

BMI Topics and Questions

- Forecasting
 - What are the challenges forecasting AMS purchases currently?
 - How do you forecast AMS purchases?
 - How do you forecast other customer's needs?
 - If AMS were to request a forecast from recipients, what information should we gather?
 - Forecast duration?
 - Time buckets (e.g. monthly, quarterly, annually)?
 - Delivery zone for FOB Destination?
 - How would this forecast impact your way of doing business with AMS?
 - How far in advance of actual orders must a forecast be received to be meaningful?
- Supply Planning
 - How do you plan your supply/production?
 - How does this differ for USDA-unique products versus commercial spec products?
 - What are the timeframes of this planning, i.e. how long before harvest or production?
 - What goes into these plans, i.e. lining up raw product, ingredients, production time, etc.
 - How do you plan supply/production for AMS purchases?
 - AMS usually says to look at history to plan for AMS purchases. What are the challenges in doing this?
 - When would be the ideal time for you to know what AMS wants? Does this need to be a bid/contract, or just a forecast?
- Long-term Contracting
 - Do you currently have long term contracts with commercial customers?
 - What is the duration of those contracts?
 - For how long is pricing fixed?
 - How could pricing work for a long term contract (i.e. what indexes to use, freight if we continue with destination purchases, etc.)
 - Would you be interested in AMS going to long-term contracts? Why or why not?
 - AMS can do contracts for 1 year plus 4 option years (a total of 5). What would be the longest length of contract that you could support? Why? (document what products too)
 - What information would you want in order to lock into a long term contract (i.e. volumes, volumes by delivery, destinations, etc.)
 - If we were continuing with destination purchases, how far in advance do you need to know where to deliver to and when, in order to get the best transportation pricing?
 - Are there any challenges to doing long term contracts with AMS? (i.e. if there is a shortage, would AMS take a shortage or be out completely?)
- FOB Origin purchasing
 - Do you have contracts where the customer picks up product? How are those contracts structured?
 - Would you be interested if AMS locked in volumes of product at the beginning of the contract period and arranged for transportation as needed?
 - How much advance notice do you need for pick up appointments?
 - If a state/school's distributor would rather pick up product, either in full truckloads or LTL, would this be something you would accept?
 - Would you need to be able to designate volumes by delivery window in the original contract in order to plan production?
 - How would moving to a commercial standard Required Delivery Date affect your business relative to the current two week window?
 - What benefits do you anticipate from AMS shifting to FOB Origin procurement?

- Transportation Management
 - If AMS purchases FOB origin, AMS would then contract for transportation. Do you have an opinion on AMS contracting for transportation?
 - How do you contract transportation?
 - Do you own your own fleet?
 - Do you contracted transportation using lane rates?
 - Do you request spot rates as required?
 - If you do a mix and what is the percentage of each?
 - Would you like the opportunity to bid on transportation, even if AMS does this separate from the product cost?
 - Do you believe that, considering economies of scale, that AMS could lower transportation costs by managing transportation themselves?
- Checkloading and Inspection/Grading requirements
 - Currently, we require checkloading for fruits, vegetables, poultry, and a few products that have had delivery issues. What are your thoughts on checkloading?
 - Do other customers require checkloading by a 3rd party, or is that your responsibility?
 - Would you recommend removing the checkloading requirement completely from AMS's requirement?
 - We have issues periodically with multi-stop destinations' total of goods receipts coming up short of the checkloaded amount, and our contracts state that the vendor is still liable for the missing product. If we instead would pay on the checkloaded amount if discrepancies arose, would you want to continue checkloading? If so, and your competitors did not, would this put you at a competitive disadvantage?
 - What other inspection/grading practices should AMS consider changing? Provide a reason for the change.
 - How should discrepancies be settled if Checkloading is not in place?
- Distribution Centers
 - Do you utilize distribution centers (owned or leased)?
 - How many do you have, and how many do you deliver to?
 - AMS is considering contracting with distribution centers to be able to deliver less than truckloads, or multi-products on a truckload, to customers. Are there other alternatives to a distribution center concept that AMS should explore?
 - What are the positives and negatives to AMS contracting with distribution centers based on your experience?
 - Would you be interested in bidding as a distribution center?
 - Knowing the variety of destinations AMS currently has, how many distribution centers do you think we would need?
 - Would you be able to fulfill a multi-SKU FTL shipment if you were awarded multiple SKUs?
- Supplier Management
 - What are the key performance indicators that your commercial customers track?
 - How frequently do you meet with your major commercial accounts to review performance?
 - How do you handle reporting key performance indicators – do you report to your customer, or does your customer document all activity?
 - If performance, including late deliveries, complaint response, small business reporting, etc., were to be a key factor in awarding AMS contracts, would you have an issue with that?
- Processing Program
 - Please comment on the following concepts in regards to the Processing Program:
 - Recipients forecasting demand for bulk commodities

- Dollars to set aside, AMS calculates pounds needed to purchase
 - By bulk product OR
 - By processor
- Pounds to set aside, AMS calculates estimated dollar amount until contract awarded
 - By bulk product OR
 - By processor
- Forecast level communicated to processors
 - By school/district?
 - By State?
 - National?
 - Time buckets?
- AMS Awards Contracts
 - FOB Origin and long term – AMS procures bulk product for at least the year, AMS arranges for transportation as needed by the processor
 - FOB Destination and long term – AMS procures bulk product to the processor’s location, vendor arranges for transportation as needed by the processor
 - For suppliers, would a fixed price for the year be an option? How would that work?
- Processor requests deliveries of bulk product when needed
 - Would you set all deliveries for the volumes you anticipate at the beginning of the year (i.e. one truck every Wednesday for the year)?
 - Would you set deliveries a period of time in advance of when you anticipate needing the bulk product (i.e. request 30 days before delivery), and what would be that timeframe?
 - Would you wait until you have an end-item sale to schools before requesting delivery of bulk products? What would be the timeframe you would like to be able to make that request before the product is delivered?
 - If a supplier of the bulk, how much in advance of the delivery would you need to be informed to produce the product?
 - If a supplier, do you have any concerns with the processor determining the delivery schedule?
- Draw down of inventory
 - Do you believe that inventory balances will be lower under this concept, and will reduce the bond needed?
 - How should inventory be managed?
 - National bulk product inventory, drawn down by or assigned to school/district and State upon sale of finished goods
 - State bulk product inventory, drawn down by or assigned to school/district upon sale of finished goods
 - School/district specific product inventory, drawn down upon sale of finished goods
 - National dollar inventory, drawn down or assigned to school/district and State based upon discount given on sale of finished goods
 - State dollar inventory, drawn down or assigned to school/district and State based upon discount given on sale of finished goods

- School/district dollar inventory, drawn down upon discount given on sale of finished goods
 - Other ideas?
- Value pass through
 - Bulk pounds in finished product times the actual price paid (variable or fixed)
 - Bulk pounds in finished product times an identified yearly cost per pound
 - Bulk pounds in finished case times a variable cost based on current market prices
 - Discount given to school/district on finished product (dollar inventory/pass through)
 - Other ideas?
- Reporting
 - Can the sales information be transmitted to WBSCM for entitlement adjustments at the school/district and State level?
 - Is there another option to reconciling sales with entitlement?
 - How can we gain transparency throughout the whole process, even through the distributors?
- Electronic Capabilities
 - How does your system communicate with customers' systems?
 - If through EDI, what VAN do you utilize?
 - What information would you like to see electronically available to or from WBSCM?
 - Would you be willing to absorb the cost of sending/receiving information electronically to/from AMS?
 - Do you utilize bar coding or some other identification so that upon receipt in a warehouse data is transmitted to your system without having to key data in?
 - We would like to make it more electronic to enter Order Acknowledgements, Advance Shipping Notices and Goods Receipts. Do you have thoughts on how we might accomplish this?
 - Other ideas on making the movement of information more electronic and seamless?
- Assortment Planning
 - How could AMS do a better job of communicating new products or changes to products that FNS recipients would like to explore?
 - Do you have the ability to add USDA-specific coding to cases, e.g. standardized expiration dates, SKU # formats, etc?
 - Do you have ability to provide electronic images of your products and nutrition panels?
 - What is the best mechanism to receive information about new products or changes to products? (formal RFI, informal phone call, document to provide comments, etc.)
 - Do our material codes reflect commercial best practices? (i.e. correct case weight, weight per truck, etc.)
 - Are there improvements we can make to our pack sizes?
 - Are there cases where you supply product to the USDA that is similar to your commercial spec, but different enough such that you are required to run a separate production only for the USDA? Please provide examples if applicable. How would this improve efficiencies of your operation by converting to the commercial spec?
 - AMS would like to allow pallet ordering for the majority of products from our distribution centers. Are there issues with varying pallet sizes, cases, or heights that we should be aware of?