

Improving Procurement, One Conversation at a Time





Learning Objectives

- Compare and contrast bid processes of large and small operators
- Showcase different strategies for procurement
- Identify how to improve the procurement process





Method

- Interflex has gathered information on the procurement process from operators nationwide via:
 - telephone interviews
 - online surveys
 - bid opportunity and award data.
- Operators with enrollment size of > 13,000 students were designated 'Large' versus 'Small'
- This information has been analyzed and the findings are presented here for discussion.





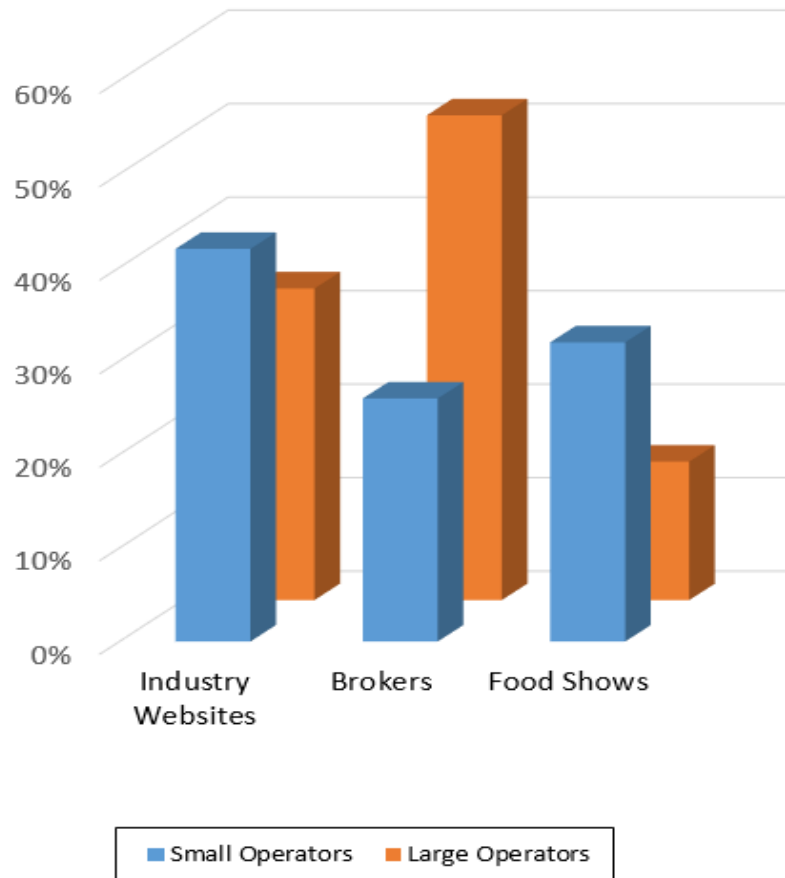
Topic 1

Vendors & Product Information





How are you finding existing product information?



Other Methods Include:

- Directly from the Vendor
- Sales Visits
- Gathered through a Cooperative

Challenges:

- Finding accurate product information
- Too time-intensive to find information
- Vendors not carrying the desired products – resulting in special orders





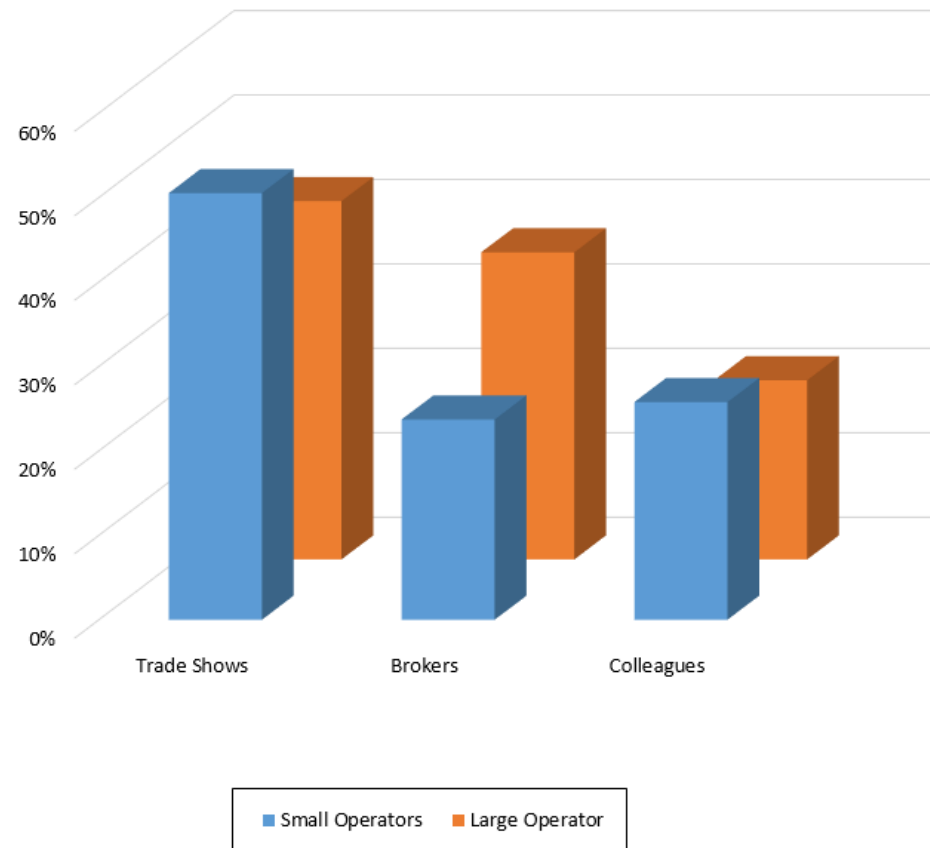
How are you finding new product information?

Other Methods Include:

- Trade Publications
- Email Blasts
- Directly from the Vendor

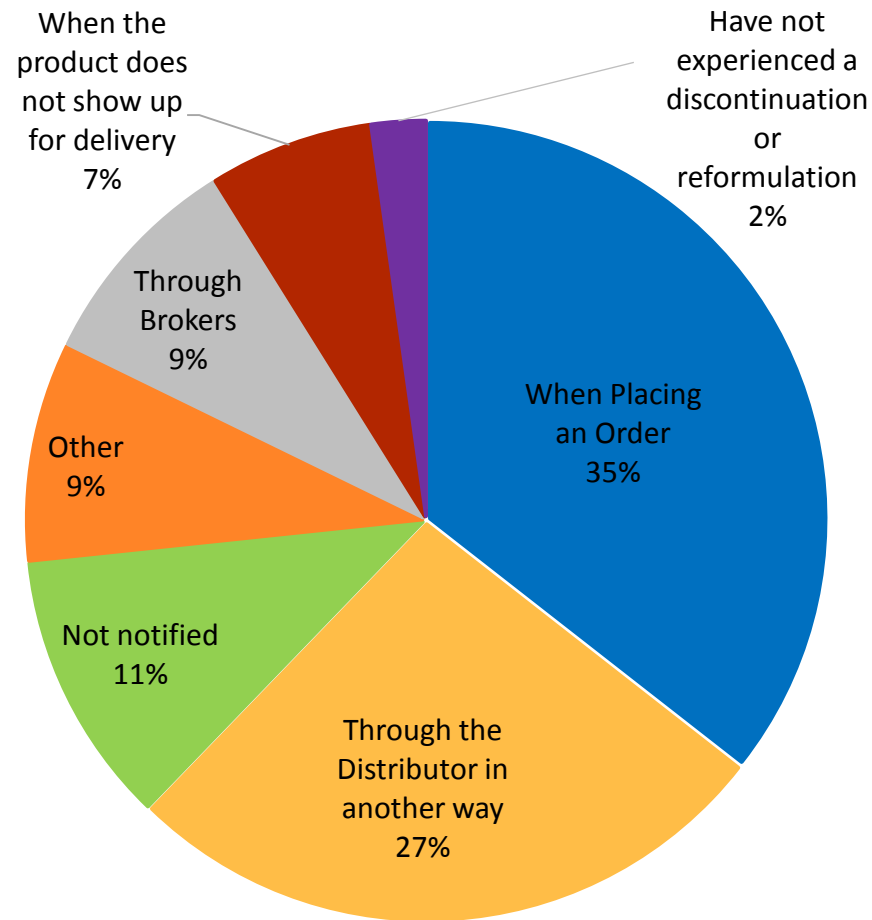
Challenges:

- Vendors not carrying desired products in certain areas



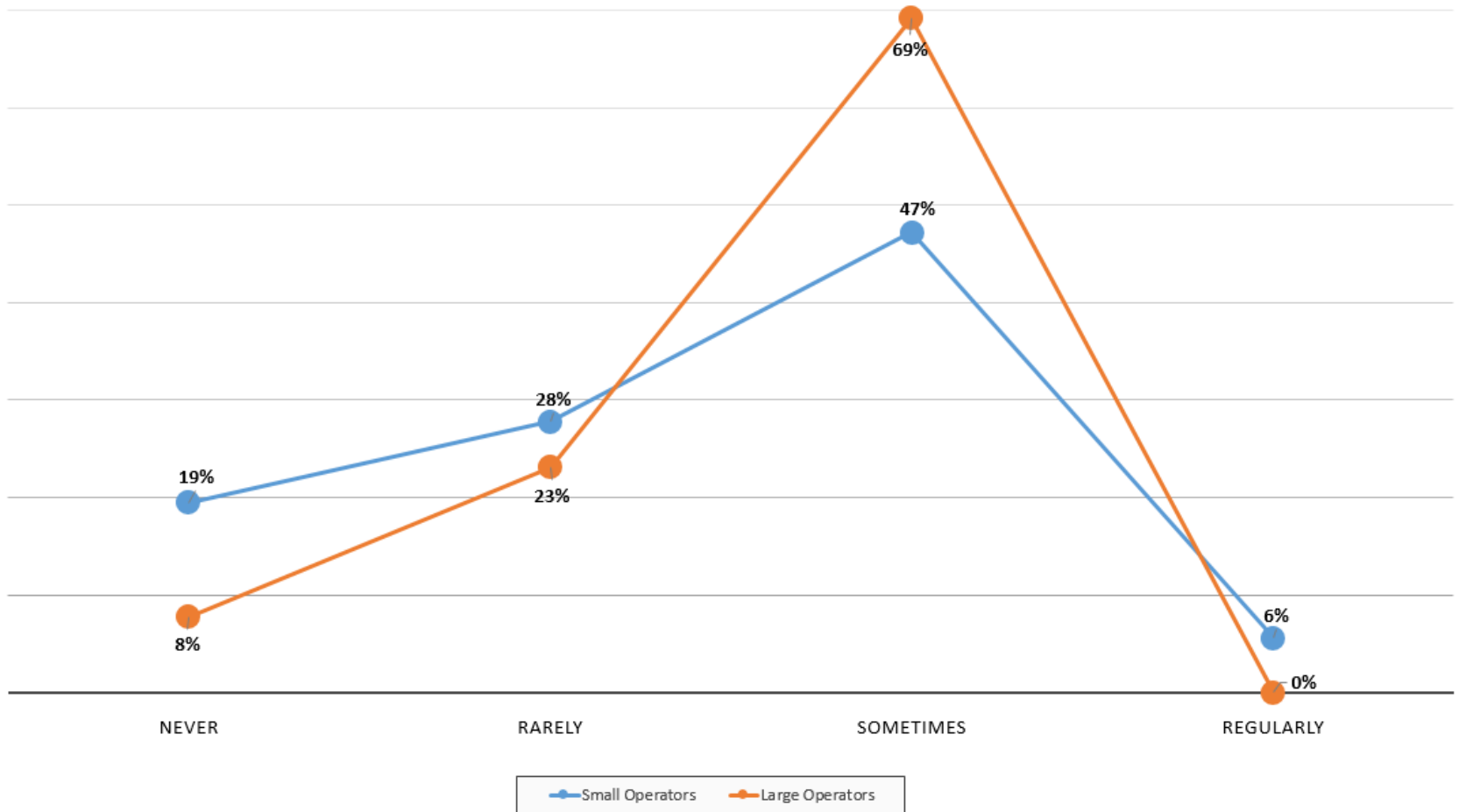


When are you notified of discontinued or reformulated products?



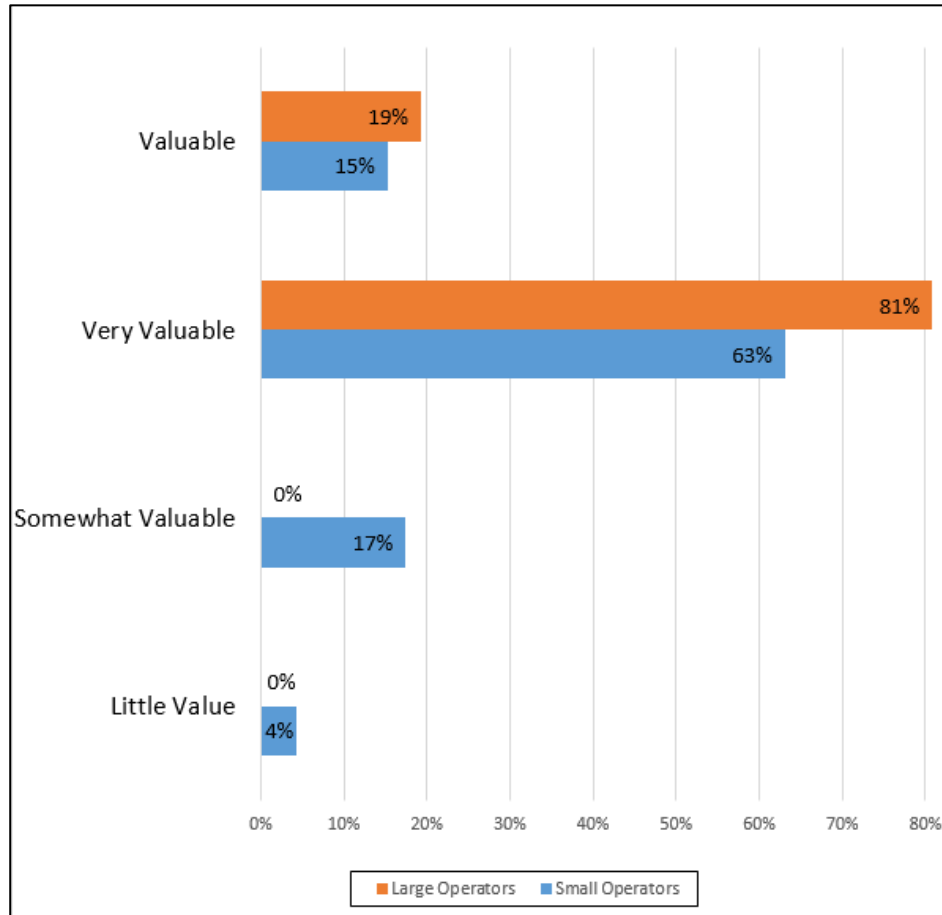


How often are you notified of discontinued or reformulated products?





How valuable are your interactions with brokers, distributors, & manufacturer sales reps in regards to finding product info?



Based on those with the best knowledge of product information and availability, about 50% of respondents stated they prefer to work with all industry partners:

- Manufacturers
- Distributors
- Brokers

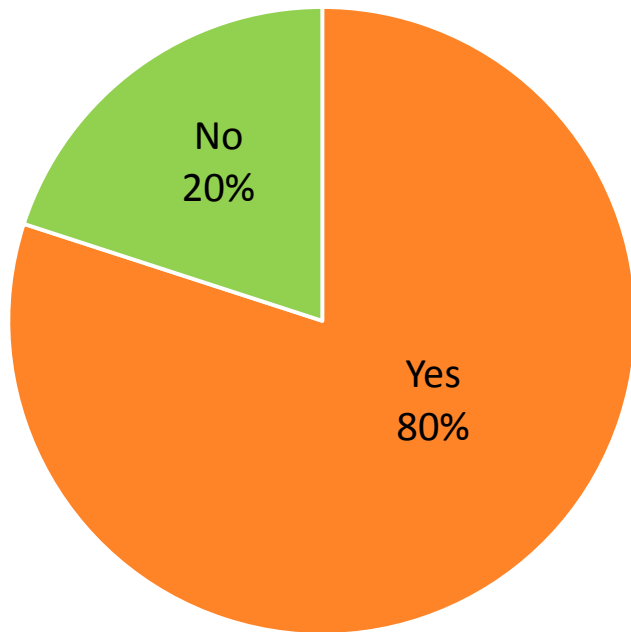
REASONS FOR COMMUNICATION:

- Most timely / accurate response
- To build successful relationships & trust with partners

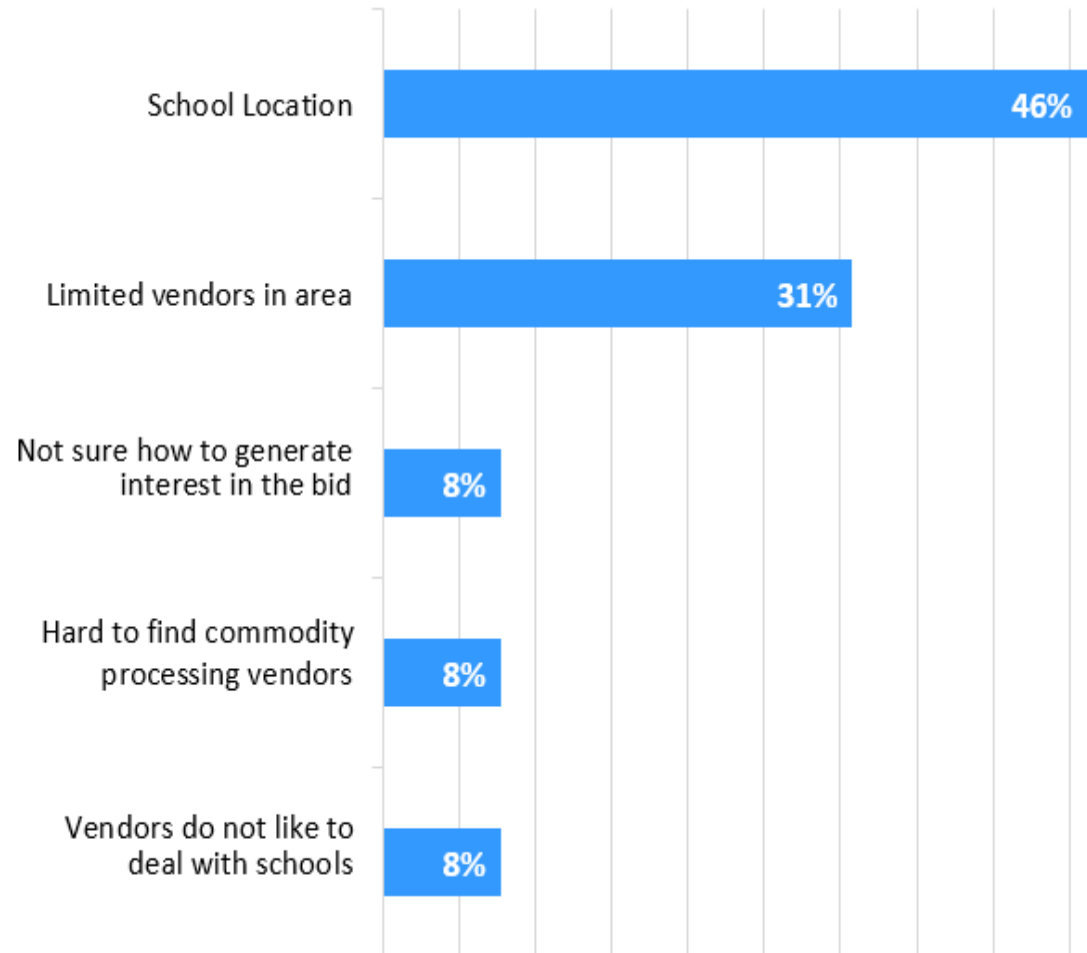




Do you have trouble finding new vendors?



If yes, why do you think this is?





Vendors & Product Information Challenges

- Finding vendors that will divert products for commodity
- Short notice of product changes could have larger effects
 - Allergens
 - Extra stocking / space required
- Certain vendors are limited by region
 - Bread and Bakery Items
 - Milk and Dairy Items
- Increased regulations forcing manufacturers to leave K12





Vendors & Product Information Best Practices

- Bring accurate product info to meetings
 - CN Labels, PFS, Availability, etc.
- Talk to other districts about with whom they work
 - Communicate with all members of the supply chain
 - Use appropriate channels of communication, (i.e. phone calls, emails, scheduled meetings)
- Time is of the essence – work out a schedule that works for everyone
- Be aware that alternate or replacement items may require special orders





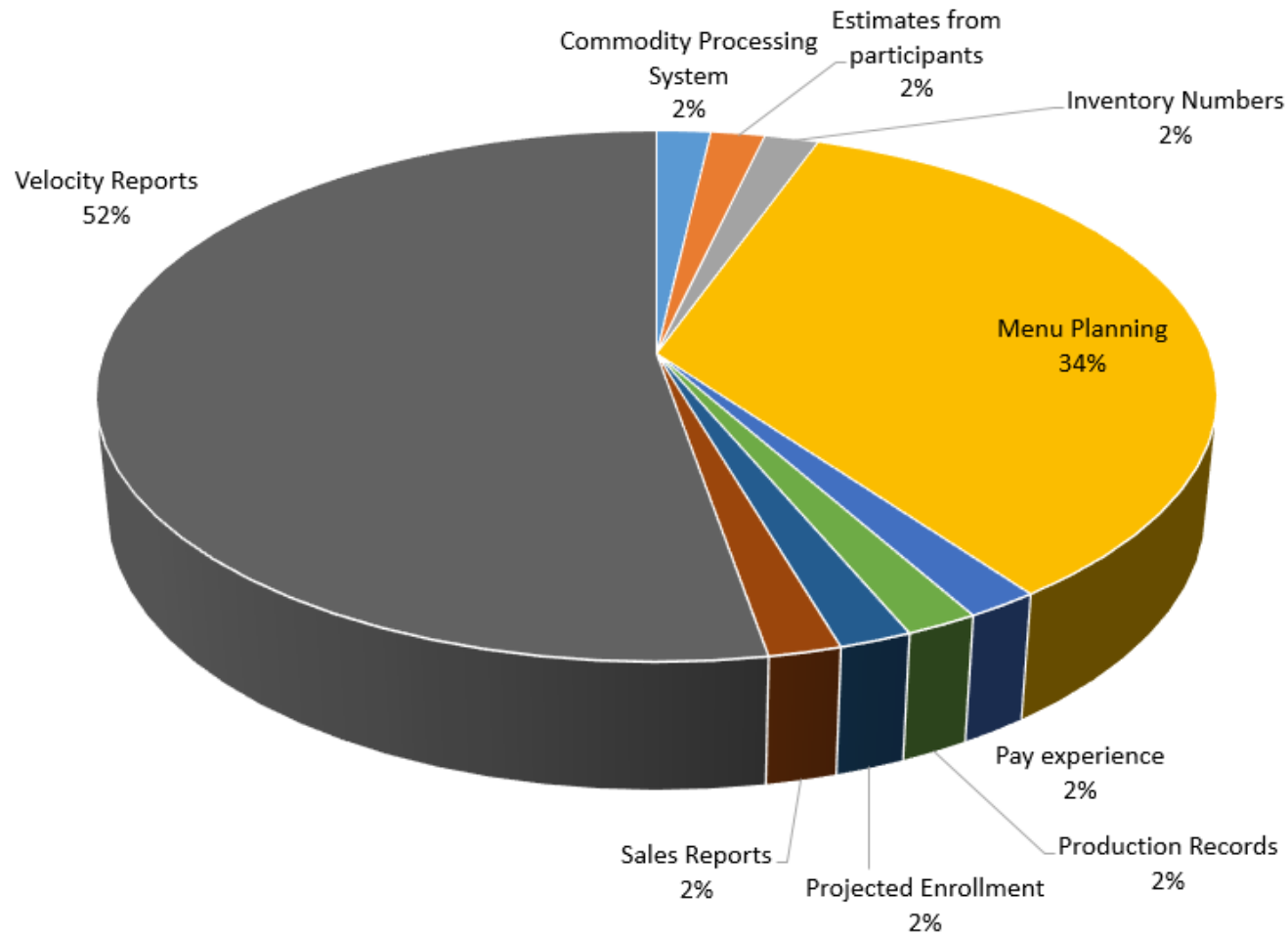
Topic 2

Forecasting Quantities



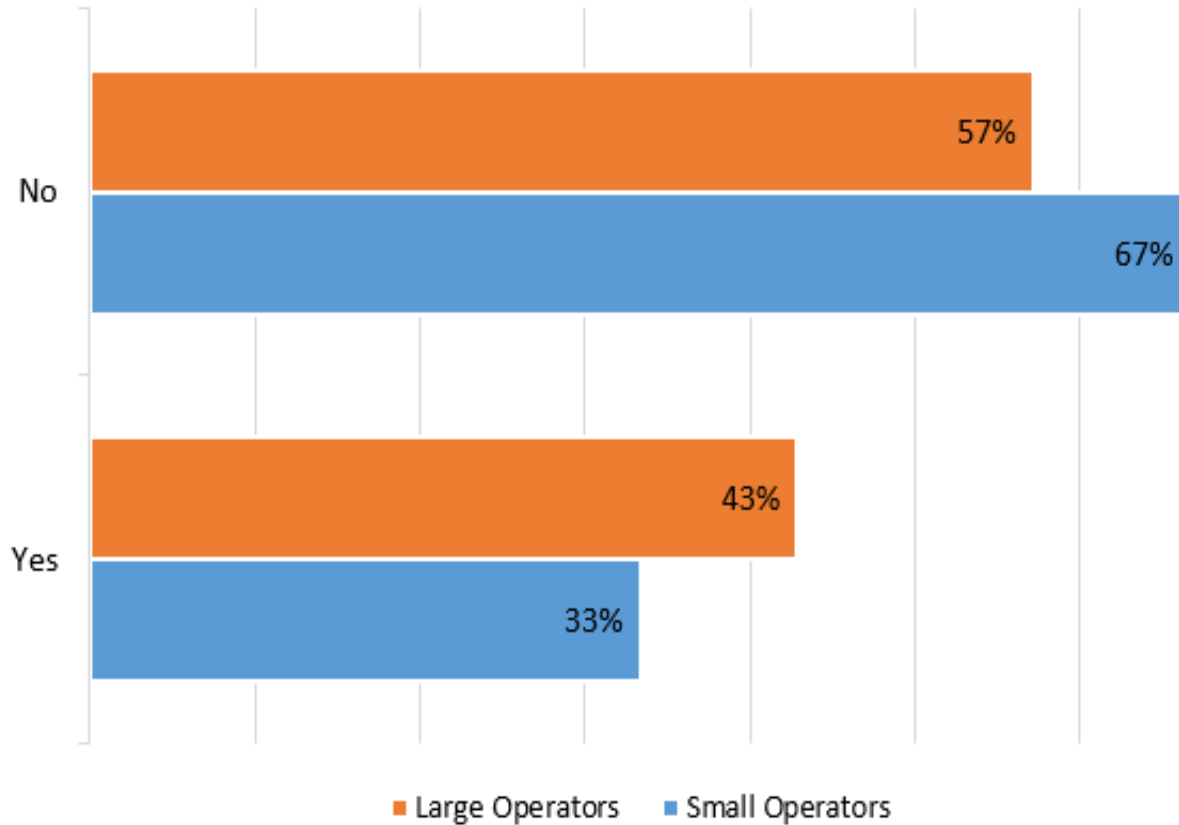


How do you come up with forecast quantities?





Would you ever provide a forecast of zero?



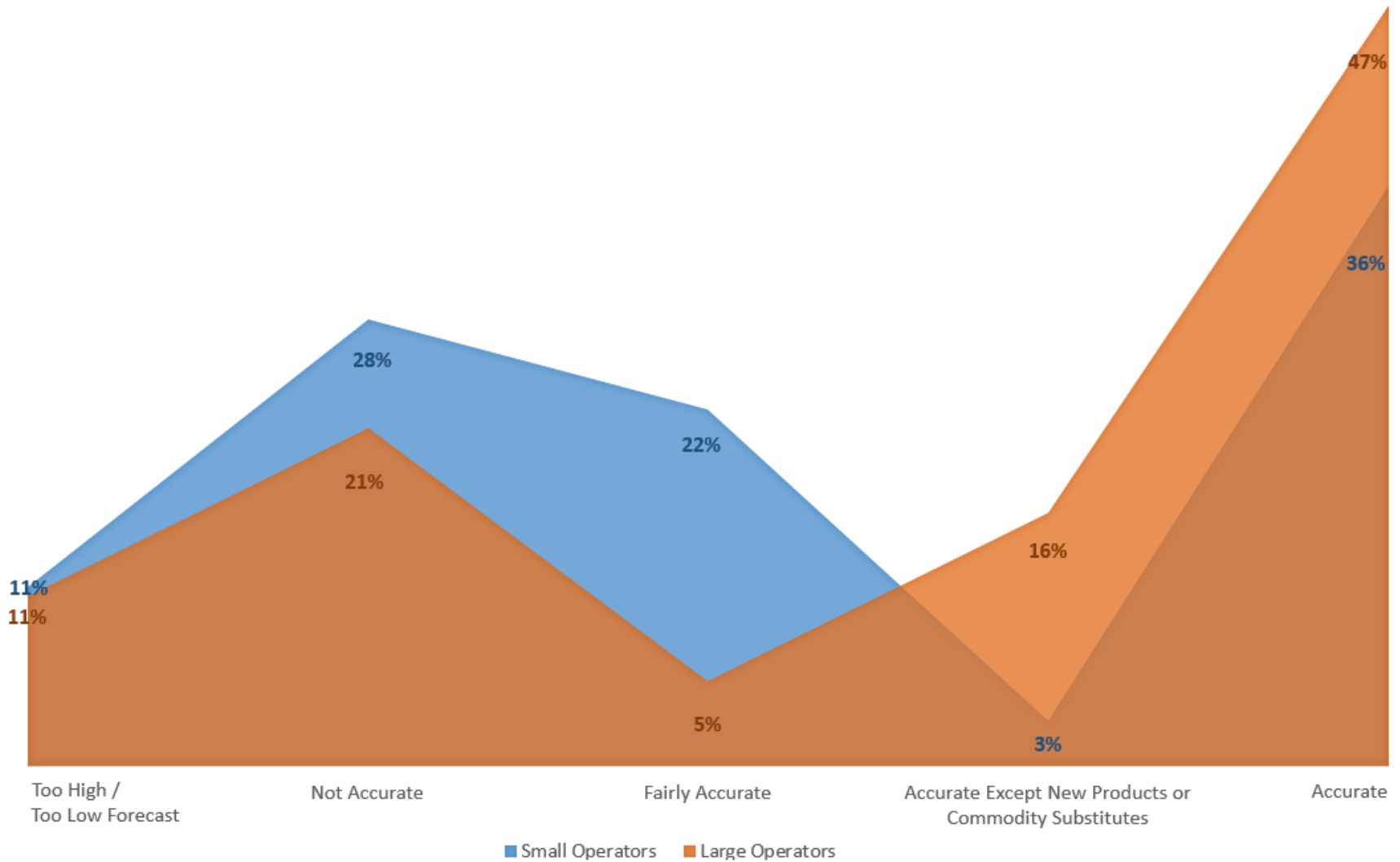
Of those who list zero, reasons why include:

- Difficult to forecast for new products
- Bidding two or more similar products



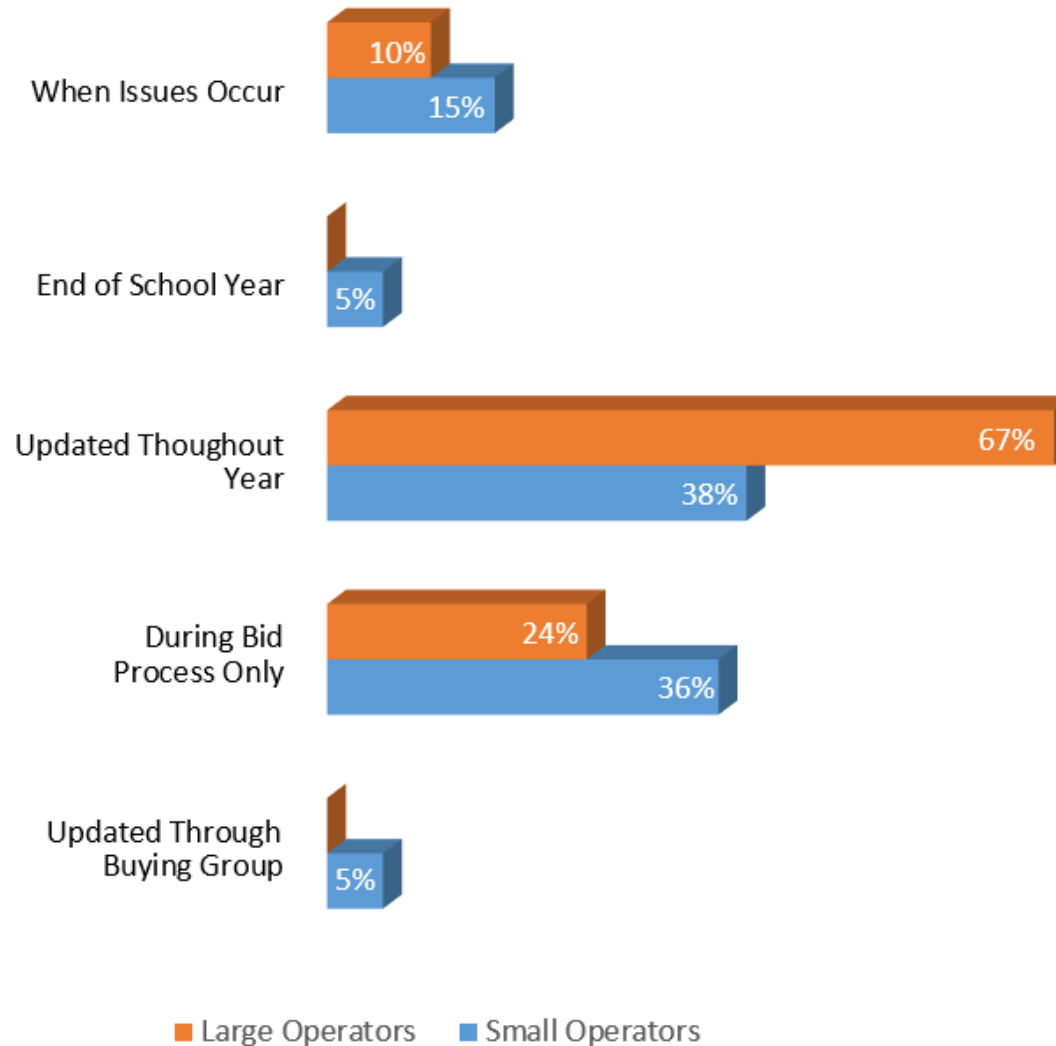


How accurate are your forecasts?





When are forecasts updated throughout the year?





Forecasting Quantities Challenges

- Student preference significantly affects usage
- Difficult to plan for upcoming year
- If item isn't delivered on time it affects usage numbers / storage space
- Menu changes
- Hard to forecast for Smart Snacks items, find variety kids will eat
- Commodity variables





Forecasting Quantities

Best Practices

- Monitor forecasts throughout year
- Menus drive forecasting/ordering
- Use ADP formula to help forecast:
servings/case x ADP x # of days on the menu
- For new products, use similar items & menu cycles from past experience
- Communicate changes





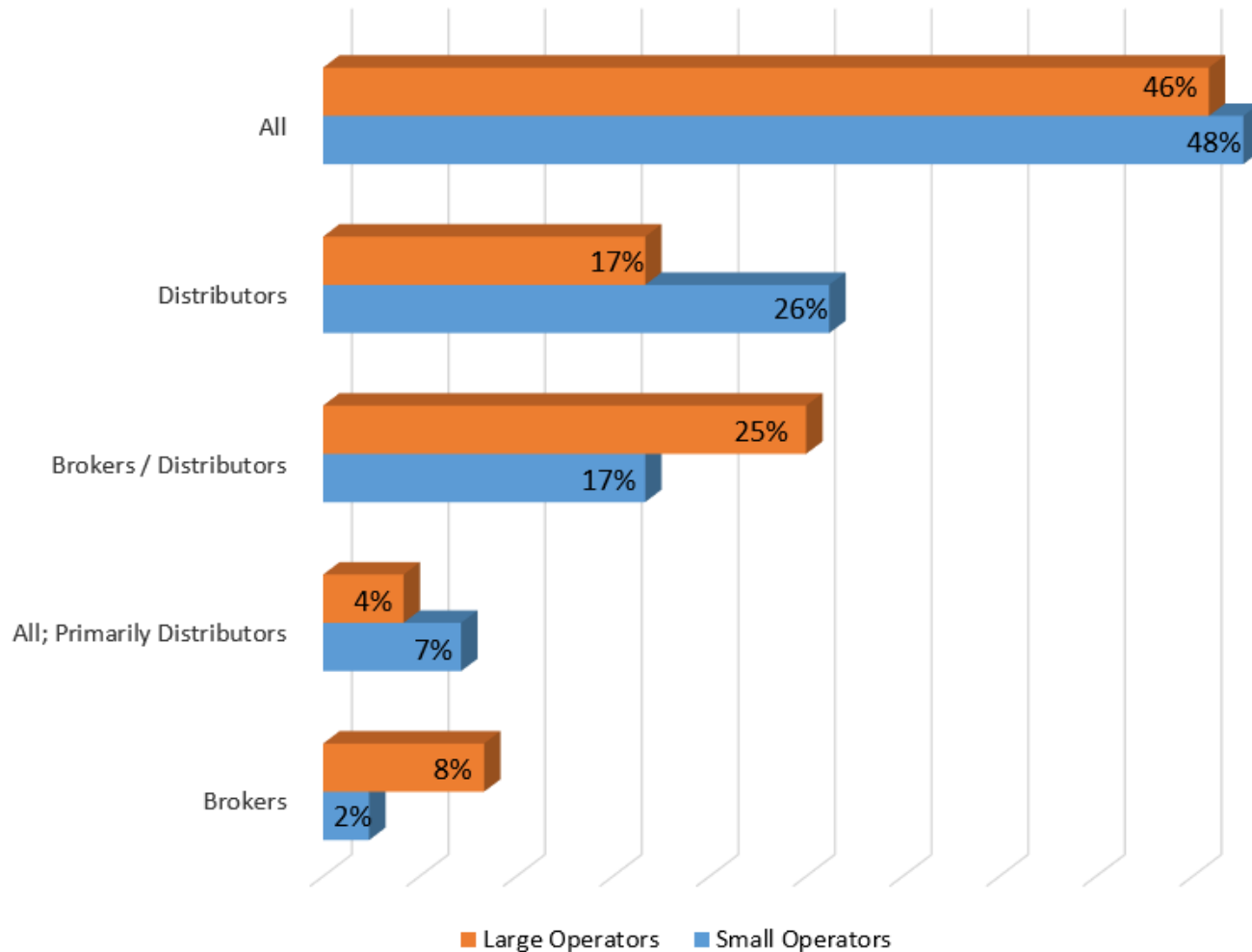
Topic 3

Communication with Vendors



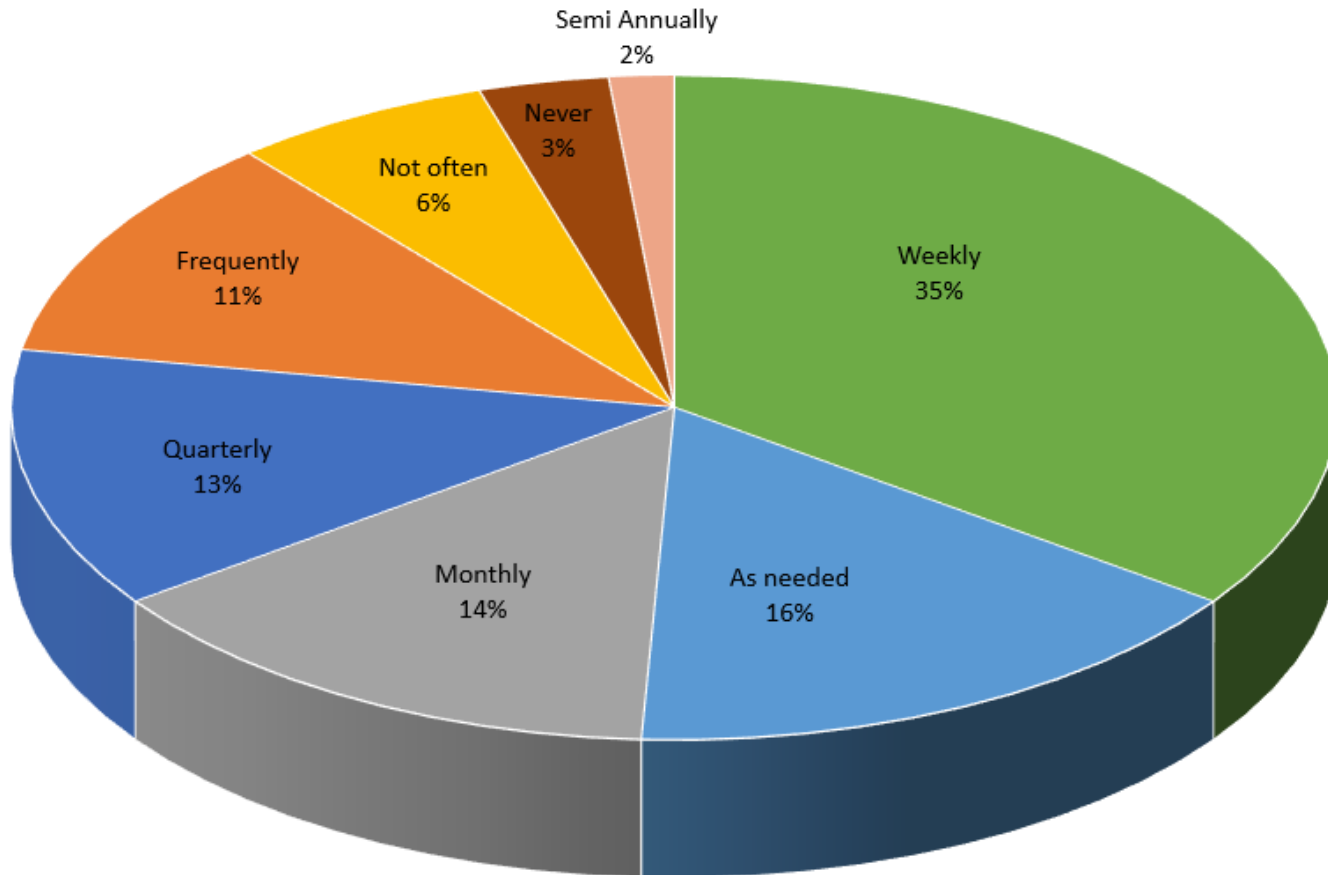


Which supply chain partner do you communicate with most?





How often do you communicate with vendors?

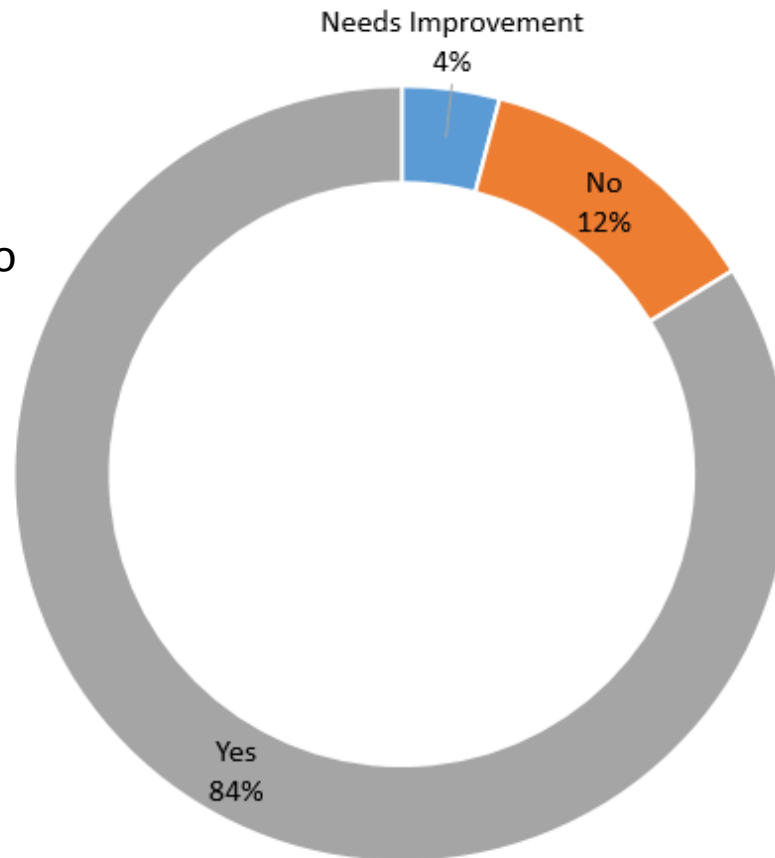




Do you feel the communication that does happen is sufficient?

Yes...

- Vendors are very helpful gathering and providing info
- Very timely, usually responds within the same day



No...

- Difficult to get info required by state
- Want to hear more feedback
- Frustrated when there is variance between info provided and product received
- Not notified about new products





Communication with Vendors Challenges

- Consistent communication of product changes or shortages
- Response time on certain issues





Communication with Vendors

Best Practices

- Be responsive to voice messages / emails received
- Communicate with everyone – distributor, broker, and manufacturer – when possible
- Have a good working relationship with your vendors





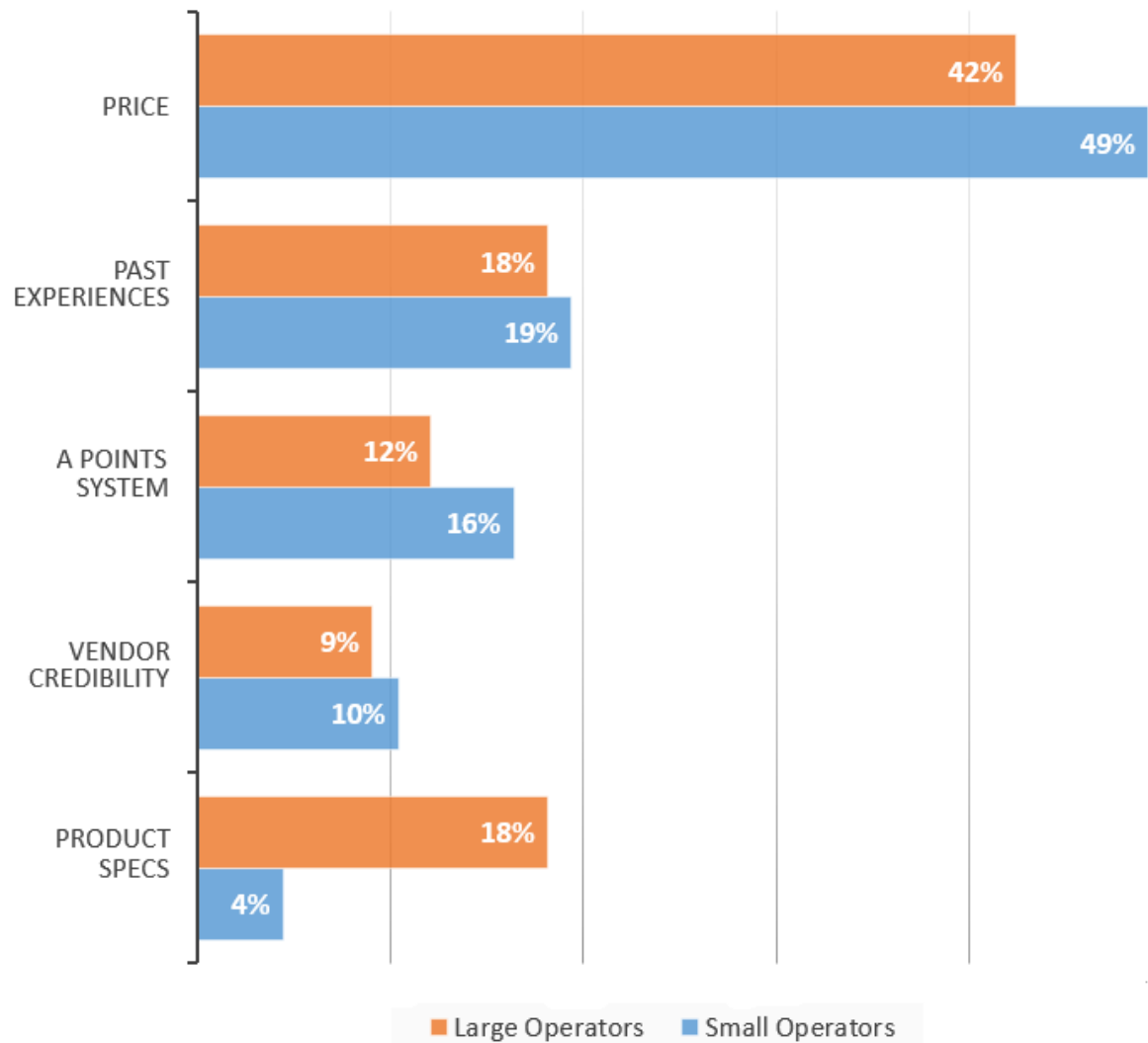
Topic 4

Evaluating & Awarding Bids



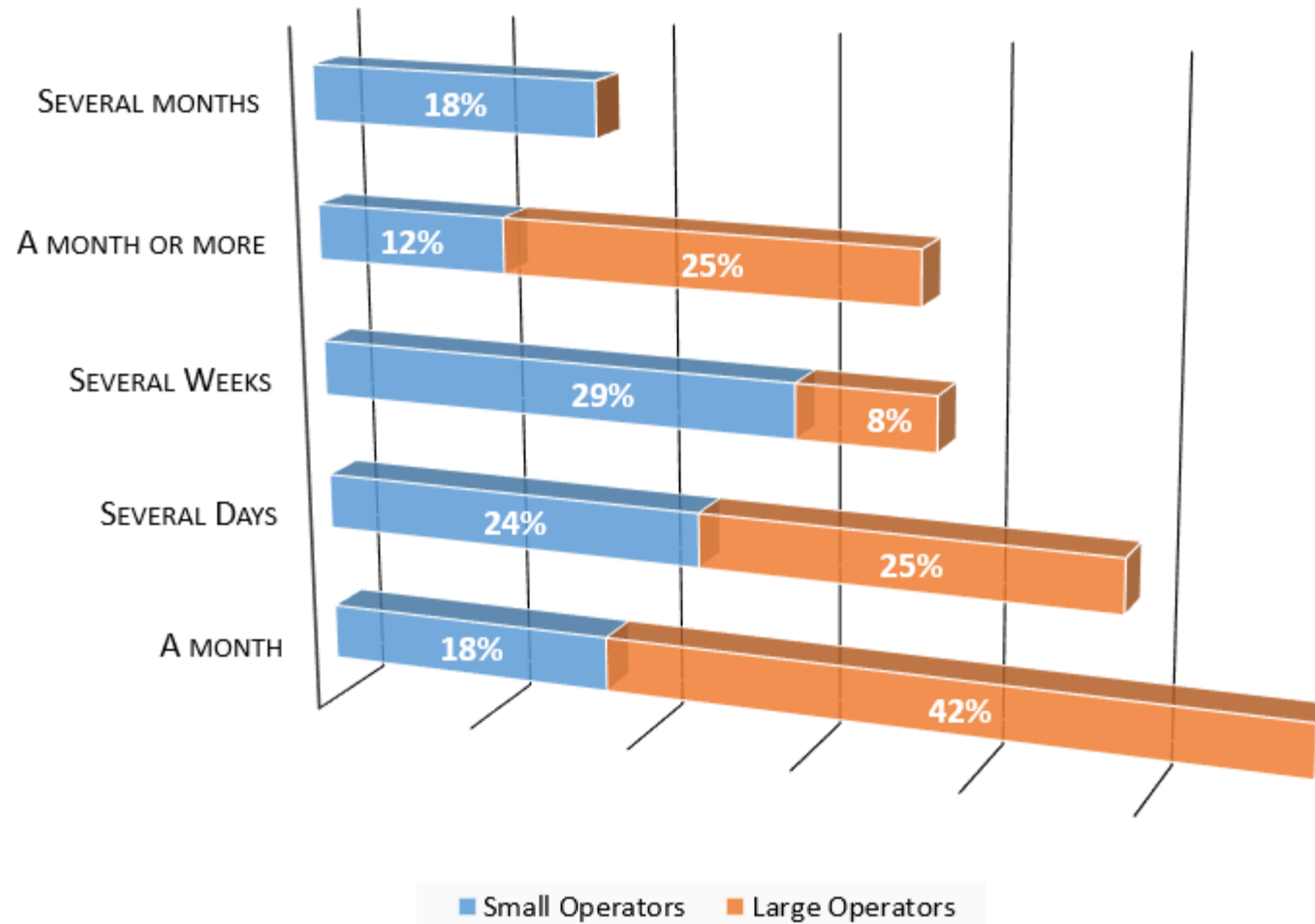


What criteria do you use to evaluate & award your bid?



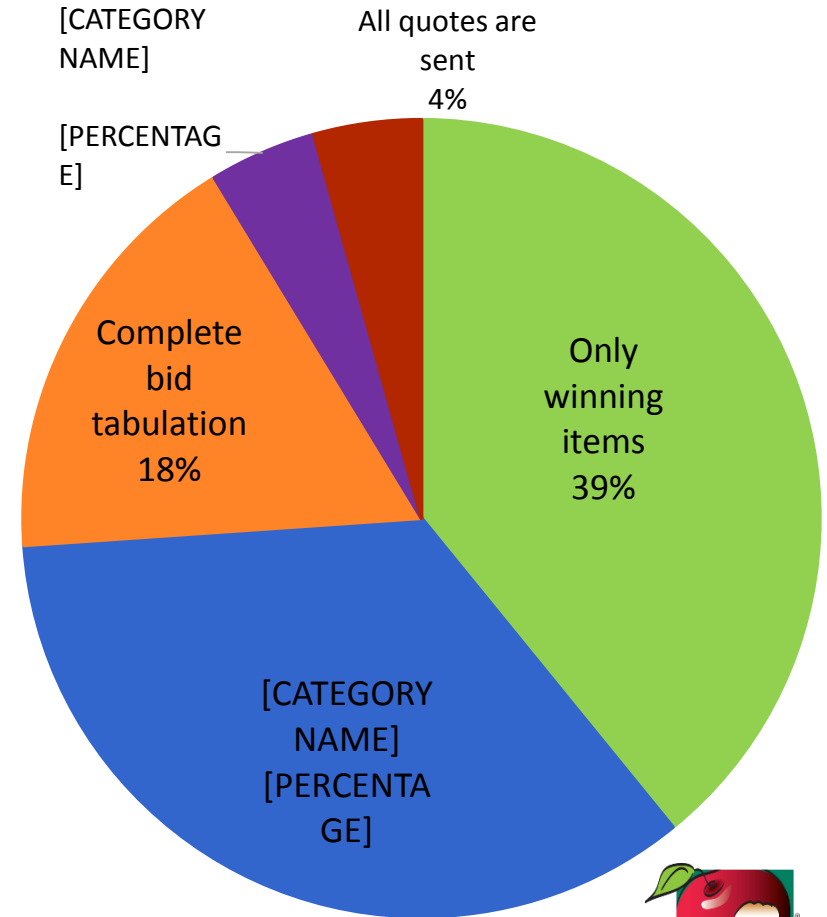
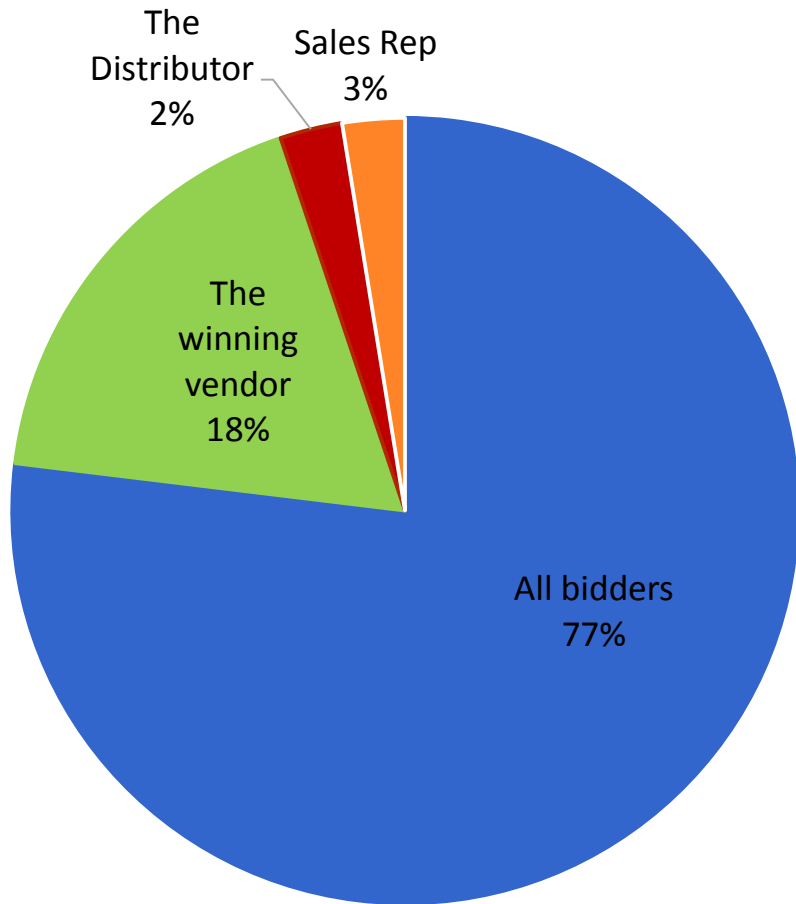


How long does the evaluation process take?





Who do you notify of the bid award and what information do you provide?





Evaluating & Awarding Bids Challenges

- Vendors not providing all/correct product information
- Establishing a points system for evaluation
- Evaluating a new vendor
- Comparing varying pack sizes
- Responsiveness of vendors
- When items awarded are no longer available





Evaluating & Awarding Bids

Best Practices

- Keep a record of your process, why or why not particular items were awarded
- Issue award information in a timely manner
 - 4 – 6 weeks lead time to ensure availability of product
- Communicate and collaborate before making changes





Questions & More Information

- Resources Sheet – additional information
- Contact Card – fill out and return if you would like to participate in future discussions on procurement with Interflex
- Any questions

