

VOWS WEBINAR II

Moderator: Darin Doerscher
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2:58 am CT

Darin Doerscher: I appreciate all the attendees muting their lines and refraining from placing us on hold. I also wanted to reiterate again that this Webinar is being recorded for future training purposes. At this point, I would like to turn the floor over to Julie Henderson who is serving as our acting Associate Deputy Administrator for the Livestock Poultry and Seed Program. Julie was kind enough to be with us today to offer some welcome remarks. Julie?

Julie Henderson: Thank you, Darin. I really appreciate the invitation and everybody on the phone to participate in this conference. So as Darin mentioned, this event is areas in the vendor demographics. So the scope of this installment will serve under an introductory overview of AMS purchase programs related to red meat, poultry, egg, and aquatic foods, and shows how those companies unfamiliar with our purchase programs can get started.

So during fiscal year 2014, AMS purchased 506 million pounds of commodities that were valued at \$786 million. These nutritious, domestically sourced products help feed millions of school children throughout the National School Lunch Program.

Julie Henderson: And also, our distributed (diversity) disaster areas in other venues. Today this Webinar will discuss the business and technical requirements related to become an eligible supplier to AMS - specifically members of AMS provide (unintelligible), the Livestock Poultry and Seed Program.

And the Food Safety and Commodity Specifications Division will (hear) the issue to AMS commodity participating activities in USDA foods and discuss the types of foods AMS buys. We will review the (solicitation) and award process, outline the LPS program specification requirements and oversight.

And we will explain and demonstrate the technical proposal development and approval process. Again, thank you very much for agreeing to be with us this afternoon. And we'll turn it over to Darin from here.

Darin Doerscher: Thank you, Julie. I appreciate those sentiments. I have a few additional housekeeping items I'd like to go through the group with today before we get started with the Webinar. Like I said before, the Webinar is being recorded. And a transcript of the presentation as well as the presentation itself will be posted to our Web site after this installment.

As I said earlier, there will be contact information for the various presenters offered throughout the slide set. And if you can hold your questions for the Q&A session at the end of the presentation, it would be appreciated.

And along with that, I highly encourage you to jot your questions down. And please ask them. This would be a great opportunity to ask questions of the subject matter experts for doing business with the AMS.

Darin Doerscher: And likely if you're thinking of the question, there are likely many others on the call that are as well. The Webinar today will be broken into three parts. The first will be business requirements. The second will be technical requirements. And the third part will be the technical proposal and AMS oversight functions associated with the purchasing activities.

I will point out that the technical requirements that will be discussed in part two today will have direct application for red meat, poultry, and aquatic commodities. The shell egg commodities currently do not require technical proposals or production plans.

But nonetheless, it is still very important information as we anticipate having this requirement for those commodities in the future. So there's no time like the present to get a head start on future requirements.

But with that I would like to turn the floor over to Sara Hernandez. She is the Communications and Marketing Coordinator for the AMS Commodity Procurement Staff. And she'll be discussing the business requirements of the Commodity Procurement overview activities. Sara?

Sara Hernandez: Thank you, Darin. Welcome, everybody, for my part of today's presentation. As Darin said, I'll provide some general information about our procurement activities, explain our mission, and what the purchase programs accomplish. And then I'll go over the process involved in becoming an approved USDA vendor and participating in a solicitation and award process.

Sara Hernandez: AMS is always seeking new vendor participation to build strong programs. And in particular, we want to encourage diverse pool of suppliers and contractors in our program. We develop close collaborative relationships with

our contractors and suppliers. And so my hope for today's event is that it will encourage you to begin this process and become one of our successful partners if you aren't already.

Again, if you have any questions about what I cover today, you can ask those in the question and answer portion. Or my contact information is here. Please feel free to call me or email me any time you have a question I can help you with.

Every purchase AMS conducts ultimately ties back to this mission of supporting American agricultural markets while providing domestic food and nutrition assistance programs with quality commodity products collectively called USDA foods.

And each end of the USDA food supply chain makes up part of the safety net for American farmers, ranchers, and fishermen through surplus removal and market support, and for American citizens for providing assistance to those in need, including school children, the elderly, even those affected by natural disasters.

This infographic here was developed by the Food and Nutrition Service which administers USDA food distribution at the federal level. It highlights the benefits of the dual-pronged mission of USDA foods.

The \$2 billion worth of food mentioned on the farmer's side of the equation are purchases made by both AMS and the service agency, FSA, who conducts the procurement of price support products such as milk, grain, and vegetable oils. AMS conducts purchase of non-price support products including fruits, vegetables, and other specialty products, meat, poultry, aquatics, eggs, and egg products.

Of that \$2 billion, about \$1.5 billion was through AMS purchasing in 2014. And of that, we purchased about \$786 million in meat, poultry, eggs, and aquatic products. Throughout the fiscal year, AMS maintains a running tally of the contracted dollars and pounds by product category and posts it on a regular basis on our Web site.

Sara Hernandez: So you can take a look at this purchase summary report to see year to date information for fiscal year 2015 and past fiscal year totals. This slide illustrates the anticipated fiscal 2015 share of USDA foods to various domestic assistance programs.

The greatest volume of USDA foods is distributed to child nutrition programs, which includes the National School Lunch Program. There's also a significant amount of product that is purchased for household programs including the Emergency Food Assistance Program, EFAP, which supplies food banks and community organizations.

You also see represented here the food distribution programs on Indian reservations, the Commodity Supplemental Feeding Program, and also a sliver there representing some disaster purchasing. You can learn more about these programs by visiting the SNS Web site shown at the bottom of this slide.

Listed here are some basic characteristics of the products that we buy. First and foremost, the AMS purchases only 100% domestic agricultural commodities. These USDA foods must be produced and processed in the United States or its territories. The products we buy are widely available food items. They can be sourced from multiple suppliers. And most are made to USDA commodity specifications.

There are over 200 products that we buy on a regular basis. And those are listed in the AMS purchase schedule on our Web site. We'll look at that purchase scale in a few minutes.

Also important to note that we purchase full truckload quantities - for example, 400 pounds of ground beef or 1,200 cases of canned fruit - as a minimum contract amount. Most USDA foods are in processed form, though we purchase some fresh products on a regular basis as well.

Sara Hernandez: And we also purchase bulk commodities delivered to USDA food processors who manufacture items on behalf of recipient agencies. If you're interested in the Bulk Commodity Processing Program, there are resources and contacts on the SNS Web site shown here.

Purchase scheduling is dependent on two factors - what the product is and why we are buying it. Our regular purchases are demand driven. In this situation, we receive orders from recipient agencies for a specific product, volume, and destination, and delivery period. So then the AMS purchase schedule and the solicitations we issue are based on this recipient ordering pattern.

In addition, AMS also conducts Section 32 surplus removal purchases. These bonus buys are individually authorized by the Secretary of Agriculture in order to support producers by removing excess products in the supply chain, thereby alleviating downward price pressure. While our regular purchases are listed on the AMS purchase schedule, bonus buys cannot be anticipated in advance, so they are not.

The type of product and the production patterns for various industries also influence how we purchase. For example, for products that are available year round and are usually available in ready supply, we tend to buy closer to the actual delivery window in order to follow current market pricing and not projections.

Purchases for things such as bulk beefs and chicken products may be conducted on reoccurring monthly, bimonthly, or quarterly schedules. There are some products, however, that we purchase only once or twice a year. This is often because the agricultural commodity is only processed and packed on a seasonal basis, as is the case for various canned fruits and vegetables.

Sara Hernandez: In other cases, (they) purchase product on annual long term contracts because there are few suppliers or the supply is too variable...

Sara Hernandez: ...on a shorter basis. In any case, AMS works with industry organizations and our suppliers, and with Food and Nutrition Service to customize each purchase program and best meet the needs of the producers and processors and recipients.

Here's an excerpt from last year's purchase schedule on our Web site just to illustrate a few different examples. Cut up chicken parts in the light blue box were awarded monthly or for one or two months of orders at a time.

In contrast, the canned boned chicken product in the green box there was awarded once years' worth of orders. Other examples you see here are the canned beef stew, which was purchased on a quarterly basis, and our breaded catfish strips, which were purchased twice annually.

There is a current purchase schedule on AMS Commodity Procurement Web site. And we're actually nearing the end of that purchase year cycle, so a new one will be posted not too long in the future here.

I need to express, though, that our schedule is not set in stone as we do add products, remove products, and change purchase schedules based on changes in the market, changes to recipient needs, and changes to the level of funds available.

So it is important to be tuned in to our email correspondence from our office if you're participating as a supplier. And I'll get to that in just a second. Hold on just a moment.

Sara Hernandez: Excuse me for just a moment. I'm sorry about that. I just had to clear my throat. Since it's part of my review of the procurement process, I want to go over with you briefly how AMS conducts the solicitation and award processes.

Each new purchase program is publicly advertised to vendors through AMS CP News, our email ListServ, and by posting on our Web site and the Federal Business Opportunities Web site, which is government-wide.

After a program is announced, we issue one or more solicitations or offers to buy a product or group of products. AMS uses two types of solicitations in our program - the invitation for bid, which is a sealed bid process, and the request for proposals, which is a negotiated procurement process.

It is important to note that IFBs and RFPs, as they are called, are both competitive bidding processes, and that all bidders must be a USDA approved vendor before they may participate.

A couple of important details for any small business vendors joining us today. AMS encourages small business participation through the use of solicitation set-asides. Under most circumstances, all USDA-approved vendors, regardless of business size, openly compete on every item listed on a solicitation. Under a set-aside however, AMS will only accept offers from approved small businesses.

AMS determines what products and what solicitations will be set aside. And we must follow the Rule of Two to maintain competition, meaning we must have at least two approved and capable small businesses in order to consider a set-aside for any product.

At this time, we have set-aside programs for a variety of products under two categories - small business and service disabled veteran-owned small business. We constantly reviewing our vendor's capabilities and our purchase programs to identify possible set-asides and enhance our small business participation.

This chart illustrates what I mean when I say small business. In federal contracting, the small business size standard is based on the North American Industry Classification System.

For example, our aquatic product suppliers fall under the NAICS code 311710 for seafood product preparation and packaging. And the small business size standard for that industry is 500 employees or less. The NAICS codes for AMS purchase programs are listed in our AMS Master Solicitation.

AMS also supports the U.S. Small Business Administration's HUBZone Program under which companies in historically underutilized business zones can compete on any full and open solicitation with a percentage price preference in favor of their offer. The firm must be a manufacturing company located in a designated HUBZone area and be certified through SBA to take advantage of this price preference.

Also, approved vendors who participate in the SBA's 8A Small Business Development Program can be given preferential award for products they are approved to supply. 8A firms are owned and controlled at least 51% by socially disadvantaged individuals as defined by the SBA. And in our purchase programs, 8A firms may be granted non-competitive awards for specific products.

If you are a small business, service disabled veteran-owned small business, are participating in the 8A program or operating in a HUBZone, I would strongly encourage you to contact our Small Business Coordinator, Ms. Diana Price, and explore how these programs might benefit you as a USDA Foods vendor. You can learn more about those programs on the SBA Web site as well.

So if you've not already done so, I would suggest subscribing to AMS CP News ListServ so that you begin receiving emails from AMS Commodity Procurement. AMS CP News is the only way you will receive email notification when we issue a solicitation or make an award. Anyone can subscribe. And the link is on our Web site.

Speaking of the Web site, it will be worth your while to browse the reports and resources available to you there. Our solicitations and the subsequent

award reports are posted, as are the purchase schedule and the purchase summary report that I mentioned earlier. There's also a link to a new vendor information page, which summarizes the vendor approval process that I'm covering in the next few slides.

So I've talked about USDA foods and why, when, and how AMS buys them. Now I'll cover the requirements and process to become an approved USDA vendor and start selling them. There are two distinct approval processes that may be required to participate in the bidding and contract award process. In other words, to be the federal contractor, you must become an approved USDA vendor.

In addition, to produce or process a USDA food, you must also become technically eligible as a supplier. So USDA vendors who are producing or processing the USDA food themselves must undergo both processes.

In addition, any subcontracted supplier or processor the USDA vendor uses to fulfill their contract must also become technically eligible. But this is the process my co-presenters will cover, so let me get back to how you become a USDA vendor.

Here are the six steps I suggest you take in order to become a USDA vendor and be well-prepared for your first contract experience. Step one is to review the AMS Master Solicitation. This document details the clauses and provisions that make up the main body of our contracts. Most of these are regulatory requirements for federal procurements, including financial capabilities of small business subcontracting.

It also includes USDA and AMS policies such as domestic origin and product traceability, grading, and inspection for contract compliance, et cetera. I

simply can't cover it all in this presentation, so the takeaway message here is that the Master Solicitation is very important and you should thoroughly review and understand it before you become an approved vendor - and certainly before you're awarded a contract that binds you to these terms.

Step two is to make sure that you can supply the products AMS buys. USDA purchase programs requires a supplier's production practices will result in a finished product that meets our specifications.

For meat and aquatic products, those requirements are detailed in documents called Supplements to the AMS Master Solicitation. These detail the supplier eligibility process my co-hosts will be covering today, and include the product specifications and technical proposal production or plan requirement. As with the Master Solicitation, the supplement and the specifications are part and parcel to any contract you'll receive.

Next, the qualifications requirements for prospective contractors selling commodities to USDA. This outlines the information AMS needs in order to approve you as a USDA vendor, including vendor registration such as in the system for award management - or SAM - financial records, and other documentation required in your application package.

We provide a checklist in this document to help you compile and submit a complete application package. And I encourage you to use it so that your approval process goes smoothly.

For small businesses - excuse me. Next slide. For small businesses there can be some additional documentation required in your application package, especially if you are a broker, or a non-manufacturer, or you intend to participate as a HUBZone manufacturer or as an 8A program contractor.

Again, Diana Price is our Small Business Contract Coordinator, so you could look to her for assistance with those requirements. Speaking of Diana, her other hat is also as our New Vendor Assistant. So she is really a point of contact for any new vendor, regardless of business size, going through the approval process.

And she also receives those applications. Diana reviews them and works with the USDA Contracting Officer to make a determination of whether the vendor is approved or whether additional information is needed first.

Once the vendor has been approved, AMS assists the new vendor in completing its account setup in the Web-based supply chain management system. WBSCM is the end-to-end system USDA uses for everything from funds allocation and USDA foods order management to solicitation issuance, invoice processing, and contract closeout.

As a USDA vendor, you'll be using WBSCM to submit your bids, manage your contract documents, and submit your invoice to USDA. So it's important for you to become familiar with WBSCM and also where to go if you need assistance.

Our Web site provides training modules and step-by-step instructions for various vendor activities within WBSCM. There is a list of frequently asked questions there and information about periodic Webinars/training events we host on WBSCM functions.

We also have two help desks available. One is a Technical Help Desk if you're having accessing WBSCM like getting an error message or having an IT issue. The other one is a Procedural Help Desk who can help you if you have

a question about the actual processes in WBSCM, such as submitting your bid or perhaps accessing your purchase orders.

Okay. So at this point you've been approved as a USDA vendor, you've learned how to use WBSCM, and now you want to bid on a solicitation. So you've subscribed to our ListServ AMS CP News. And one day you see the email from AMS saying we've issued that solicitation.

The solicitation document states what product we want, how much we need, and when and where it must be delivered. The solicitation will include an offer deadline, both the date and time that all bids must be submitted in WBSCM.

We do not accept late bids. And I really stress this to newcomers because if you're just starting out using WBSCM, the worst thing that you can do is wait until the day bids are due to start the process.

It's important to read every solicitation carefully because the terms can change from one to the next, even though the product is the same. For example, a small business set-aside may be added or removed, or a product requirement might be waived.

These details might influence your offer prices, your ability to win the contract, and your ability to perform on that contract. Once the bidding deadline has passed, you cannot change or withdraw your offer. At that point, AMS can award you a contract based on the information you've submitted.

Here's a screenshot at the top of what a typical solicitation looks like. You see a product description, a product code, the delivery period in which it must be received, the city/state pair it is to be delivered to, and the quantity to be

delivered. These details make up a line item. And each line item on the solicitation is competed among the bidders.

To help vendors plan and develop their bid before entering those details in WBSCM, we usually provide a vendor view worksheet, which simply takes the line item information from a solicitation document - which is a PDF file - and lists it in a Microsoft Excel spreadsheet so that you can sort it, add pricing information, and share it with the decision makers within your organization.

The vendor view worksheet is not an offer document. And it's not acceptable as a response to a solicitation. Your offer must be entered in WBSCM and must be submitted by the deadline to be considered for an award.

So step five is to submit your offer in WBSCM. Under an invitation for bids, your offer must detail your volume or delivery constraints, it must identify the processing plant and shipping point the product will come from, and it must of course include the price you are offering for each line item.

AMS will analyze this information for each offer on each line item and then award contracts to achieve the best mix of offers to maximize the value to USDA. There is no negotiation under an IFB. AMS awards contracts based only on the information included in the vendor's offers.

Under a request for proposals, the same information as an IFB is required. But in addition, you may need to submit a technical proposal, a product sample for evaluation, additional documentation on your company's management and quality assurance practices, and information about any other factor AMS feels necessary to make a good purchasing decision.

Collectively, these factors are all used to determine who gets the contract. And prices are not always the most important factor. RFPs are considered negotiated procurement. AMS may choose to negotiate a change to the offers after they are received and before an award is made. Or if we receive a proposal that satisfies all our needs, we may award it without negotiation.

Our objective is to place the entire volume from a solicitation onto contracts. And we may award multiple contracts in order to do this. However, we may choose not to purchase all or some of the demand if it is not in our best interest to do so - for example, if we feel the offer prices are not fair or reasonable.

If you have questions about the solicitation and the bidding process, you can contact the appropriate AMS contract specialist who is identified in the email when AMS issues the solicitation. A list of those specialists and their programs is also on our Web site.

These contract specialists issue the solicitations, they receive the offers, they work with the Contracting Officer to determine the award, and then they work with the vendors through the performance of their contracts.

Step six is everything that happens after you're awarded. AMS evaluates those offers, makes a purchasing decision, and then announces the award by sending out a report out through AMS CP News, and posting that information on our Web site. The awarded vendors receive their contracts - actually called purchase orders - which they download from their WBSCM supplier self-service page.

Next it's time to perform. During production, AMS contract compliance agents help assure that products meet specification requirements either

through audit-based verification or through AMS grading and inspection certification programs. The contract specialist is your primary point of contact should any issues arise during the entire period of performance.

Once you have produced, processed, and shipped the product, you will submit your invoice information in WBSCM. AMS receives it, reviews it for accuracy, and then approves the invoice for payment.

USDA's payment terms follow the Federal Prompt Payment Act, which is referenced in the AMS Master Solicitation. For fresh and frozen poultry, meat and aquatic products, USDA pays within seven days of receipt of a complete invoice package.

Before I hand things over, a final reminder that the information I've covered and many other resources can be found on the Commodity Purchasing Web site. And most importantly, I encourage you to subscribe to AMS CP News so you start getting our emails and don't miss out on an opportunity to do the business with us.

I will be available at the end of this Webinar for the Q&A session. So please save your questions until then. I will now turn it over to Chandramohan Chawan, who will continue with the next part of the presentation. Thank you.

Chandramohan Chawan: This is Mohan Chawan. Full name is Chandramohan Chawan, but most of my friends and colleagues call me Mohan. Easy to remember, I believe. And this is my contact information.

I work with the Food Safety and Commodity Specification Division and primarily deal with the poultry and egg products - that is chicken, turkey, and

egg products. You may call me any time if you have any need for additional information or any assistance in preparing your documents. I will be more than happy to guide you through.

Next one, please. Okay. In preparing the documents, there is a technical proposal, a production plan - which are (unintelligible) - providing us with regard to the commodity you're going to sell. You need some information. And that will help you developing the specification for a given product.

We do the product development and its specifications. And technical proposal gave you. And also we provide general assistance. The Quality Assessment Division, they do the auditing, grading, supervision, and specification.

In addition to developing a commodity specification document, we need regulatory information. Besides that, the product description itself. And these are available through several publications like the Institutional Meat Purchase specifications, known as IMPS. And then we also have the poultry commodities - poultry grade descriptions from the United States Department of Agriculture.

And then we also have a UNECE - United Nations Economic Commission for Europe standards which are also developed in collaboration with USDA for meat and poultry products and egg products.

Most of all, the regulations aspect or regulatory information is available from the Court of Federal Regulations. The first number is the title number, VII CFR, Part 57 and Part 70 - and IX CFR Part 319 and IX CFR 381. These are the specific requirements of our different USDA commodities, especially meat and egg products.

Next one, please. Those documents will help you in understanding what the requirements are for each of the commodities from the regulatory standpoint. Now I'll turn it over to my colleague, Terry Lutz. He will go into further details. Terry?

Terry Lutz: Thanks, Mohan. My name is Terry Lutz. I'm a Marketing Specialist for the Food Safety and Commodity Specification Division. Just a little background about myself. I'm working on 28 years of service with the Livestock Poultry and Seed Program. Started out as a meat grader on the East Coast. Took a position in D.C. working with the Commodity Procurement Staff before moving to my current division.

And I'd like to reiterate, as Darin had mentioned in the introduction, that although the remainder of this presentation uses red meat and aquatic products specifically as examples, I would encourage all industry participants to try and get an idea of the concept that is being presented.

Case in point is the chicken strips this past year. When new products come out and a pilot program may go out to try and purchase, the Commodity Procurement would like to have proven vendors in advance to putting that pilot purchase out.

And in this instance, a technical proposal was required of vendors to become approved to bid. So especially in new types of product, these situations may occur. Just so CP has confidence to know that there are vendors approved in advance.

Okay. Depending on the product you're interested in, requirements will vary based on what is contained in the Supplement. Some purchase programs are strictly audit-based. Some require Quality Assurance Division certification

services. Fish products are going to require National Marine Fishery inspection. Some may even need a combination of those requirements.

Some purchase programs require a product sample to be submitted for review and approval; others don't. You'll find all the details in the Supplement, Section 1, Instruction to Potential Bidders. So make sure to check that section.

Okay. So you checked the Supplement. You found out it's strictly audit-based. You'll need an approved technical proposal or production plan and a successful pre-award on-site capability assessment audit. The auditor will review your processes, food security plan, and quality controls to determine your ability to meet your contractual requirements.

Unless otherwise specified, all costs associated with the audit is born by the contractor. So your first question should be how much does an audit cost. If you just send me an email, I could put you in touch with Steve Ross of the Quality Assessment Division who oversees the audit program. And he can give you an estimated cost.

The frequency of subsequent audits will be not less than once per month for continuous or multiple contracts, or once per contract for intermittent contracts. Okay. So the Supplement says Quality Assessment Division certification services are required. Check and see whether or not...

Terry Lutz: Check and see whether or not a technical proposal or production plan may be required as well. A Quality Assessment Division grader will need to be on-site during production to certify compliance with the specification requirements.

Again, unless otherwise specified, all costs associated with the certification services is born by the contractor. Same question - how much does this service cost? Well it's the same answer. Send me an email and we'll get those estimate costs to you.

So you're interested in fish products. All products require National Marine and Fisheries inspection - specifically Type I inspection, which may include integrated quality assurance or hazard analysis and critical control points audit management program.

How do you get more information on this type of inspection? Again, send me an email. And we will put you in touch with National Marine Fisheries. And an important note - except for canned salmon and canned tuna, all other fish products are audit-based as well as, yes, they do require an approved technical proposal or production plan and audits to be conducted.

Okay. So you're interested. Here are some things you need to do. Read the Supplement front to back. Write down all the questions you may have. Contact the Food Safety and Commodity Specification Division for the answers. Send me an email and we can answer or forward any questions you may had for an immediate response.

Review the Commodity Procurement Web page for past purchases for the product you may be interested in. It's important, can you be competitive? Don't forget those potential costs you may need to add to your bid price such as audit or certification services.

Also, check the purchase schedule on the site to see what products USDA AMS intends on buying for the purchase year. Although not written in stone and subject to change at any time without prior notice, it'll give you an idea of

the types of products that may be purchased and perhaps products that you can produce.

Whenever you're ready, just reach out to us. And we'll be waiting to give you some good customer service to assist you. And with that being said, I'd like to turn over the presentation to my colleagues Darin Doerscher and Steve Whisenant who will further technical proposal development and desk audits. Darin?

Darin Doerscher: Thank you, Terry. I appreciate the introduction there. For those of you on the phone, this slide here shows my contact information. I too am also with the Food Safety and Commodity Specification Division.

We oversee, as the name of the division says, the food safety aspects of the commodity purchasing products, and then the specifications which need to be adhered to for the manufacturer of those items.

But again, my phone number and email are here and will be available through the presentation on the Web site. What I would like to do is give you a brief overview of technical proposal and/or production plan development.

Technical proposals for production plans are basically a quality manual that's written against all of the technical requirements that either Sarah had hinted at or Terry and Mohan had discussed.

Whether it comes from the AMS Master Solicitation, or the specific supplement, or the Federal Purchase Program specification that is a part of the supplement, all of those technical requirements basically need to be discussed and developed within this quality management plan that we reference as a technical proposal.

Additionally, a technical proposal is also an overview of the establishment that's producing the product as well as the specific process and the supporting processes that are being utilized to manufacture the commodity. The technical proposal and production plan also consider all food safety and quality considerations.

These documents require a basic - of course, they require the title of the product that you are wanting to do business with, with USDA, a table of contents outlining what is going to be contained in this document. And the dialogue or the verbiage within the technical proposal needs to be brief and concise but yet very thorough.

It should also contain appendices, attachments, or exhibits that will help support the processes or supporting processes that are utilized for manufacturing the commodity. And above everything else, the technical proposal and production plan should be formatted in what we call a Plan-Do-Check-Act Format or - as I like to loosely call it - PDCA format.

When you think of a Plan-Do-Check-Act Format, think of it like HACCP. In HACCP, basically you are identifying the process, the key areas where you have critical control points, how you're going to manage those control points.

Darin Doerscher: Then how you are going to rectify the situation if you deviate from the process. While developing the technical proposal in a Plan-Do-Check-Act Format is the same concept.

Basically in the plan and do, we are basically asking you to say - here is what we are going to do and then here is how we are going to do it. With the check

it would be - here is how we are going to monitor the situation. And then lastly with the act - here is how we are going to correct it if a deviation occurs.

This format would need to be applied to all the individual specification provisions within the specification itself. And later on in this presentation my colleague Steve Whisenant will give examples of that.

So here in this slide we discuss the plan and do which is the detailed description of not only what is going to be done but how it is going to be accomplished.

And here we have the check which will describe all the quality assurance methods as well as all the supporting documentation that is going to be utilized to measure a certain step in your process. And then we have the act section where we will discuss, along with supporting documentation, how we are going to correct an issue if a deviation occurs.

Once you have your technical proposal finalized and ready for submittal to the Food Safety and Commodity Specification Division - or in other words submit it to Terry, Mohan or myself - we then do what's called a desk audit, or as I like to say, we're going to make sure that you're saying what you do in the form of your quality management plan per the specifications laid out in our technical documents.

So what we'll do at the desk audit is review to make sure that all of the various provisions are being accounted for so that on paper it appears that you, as a potential contractor, can produce the product per the specifications laid out by AMS.

Once the technical proposal or production plan is approved from the desk audit we then recommend that an on-site capability assessment be conducted by the Quality Assessment Division. Terry had touched on this point moments ago and gave insight to what goes on with the on-site capability assessments.

Regarding these activities, I like to say that these are doing what you say. First you said what you were going to do. Now we're going to verify that you're doing what you said you're going to do.

Auditors will verify that you have all of the documentation and supporting programs in place as discussed in your technical proposal and that there is a general capacity there to manufacture the product per our requirements. The on-site capability assessment can affect the outcome of your eligibility.

If there are issues that arise during the on-site capability assessment or subsequent audits, they will be identified and rectified accordingly with not only the Quality Assessment Division but the Food Safety and Commodity Specification Division as well. Once they are rectified, then you would have an eligibility to participate in our programs.

With that, I would like to turn the floor over to my colleague Steve Whisenant, who is going to expand upon the concepts that I discussed here through some specific examples of how technical proposals and production plans are drafted. Steve?

Steve Whisenant: Thanks, Darin. Good afternoon everybody. My name is Steve Whisenant. I'm a Livestock and Meat Marketing Specialist with the Food Safety and Commodity Specification Division and my contact information is up on the screen now.

In previous slides, references have been made to both production plans and technical proposals. So let me take a minute to make the distinction between the two types of documents. Next slide, please.

The Contracting Officer can request that a production plan be submitted when purchasing products that are usually commercially available. Unlike the technical proposal a production plan does not have to be created specifically for a USDA program. The processor can build a production plan from already existing documents that describe their commercial production process.

The production plan, in contrast to the technical proposal, uses generic statements that imply quality assurance actions that ensure the specification requirements are met.

Steve Whisenant: The use of a production plan to describe the contractor's process is also usually accompanied by a higher level of verification activities. For the production of most products requiring your production plan, AMS certification at the time of production is the main verification activity authority. A good commercial product can be measured by the documentation that supports its production. Next slide.

Steve Whisenant: The Contracting Officer can request that the contract or supplier submit a technical proposal when purchasing products unique to the Government Purchase Program. The technical proposal will usually contain a detailed description of the manufacturing process necessary to produce an agency-specific product.

The USDA requires the technical proposal be delivered in a Plan-Do-Check-Act Format as Darin has just described. This format allows for the contractor

to describe through prescriptive steps the manufacturing process involved.
And that's the plan, do portion.

In addition to describing the manufacturing process the technical proposal also allows the contractor to describe the quality assurance measures taken to ensure the product meets specification requirements and that's the check portion. And then the corrective and preventative steps taken when the quality assurance action reveals a non-conforming product. And that's the act section.

The use of a technical proposal to describe a contractor's process usually relies more heavily on AMS auditing as the verification authority. Detail supporting documents are usually required within a technical proposal. And since a technical proposal is more detailed, we will use it as our example today.

We've put together a couple of examples from actual technical proposals that will help illustrate the format that Darin just described. Next slide, please. Okay, in our example we have taken our objectionable materials removal requirement from one of our beef specifications. This is how the requirement appears in our spec.

Okay. In the next slide, you can see how this company addressed the plan-and-do steps in their technical proposal. As you can see, it is not necessary to write a novel. We are looking for enough information in detail to adequately describe your production process. Okay. In our next slide, you can see how this company addresses the plan and do steps in their technical proposal.

As you can see - I'm sorry. In the next slide, you can see how they address the check step in their proposal. They include information about how their quality control program ensures that the plan and do steps are successfully carried out to meet the specification requirement.

You can also see that they reference two attachments as supporting documentation in their check step. The next two slides show the actual attachments just to give you an idea of what these sort of forms might look like.

Okay. In the next slide, you can see how they address their act step in the proposal. They have included a brief statement describing what action will be taken if their check step shows that their process has not met the specification requirement.

And just to recap this first example, you can see that this is how the contractor says what they'll do and how they'll do it, and how they also describe how they're going to verify the objectionable materials' removal and what corrective action is going to be taken if removal is not accomplished.

In our second example, we've taken our metal detection requirement from one of our specifications. And this slide shows how the requirement appears in our specification.

Okay. In the next slide, we can see how this company addresses their plan step in their technical proposals. In this example, they actually label each section with the appropriate Plan-Do-Check-Act tag. While this is not necessary, doing so might be beneficial in helping to organize your proposal format.

Okay. On the next slide, we can see how they address the do step in their proposal. They include enough detail and information to describe their process, the equipment to be used, the location of the equipment, and the sensitivity levels of the detector.

Okay. In the next slide, a description of their check step is shown. As you can see, they detail the steps their Quality Assurance Staff uses to ensure that the metal detection equipment is operating properly and that the specification requirement is being met during production.

Again, you can see that they also recommend quality assurance forms as attachments as a component of the check step. The next two slides show the actual attachments included in the technical proposal that are used in the check process.

Okay. On the next slide, this company provides a descriptive narrative of the act step taken when the check step shows that the metal detection equipment isn't working properly and that the metal detection requirement was not met during production.

Both the corrective and preventative actions are included in this act step. As you can see, they also reference supporting documents as attachments in this step. The next slide illustrates a corrective action report that is included as an attachment.

As points of clarification, once approved, the technical proposal is a contractual document. The production of AMS purchase products must follow the technical proposal and meet all applicable specifications, supplement, and Master Solicitation requirements.

AMS audits will be used to ensure that the proposal is being adhered to and that all requirements are being met. I want to turn the program back over to Darin now. Thank you.

Darin Doerscher: Thank you, Steve. I appreciate all of the presenters' contributions here in discussing not only the business but the technical-related activities associated with the commodity purchasing with USDA and particularly the Agricultural Marketing Service.

Before we open the floor up to a question and answer session, I wanted to offer you here these three Web sites. Now I know that you don't have to scramble to write these down, as they'll be available through this Web site - or through this presentation on the Web site. But these are basically the key three Web sites that will get you to all the subordinate resources that have been offered throughout this Webinar today.

The first is the home page for AMS Commodity Purchasing Staff. The second is the Food Safety and Commodity Specification Division. And the third is the Quality Assessment Division. All three of these entities are key players in helping you be successful in becoming a vendor for USDA food products.

With that, I would like to open the floor up for discussion and questions. If you have any questions, feel free to un-mute your line and share them with us now. And then all of the presenters here will be available to visit with you for the inquiries. I'll open the floor now.

Darin Doerscher: Since I'm not hearing any questions from the audience or any discussion, we will go ahead and conclude the Webinar. We appreciate your participation today.

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