

ACDA ANNUAL CONFERENCE

Coming Together to Nourish the Nation



April 21 - 24, 2024
Marriott St. Louis Grand
St. Louis, Missouri

Everyone Talks About Forecasting—it
isn't really important....or is it?

Today's Speakers



Kristina Flaten
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No affiliation or
Financial Disclosure



Jack Crawford
Gold Creek Foods
No affiliation or
Financial Disclosure



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Gold Star Foods
No affiliation or
Financial Disclosure

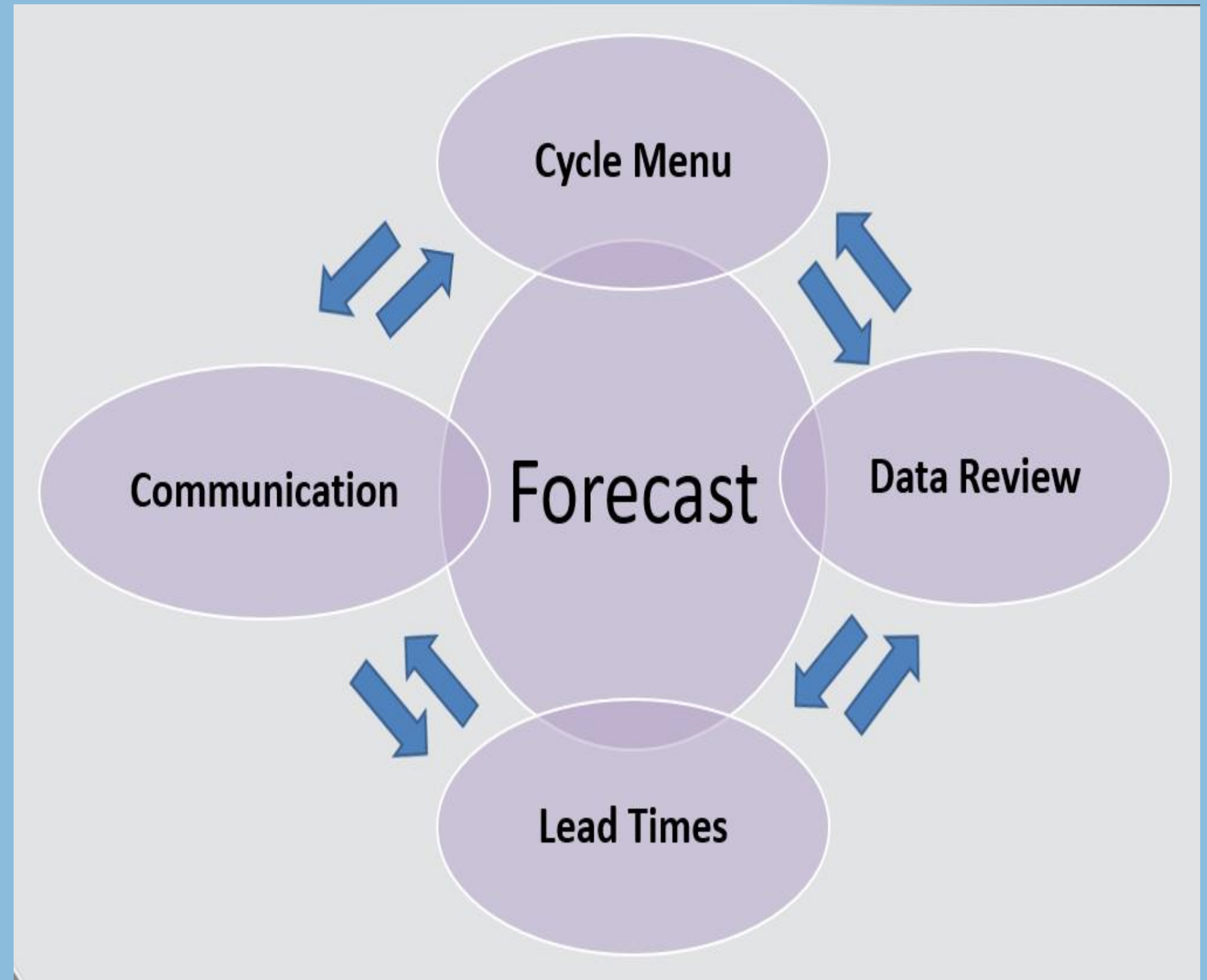
Cycle Menu – What are you serving and when?

Data Review – How much do you need?

- Average Daily Participation (ADP)
- Production Records
- Distributor Velocity Reports
- Inventory on Hand

Lead Time Considerations – When do they need your forecast?

Communication is Key



- Not Factoring In Inventory on Hand

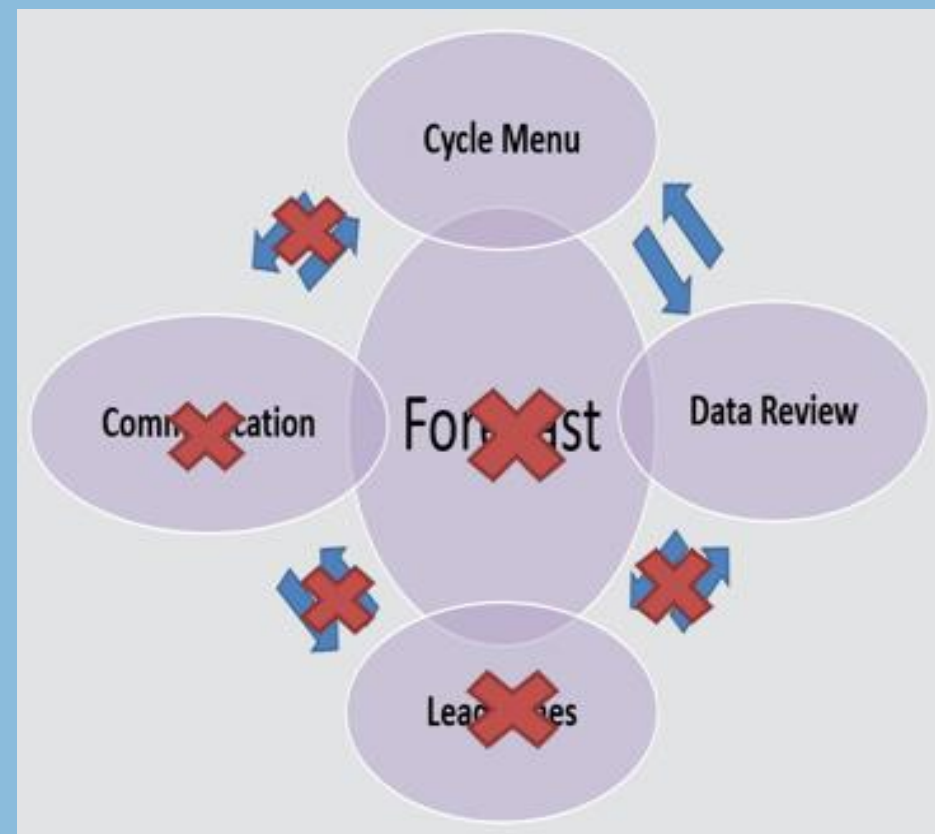
Week	1	2	3	4	5	Total
Forecast Burgers	50		50		50	150
Actual Order (realize there is 100 in inventory)	0		25		50	75
Difference that someone has to eat the cost of	50		25		0	75

- Lead Time Consideration – Not forecasting on time

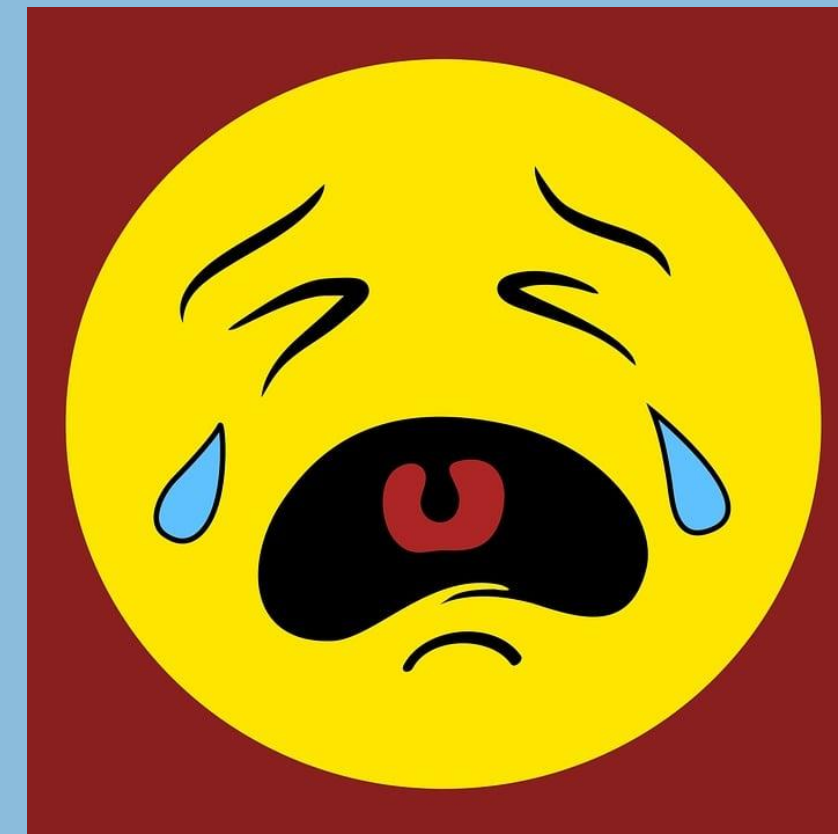


Lack of Communication and Disregard of Lead Times

1. Based on ADP and Production Records, participation on Burger day went down 30% the beginning of winter
2. A student survey showed they want soup not burgers in winter
3. You change the menu from burgers to tomato soup and grilled cheese sandwiches
4. You don't change the forecast to include soup and eliminate burgers, miss out on lead time for soup
5. First delivery is shorted 30 cases → you have to make a last minute menu change and disappoint the students
6. Your manufacturer is still making the burgers and the distributor is still ordering the burgers based on your original forecast



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Forecasting from a Manufacturer Perspective

- Goal is 100% fill rate
- To complete goal must have: usage and time frames
- Forecasting came about 2014: tighter nutritional requirements, modification of k-12 codes, limited outlets for product overruns--- Results: reduced inventory
- Lower inventory = shortages caused by schools and distributors didn't alter purchasing models.
- Lack of communication by all parties = shortages, loss sales opportunities and feeling industry was not engaged in K-12
- Focus placed on forecasting and communication resulted in increased fill rates
- Forecasting in now part of normal practice for majority of schools

****Regardless of school size, a forecast plan is vital so manufacturers can allocate resources, line time, secure ingredients and meet the needs of the schools.****

How a forecast affects the production of the product

- Line time- valued component
- Maximization of product production = lower costs, improve efficiencies, increase profits, adequate inventory
- Forecast allows for efficient production staff scheduling to produce the required volumes
- Producing to meet immediate needs while eliminating excess product
- Forecasting allows for the scheduling of longer production runs of products. Change overs are the nemesis of all production plants
- Allows manufacturers to analyze their product catalog and eliminate low volume codes.

Forecasts are not in stone

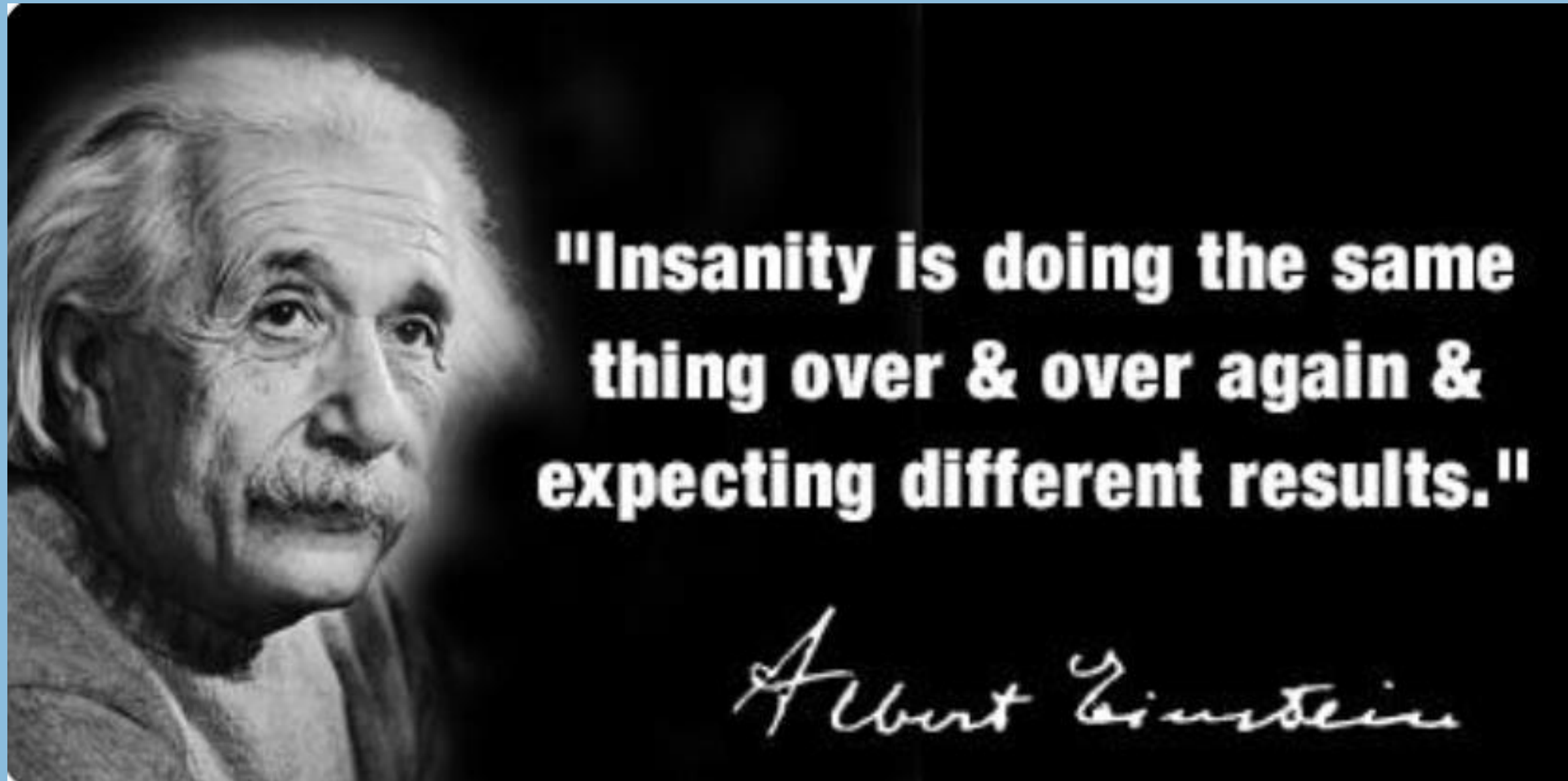
- Most companies evaluate forecasting compliance as +/- 20%. Sales numbers in that target viewed as success
- Schools need to communicate usage plans to manufacturers, distributors and brokers
- Manufacturers need to share their forecast with distributors in the market
- Understand forecasts is incorrect the moment it is turned in. Students tastes change
- Manufacturers need to communicate production challenges (line closure, strikes, ingredient shortage, etc.) and inform schools and distributors of options---- Be open and honest----
- Schools and Distributors—Don't bring in extra product (hoard). This practice sets false expectations for manufactures.
- On sales calls/meetings always review forecasted plans for changes/alterations. This is a way to confirm expectations and future needs.
- It is okay to be honest and let school know that you can't meet their date and give alternative dates to allow for increase production.

Forecasting – Same Discussion Different Decade

The School Meal Supply Chain is Broken

- This is **not** a new problem
- This was **not** caused by COVID
- This is because of the specialization and complexities of the Child Nutrition Programs
 - Meal Pattern Requirements
 - USDA Foods Program
 - Local Sourcing Initiatives.....
- Further Complicated by
 - Competition in the marketplace
 - Ingredient availability
 - Labor
 - Transportation.....

Forecasting – Same Discussion Different Decade



Procurement – The Problem or The Solution?

- ii. The District does not guarantee the quantities indicated. The quantities listed herein represent the District's best estimates at the current time. However, the District's requirements may increase or decrease, and the District reserves the right to increase or decrease quantities at its sole discretion.

2. ESTIMATED QUANTITIES: Quantities shown are estimations for the school year and are subject to change. Actual purchase quantities may vary. The Collaborative and/or its cooperative members, makes no guarantee or commitment of any kind concerning quantities that will actually be purchased. Cooperative members rely on Federal Funding and make no guarantee or commitment of any kind regarding usage of any contracts resulting from this solicitation.

36. ORDER CONDITIONS/DELIVERY MINIMUMS: The Member Districts shall not be obligated to purchase or reimburse the Distributor for any inventory of any products should purchases vary from the anticipated purchase patterns or if Contract expires or is terminated. The Collaborative does not guarantee orders in any estimated or anticipated amounts, nor shall orders be limited to any specific estimated or anticipated figures. This is an indefinite-quantity Bid; however, the quantities listed are a good faith estimate. Bidders shall not specify minimum or maximum quantities or charges for order types, unless specifically allowed on the bid form. Unlimited orders within the term of the Contract shall be allowed to the Collaborative and Member Districts at prices quoted. The estimated quantities listed in the Appendix are for the purposes of forecasting and not to be considered a promise to purchase.

Forecasting/Estimating Bid Volume – Bid Math

Bid Estimate – 1000 cases

1000 cases / 10 months = 100 cs/month

100 cs / 4 deliveries/month = 25 cs/week

3 schools with the same estimate

Item stocked at 75 cases per week

- School A Usage – weekly at 25 cases
- School B Usage – monthly at 100 cases
- School C Usage for 2 Special Events – 500 cases per event

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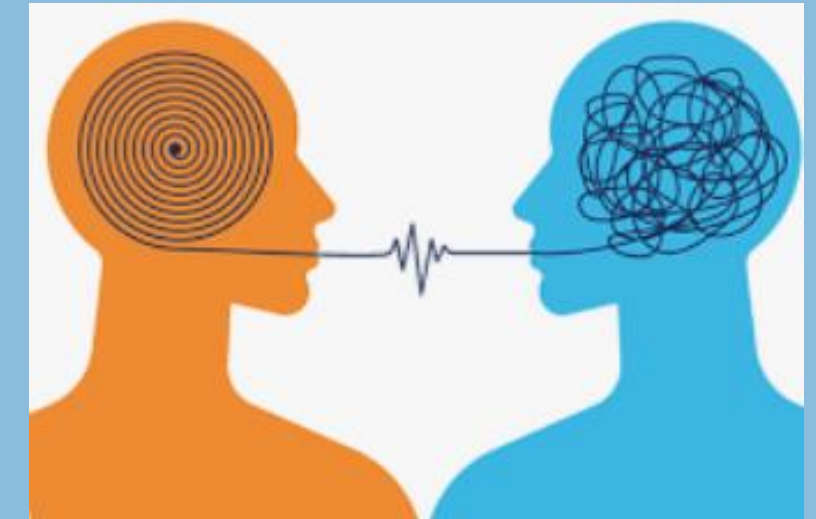
Impacts Schools, Manufacturers, and Distributors

Language Makes Big Difference

Forecasting vs. Committed Volume



Estimates vs. Guarantees



Communication vs. Decisions

Time for Change



- Learn the school nutrition supply chain and what each team member along the supply chain needs
- Schools should conduct procurement with the vendor that will provide the services requested (purchase and delivery)
- Guarantees **MUST** be included as standard business practices

QUESTIONS?

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