SAVE DOLLARS WITH YOUR USDA FOODS:

AN ADVANCED REVIEW OF FORECASTING AND INVENTORY MANAGEMENT TOOLS

Tricia Hays

ESC 17

square meals

Food and Nutrition Division
Food Distribution Program

TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

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www.SquareMeals.org

Acknowledgement Statement

You understand and acknowledge that

the training you are about to take does not cover the entire scope of the program; and that

you are responsible for knowing and understanding all handbooks, manuals, alerts, notices, and guidance; as well as any other forms of communication that provide further guidance, clarification, or instruction on operating the program.

Introductions

Tricia Hays
ESC 17- Moderator

Planning and Forecasting
Jackie Perez

Steve Garcia

Delivery Schedule and Tool
Lori Ramos

Inventory Management
Elizabeth Gonzales

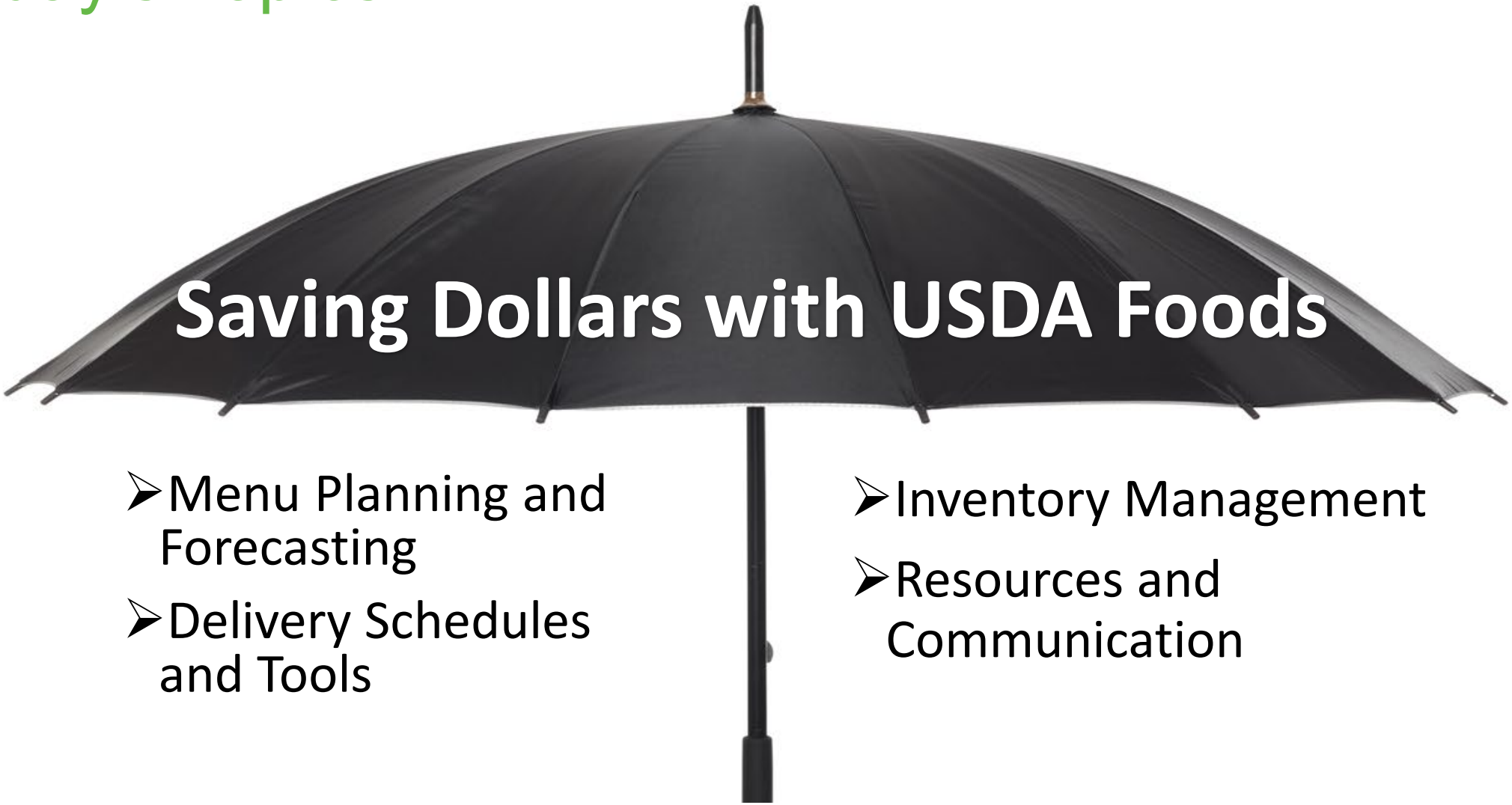
Keri Warnick

Communication and Resources
Victor Costilla

How do you save dollars with USDA foods?

Planning is the Key

Today's Topics



- Menu Planning and Forecasting
- Delivery Schedules and Tools
- Inventory Management
- Resources and Communication

01

Menu Development

Menu Development

January 2021 contract packets and surveys open

- Product selections for SY 2021-2022 will be selected
- Menu cycle completed the prior school year in advance
- Review production records for:
  - Popular items
  - Waste
  - Seasonal: Products and Participation
- Review your budget
- Sample products/recipes with student/staff input

Menu Development

- Determine serving model
- Determine storage space availability
  - cooler, freezer, dry storage
- Determine proper equipment
- Review staffing
- Review products with shorter shelf life
- Review inventory levels
- Talk to industry, brokers, etc.

Menu Development

Planning helps you:
- Reduce costs
- Optimize your supply
- Increase participation
- Be prepared when a change or emergency occurs

02

Forecasting

What is Forecasting?

Forecasting is determining what is going to happen in the future by analyzing what happened in the past and what is going on now.

Forecasting

Used to determine future trends

- Upcoming Year
- Procurement
- Trends
- Historical Data
- Inventory
- Production Reports
- Past Orders
- Popular Menu Items

Student Input -what they want vs. what we think they want

Why is forecasting important

- Helps producers plan
- Aids in discovering potential issues; ability to create backup plan
- Provides ALL parties in the procurement chain with relevant data
- Minimizes shortages
- Cost savings
- Full utilization of entitlement
- Bid integrity

How can I forecast my commodities?

Review sales history

Dissect menu(s)

Observe trends

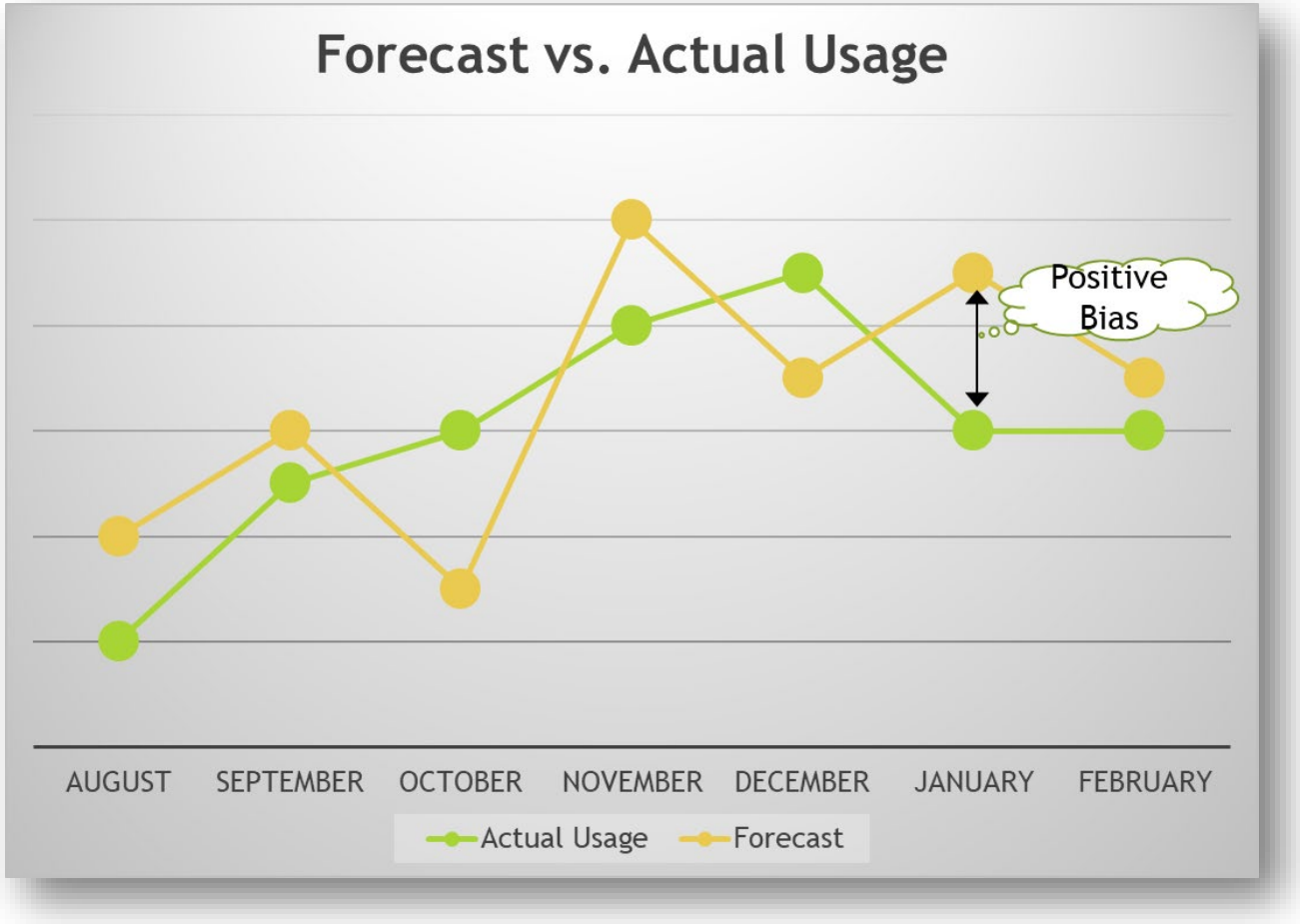
Research product information

- Pack size
- Serving size

Commodity Calculators

Forecast Bias

- Difference between forecast and actuals
- Review yearly
- Adjust as necessary
- Account for changes
  - Site closure/openings
  - Other anticipated growth



Forecasting Poultry Selections

Offset drawdown (except Pilgrim's Pride/Gold Kist)

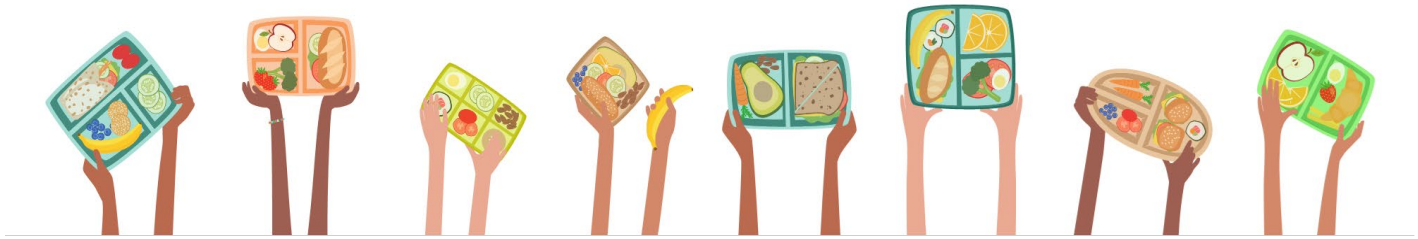
- White vs. dark meat

Compensate usage of one item with usage of another

- Ex. serving drumstick and all-white meat chicken breast
- Un-utilized dark/white

Popularity

- Chicken = white meat or Turkey = dark meat

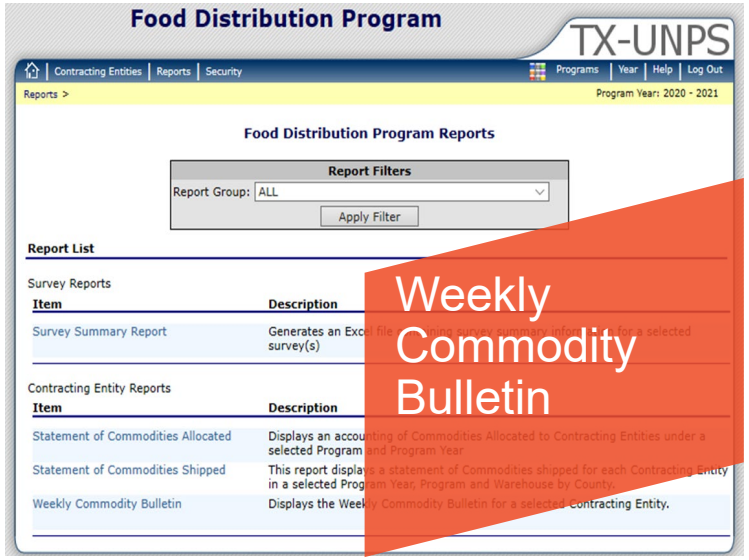


Overcoming Forecasting Issues

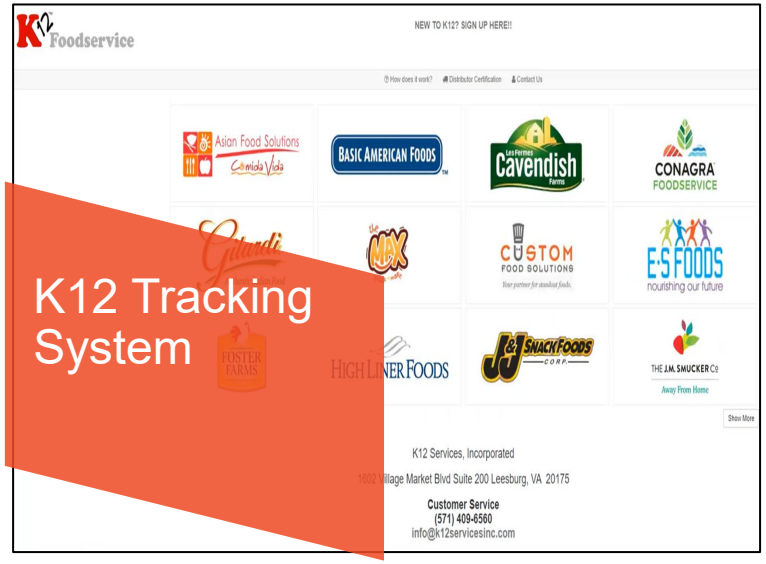
- Have a back-up item ready in case an issue arises
- Provide as much lead time as possible. Manufacturers need 3-week lead time for production. Distributors stock to par levels. Contracted warehouses require 72 hours notice.
- Order quantities agreed upon through the bid/contract process
- **Communicate:**
  - Discontinued Items
  - Product Subs
  - Increases/Decreases in quantity +/-10%

Everyone from the director, to the menu writer, to the ordering clerk should know what products and codes should be ordered.

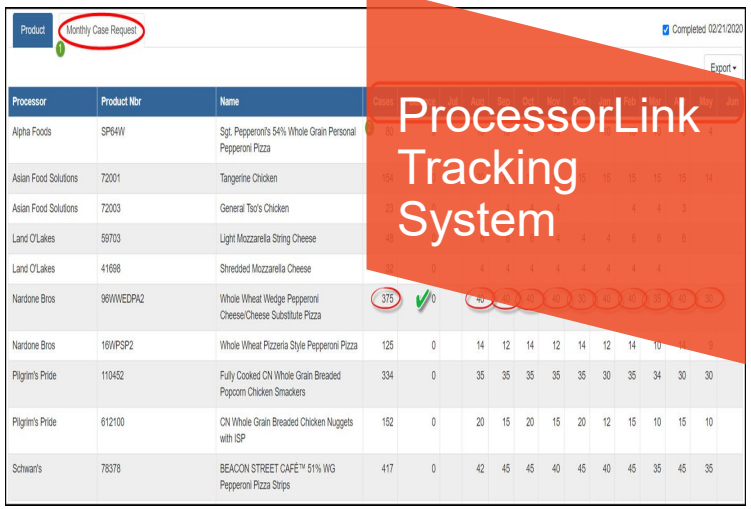
Forecasting Tools



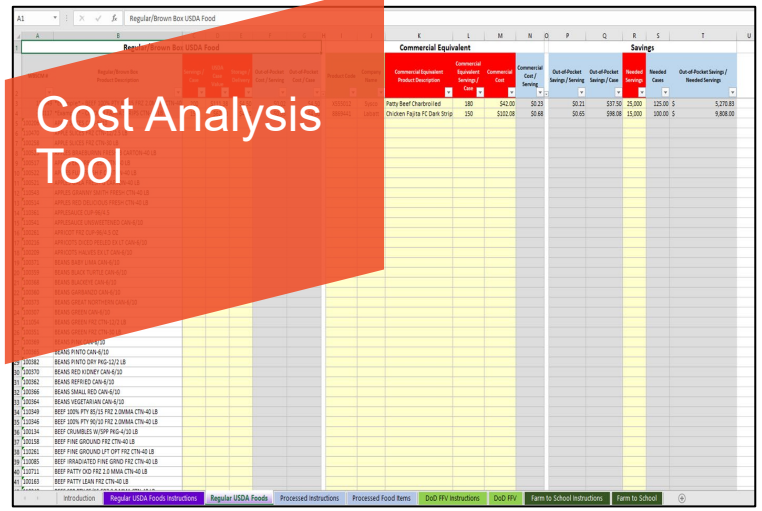
Weekly Commodity Bulletin



K12 Tracking System



ProcessorLink Tracking System



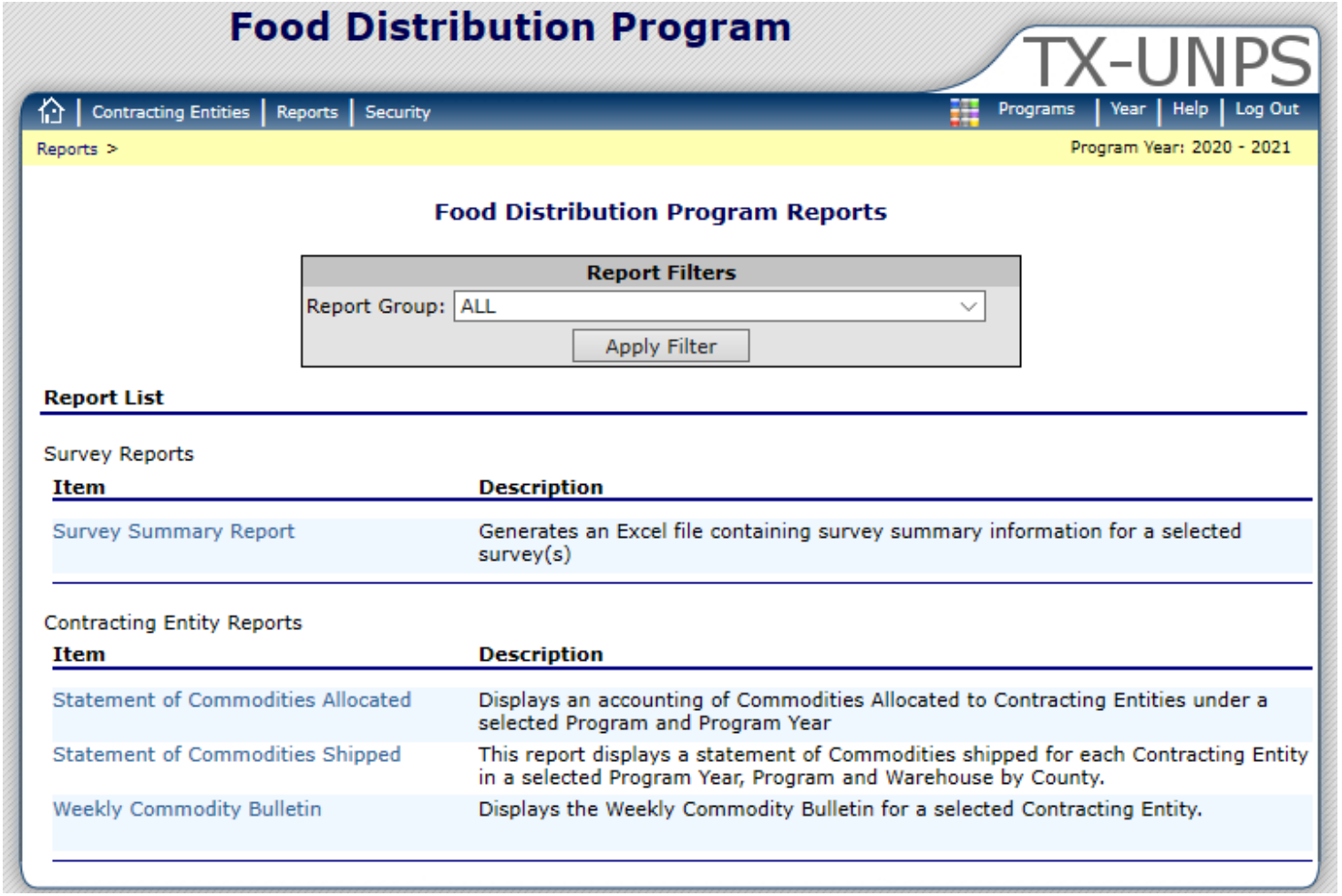
Cost Analysis Tool

Forecasting

What Reports/Tools are you currently using for Forecasting?

- Weekly Commodity Bulletin
- Food Production Records
- Point of Sale Counts
- Inventory Reports
- Usage Rates

Forecasting—Weekly Commodity Bulletin



2 Forecasting—Weekly Commodity Bulletin

Account Status

Program Year 2021 Entitlement		Entitlement Usage		Entitlement Balance	
Beginning Entitlement:	$334,267.60	Processing Reserved - Used:	$222,293.29	Available Entitlement:	$334,267.60
Rollover Entitlement:	$0.00	Processing Reserved - Remaining:	($28,333.71)	Entitlement Used:	($302,363.84)
		DoD Fresh Deduction:	$61,503.77	*Unfilled Requests:	($43,896.31)
Total Available:	**$334,267.60**	Entitlement Allocations:	$18,566.78	**Admin Adjustments:	$0.00
		Total Entitlement Used:	**$302,363.84**	**Entitlement Remaining:**	**($11,992.55)**
		Bonus Allocations:	$0.00		
		USDA Food Allocations at No Charge:	$0.00		
		Total Value of USDA Foods Assistance:	**$302,363.84**		

* Unfilled Requests include Regular USDA Foods and FTS products not yet allocated.
** Admin Adjustments will be identified as ADJ in contract entitlement usage screens.

Free Storage
< 45 Days

Short Term Storage
45-180 Days

Long Term Storage
181 Days or more

2 Forecasting—Weekly Commodity Bulletin

Summary of Commodities in the Warehouse

Item Number	Commodity Description	PackSize	Storage Type	Total Units
FTS004	Apples Whole-approx. 125-138 count	40 lb case	Cooler	70
FTS002	Grapefruits Red	40 lb case	Cooler	10
110859	MIXED BERRY FRZ CUPS-96/4 oz.	CS 96/4OZ CUPS	Freezer	39
FTS001	Oranges, Early Seeded Variety	40 lb case	Cooler	10
FTS006	Peaches	20-25 lbs case	Cooler	40
FTS007	Pears	26 lbs case	Cooler	20

Free Storage
< 45 Days

Short Term Storage
45-180 Days

Long Term Storage
181 Days or more

2 Forecasting—Weekly Commodity Bulletin

Shipments Expected into this Warehouse **Last Updated: 10/15/2020**

Month	[View Details]	Total Estimated Allocation Quantity
October		240
November		87
December		85
January		76
February		45
March		38

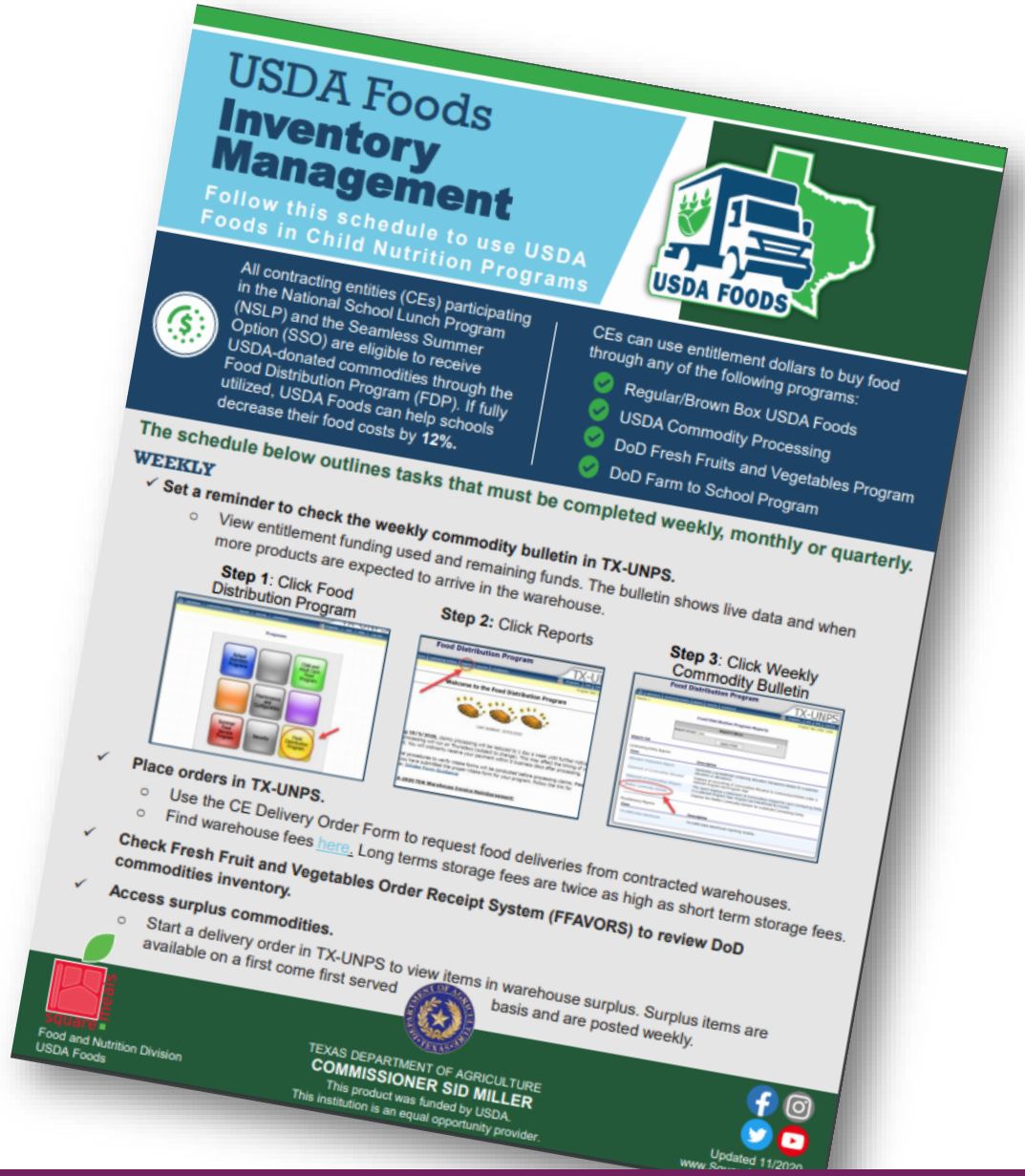
Free Storage
< 45 Days

Short Term Storage
45-180 Days

Long Term Storage
181 Days or more

Forecasting Basics

- Weekly
- Monthly
- Quarterly (Seasonal)



03

Delivery Schedule and Tools

Delivery Schedule

Determining Delivery Charges

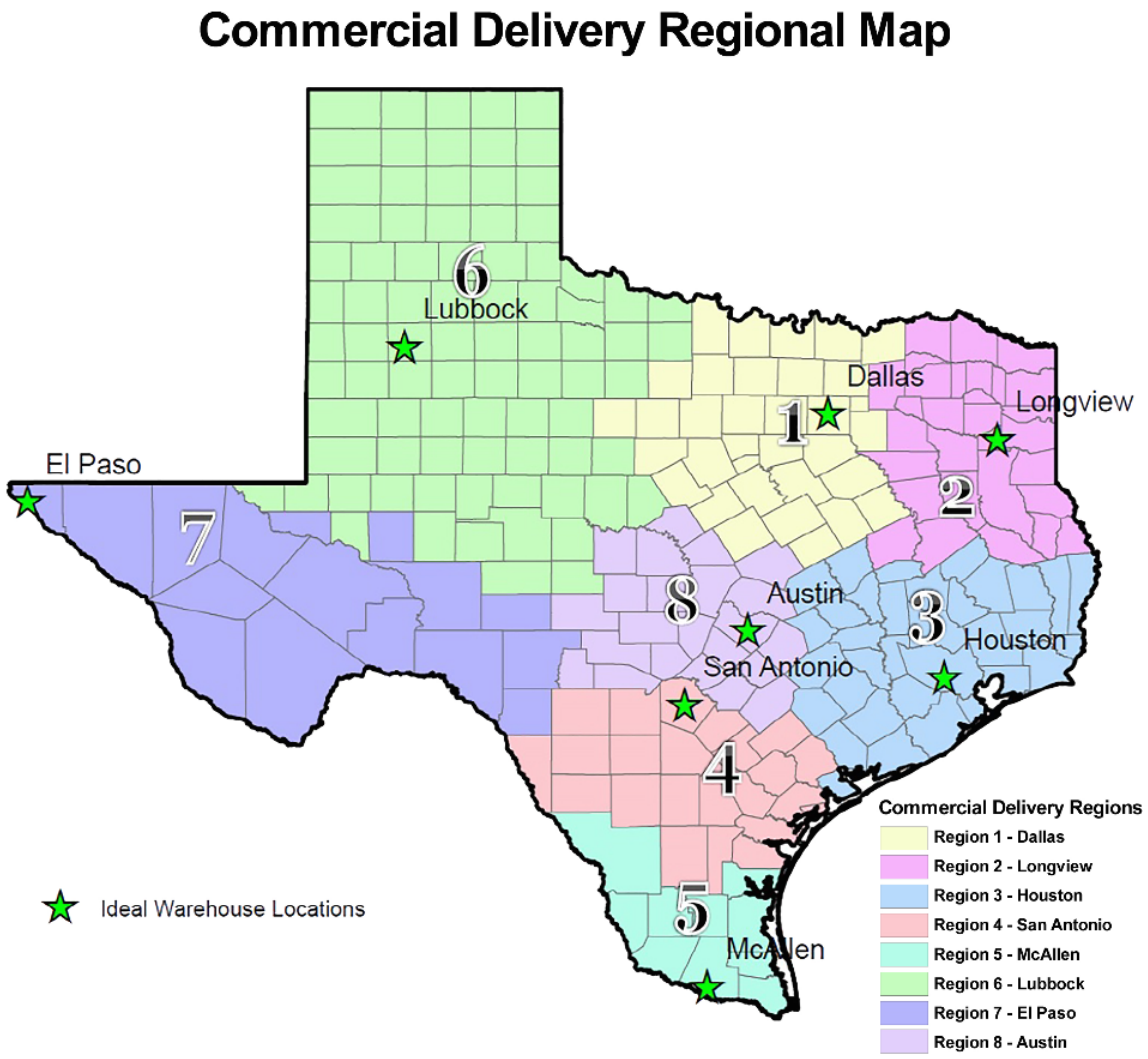
Minimum Requirements

Warehouse Fees

Determining Delivery Charges

Determining Delivery Charges

Determining Delivery Charges



<u>Ideal Cities in 7 Regions</u>:
Region 1: Dallas
Region 2: Longview
Region 3: Houston
Region 4: San Antonio
Region 5: McAllen
Region 6: Lubbock
Region 7: El Paso
Region 8: Austin

According to the contract for commercial distribution, the 100-mile rule is applied using one of these ideal cities in the 8 geographic regions.

Knowing the minimums

Prices per drop if within 100 miles

Prices per drop if outside 100 miles

Attachment A

Delivery of Service for Region 8 (Austin): Schedule of Rates

Central Texas Food Bank

Schedule	8
Case (s)	New Rate PY '21
1	6.99
2	6.35
3	5.88
4	5.49
5	5.21
6	4.96
7	4.96
8	4.77
9	4.77
10	4.77
11	4.63
12	4.63
13	4.63
14	4.55
15	4.55
16	4.47
19	4.42
20	4.42
21	4.40
22	4.40
23	4.38
24	4.38
25	4.36
28	4.34
29	4.32
30	4.32
31	4.30
32	4.30
33	4.27
34	4.27
35	4.26
36	4.26
37	4.24
38	4.24
39	4.21
40	4.21
41	4.19
42	4.19
43	4.17
44	4.17
45	4.15
46	4.15
47	4.13
48	4.13
49	4.11
50	4.11
51	4.09
52	4.09
53	4.07
54	4.03
55	4.03
56	4.00
57	4.00
62	3.92
63	3.92
64	3.88
65	3.88
66	3.85
71	3.77
72	3.75
73	3.75
74	3.72
75	3.72
76	3.69
77	3.69
78	3.66
79	3.66
80	3.64
81	3.64
82	3.61
83	3.61
84	3.58
85	3.58
86	3.56
87	3.56
88	3.52
89	3.52
90	3.50
91	3.50
92	3.50
93	3.47
94	3.47
95	3.47
96	3.44
97	3.44
98	3.44
99	3.42
300	3.38
350	3.36
400	3.36
450	3.36
500	3.32
1000	3.29
1200	3.29
1400	3.29
1600	3.27
1800	3.27
2000	3.27
2000+	3.27

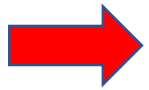
20 4.42

40 4.21

Storage/Handling/Pickup $1.40
Private Storage - Dry $0.90
Private Storage - Cooler $0.95
Private Storage - Frozen $1.00

Warehouse Fees

Allocation Date



Summary of Commodities by Storage Type

Free Storage

Contracting Entity pay no storage fees for products listed in this section.
(45 days or fewer since allocation date)

Allocation Date	Item Number	Commodity Description	Commodity Type	Year	Cost	Remaining
09/22/2020	FTS004	Apples Whole-approx. 125-138 count	E	2021	$1,920.00	60
09/29/2020	FTS004	Apples Whole-approx. 125-138 count	E	2021	$1,920.00	60
10/05/2020	100313	CORN WHOLE KERNEL(LIQ) CAN-6/10	B	2021	$740.24	38

Short Term Storage

Contracting Entity pay storage fees for products listed in this section.
(46 through 180 days since allocation date)

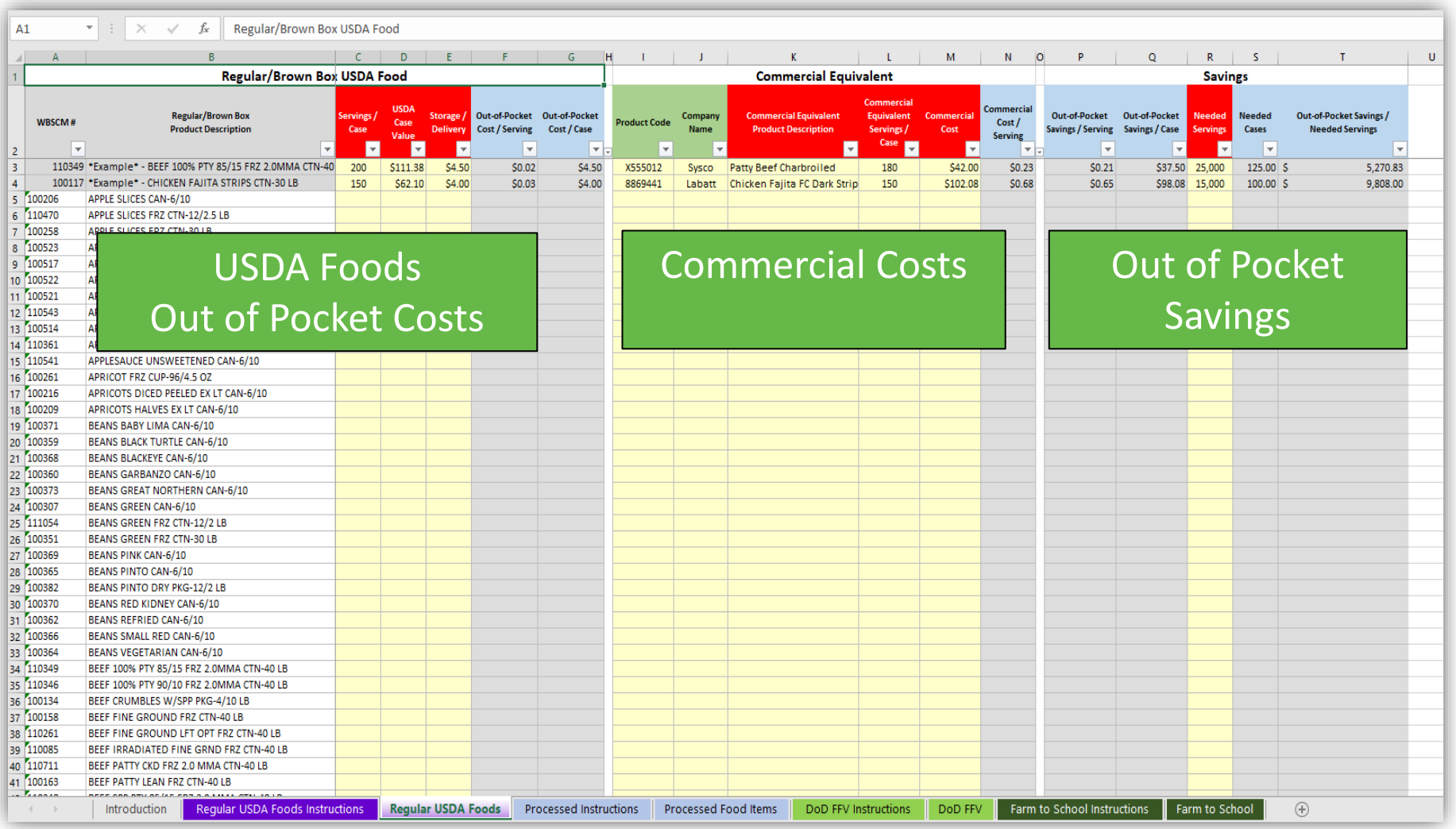
Allocation Date	Item Number	Commodity Description	Commodity Type	Year	Cost	Remaining
08/31/2020	110541	APPLESAUCE UNSWEETENED CAN 6/10	E	2021	$1,168.65	49
09/04/2020	100158	BEEF FINE GRND FRZ-LFT FREE-40 LB	E	2021	$4,346.10	30
09/15/2020	FTS004	Apples Whole-approx. 125-138 count	E	2021	$1,920.00	60

Long Term Storage

Contract Entities pay storage fees for products listed in this section.
(181 days or more since allocation date)

Allocation Date	Item Number	Commodity Description	Commodity Type	Year	Cost	Remaining
No data available						

Cost Analysis Tool



WBSCM #	Regular/Brown Box Product Description	Servings / Case	USDA Case Value	Storage / Delivery	Out-of-Pocket Cost / Serving	Out-of-Pocket Cost / Case	Product Code	Company Name	Commercial Equivalent Product Description	Commercial Equivalent Servings / Case	Commercial Cost	Commercial Cost / Serving	Out-of-Pocket Savings / Serving	Out-of-Pocket Savings / Case	Needed Servings	Needed Cases	Out-of-Pocket Savings / Needed Servings
	Regular/Brown Box USDA Food						Commercial Equivalent						Savings				
110349	*Example* - BEEF 100% PTY 85/15 FRZ 2.0MMA CTN-40	200	$111.38	$4.50	$0.02	$4.50	X555012	Sysco	Patty Beef Charbroiled	180	$42.00	$0.23	$0.21	$37.50	25,000	125.00	$ 5,270.83
100117	*Example* - CHICKEN FAJITA STRIPS CTN-30 LB	150	$62.10	$4.00	$0.03	$4.00	8869441	Labatt	Chicken Fajita FC Dark Strip	150	$102.08	$0.68	$0.65	$98.08	15,000	100.00	$ 9,808.00
100206	APPLE SLICES CAN-6/10																
110470	APPLE SLICES FRZ CTN-12/2.5 LB																
100258	APPLE SLICES FRZ CTN-30 LB																
100523	A																
100517	A																
100522	A																
100521	A																
110543	A																
100514	A																
110361	A																
110541	APPLESAUCE UNSWEETENED CAN-6/10																
100261	APRICOT FRZ CUP-96/4.5 OZ																
100216	APRICOTS DICED PEELED EX LT CAN-6/10																
100209	APRICOTS HALVES EX LT CAN-6/10																
100371	BEANS BABY LIMA CAN-6/10																
100359	BEANS BLACK TURTLE CAN-6/10																
100368	BEANS BLACKEYE CAN-6/10																
100360	BEANS GARBANZO CAN-6/10																
100373	BEANS GREAT NORTHERN CAN-6/10																
100307	BEANS GREEN CAN-6/10																
111054	BEANS GREEN FRZ CTN-12/2 LB																
100351	BEANS GREEN FRZ CTN-30 LB																
100369	BEANS PINK CAN-6/10																
100365	BEANS PINTO CAN-6/10																
100382	BEANS PINTO DRY PKG-12/2 LB																
100370	BEANS RED KIDNEY CAN-6/10																
100362	BEANS REFRIED CAN-6/10																
100366	BEANS SMALL RED CAN-6/10																
100364	BEANS VEGETARIAN CAN-6/10																
110349	BEEF 100% PTY 85/15 FRZ 2.0MMA CTN-40 LB																
110346	BEEF 100% PTY 90/10 FRZ 2.0MMA CTN-40 LB																
100134	BEEF CRUMBLES W/SPP PKG-4/10 LB																
100158	BEEF FINE GROUND FRZ CTN-40 LB																
110261	BEEF FINE GROUND LFT OPT FRZ CTN-40 LB																
110085	BEEF IRRADIATED FINE GRND FRZ CTN-40 LB																
110711	BEEF PATTY CKD FRZ 2.0 MMA CTN-40 LB																
100163	BEEF PATTY LEAN FRZ CTN-40 LB																

USDA Foods
Out of Pocket Costs

Commercial Costs

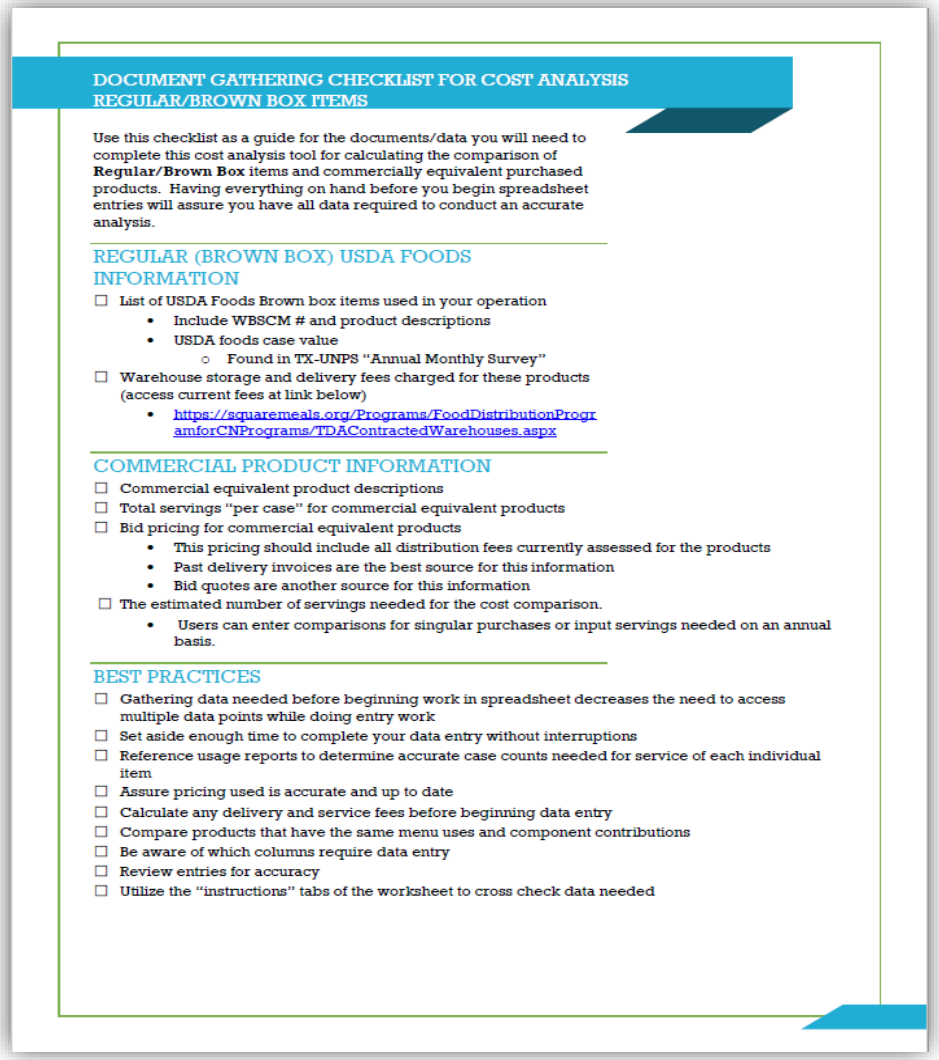
Out of Pocket
Savings

Introduction | Regular USDA Foods Instructions | Regular USDA Foods | Processed Instructions | Processed Food Items | DoD FFV Instructions | DoD FFV | Farm to School Instructions | Farm to School

Cost Analysis Checklist

Cost Analysis Checklist

- List items needed to complete the Tool
- Has links to storage and delivery sites
- Best Practice comments
- Checklist provided for each tool item



DOCUMENT GATHERING CHECKLIST FOR COST ANALYSIS
REGULAR/BROWN BOX ITEMS

Use this checklist as a guide for the documents/data you will need to complete this cost analysis tool for calculating the comparison of **Regular/Brown Box** items and commercially equivalent purchased products. Having everything on hand before you begin spreadsheet entries will assure you have all data required to conduct an accurate analysis.

REGULAR (BROWN BOX) USDA FOODS INFORMATION

- ☐ List of USDA Foods Brown box items used in your operation
  - Include WBSCM # and product descriptions
  - USDA foods case value
    - Found in TX-UNPS "Annual Monthly Survey"
- ☐ Warehouse storage and delivery fees charged for these products (access current fees at link below)
  - https://squaremeals.org/Programs/FoodDistributionProgramforCNPrograms/TDAContractedWarehouses.aspx

COMMERCIAL PRODUCT INFORMATION

- ☐ Commercial equivalent product descriptions
- ☐ Total servings "per case" for commercial equivalent products
- ☐ Bid pricing for commercial equivalent products
  - This pricing should include all distribution fees currently assessed for the products
  - Past delivery invoices are the best source for this information
  - Bid quotes are another source for this information
- ☐ The estimated number of servings needed for the cost comparison.
  - Users can enter comparisons for singular purchases or input servings needed on an annual basis.

BEST PRACTICES

- ☐ Gathering data needed before beginning work in spreadsheet decreases the need to access multiple data points while doing entry work
- ☐ Set aside enough time to complete your data entry without interruptions
- ☐ Reference usage reports to determine accurate case counts needed for service of each individual item
- ☐ Assure pricing used is accurate and up to date
- ☐ Calculate any delivery and service fees before beginning data entry
- ☐ Compare products that have the same menu uses and component contributions
- ☐ Be aware of which columns require data entry
- ☐ Review entries for accuracy
- ☐ Utilize the "instructions" tabs of the worksheet to cross check data needed

04

Inventory Management

Inventory Management

What is Inventory Management?

--refers to the process of ordering, storing and using a school's **inventory**. This includes the **management** of raw materials, components and finished products, as well as warehousing and processing such items.

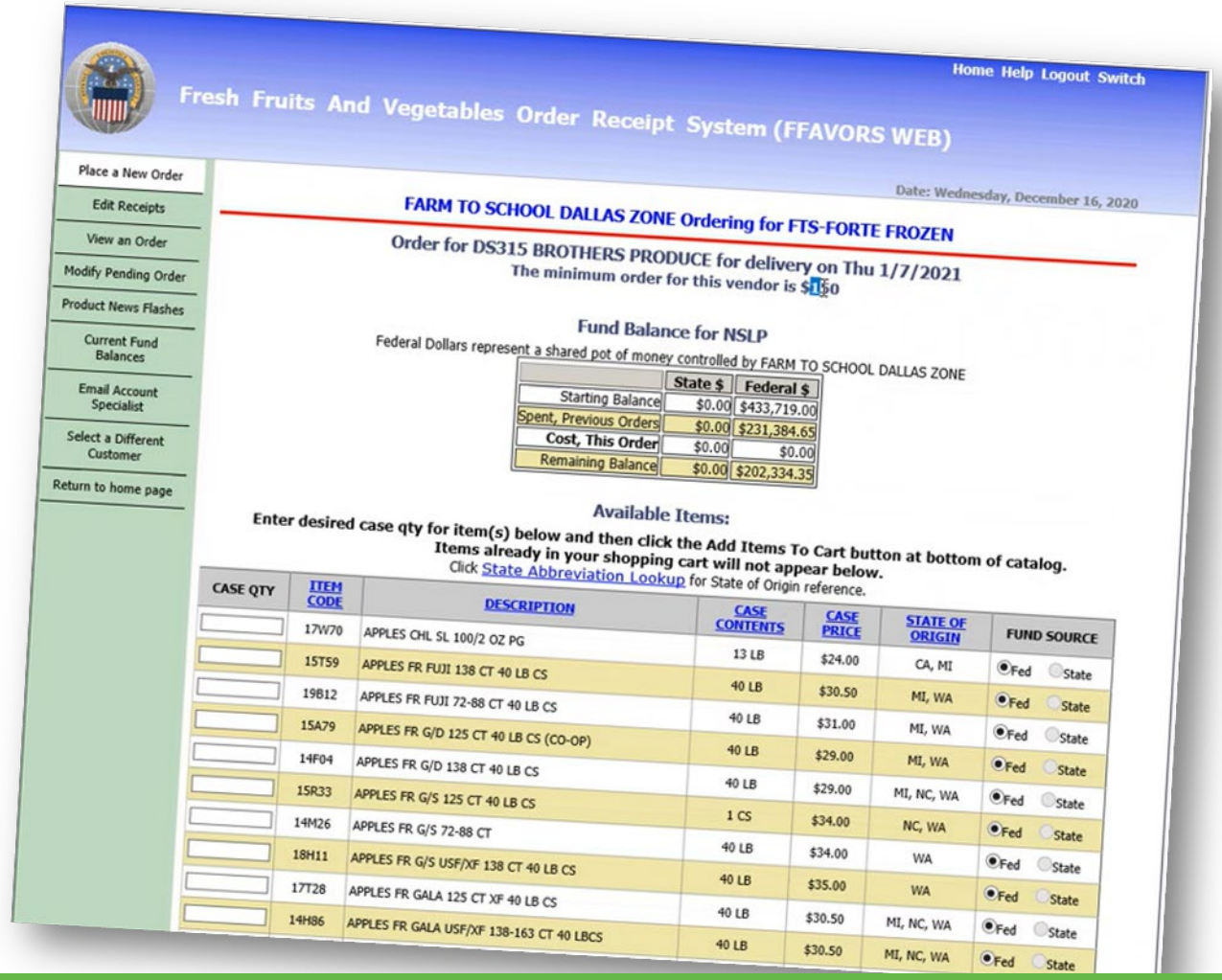
What is Excess Inventory?

- Months on Hand (MOH)
- Percentage
- PAR

Knowing when to reorder, how much to order, where to store stock, and so on can quickly become a complicated process As a result, it's important to implement good inventory management practices to ensure timely usage of inventory.

Inventory Management -Weekly

- **Weekly Commodity Bulletin**
  - **Place orders in TX-UNPS**
- **Check Fresh Fruit and Vegetables Order Receipt System (FFAVORS) to review DoD commodities inventory**
- **Monitor Invoices**



Inventory Management -Monthly

- Review USDA Foods Processing Inventory
- CE inventory balances with processors can be checked several ways:
  - **K12 and ProcessorLink Tracking Systems.**
  - **In-house Tracking Systems (i.e. Nardone Bros)**
  - **Distributor Tracking Systems (i.e. Labatt)**

Inventory Management – On-going

Check with Co-op Coordinator for assistance with current balances

Barriers to Timely Usage of Inventory and How to Overcome Them

- **Lack of Time**
- **Wrong Sales Channel**
- **Substitutions**
- **Productions Issues**
- **Ordering the same products via Brown Box, Processing, and Farm to School**
- **Purchasing The Wrong Product**
- **Distributor Errors**
- **Not Testing New Products**
- **Lack of Forecasting**
- **Force Majeure (i.e. Pandemic)**

From a product perspective, the importance of inventory management lies in understanding what stock you have on hand, where it is in your warehouse(s), and how it's coming in and out.

Inventory Management – Tracking Systems

- Processors have the option to use in-home tracking or a tracking system such as ProcessorLink and K12.

ProcessorLink Tracking System

www.ProcessorLink.com

K12 Tracking System

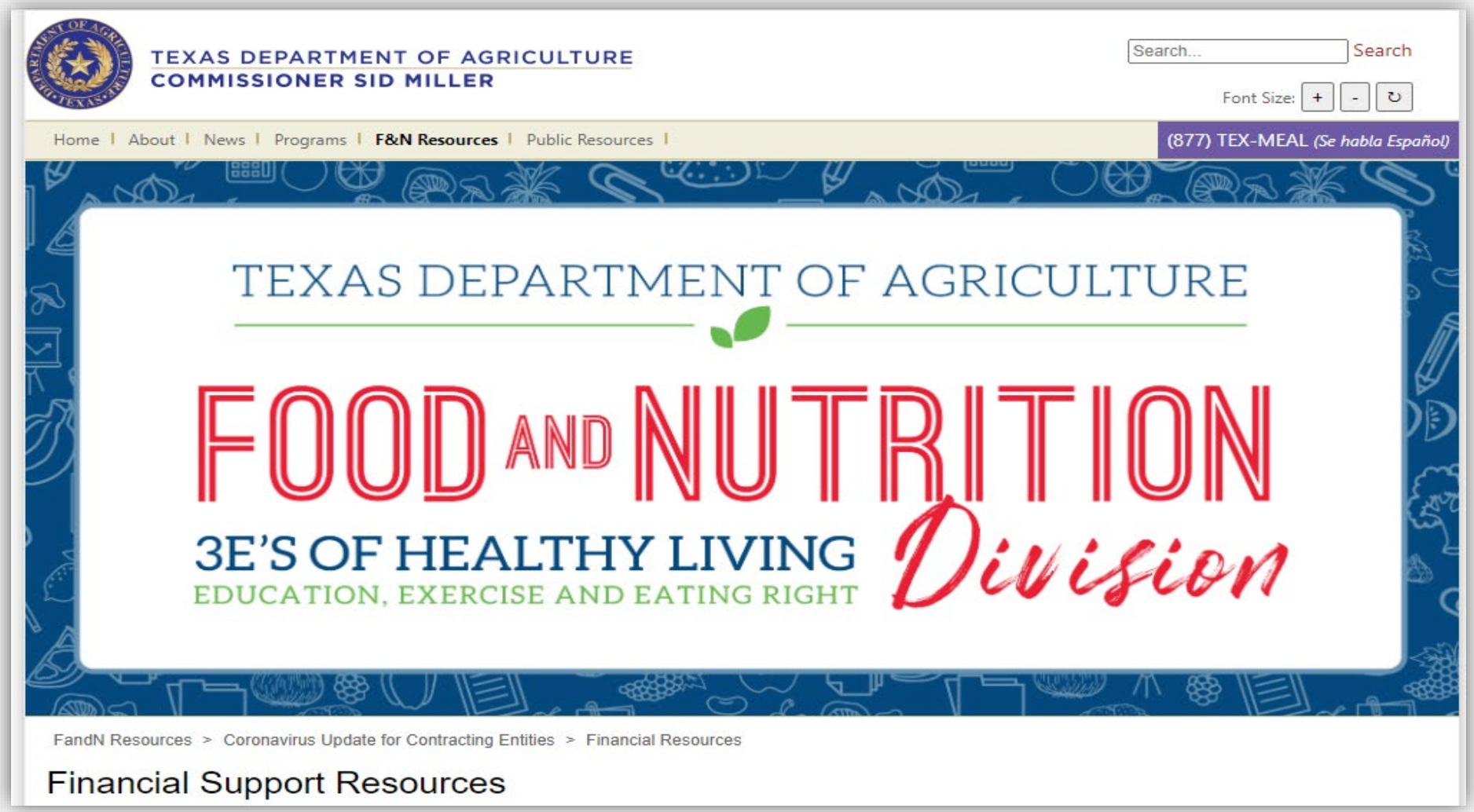
http://www.k12foodservice.com/

05

Communications and Resources

Communication and Resources

Additional Webinar Recordings and Resources



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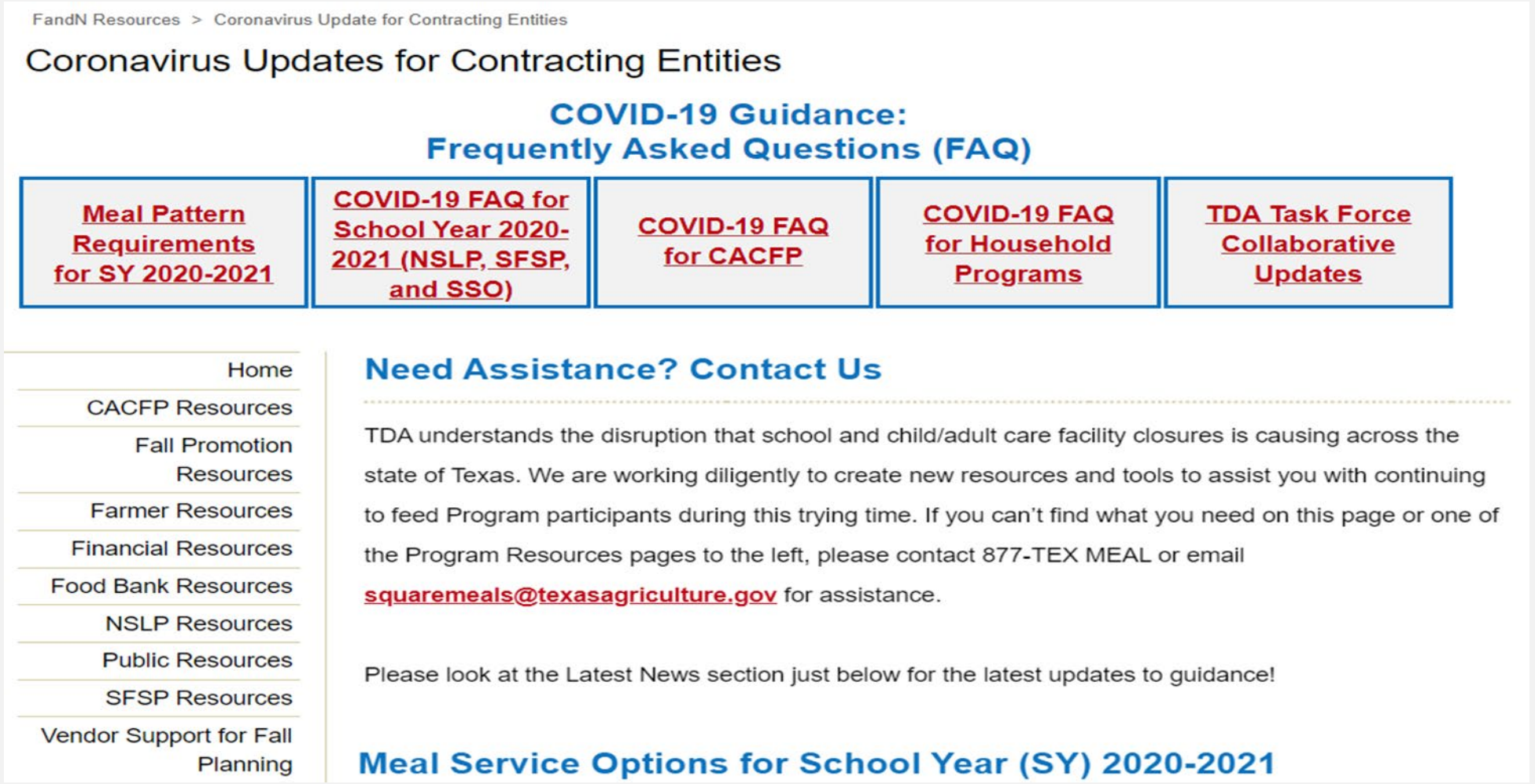


FandN Resources > Coronavirus Update for Contracting Entities

Coronavirus Updates for Contracting Entities

COVID-19 Guidance:
Frequently Asked Questions (FAQ)

Meal Pattern Requirements for SY 2020-2021	COVID-19 FAQ for School Year 2020-2021 (NSLP, SFSP, and SSO)	COVID-19 FAQ for CACFP	COVID-19 FAQ for Household Programs	TDA Task Force Collaborative Updates

- Home
- CACFP Resources
- Fall Promotion Resources
- Farmer Resources
- Financial Resources
- Food Bank Resources
- NSLP Resources
- Public Resources
- SFSP Resources
- Vendor Support for Fall Planning

Need Assistance? Contact Us

TDA understands the disruption that school and child/adult care facility closures is causing across the state of Texas. We are working diligently to create new resources and tools to assist you with continuing to feed Program participants during this trying time. If you can't find what you need on this page or one of the Program Resources pages to the left, please contact 877-TEX MEAL or email squaremeals@texasagriculture.gov for assistance.

Please look at the Latest News section just below for the latest updates to guidance!

Meal Service Options for School Year (SY) 2020-2021

Additional Webinar Recordings and Resources

Use the + button to expand each section.

Food Cost Basics ⊞

Forecasting Basics ⊞

Using Production Records to Plan and Reduce Waste ⊞

Menu Planning Systems ⊞

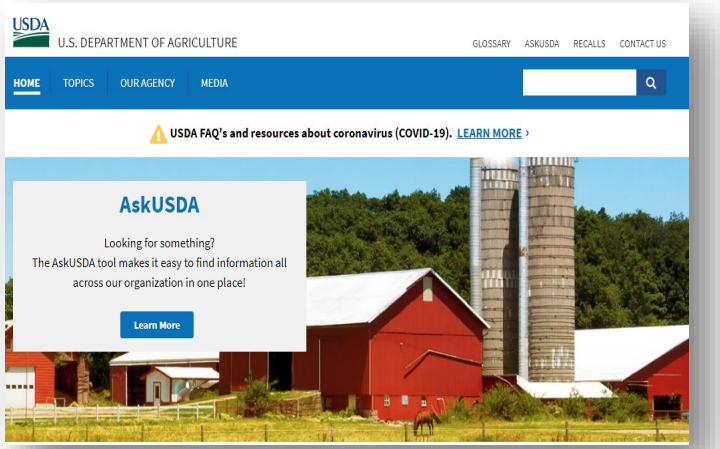
Other Resources

American Commodity Distribution Association

https://www.commodityfoods.org/

Institute of Child Nutrition

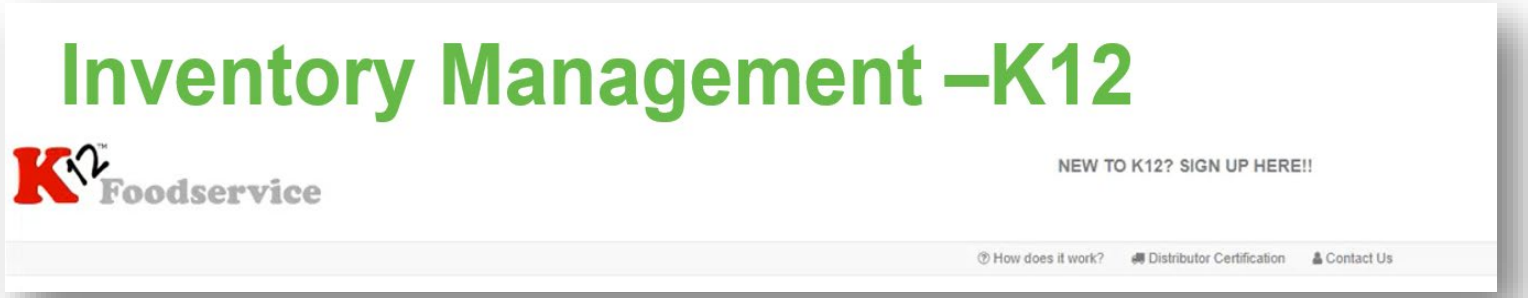
https://theicn.org/



U.S. Department of Agriculture

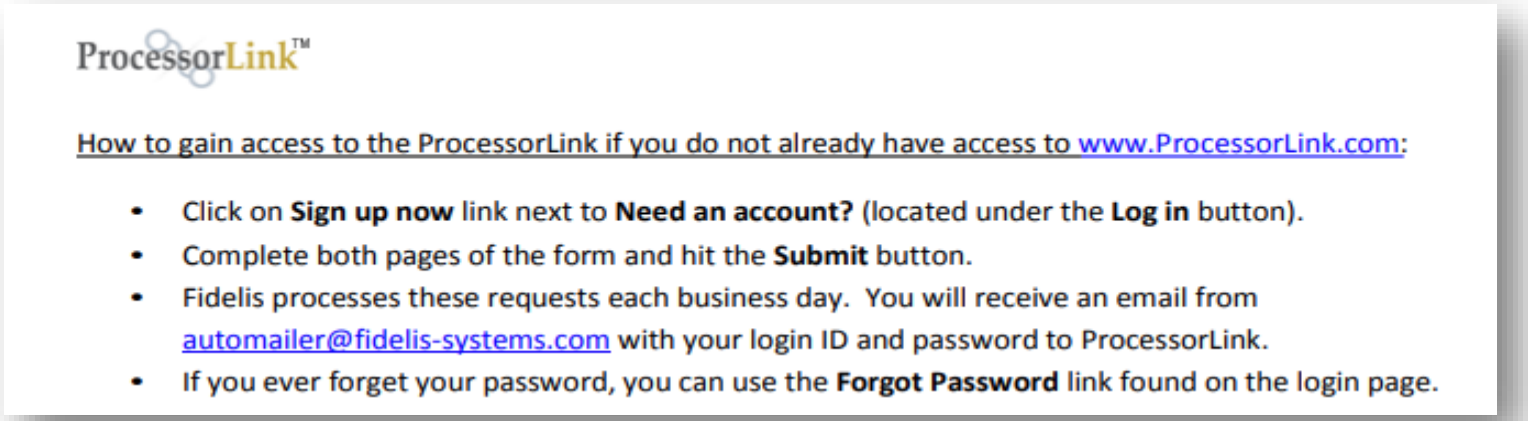
https://www.usda.gov/

Other Resources



K12

http://www.k12foodservice.com



ProcessorLink

www.ProcessorLink.com

Steps to achieving your Inventory management

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U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

fax: (202) 690-7442; or email: program.intake@usda.gov.
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