Procurement for Profit

Moderator

Phil Walsh
Alfa Gamma Seafood
The Twelve Cardinal Rules of Procurement

1. Exercise Integrity In All Matters
Cardinal Rules

3. Spend Time In The Field
The Twelve Cardinal Rules of Procurement

4. Communicate Quickly and Frequently
The Twelve Cardinal Rules

5. Gather Intelligence
The Twelve Cardinal Rules of Procurement

6. Give Back
7. Ocean-Caught Promotions Must Be Resource Driven
The Twelve Cardinal Rules of Procurement

8. Develop A Thick Skin
The Twelve Cardinal Rules of Procurement

9. The Dinner Test
The Twelve Cardinal Rules of Procurement

10. Be Accessible
The Twelve Cardinal Rules of Procurement

11. Be Receptive To New Suppliers
The Twelve Cardinal Rules of Procurement

12. Buy Direct
Sean Sullivan
Vice President – Euro USA

• Procurement challenges
• Distributor role
• Fresh Procurement
• Logistics
Procurement Challenges

- High prices
- Weather & Moon
- Limited availability
- Inconsistent quality
- Limited shelf life
- Logistics
- Sustainability
Distributor Role

- Buyer, merchandiser, trainer, & knowledge source
- Buyer often has many hats, the distributor can focus on seafood
- One source & responsible
- Knows the sellers marketplace sometimes better than the seller
- Knows what works in retail & food service and can advise
Buy direct and local from harvesters & processors

- Better quality
- Traceability
- Less handling/lower cost
- Lower environmental impact
- Support local communities
Fresh Procurement

- Develop simple specifications
- Plan the full supply chain
- Package to maintain quality
  - Protect product integrity
  - Small packs as needed to keep it fresh
- Quality first, service second, cost third
- Your most important supplier partnerships are fresh wild suppliers
Receiving & Quality Control

- Quality first
- On the same page as procurement
- Visit and work with QC often
- Develop and revise specs together
- Communicate daily between buyers and QC
Fresh Procurement

- Fresh, wild seafood supply is the most volatile
- Develop a relationship with a good company and maintain it
- Farmed raised seafood is less volatile and may allow for more competitive bids
- Wild frozen procurement can be volatile and benefits from some partnerships
Fresh Procurement

- Look for and develop hot buys
  - Every weekend
- Track fishing openings/open areas
- Monitor ports for heavy landings
- Monitor markets for overstock
Fresh Procurement

- Be flexible about everything except quality
- Find the right size/value for your customer
- Maximize sales of best sellers
- Rotate secondary fresh varieties
  - Excess variety = excess shrink
  - Weekly specials, not everyday
  - OK to sell out
Logistics

• Buy local whenever feasible
  • Easier, fresher, cheaper, greener

• Maximize fresh deliveries from points of production & importation ports

• Combine loads from various points
  • Example: Canada, Boston, Point Judith on one truck 2x week
  • Example: Gulf, South America Miami, North Carolina
PROCUREMENT PRIORITIES

Seafood Expo
Boston, Mass.
March 7, 2016
Group

George Nolan
Chairman
Nolan Seafood
PROCUREMENT PRIORITIES

Quality, Quality, Quality
Give Full Service
Satisfy Customer Demand
A Fair Pricing Structure
The first in Ireland to move from wood to plastic fish boxes, from open to refrigerated trucks, and from chimney kilns to automatically controlled smokers.
Our Dublin processing unit and Smokers are less than 800 meters from the River Liffey through which Salmon and Trout swim on their migratory routes to their traditional spawning grounds.
As Fish Merchants we offer the freshest of fish – Cod, Hake, Plaice, Whiting, Haddock, and Mackerel.
Successful reduction in North Sea whitefish fishing mortality (F).

- **Cod:**
- **Saithe:**
- **Haddock:**
- **Hake:**
- **Whiting:**
- **Plaice:**
Stable/increasing in North Sea whitefish biomass (SSB).

**Cod:**

**Saithe:**

**Haddock:**

**Hake:**

**Whiting:**

**Plaice:**
High Prices

- Good seafood costs more
  - Limited supply = high cost
  - Sell to high end customers

- Offer $.50/lb more and get the best
  - Customers will always pay more if your product is always great

- Build strong partnerships with your fresh and wild seafood suppliers
Suppliers

- Building a partnership with supplier – make it a win – win relationship
- Good quality supply base leads to satisfied customers
- Supplier/partner criteria, prioritized,
  1) Quality
  2) Service
  3) Price
Seasonality

- Sell what’s in season
- Use your suppliers knowledge on availability and landings
- Demand is greater than supply for most wild species
- Work together - top producers have many options as to where to sell their product
Containing Cost

- Avoid custom specifications
- Avoid custom pack sizes – use industry standards
- Larger pack sizes of the best sellers
- Develop more In and Out items
- Work with suppliers to take costs out of the supply chain
- Use a secondary supplier for large volume and key items (60/40)
Emerging Trends
(Packaging design & presentation)

Skin Pack

Tray Pack
(Modified atmosphere)
Emerging Trends
(Instantaneous Full Quality Evaluation)

One touch produces:

• Hours since harvest
• If previously frozen
• FDA score
• Shelf life
• Stores the data on both the device and a cloud
Partner with company that’s investing in its people, facilities and technology
Procurement for Profit

- Annual reviews / Deep dive
- Time management
- Forward buying
- Weaving sustainability and social responsibility in procurement
- Request for proposal (RFP)
Annual Reviews / Deep Dives
Time Management

Plan

Delegate

No

Speed Reading
Forward Buying

Lock in Lower Cost
Forward Buying

When?

What Items?
Socially Responsible Sourcing

Have a vision

Continuous Improvement
Chuck Anderson

SUSTAINABLE SEA PRODUCTS INTERNATIONAL

ONDELIAN

Copano Blues SHRIMP
Procurement for Profit

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Sustainable Sea
Products Int’l