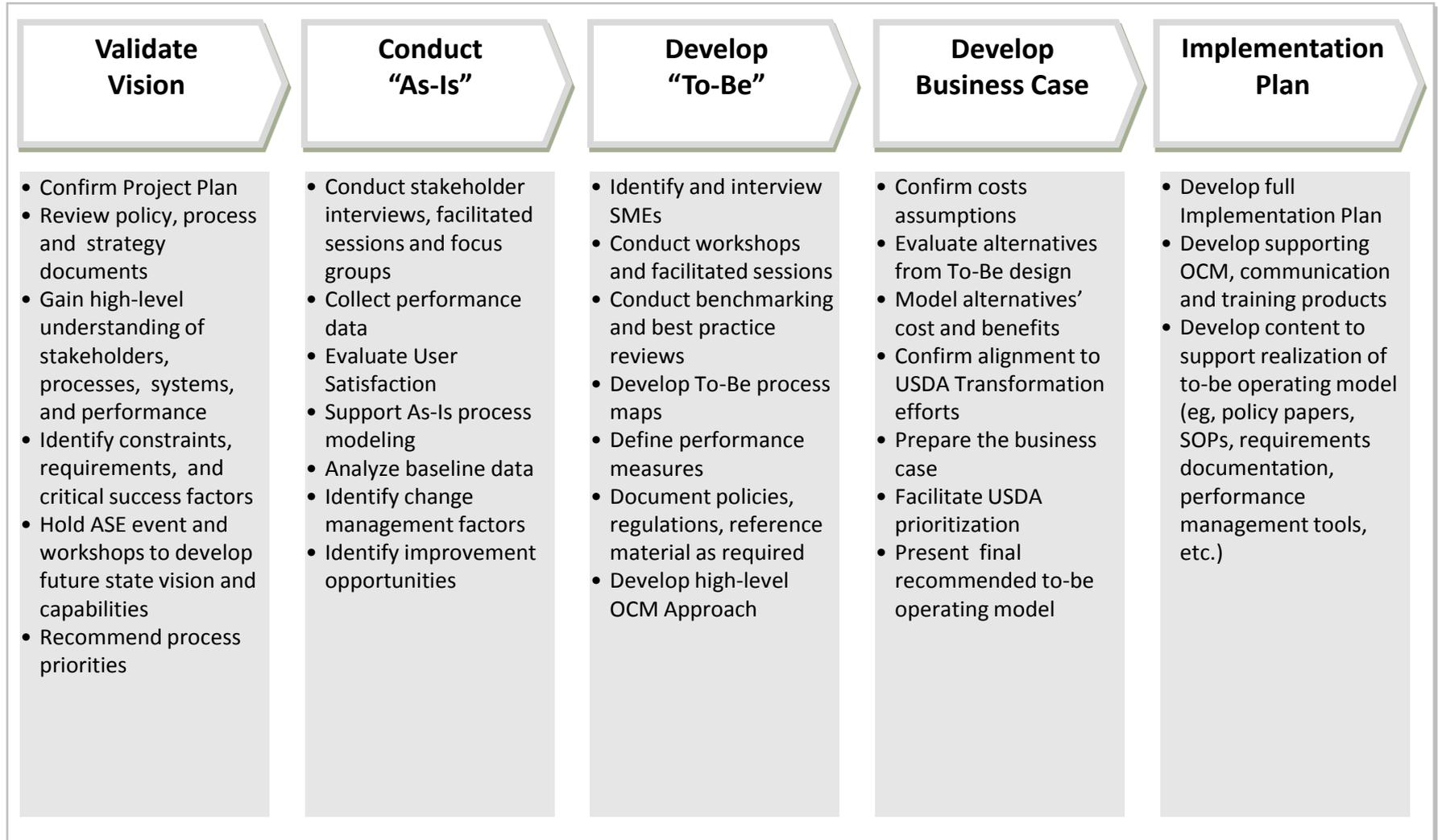




**USDA BMI Project –
Domestic ASE
January 28, 2016**

Attendee Summary Package





PURPOSE

EDUCATE and ALIGN PARTICIPANTS on USDA'S BMI FRAMEWORK, SET EXPECTATIONS for the DOMESTIC PROGRAM, and GENERATE OUR COMMON VISION to SCOPE and IDENTIFY PROGRAM IMPROVEMENT OPPORTUNITIES to COMPLETE the VALIDATE VISION PHASE

OBJECTIVES TOGETHER WE WILL...

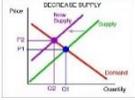
- ✓ ALIGN EXPECTATIONS on the BUSINESS MANAGEMENT IMPROVEMENT FRAMEWORK APPROACH
- ✓ CONFIRM the UNDERSTANDING of USDA DOMESTIC SUPPLY CHAIN GARNERED from the:
 - REVIEW of POLICY, PROCESS, and STRATEGY DOCUMENTS
 - STAKEHOLDER INTERVIEWS, and
 - DOCUMENTED PROCESSES, SYSTEMS, and their PERFORMANCE
- ✓ REFINE IDENTIFIED CONSTRAINTS, REQUIREMENTS, and CRITICAL SUCCESS FACTORS
- ✓ COLLABORATIVELY GENERATE the INFORMATION and TEST the DRAFT COMMON FUTURE STATE VISION and DESIRED CAPABILITIES

GIVENS

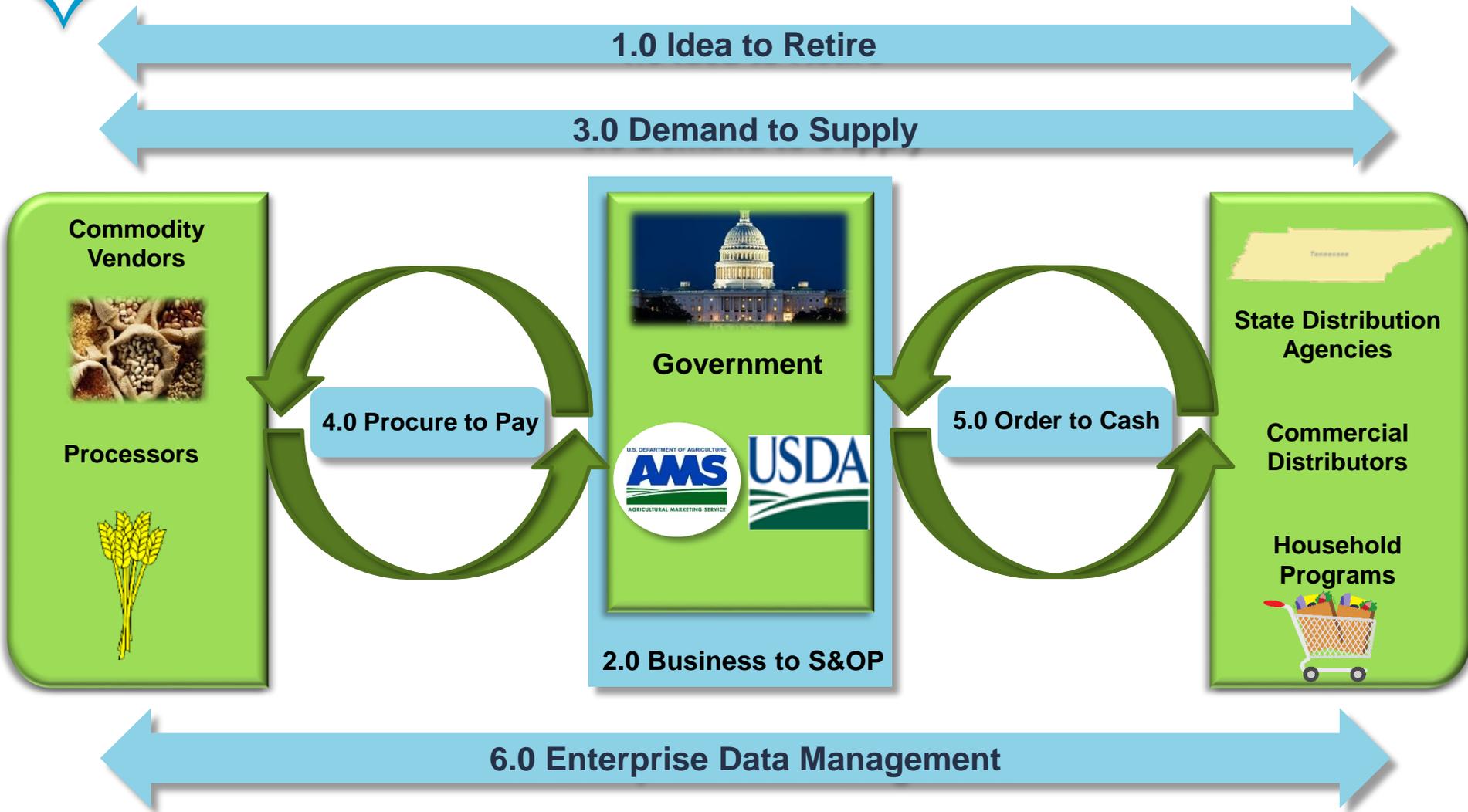
- ✱ WE WILL FOCUS ON OUR MISSION (BUSINESS) and NOT TOOLS DURING THIS BMI PHASE
- ✱ WE NEED to DEFINE OUR FULL POTENTIAL and MEASURE OURSELVES AGAINST that YARDSTICK
- ✱ WE WANT to MAXIMIZE OUR ABILITY to ACHIEVE OUR MISSION by TAKING ADVANTAGE of ACCEPTED SUPPLY CHAIN CAPABILITIES
 - IMPROVE COMMUNICATION AMONG ALL STAKEHOLDERS
 - SIMPLIFY ORGANIZATIONAL ADMINISTRATION and STAKEHOLDER REPORTING
- ✱ WE MUST ENSURE WE SATISFY REGULATORY and LEGAL CONSTRAINTS and USE OUR KNOWLEDGE to INFORM POLICY MAKERS ABOUT CHANGES WHICH COULD REDUCE BARRIERS to ACHIEVING OUR MISSION
 - USDA is HELD to a DIFFERENT SET of STANDARDS
 - USDA MUST MEET the NEEDS of VARIOUS PROGRAMS (SMALL and LARGE) WHILE REMAINING EQUITABLE
 - PROGRAMMING and CONTRACTING LAWS
- ✱ WE WANT to GENERATE NEW IDEAS and REVISIT PAST IDEAS WHOSE TIME has COME

Level 1 Processes

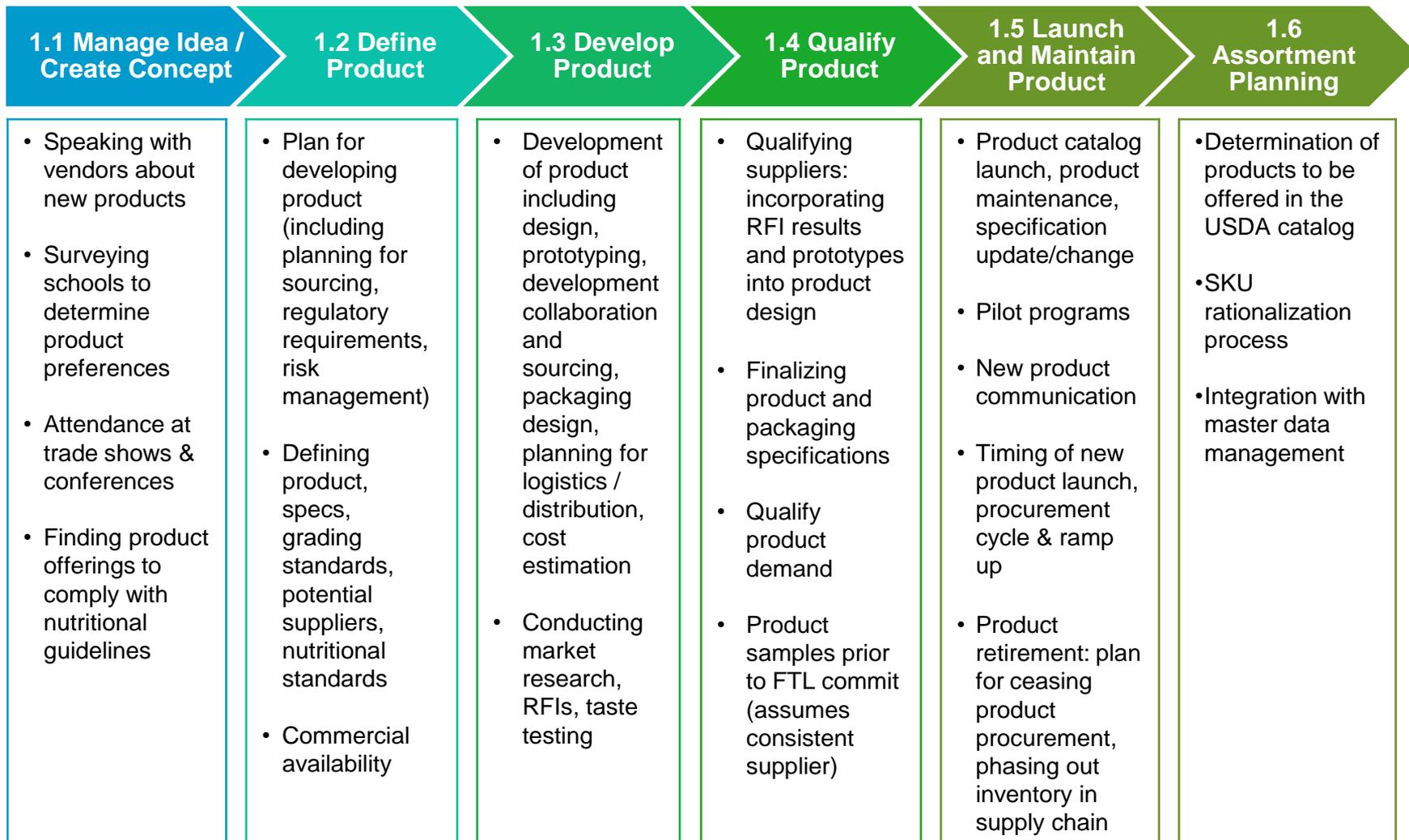
- Level 1 (L1) processes are high level process groups that are focused on a function or activity
- L1 processes are then decomposed ('broken down') into the component Level 2 processes

L1 Process Name	Commercial Definition	USDA Context
 1.0 Idea to Retire	Managing the entire lifecycle of a product from concept creation, product definition and development, product launch, retirement	Managing product lifecycle, (includes market research, specification development, updating specifications, and phasing out of catalog items)
 2.0 Business to S&OP	Translating overall business objectives/targets into planning – including Business & Financial Planning, Sales & Operations Planning, and Reviewing Process Performance	Aggregating State and RA demand into defined quantities
 3.0 Demand to Supply	Matching demand to supply including: demand planning, supply planning, inventory & warehouse management, quality inspection	Management of orders in WBSCM. Managing brown box inventory at processors & physical inventory at MFW's
 4.0 Procure to Pay	Process of sourcing good and including, managing suppliers, issuing solicitations, awarding contracts, managing accounts payable	AMS procurement activities subject to state and federal laws
 5.0 Order to Cash	Process of creating, approving/issues orders, distributing goods and receiving invoices	Delivery of product to states and RA's & management of entitlement spend
 6.0 Enterprise Data Management	Management of master data to support transactional processing and reporting	Materials, vendors, & customers in WBSCM, KPI's and performance metrics

Level 1 Processes: High Level Depiction



1.0: Idea to Retire



2.0: Business to S&OP



2.1 Business & Financial Planning (Budget Program Allocation)

- Allocating funds within each program
- Determining strategic initiatives and historical data to drive fund allocation
- State and RA decisions on catalog offerings
- Cycle Menus- rotating standard menu, use actual pricing, not Nov. est. (menus drive food order, not other way around)
- SKU rationalization
- Align entitlement/order timelines

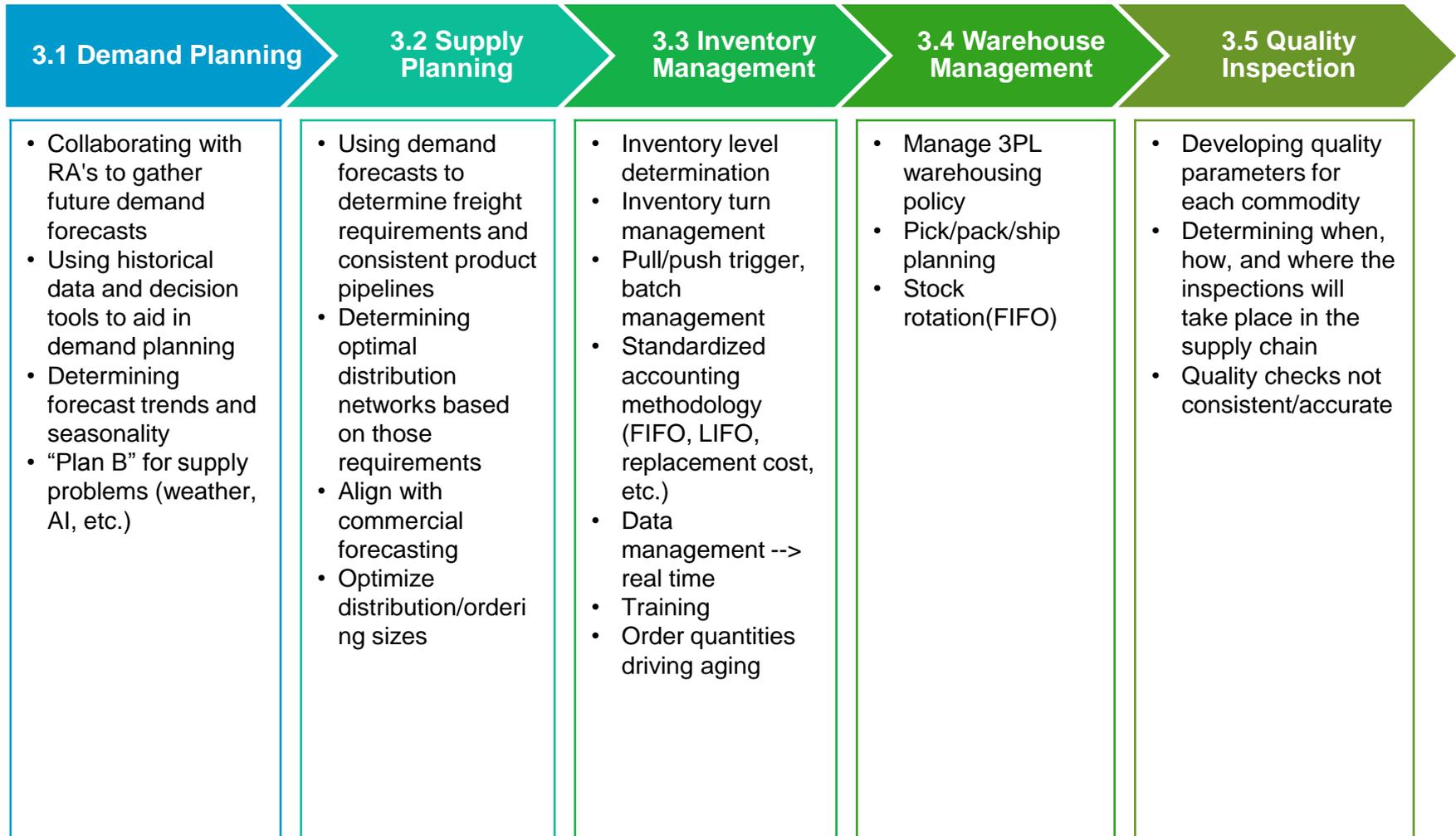
2.2 Sales and Operations Planning

- Reconciling demand forecasts
- Managing supply chain risks and emergency demand shortfalls
- Move to pull inventory system
- Separate ordering from forecasting
- Automate
- No more state ordering without local input

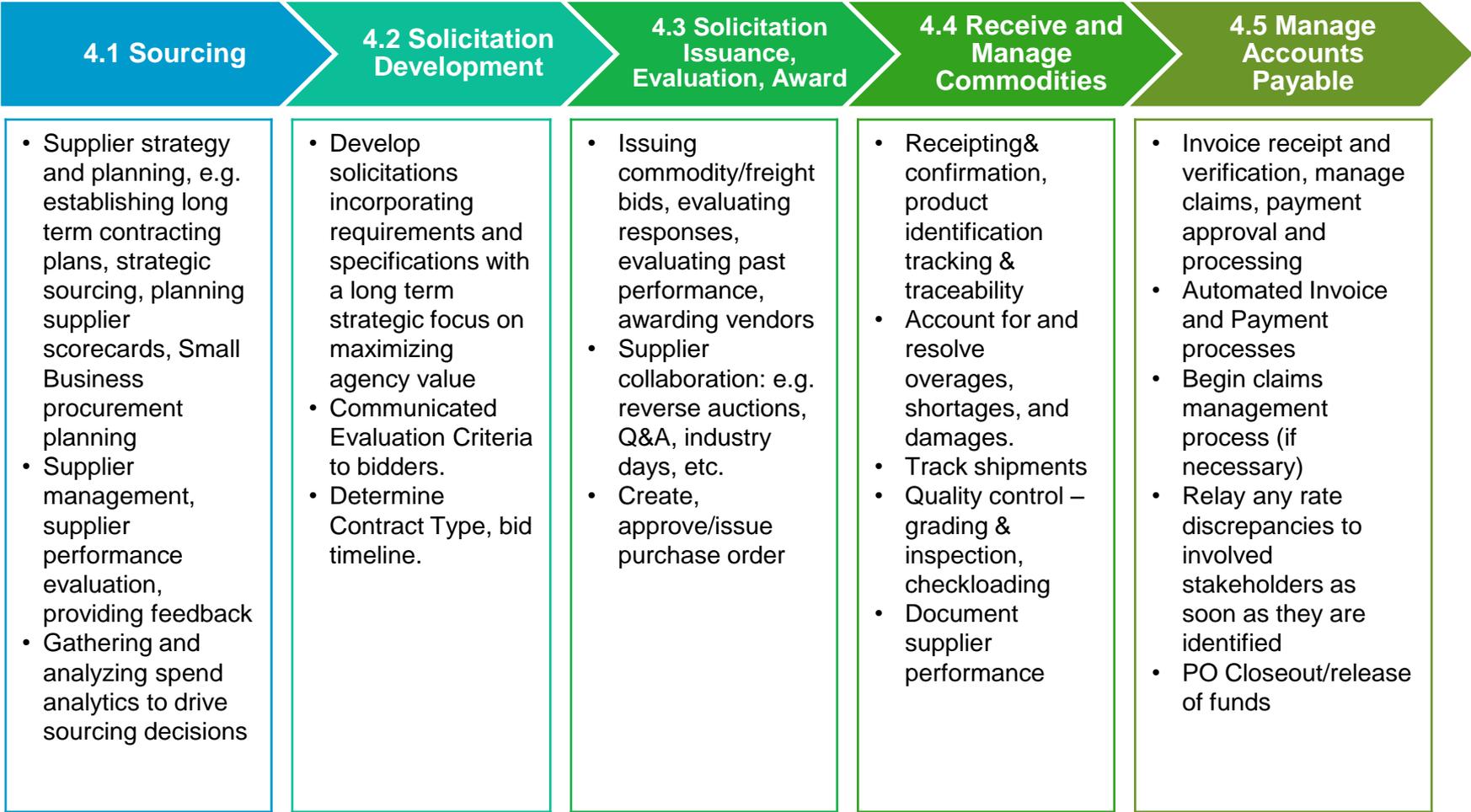
2.3 Review and Monitor Process Performance

- Performing periodic assessments of business to sales and operational planning
- Analyzing results to continually improve planning process and reduce operational shortcomings
- Reporting back to USDA state usage

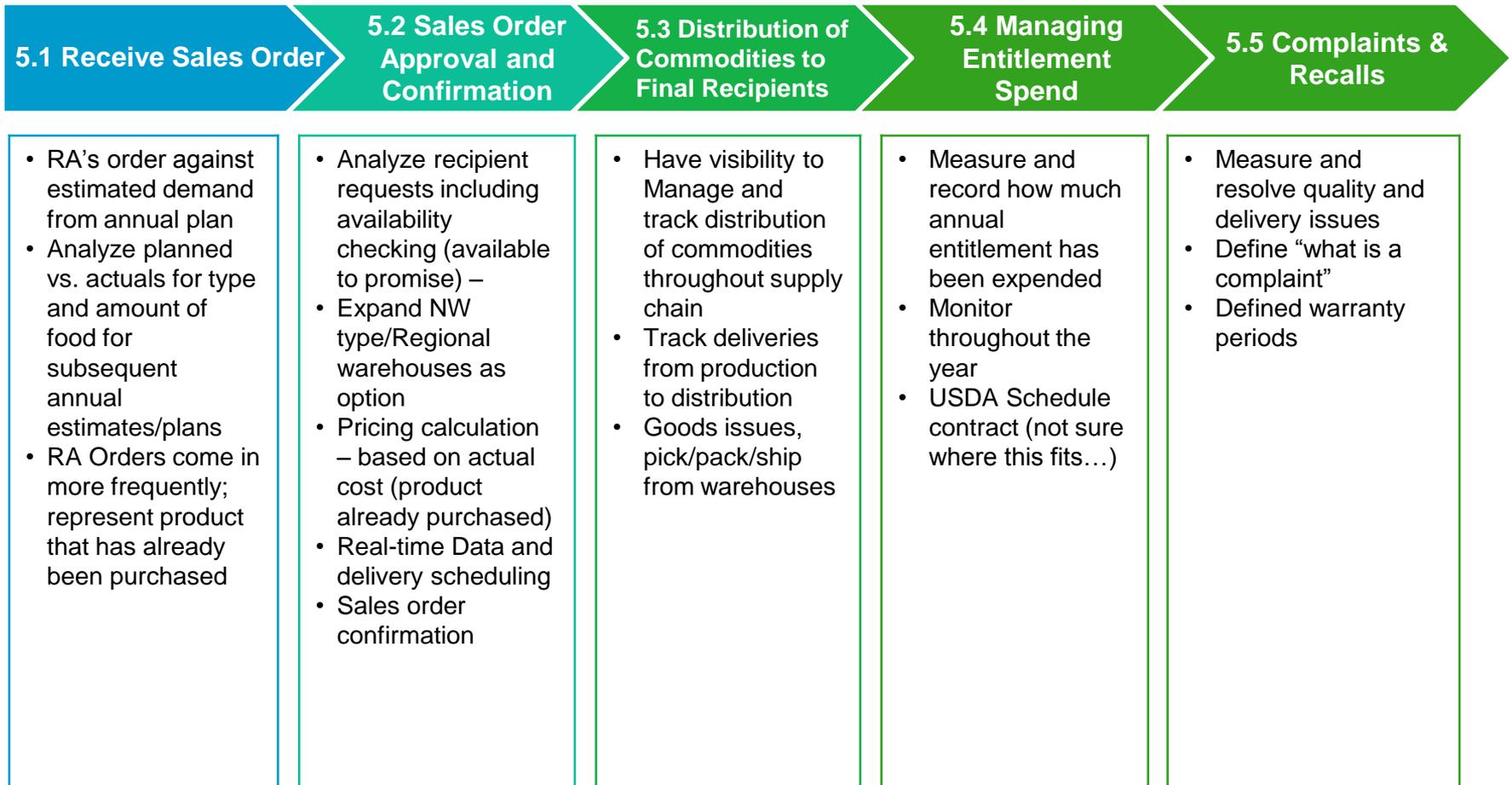
3.0: Demand to Supply



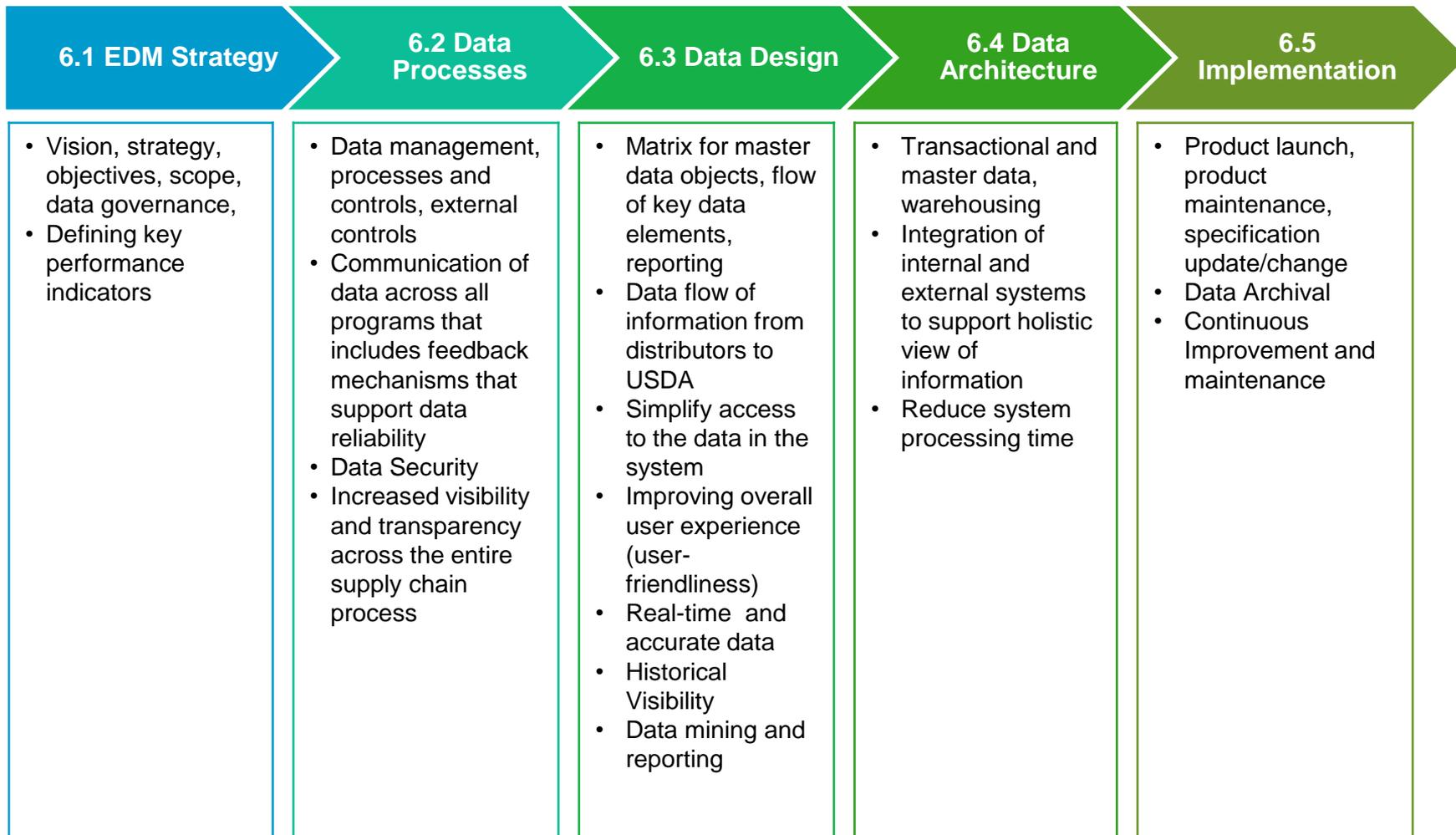
4.0: Procure to Pay



5.0: Order to Cash



6.0: Enterprise Data Management



ACTIONS

Actions

- Develop Key Performance Measurements
- Shorten Supply Chain Turnby
- Open/Improve Lines of Communication Among Stakeholders
- Identify Pain Points for Each Stakeholder Group

Actions

- SDAs / RAs order in LTL quantity
- Enable DCs to break bulk
- Enable mixed truck load deliveries
- Develop, communicate + train SDAs/RAs on leading practices

Actions

- ~~ALLEGH-COMMERCE~~
 SEPARATE
 1) TRANSPORTATION FROM PROCUREMENT
- 2) SEPARATE ORDERING FROM FORECASTING
- 3) REVIEWS PROCESSES + PROCEDURES
- 4) MODULARIZE TECHNOLOGY
- 5)

Actions

- aggregate orders
- long term contracts
- bid transp. separate
- historical data
- inventory mgt
- policy impact
- define business plan + change agency roles to meet the plan.
- mandatory standards training

Actions

- Improve communication across agencies
- Change package + pickup specs to align w/commercial
- Mandate consistency across recipients

Actions

- 1) SMALLER ORDERS LTL CAN COMBINED/SHARING LOADS
- 2) UTILIZING LOGS CAN HELP REDUCE CUMULATIVE MISTAKE FOR ORDERING
- 3) STREAMLINE APPROVE SEQS AT NGL LEVEL (ASH)
- 4) BETTER PURCHASE PLANNING + DEMAND FORECASTING
- 5) BUDGET ALLOCATIONS + COMMITMENT PLAN

IMPROVEMENT OPPORTUNITIES

Top 5 Improvement Opportunities

- 1) Communication
 - ↳ engagement
 - ↳ buy in
- 2) Technology - to support end goals
- 3) Planning
- 4) Procurement process
- 5) Flexibility - order LTL

Top 5 Improvement Opportunities

- ALIGN w/COMMERCIAL PRACTICES
- QDN DEMAND PROGRAM
- TECHNOLOGY
- FORECASTING
- SMALLER ORDER QUANTITY

Top 5 Improvement Opportunities

- LTL Qty
- Std. practices by SDA/RA
- Demand Plan/Forecast (Pull vs. Push)
- SKU Rationalization
- Transparency/data in E2E supply chain

Top 5 Improvement Opportunities

1. Procurement
2. Forecasting
3. Transportation
4. Inf/data trans-
parency
- 5 Training

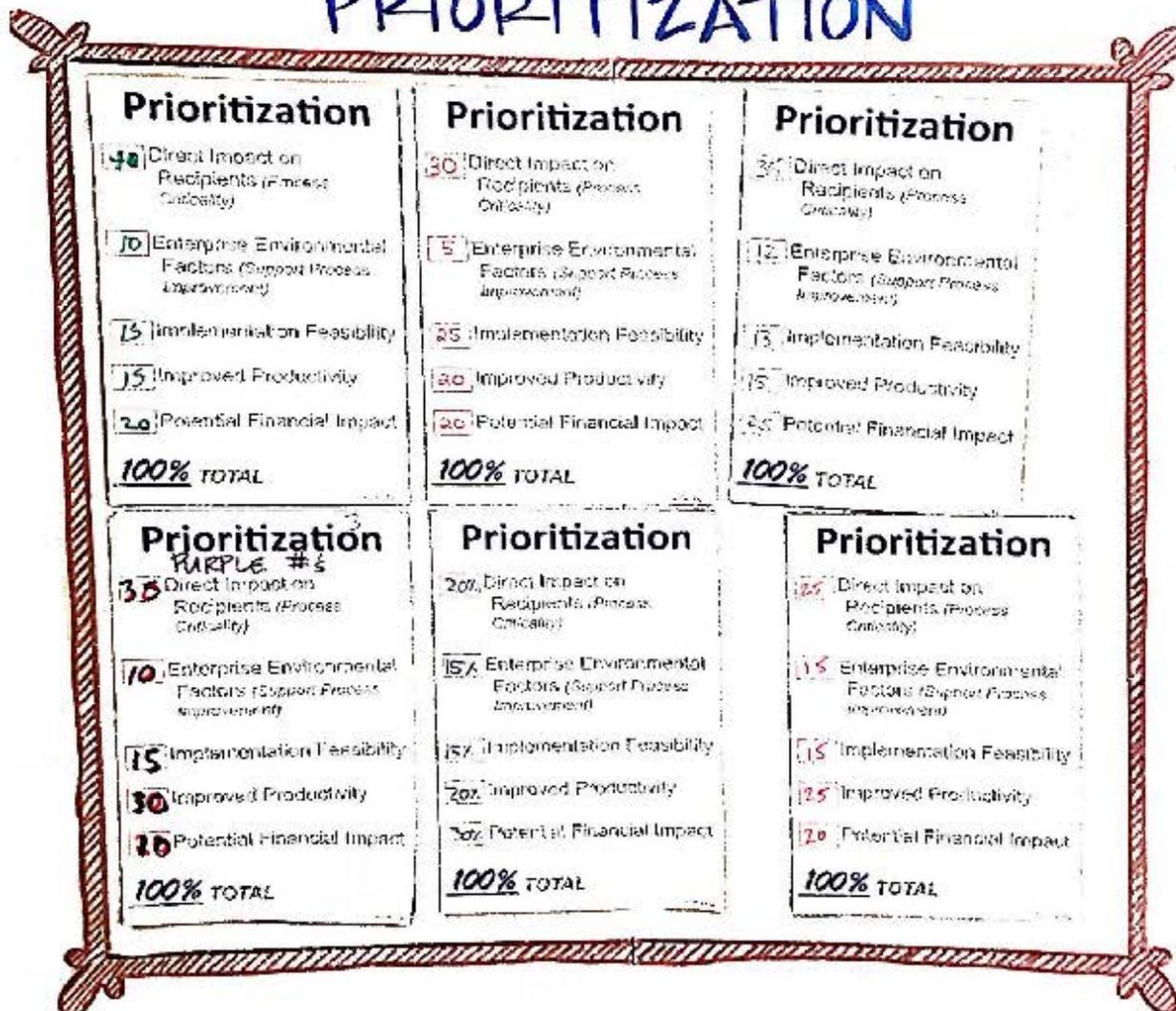
Top 5 Improvement Opportunities

1. Improved Planning/Forecasting
2. Align w/commercial practices
3. Mixed Load/LTL shipments
4. Consistency across SDA's + ITO's
5. Longer-term contracts, supplier relationships

Top 5 Improvement Opportunities

- 1) FLEXIBILITY & ORDERING
 - eg. SMALLER ORDERS, for than truckload qty
- 2) PROCESSING PROGRAM
 - eg. Paper Flow + Reptive Differences b/w STATES
- 3) IMPROVED COMMUNICATION FLOW
- 4) DEMAND to SUPPLY MAKING SURE VENDOR'S PURCHASING = FORECASTING
- 5) ENTITLEMENT MGMT.

PRIORITIZATION



Category	Total	Avg.
Rec.	185	31
Ext.	67	11
Feas.	98	16
Prod.	125	21
\$	125	21

Prioritization Methodology: Factors

- Five prioritization factors were identified in order to incorporate several aspects of process improvement, including internal and external factors

Process Prioritization Factors	Factor Description	Factor Weight
Potential Financial Impact	If improved, the potential financial impact (e.g. cost savings or avoidance, increased capacity to distribute additional food (e.g. Return on Investment)) that could potentially be achieved. The higher the score, the more financial savings could be achieved.	0.21
Improved Productivity	If improved, the process will have reduced time and/or reduced effort (e.g. reduced administration burden, reduced waiting time, reduced overall cycle time, reduced 'waste' (time, rework, etc.)). The higher the score, the more time could be saved	0.21
Direct Impact on Recipients (Process Criticality)	Process has a direct impact on RA's (high quality and speed of service is important). The higher the score the more the process impacts the final recipient receiving food aid.	0.31
Implementation Feasibility	The implementation options available to improve the process feasible and achievable to improve the process (factors would include: cost, time, process complexity, resources, OCM)	0.16
Enterprise Environmental Factors support process improvement	There are few enterprise factors (e.g. organizational, regulatory, political, cultural, infrastructure, suppliers) that would prevent the improvement of this project	0.11
		1.0

Prioritization Methodology: Factors



Process Prioritization Factors	Factor Description	Very Low	Medium	Very High
Potential Financial Impact	If improved, the potential financial impact (e.g. cost savings or avoidance, increased capacity to distribute additional food (e.g. Return on Investment)) that could potentially be achieved. The higher the score, the more financial savings could be achieved.	Increase financial cost to chain (Negative ROI)	<i>Neutral</i>	Highest decrease of financial cost to supply (High ROI)
Improved Productivity	If improved, the process will have reduced time and/or reduced effort (e.g. reduced administration burden, reduced waiting time, reduced overall cycle time, reduced 'waste' (time, rework, etc.). The higher the score, the more time could be saved	More time/effort across process	<i>Neutral</i>	Highest possible time/effort savings across process
Direct Impact on Recipients (<i>process criticality</i>)	Process has a direct impact on RA's (high quality and speed of service is important). The higher the score the more the process impacts the final recipient receiving food aid.	Highest negative impact	<i>Neutral</i>	Highest positive impact
Implementation Feasibility	The implementation options available to improve the process feasible and achievable to improve the process (factors would include: cost, time, process complexity, resources, OCM)	Lowest likelihood improvements can be achieved (Fewest implementation options)	<i>Neutral</i>	Highest likelihood improvements can be achieved (Large number of levers/options to impact implementation)
Enterprise Environmental Factors (<i>support process improvement</i>)	There are few enterprise factors (e.g. organizational, regulatory, political, cultural, infrastructure, suppliers) that would prevent the improvement of this project	Lowest alignment with environmental factors or greatest friction	<i>Neutral</i>	Highest alignment with environmental factors or lowest friction

Factor Priority Worksheet



Level 1	Level 2	Weighting	100.00%					
			100.00%	30.83%	11.17%	16.33%	20.83%	20.83%
		Score	Blue DfR	Black EEF	Orange JF	Red IP	White PFI	
1.0 Idea to Retire	1.1: Manage Ideas/Create Concept	2.38	2	1	5	0	1	
	1.2: Define Product	2.38	2	1	5	3	1	
	1.3: Develop Product	1.89	7	1	7	3	1	
	1.4: Qualify Product	2.26	2	2	3	3	2	
	1.5 Launch and Maintain Product	3.26	3	2	4	5	2	
	1.6 Assortment Planning	2.85	4	3	4	2	1	
2.0 Business to S	2.1 Business & Financial Planning (Budget Program Allocation)	3.80	5	2	1	4	5	
	2.2 Sales and Operations Planning	4.56	5	4	3	5	5	
	2.3 Review and Monitor Process Performance	3.68	3	2	4	4	5	
3.0 Demand to S	3.1 Demand Planning	4.24	5	4	1	5	5	
	3.2 Supply Planning	3.50	4	2	1	4	5	
	3.3 Inventory Management	4.19	5	4	2	5	4	
	3.4 Multi-Food Warehouse Management	3.05	5	5	2	2	1	
	3.5 Quality Inspection	3.04	3	1	5	5	5	
4.0 Procure to Pe	4.1 Sourcing	3.15	4	2	4	1	4	
	4.2 Solicitation Development	2.81	2	3	5	2	3	
	4.3 Solicitation Issuance, Evaluation, Award	3.23	2	3	5	4	3	
	4.4 Receive & Manage Commodities	3.93	4	3	3	5	4	
	4.5 Manage Accounts Payable	2.55	1	3	4	2	4	
5.0 Order to Cash	5.1 Receive Sales Order	3.07	4	5	2	4	2	
	5.2 Sales Order Approval and Confirmation	3.22	3	5	3	3	3	
	5.3 Distribution of Commodities to Final Recipients	3.66	5	3	2	3	4	
	5.4 Managing Fulfillment Spend	3.65	4	5	5	2	3	
	5.5 Complaints & Recalls	2.86	3	4	1	1	3	
6.0 Enterprise Da Management	6.1 EDM Strategy	2.29	1	4	3	1	4	
	6.2 Data Processes	1.69	1	2	2	1	3	
	6.3 Data Design	1.54	1	4	1	1	2	
	6.4 Data Architecture	2.28	1	5	1	4	2	
	6.5 Implementation	2.81	3	5	3	2	2	

Final L2 Process Rankings



ASE Day Ranking Data

Order	Score	Level 2	Order	Score	Level 2
1	4.56	2.2 Sales and Operations Planning	16	3.05	3.4 Multi-Food Warehouse Management
2	4.24	3.1 Demand Planning	17	2.86	5.5 Complaints & Recalls
3	4.19	3.3 Inventory Management	18	2.85	1.6 Assortment Planning
4	3.94	3.5 Quality Inspection	19	2.81	4.2 Solicitation Development
5	3.93	4.4 Receive & Manage Commodities	20	2.81	6.5 Implementation
6	3.80	2.1 Business & Financial Planning (Budget Program Allocation)	21	2.55	4.5 Manage Accounts Payable
7	3.68	2.3 Review and Monitor Process Performance	22	2.38	1.1: Manage Idea/Create Concept
8	3.66	5.3 Distribution of Commodities to Final Recipients	23	2.38	1.2: Define Product
9	3.65	5.4 Managing Entitlement Spend	24	2.29	6.1 EDM Strategy
10	3.50	3.2 Supply Planning	25	2.28	6.4 Data Architecture
11	3.37	5.1 Receive Sales Order	26	2.26	1.4: Qualify Product
12	3.26	1.5 Launch and Maintain Product	27	1.89	1.3: Develop Product
13	3.23	4.3 Solicitation Issuance, Evaluation, Award	28	1.69	6.2 Data Processes
14	3.22	5.2 Sales Order Approval and Confirmation	29	1.54	6.3 Data Design
15	3.15	4.1 Sourcing			

Thank you for your participation!

