Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses

2017 INDUSTRY MEETING FOR

USDA FOODS CONTRACTORS AND SUPPLIERS





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



- 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





Processing Program – Current High Level Process

Local selection of Processors and Distributors



Orders Placed by States in WBSCM with Delivery Periods and FTL – Entitlement Adjusted



USDA procures and delivers raw FTL to the processors – Entitlement Re-adjusted



Draw down of inventory based on actual sales to recipients





Processing Program – BMI High Level Concept

Local selection of Processors and Distributors



RA/States allocate \$ of entitlement to processing -Forecast



USDA procures through LTC and processors request deliveries when needed



Draw down of inventory & entitlement adjusted based on actual sales to recipients





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

Orders placed by States in WBSCM in FTL quantities – Entitlement Adjusted



USDA procures
based on
orders FOB
Destination –
Entitlement
Re-adjusted



Vendor responsible to make appointments and deliveries within 15 day window



Payment made when invoice submitted and GR entered





Direct Delivered-BMI High Level Concept

USDA/SDA/SFA forecast volume of product needed to purchase



USDA
procures
when
Industry
needs based
on forecast FOB Origin



USDA determines product for DC



Orders placed
by States in
WBSCM in
FTL/LTL/Pallet
quantities with
delivery day –
Entitlement
Adjusted

USDA fills orders from DC or direct from vendor in FTL – transportation management



Vendor payment made upon shipment of product



Delivery made on delivery day



Transportation payment made upon delivery – Entitlement Readjusted



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









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

