it is not directly connected to profit. Companies avoid exchange rate fluctuations by using the same currency. Since exchange rates can fluctuate dramatically affecting the price of the imported products, local sourcing is a method to reduce the risk to its minimum.

Furthermore, sourcing from local suppliers is a great tool for global fast-food companies to avoid transport carbon emissions. Companies enhance the sustainability of their businesses by reducing the emission of greenhouse gas (GHG). In addition, companies working with this sourcing strategy often keep less stock. Meaning they need less storage capacity.

A key advantage of local sourcing is its contribution to brand credibility and its influence on sales increment. Companies can offer a broad customer base by offering products produced with local inputs. Moreover, while a global company increases its sales and profit, so do its suppliers. If there is an emerging local economy that boosts customer spending, it improves long-term sales. (Redqueen S 2018).

The next exhibit provides an overview of the main benefits of local sourcing for companies and societies.

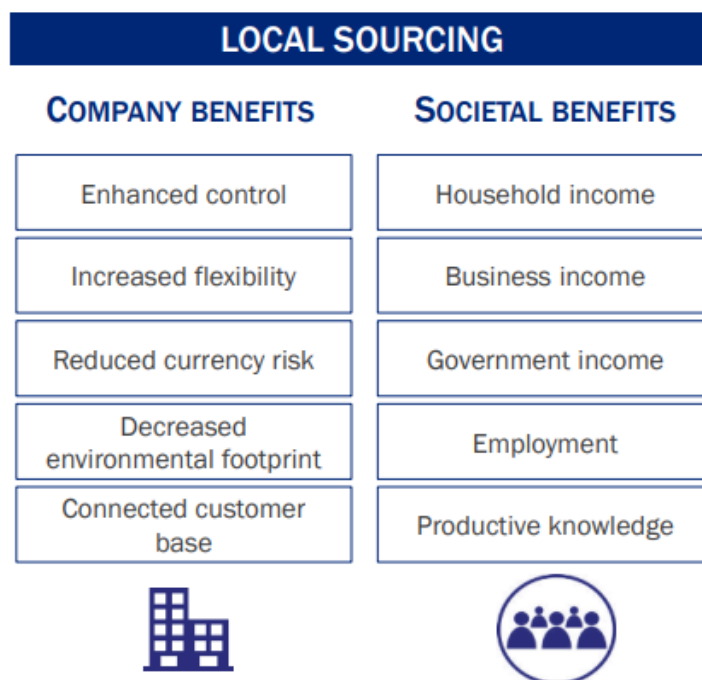


Figure 17. Key benefits of local sourcing for companies and societies (KFW 2018)

4.3.1 IQ Closure

Suppliers from international firms are normally asked to adapt to the sustainable practices of the organizations. Including social aspects like minimum salaries, wage, and working

hours, as well as benefits and the responsibility to create a healthy and safe environment as well as environmental aspects and certifications. All these implementations on suppliers' supply chain allowed them to grow and offer more quality products, encouraging other businesses to consider them as vendors. Furthermore, companies ensure with these practices the sustainability of all the supply chain processes and final products while benefiting from the reputation and brand image reinforcement from these practices. Brand image is not the only or most important benefit obtained by companies in the fast-food industry. The complexity in supply chain processes is reduced significantly. Logistic expenses are reduced, customs clearance is eliminated, and inventory risks decrease as well as warehousing. It allows the company to have control under suppliers' operations, in this sense they can ensure delivery times and quality standards are met. Organizations avoid the risk related to currency. Finally, international firms reduce their footprint by minimizing the carbon emissions generated by the transportation of goods.

4.4 IQ 4. What are the best local sourcing practices that global companies in the fast-food industry are applying?

Global companies recognize the value of sustainability in their supply chain. Therefore, they are integrating third parties certifications. McDonald's has several certifications and requires the corresponding suppliers to comply with the certifications scheme too. McDonald's sustainably sourced coffee complies with the Rainforest Alliance Certified, the UTZ Certified, the Fair-Trade USA Certified Fair Trade International Certified, or is sourced from an approved McCafé Sustainability Improvement Platform (SIP) program. McDonald's requires all coffee sourced from Honduras, Indonesia, and Vietnam to be Rainforest Alliance Certified. As for this product, they work with special certifications for each of them. All palm oil volumes are required to be covered by Roundtable on Sustainable Palm Oil (RSPO) certification or credits. All RSPO supply chain models applicable to RSPO are applicable. Fish certifications they have are McDonald's Sustainable Fisheries Standard by the Sustainable Fisheries Partnerships and MSC Certification. All the above are only examples of the several certifications they comply with for quality and sustainable standards. The certifications are mandatory for all McDonald's restaurants, franchisees, and suppliers of each product. As follow, is a picture of the MSC (Marine Stewardship Council) certification that Mcdonald's possesses. MSC is considered the best-known organization promoting sustainable fishing around the world. (Jolly D 2013).



Marine Stewardship Council

Figure 18. MSC Certification

Starbucks not only created and implemented C.A.F. E practices but is always willing to guarantee its quality and food safety. Therefore, they have implemented the FSSC 22000 certification, a globally recognized standard. This certification demonstrates that Starbucks' comprehensive food safety management system can track and secure every link, from the beginning of the supply chain to the store, from the roasting of the coffee beans to the cup. As mentioned by Leo Tsoi, President and COO of Starbucks China Retail said, "Behind this industry-recognized certification are years of relentless effort and hard work" (Tsoi L 2022). Find next a picture that shows the main components of C.A.F.E practices.

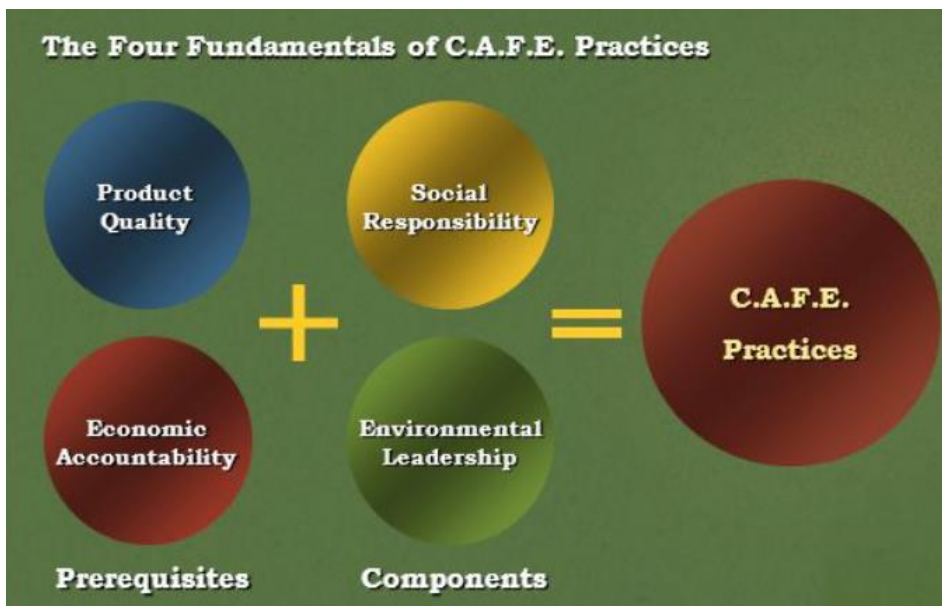


Figure 19. The four fundamentals of C.A.F.E practices (Hargus P 2014)

Another strategy that global brands in the fast-food industry are implementing while doing local sourcing is the constant audit of their processes by third parties. Subway meat

suppliers are audited by PAACO (Professional Animal Auditor Certification Organization) certified auditors in the United States to ensure animal welfare standards. Furthermore, all their chicken products are verified by USDA to ensure they are free from any kind of antibiotic since 2017. "This verification will be expanded to include the continuous improvements in animal welfare practices outlined in ISO 34700 as they are implemented." (Subway 2022.)

In addition, global companies identified that for creating a long-term relationship with suppliers and vendors they should be treated and considered key partners. Therefore, companies are integrating suppliers into their meetings and including them as part of the company. It not only generates a sense of identity and loyalty but increases the willingness to work and achieve common objectives. It facilitates communication and avoids misunderstandings.

A best practice that companies are taking advantage of is the reduction of inventory by having smaller but steady purchase orders. When a product is imported, companies tend to increase the number of products on the same purchase order to reduce logistics and customs clearance expenses, increasing inventory levels and therefore, warehouse expenses. Local sourcing allows companies to purchase in smaller quantities having the security that if there is an unexpected situation and there is a need for certain material, they can access it faster and less costly.

Dave Food, a supply chain expert who was contacted by the author through the LinkedIn platform, mentioned 7 local sourcing practices for success that are part of the literature of Cao and Zhang (2011). The first one is information sharing with the supplier. As more relevant and tactical information a company shares with its supplier, the better vision of expectations the supplier will have.

The second practice is achieving goal congruence. It is achieved when the supplier's supply chains and global fast-food companies are working towards a common objective. (Nijhof B 2017).

The third practice is decision synchronization. This practice is met when the decisions in the supply chain operations and planning are coordinated to achieve the best possible outcomes. According to the Industrial Marketing management book, published in 2004, there are seven common examples of decision synchronization, and these are demand management, operations strategy planning, production planning and scheduling, promise delivery, procurement, balancing change, and distribution management (Lockamy & McCormack, 2004).

The fourth practice is alignment with suppliers, which means that risks, benefits, costs and must be shared between the global fast-food company and suppliers. It generates commitment and a sense of responsibility for the brand. However, the main goal of this practice is that each supplier obtains benefits from the outcomes of the collaboration.

The fifth strategy is resource sharing. Mutual investing gives the chance to global fast-food companies to take advantage of suppliers' assets, while suppliers can grow and benefit from global brands' investment.

The sixth practice is related to the frequency that the international fast-food brand has contact with its suppliers. Companies must keep track of suppliers' performance. Therefore KPI's must be designed to evaluate and communicate development as well as needs and changes in the supply chain.

The last sourcing practice is joint knowledge creation which refers to the mutual supply chain understanding and learning of the market by working together. This is done in two different ways, first by using the current knowledge of both supply chains. Secondly, knowledge exploration, which is gathering the necessary knowledge to understand the market. (Nijhof B 2017).

4.4.1 IQ Closure

What all companies have in common is the integration of sustainable certifications, in the case of Starbucks, they created their standards and practices called the C.A.F.E policy, which ensures safe, healthy, and quality products. However, compliance with third-party certifications is also a common best practice for local sourcing. These certifications are recognized and validated for their sustainable impact. Therefore, the implemented policies force organizations and suppliers to work according to them. Furthermore, continuous evaluation of suppliers is useful to evaluate performance, and companies are adopting internal and external third-party audits to ensure sustainable requirements. What can be observed from the best practices shared by Dave Food, is that companies most treat suppliers as part of their global. Both supply chains should be synchronized and aligned toward the same objectives and goals, including sustainability. The communication and information sharing of relevant data is basic to avoid misunderstandings. As noticeable, the interviewed global brands have been continuously sharing all their sustainable information and even requiring suppliers to work to acquire the sustainable certifications they possess. In addition, the international firms recognize that they have reduced misunderstandings by arranging regular face-to-face meetings with suppliers and including them in training and meetings to inform modifications and changes in processes.

5 Conclusions

Local sourcing has shown to be one of the most adequate sustainable practices a global fast-food industry can incorporate into its processes. Sustainability is divided into three major pillars, social, environmental, and economic, local sourcing incorporates the three of them.

Global brands are more than ever competing in a globalized world, with other brands that offer very few differences in price and product characteristics while customers have several options to choose from. Customers had become aware of the environmental damage and social abuse that several brands have been responsible for, and they are trying to choose those brands that are already taking care of the sustainable matters. Due to this situation, international fast-food companies among others must adapt not only to customers' needs but to a globalized world with several convenient strategies. Adopting these measurements is vital for global industries to survive in the market and if these brands can be an example and a driver for others, their profitability will increase notoriously.

When a global company effectuates local sourcing to its supply chain, the local suppliers must implement the sustainable requirements and quality standards that the buyer requires them to have. Companies are responsible for maintaining the sustainability and quality standards throughout the whole supply chain and integrating local suppliers to it makes them responsible to guide and illustrate suppliers with the best practices they implemented. Starbucks for instance created its certification name C.A.F.E and all its supplier's work according to the certification policy. Subway has several external certifications like Rainforest Alliance and MSC, among several others.

While suppliers increase their standards and quality, multinational firms increase their profitability which in the long term, ends in the local emerging economy, which represents an increase in sales for the global fast-food brands. However, this is the less representative way of increasing profit by using local sourcing. Local sourcing increases the profitability of a global fast-food company by facilitating cost reductions. With a local sourcing strategy, is observed that companies reduce the logistic expenses related to international freight and customs clearance which apart from being costly, can be a slow and energy-consuming process. In addition, it has allowed organizations to reduce inventory expenses due to the closeness with suppliers. Multinational firms are taking advantage of clothier senses with suppliers and using them as warehouses too.

Therefore, companies reduce inventory and in-transit entry costs. In addition, warehouse expenses have been reduced automatically. It has a sourcing strategy that allows organizations to reduce several risks and expenses while increasing the profitability of the

company, not only by reducing the supply chain costs but also by motivating sales in the local area by creating loyalty and attracting possible customers with sustainable practices.

What all companies have in common is the implementation of certain practices that boost local sourcing. Some of these are compliance with third-party certifications and internal and external audits performed by experts who review the quality standards compliance. In addition, and as commented by the expert, global companies should integrate supplier's supply chains with their own and apply sustainable objectives. It is important to maintain a continuous communication that companies are accomplishing by integrating suppliers into their meetings. Global fast-food companies must generate a feeling in suppliers of belonging. Suppliers are part of the global fast-food product reason why objectives should be deeply aligned.

Loyalty and commitment are important for suppliers to deeply connect and work towards the established supply chain goals. Therefore, international firms should internally and deep-down look for a common benefit. Is not only to work to meet sustainability for brand image and cost reduction. Companies should be people and environmentally oriented. When the interest is natural, it generates loyalty in stakeholders. Employees and vendors feel engaged and important to the firm. Therefore, it has a positive effect on performance and willingness to cooperate with brand initiatives.

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Appendices



Interview to suppliers

IQ 1. How is local sourcing directly related to sustainability in the fast-food industry?

What processes have been implemented to align you with the sustainable processes of the global company?

Do you have any sustainability certifications or courses?

How has the local company benefited from sustainable processes or procedures?

Monetary, reputation, more clients, explain it

IQ 3. Apart from profit, what are other possible advantages of local sourcing in a global fast-food company?

Without considering the profits obtained from being a supplier of x company, what other benefit have you obtained from working with them?

IQ 4. What are the best local sourcing practices that global companies in the fast-food industry are applying?

What are the processes that global companies have requested to implement to work with you?

What implementations have you made to your supply chain as requested by the global enterprise?

Have they undergone any type of audit? How often? How are they done?

What certifications, courses, or some other, have been requested by company x?

Interview to global fast-food brand

IQ 1. How is local sourcing directly related to sustainability in the fast-food industry?

What are some basic sustainable processes that your suppliers must-have?

What is the main sustainable benefit related to buying from local suppliers?

What is the main benefit obtained from this practice (local sourcing) environmental, social?

IQ 2. Why does local sourcing improve the profitability of a global fast-food company?

How does buying from local producers affect the profitability of the company?

Is the economic benefit that the firm obtains from this process related to an increase in the price of the product or a decrease in costs?

What are the main costs of the supply chain that decrease when implementing local sourcing as a procurement strategy?

IQ 3. Apart from profit, what are other possible advantages of local sourcing in a global fast-food company?

What logistical benefits are observed from working with local suppliers?

What inventory-related benefits come from working with local suppliers? In what form are these benefits?

How does working with suppliers located in the same area and same time zone represent a benefit in solving problems and meeting the SLA?

IQ 4. What are the best local sourcing practices that global companies in the fast-food industry are applying?

What are the main local sourcing practices that have been implemented by the company?

What factors have made local sourcing work satisfactorily in the company?

What modifications or filters have been implemented for a better performance of local sourcing strategies?

Interview to expert

IQ 1. How is local sourcing directly related to sustainability in the fast-food industry?

Apart from the economic aspect, what are the sustainable reasons for a global company to implement local sourcing?

Main benefits in the food industry of preparing local producers

Main practices for obtaining local suppliers

IQ 2. Why does local sourcing improve the profitability of a global fast-food company?

How does buying from local producers affect the profitability of the company?

Is the economic benefit that the firm obtains from this process related to an increase in the price of the product or a decrease in costs?

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What inventory-related benefits come from working with local suppliers? In what form are these benefits?

How working with suppliers located in the same area and same time zone represents a benefit in solving problems and meeting the SLA

IQ 4. What are the best local sourcing practices that global companies in the fast-food industry are applying?

What do you consider to be the key points for obtaining suppliers in the local area to function satisfactorily?

What certifications or courses do you recommend integrating sustainability into suppliers?

Main filters and requirements that the provider must have?

Do you recommend auditing and monitoring suppliers? How often how?