

# Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses

## 2017 INDUSTRY MEETING FOR

## USDA FOODS CONTRACTORS AND SUPPLIERS

**OCTOBER 24-25, 2017  
ARLINGTON, VA**





# Business Management Improvement

Dave Tuckwiller  
Director, AMS, CPS





# Business Management Improvement (BMI)

- Business Process Review/Re-engineering of the USDA Foods program
- Sponsored by FNS & AMS
- Initiated October 2015





# USDA Foods BMI Goals

- Improve product availability
- Improve on time delivery / shorten delivery periods
- Improve product variety for small states
- Minimize storage and distribution expenses
- Increase demand and supply visibility
- USDA Foods complement program operations







# USDA Foods BMI Goals

- Reduce order management administrative overhead
- Address technology challenges
- Integrate more seamlessly with industry commercial operations
- Reduce expenses providing little program value
- Redirect savings to more food and customer service/program improvements





# BMI Activity

- Developed the business case for the opportunities that came out of the “To-Be” process documentation
- Developed an implementation plan
- Created workgroups (FNS & AMS)
  - Determine and finalize the scope for all opportunities
  - Identify, determine project success factors, and implement pilot tests
  - Develop project plans for full rollout of the business changes





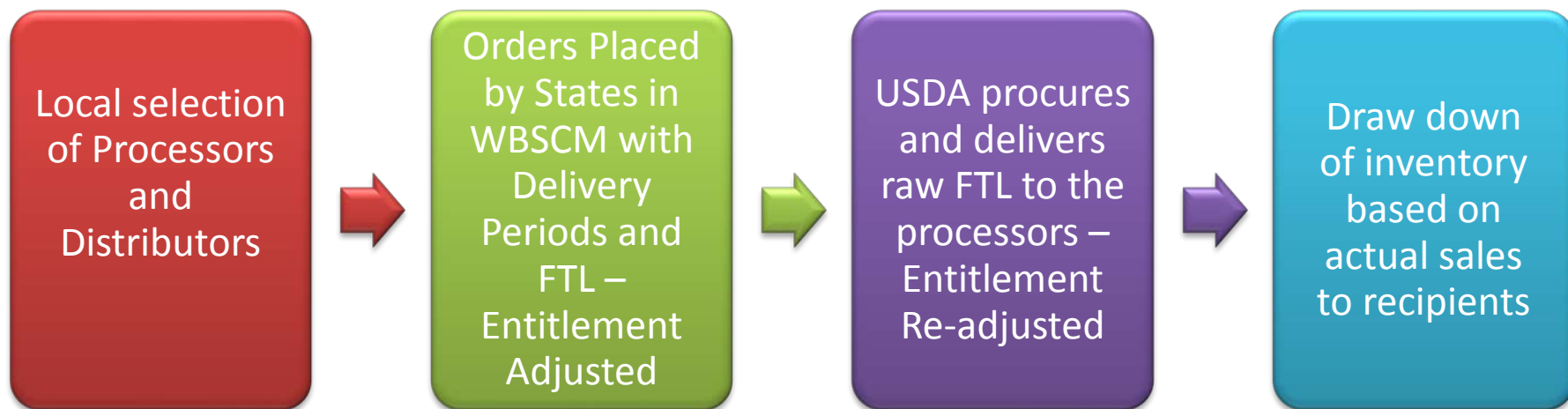
# Opportunities

## Big Ideas





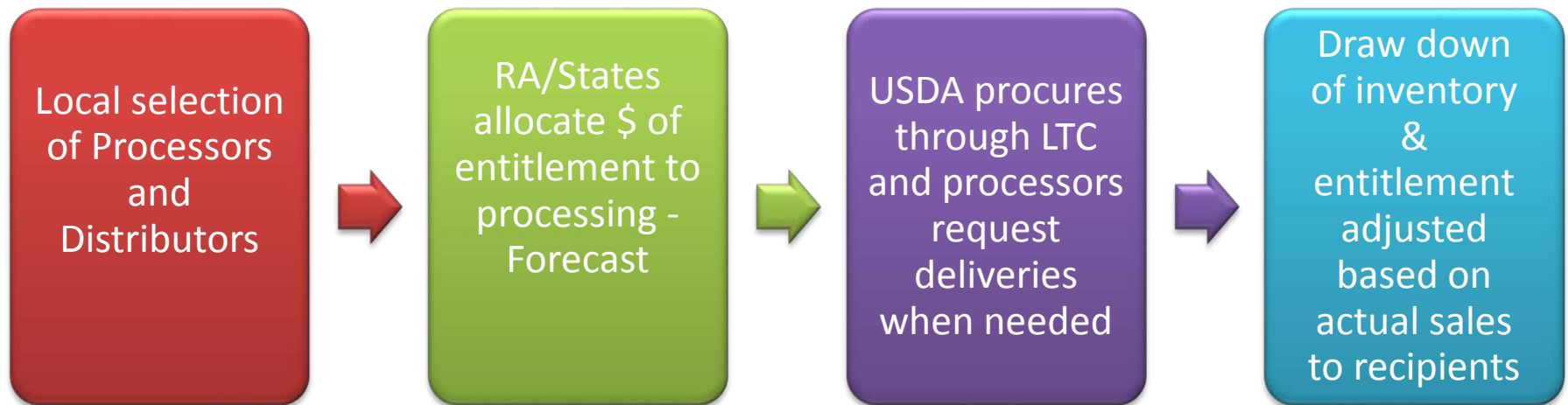
# Processing Program – Current High Level Process







# Processing Program – BMI High Level Concept





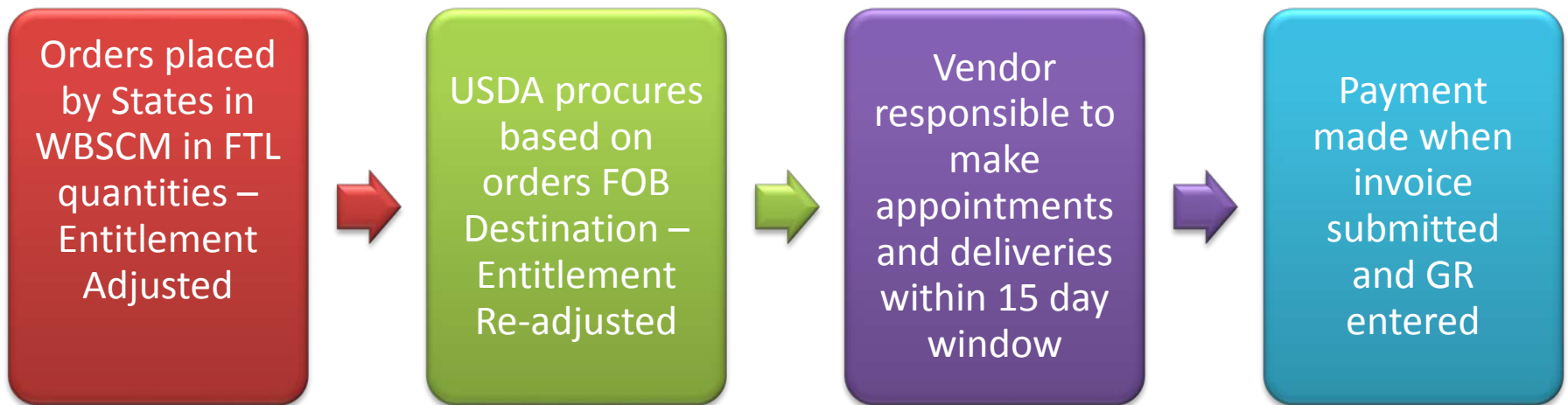
# Processing Program Challenges and Discussion

- Forecasting
- Long-term Contracting (at least 1 year)
- FOB Origin vs. FOB Destination
- Processor pulling inventory
- Value pass-through
- Transparency through Distributor
- Entitlement Draw Down



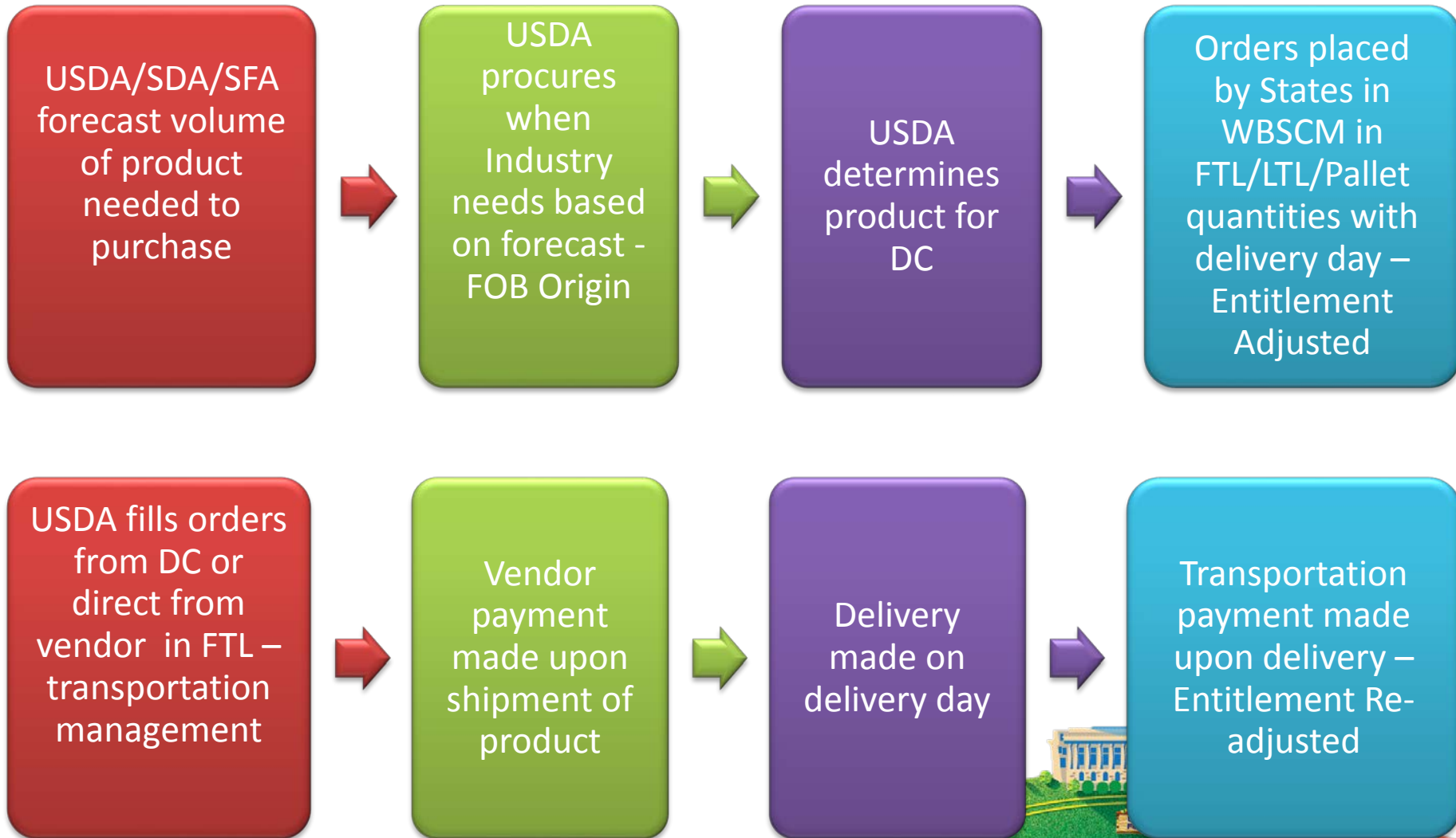


# Direct Delivered (Brown Box) – Current High Level Process





# Direct Delivered– BMI High Level Concept





# Direct Delivered Challenges and Discussion

- Forecasting
- Long-term Contracting (at least 1 year)
- FOB Origin vs. FOB Destination
- Order quantity – FTL, LTL, Pallet
- USDA Inventory Management
- USDA Transportation Management
- Entitlement Draw Down







# Vendor Input

- We asked for volunteers to participate with us
- We asked for comments/concerns after last year's Industry Meeting
- For those attending ACDA's annual conference, we gave another opportunity for comments/concerns
- Responses have been somewhat limited





# Breakout Session – It's Your Turn

- Each table has a facilitator
- Each table has a set of questions meant to facilitate discussion
- We would appreciate your feedback for the next approximately 2 hours





# Breakout Session - Topics

- Forecasting
- Supply Planning
- Long-Term Contracting
- FOB Origin Purchasing
- Transportation Management
- Checkloading
- Distribution Centers
- Supplier Management
- Processing Program
- Electronic Capabilities
- Assortment Planning





# Discussion





# Wrap Up

- We hope the discussion doesn't stop here – talk to others in your organization, ask the questions, and send responses to us
- Next steps
  - Pilot test, then pilot test
  - System changes and updates
  - No big bang, will take time







# Additional Questions/Comments

[CP-BPRINFO@ams.usda.gov](mailto:CP-BPRINFO@ams.usda.gov)

