

Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses

Business Management Improvement (BMI)

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BMI Process

- Interviews and Documentation of Pain Points
- Validate Vision
- Document As-Is Processes
- Document To-Be Processes
- Develop Business Case
- Develop Implementation Plan
- Implement





WE ARE HERE

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How Did We Get Here?





Fall/Winter 2015

- Awarded Contract to Capgemini
- Reviewed Information Collected
- Conducted Detailed Interviews with Multiple Program Stakeholders



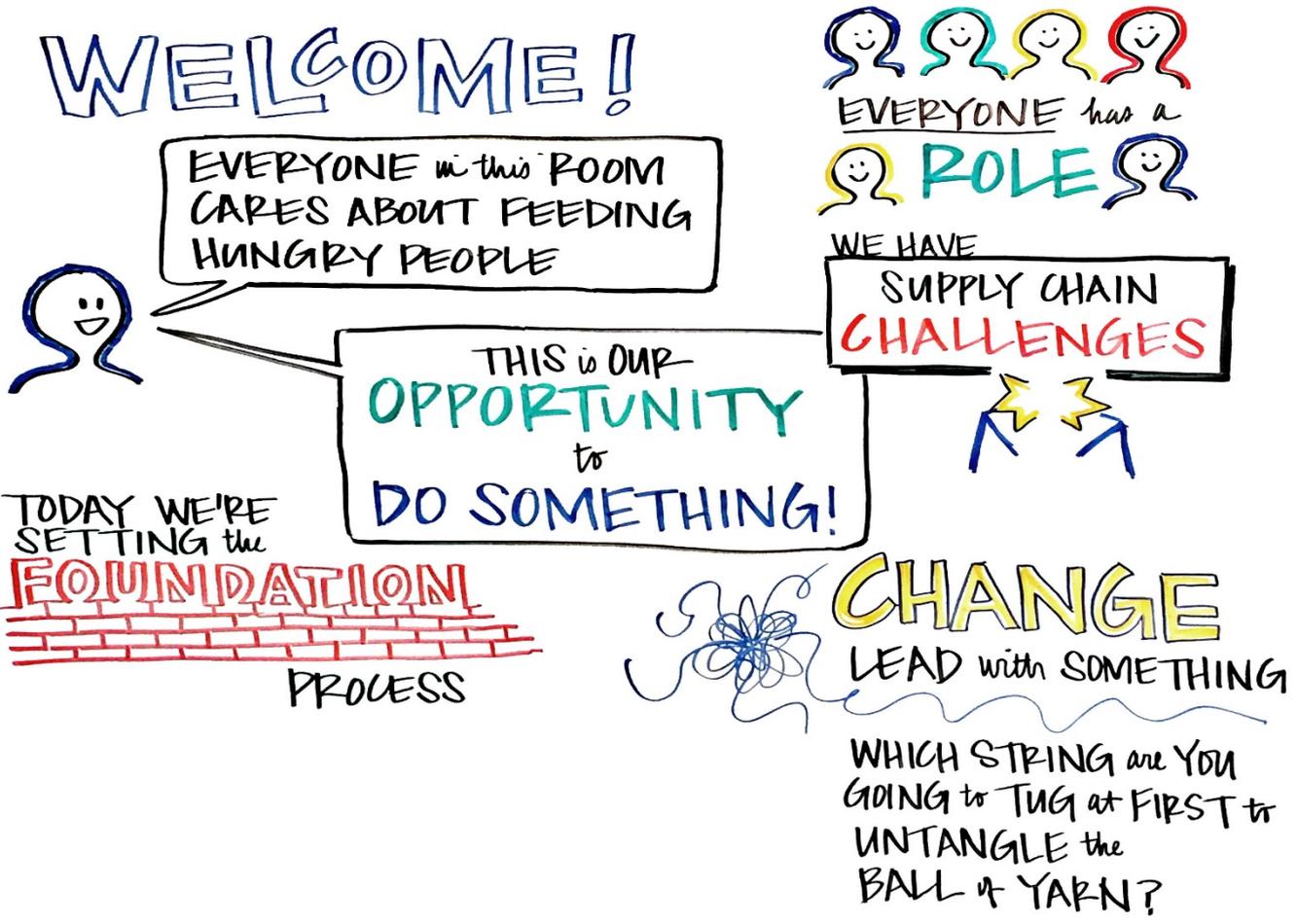


JANUARY 2016

- All Day Meeting At Cap Gemini Office - Accelerated Solutions Environment (ASE)
- Multiple Program Stakeholders
- Small and Large Group Activities
- Validated Focus Areas and Opportunities



January ASE Purpose





January ASE Participants





FEBRUARY – MAY 2016

- Conducted various “As-Is” sessions, in person and via Skype
- Participation from multiple stakeholder groups
- Documented As-Is Process Flows





JUNE – AUGUST 2016

- Conducted various “To-Be” sessions, in person and via Skype
- Varied from 2 hours to All Day
- Participation from multiple stakeholder groups
- Explored multiple ideas/processes, then voted on ideas to bring forward





AREAS EXPLORED

- Transportation Management
- Distribution
- Processing Program
- Forecasting vs. Advanced Ordering
- Sourcing
- Procurement
- Training and Process Improvement
- Organizational Efficiency





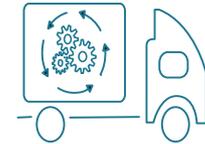
“Big Ideas” from Workshops



Transportation Management



Long-term Contracts



FOB Origin



Inventory/Distribution Centers



Align supply/demand windows



EDI/Automation/Reporting



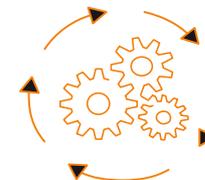
Assortment Planning/SKU Rationalization



Supply Planning



Long-term Consensus Forecast



Streamline National Processing Program



Optimize Checkloading



Supplier Management Program

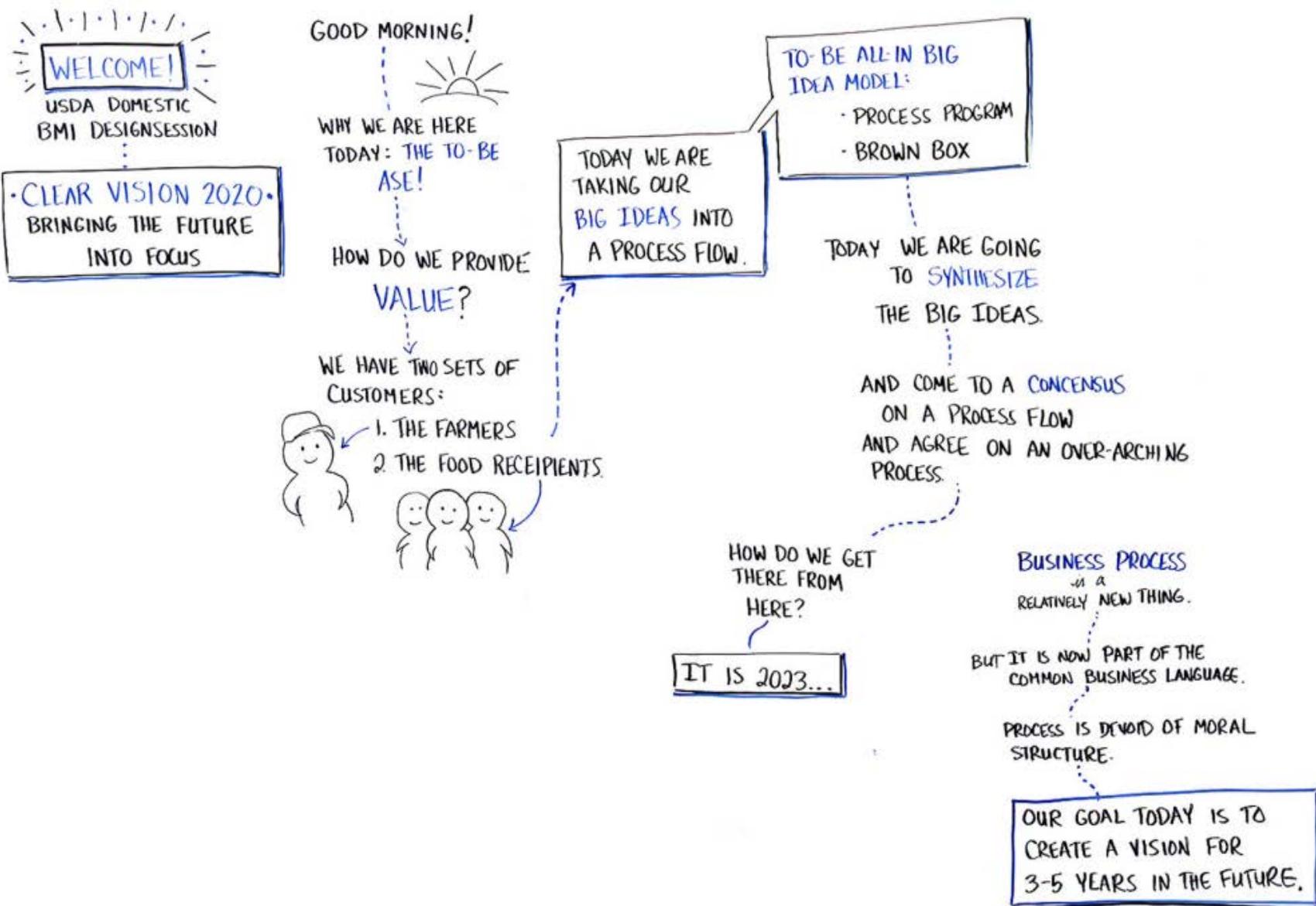


AUGUST 2016

- 3-Day Session
- 40 Representatives of Various Stakeholder Groups



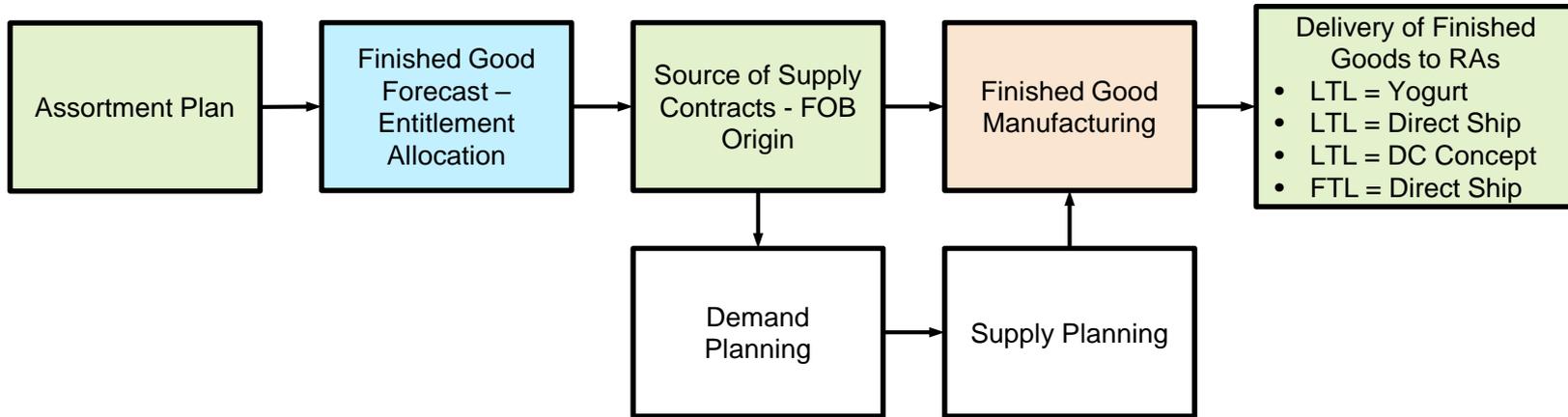
Agricultural Marketing Service



Agricultural Marketing Service



Direct Delivery (Brown Box) Model



- Gray = Multiple Stakeholders
- Blue = RAs
- Orange = Processor
- Green = USDA

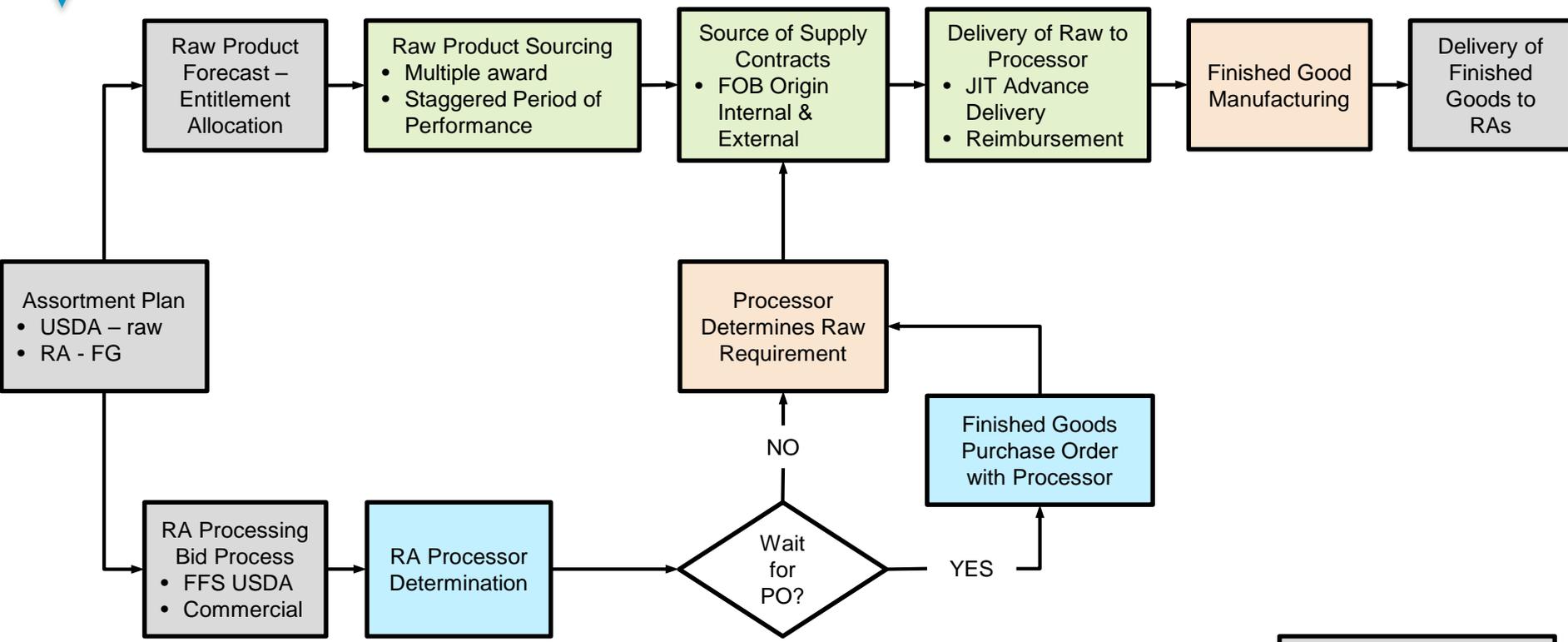


Direct Delivery Potential Changes

- Utilization of Forecasts to Contract
- FOB Origin Purchases
- Longer Term Contracts
- Transportation Management
- Distribution Center Management



Processing Program Demand Driven Model



- Gray = Multiple Stakeholders
- Blue = RAs
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Processing Program Potential Changes

- Utilization of Forecasts to Contract
- FOB Origin Purchases
- Longer Term Contracts
- Transportation Management
- Processors Pull vs. USDA Pushes





QUICK (OR NOT SO QUICK) WINS IDENTIFIED



Quick Wins

ASE participants identified several quick wins for the next 6 months of the project. These have been added to the Capgemini list of additional opportunities.

Positive Attitude Adjustment

- Communicate short-term goals and expectations of benefits via multiple channels (standard talking points)
- Share any updates publicly and widely

Data Collection

- Collect information for supplier/USDA scorecard

Vendor/USDA Scorecard

- Introduce proposed template at October AMS/vendor meeting. Solicit input and finalize.
- Implement 1/1/2017
- Goal is to increase performance standards and measures (quantifiable KPIs)
- Vendors evaluate AMS
- AMS evaluates vendor

Adjust Appointment Window

- 72 hour appointment window before shipment (currently 48 hours before delivery)

Eliminate Checkloading for F & V

- WBSCM GR process ensures integrity of receipt
- Align with commercial practices
- Inspect at delivery by recipient
- Phase-in due to impact to grading employees?
- \$2,000,000 savings

Processing Forms and Administration (5417-18)

- SEPDS
 - Eliminate state signature and end product approval
 - Update form template
- MPR
 - Design pilot for FNS review of state MPR data to complement NMPR review
 - Automation
- EPDS
 - Review policy of approval dates (summer blackout)

Quick Wins

School Year 2018 Value Pass Through Pilot

- Issue: Volatile food cost out of sync with November file price causing artificial inflation of commercial dollars
- Barrel Cheese
 - Similar processor and products
 - GFS
- Update SEPDS \$/lb. at predictable interval
 - Monthly with KCC award process OR
 - Quarterly average

Delivery for School Dates for 2018

- When we start ordering for school year 2018 we'll eliminate the two delivery periods and you can get your products delivered any day of the month, twelve months out of the year.

Long-Term Contract LTC

- Expand long-term contracts to beef patties, cooked meat, fine, course, and bulk
- Consistent supplier/vendor to regions
- Minimum/maximum forecast
- JIT delivery

Forecast/FOB Origin Contract Pilot

- IDIQ fruit and vegetables October 2017 crop
- Transportation contract, decoupling the transportation from the FOB. One of our thoughts is in the food chain we have, the first people that we deal with are growers and producers. If we can get their buy-in first, it will make future changes more positive.
- Structure terms of transportation cost, use KC freight
- Applesauce?

DoD Direct Delivery

- Review current contracts
- Communicate with states for drops
- Require DoD to hold information sessions for potential vendors
- Ensure solicitation is communicated to states so they can share with interested vendors in addition to DoD's normal contracting procedures
- Evaluate new direct delivery contracts to capture successes to use for other direct contracts

Quick Wins

LTL/Mixed Load Pilot

- **Example:** expand materials, yogurt, buttery spread, butter
- Allow vendors to ship USDA foods with commercial products
- Identify mixed load products, vendors, and pallet quantity
- Identify LTL products and pallet quantity incrementals

Formalize SKU Rationalization Process

Increase Collaboration Between AMS and FNS/FDD in Preparation for BMI Changes

Reduce Bid Content – Maintain Standardized Forms



Next Steps (October – January)

- Interviews and Documentation of Pain Points
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Next Steps (May -)

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Implementation

- Includes:
 - Tools (WBSCM, etc.)
 - People (All Stakeholders)
 - Organization Structure
 - Processes and Procedures





Implementation

- Includes:
 - **Tools (WBSCM, etc.)**
 - People (All Stakeholders)
 - **Organization Structure**
 - Processes and Procedures





Tools (WBSCM)

- Address
 - Reporting
 - Automated Supplier Management
 - Improved Visibility
 - EDI Capability
 - Streamlined Bidding
 - Inspection/Grading Documents
 - ASN and GR
 - Invoice Approval





CPS Organization Change

- Last Year's Closing Presentation We Told You to Expect Us to Phase In:
 - Consolidation of procurement documents, policies, and procedures
 - **Restructuring of Commodity Procurement**
 - Consistency in requirements documents





Operational Motives

- Two contracting groups with different processes
- Workload challenges – Invoice Approval, Contract Closeout, CPARS
- Growing WBSCM management needs
- New product development challenges





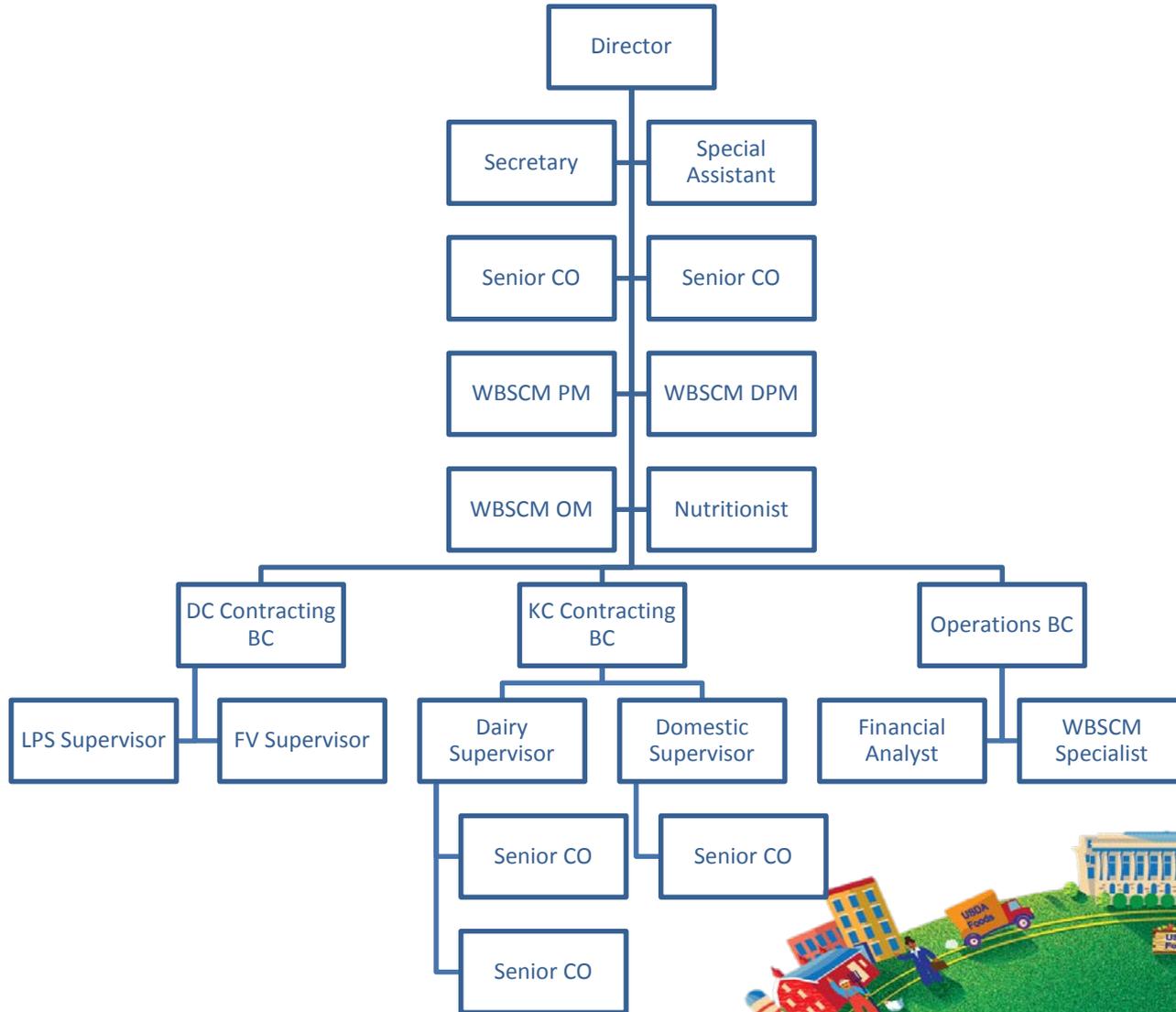
Forward-Looking Motives

- BMI potential outcomes
 - Transportation contracting and management
 - Distribution center contracting and management
 - More robust supplier management



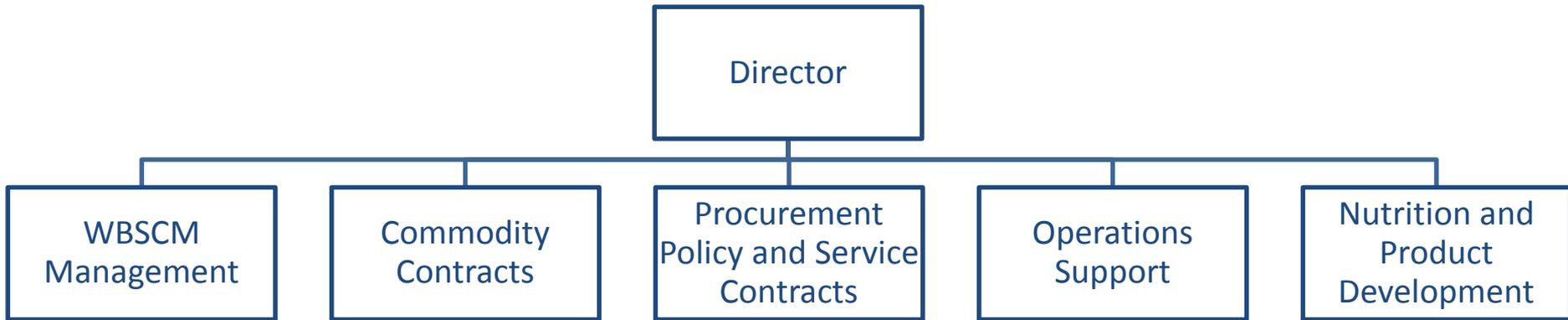


Current Structure





Proposed Structure





WBSCM Management Branch

- WBSCM Management
- Help Desk
- Testing
- Training



Commodity Contracting Branch

- Dairy, Grains, and Oilseeds
- Fruits and Tree Nuts
- Livestock, Poultry, and Fish
- Vegetables



Procurement Policy and Service Contracts Branch

- Lab Testing (Beef)
- Multi-Food Warehouses/Distribution Centers
- Transportation
- IT Software
- Unprocessed Fruit and Vegetable Pilot Program



Operations Support Branch

- Finance and Data Analysis
- Complaint Resolution
- New Vendor Approval Process
- Small Business Coordination
- Communication and Outreach
- Bonus Coordination and Reporting



Nutrition and Product Development Branch

- Coordination of New Product Development with FNS and AMS Programs
- Coordination of Non-Product Related Requirements
- Specification Coordination
- AMS Nutrition Policy



Timeline

- Currently in the Approval Process
- Fill Vacancies
- Implement New Structure in Spring 2017



Closing Remarks

