

Managing Processing Inventory

Inventory Management begins with good planning at the School Level

- Tools Needed
- Menu Cycle
- Commodity Processing or Commercial Bid
- File of current items available for processing
- Processor Information
- Entitlement & Surveys
- Menu Cycle
- Plan menu cycle-schedule for school year.
- Determine the number of times the menu item is featured on the menu.
- Determine the number of servings needed to serve one time on the menu.
- Calculate the number of servings needed.
- Bid
- Processor is determined through the bid process.
- Fee for Service
- Commercial Bid/NOI
- If no commodity processing bid, a processing agreement should be signed with each processor.
- Processing
- Maintain a file of current items available for processing.
- Reach out to Processors Sales Agent (broker) for any additional product information needed.
- Processors
- EPDS for each item to be processed.**
- Using the number of servings needed based on menu plans, calculate the number of pounds of commodity to divert to processor.
 - Many processors make calculators available to assist with calculations
- Processors

- **IMPORTANT!!**
 - ****Processing the amount of product needed for the current school year will avoid:**
 - Aging food items
 - Additional storage costs
 - Carryover of product to the next school year
- Commodity Survey
- Complete the Processor's Commodity Survey which includes:
 - District information
 - Item to be processed
 - Number of pounds of commodity needed
 - Number of cases of finished product
 - Memo outlining ship dates and case quantity
 - Placed Orders
- Compile a list of processed commodities ordered for school year including
 - Item(s) ordered
 - Fee for Service Cost
 - Commodity Dollar Value
 - Ship Date(s)
 - Quantity of cases to be received
 - Pounds diverted/NOI
- **ECOS (Electronic Commodity Ordering System)**

Place orders on ECOS or other State system

Enter the number of pounds of commodity to be diverted

Choose the appropriate processor

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- State Distribution Agency
Inventory Management – Best Practices

- Planning should occur prior to State DA surveys
- Work closely with Processors to ensure inventory levels are managed to the six month level
- Communicate your reallocation policy to the RA's at the beginning of the school year.
- Periodically - review with the Processor the usage numbers and develop and re-allocation – usage plan
- Communicate again to RA's that under-utilized pounds and dollars will be lost
- Approve reallocations and have processor transfer the pounds and dollars – deposit extra pounds in the State account for later use
- In PA we review for reallocation several times throughout the year
- Encourage Processors to review diversions prior to order placement to catch excessive diversions
- Discourage the temptation for RA's to park money and pounds with a specific commodity or processor

Industry Processors are encouraged to:

- I. Facilitate Demand Planning
 - ❖ Work with RA's to develop a menu driven demand plan for future years commodity diversions.
- II. Monitoring RA Inventory Levels
 - ❖ Monitor and communicate Inventory Levels for RA's on a regular basis to insure consistent utilization throughout the School Year.
- III. State DA-Inventory Level Communications
 - ❖ Coordinate with the State DA to ensure individual RA and State DA aggregate Inventory's are managed not to exceed six months.
 - Commodity Diversion RA Demand Planning
 - Monitoring RA Inventory Levels
 - State DA Inventory Management Communication