

## FAQ – Premier Foodservice Purchasing Program

**Who is the Lead Agency for the Food Purchasing Contract?** North Carolina State University. RFP #63-JGD99906

**Who is my contact at the Lead Agency?** Jessica Dalton

**What is Premier Foodservice Solutions?** Premier Foodservice Solutions is a division of Premier, Inc., affiliated with nearly 9,000 facilities accessing the Premier Foodservice Program. Premier is dedicated to helping its participants improve operational performance by gaining advantages of scale for purposes such as group purchasing of supplies and services. Premier has the largest and most successful GPO in the foodservice industry.

**What is the Premier Foodservice Purchasing Program?** The Premier Foodservice Purchasing Program is a proven, 15-year foodservice purchasing program. It includes an aggressive national distribution program, discounted manufacturer agreements, technology solutions, cost management solutions, participant's satisfaction surveys and ongoing communication from its participants to continually improve upon the existing offering. To date, the program has in excess of \$3.2 billion in purchasing power for its participants.

**What are the principal advantages of the program?** The chief advantages are: (1) immediate savings on your foodservice expenditures through deviated pricing from manufacturers (2) greater control and predictability of costs due to the thorough negotiations during the contracting process, (3) leveraging of your purchasing power to positively influence quality, labor, revenue or other concerns of your management staff, (4) Reporting tools, menu planning and wellness programs that can improve operational efficiencies immediately and (5) ability to focus on internal goals and initiatives in the purchasing department while allowing the Premier contracting team to negotiate national contracts on the participants behalf by utilizing the "piggy-backing" process through U.S. Communities.

**What is the relationship between Premier and U.S. Foodservice?** U.S. Foodservice is the primary distributor for the foodservice programs and offerings that Premier negotiates on the behalf of its participants. One hundred percent of all products purchased from U.S. Foodservice are priced based on the overall distribution agreement Premier has negotiated on behalf of its participants. This specific program is competitively bid every five (5) years, utilizing our detailed contracting process.

**What are Contracted Manufacturer Agreements (CMAs)?** Contracted Manufacturer Agreements (CMAs) are contracts that Premier has negotiated with manufacturers for a three (3) year period. The products are typically purchased through U.S. Foodservice, but the deviated pricing and/or rebates are negotiated by Premier for Premier participants. Contracts are negotiated to determine cost into distribution and have various controls built in to protect against extreme market fluctuations. On average there are in excess of 192 CMA contracts in place that cover 90 product categories and over 34,000 actual products. Participants receive 100% of the rebates with no processing fees. Participants have the option to purchase items that are not on the CMA list, understanding that the greatest value is on products that Premier has negotiated terms and conditions as it relates to cost.

**What food purchasing categories are included in the program?** Dry, Refrigerated and Frozen Grocery, Dairy, Milk, Center of the Plate, Medical Nutritional Products, Produce, Disposables, Janitorial Chemicals, Beverages – Coffee, Tea and Small Wares, Kitchen Equipment.

**How would this program be different from what a participating member might be using today?**

- 1) This program is more of a single source supplier vs. multiple distributors awarded by line item bids. A prime vendor type relationship reduces ordering time, invoice processing and number of deliveries to the facilities which helps to increase overall productivity within the department.
- 2) Milk and Fresh Bread suppliers – participants might be using a local milk and/or bread company. Most of these local suppliers provide daily service that includes rotation of product and management of expired product. The broadband distributor does not supply this service.
- 3) Produce – participants might be receiving daily deliveries for produce. The Premier food purchasing program has incentives and cost reductions in place for larger more efficient drop sizes. Daily produce deliveries could prevent the agency from realizing all of the potential savings opportunities.

**How is the distribution mark-up structured?** The program provides cost savings and additional incentives for larger drop sizes. Agencies that receive an average delivery of \$3,000 per drop with an average payment term of less than 45 days earn program A margins. If the agency is less than \$3,000 per drop with an average payment term of less than 45 days they earn B margins, an increase of 1.3% over program A. If an agency achieves program A and has an annualized combined volume of \$2.0 million within a 5 mile radius they achieve program Z margins, 1.0% less than program A.

**How does the participating agency access their discounts?** For the distribution program with U.S. Foodservice, Premier has negotiated the category margins that will be applied to the cost of goods on each product at time of invoicing. CMA products have three types of discounts

- 1) Deviations – the majority of Premier CMA contracts have discounts applied at the time of invoicing. The cost into U.S. Foodservice is negotiated by Premier; divisions use this as the cost basis for the distribution mark-up,
- 2) Allowances – Premier has negotiated an allowance with the manufacture to be applied to the division cost (that has been defined by Premier) at time of invoicing,
- 3) Rebates – discounts returned to the participating agency after the end of the quarter from Premier. Some vendors utilize one of these discount options and others might utilize multiple options depending on their contract with Premier.

**Are there additional incentives for the participating member to achieve?** Yes. The program has the following incentives:

- 1) Average Drop Size – the larger the drop the larger the incentive

- 2) Accounts Payable – the faster the payment the larger the incentive
- 3) New Business Incentive – If they purchase less than 20% of their annual volume from USF they would be eligible for this incentive

**What is Foodservice Operational Strategies (FOS)?** Public agencies have access to our Foodservice Operational Strategies team of consultants that will assist the individual facilities who are (or are considering) working with, contract management companies. These consultants provide evaluations of existing contracts in place, contract request for proposal creation, evaluation and negotiations on behalf of the participants.

**Are there reporting tools available?** Yes, Premier has numerous reporting tools on their contracting site and on the U.S. Foodservice online ordering system. Participants will be able to look at purchases by specific location or they can roll purchases into one master account if they have multiple locations. This information can be in total, by manufacturer or by products. Additional reporting tools include 1) Order guide price compared to invoice price 2) off order guide report if facility utilized centralized order guides for a system 3) Service level reports 4) Order guide change report.

**What additional resources are available to the public agencies, in addition to food purchasing?** Participants have access to our menu programs, health and wellness programs, culinary training and regional meetings that will highlight new programs.

**What is CHOICE 365?**

This is the menu program for K-12 schools. The program has a two week menu cycle that includes nutritionals, recipes and education marketing materials. This program meets the new child nutrition federal guidelines and is available to all U.S. Communities members.

**Who do I contact for more information?**

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