







Your Tetra Pak® Toolkit:

Shelf-stable milk for schools

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Schools across the country are beginning to realize the benefits of serving shelf-stable milk as part of their nutrition programs.

This toolkit will walk you through procuring shelf-stable milk, talking to leadership, tips for making the transition and budgeting.

We hope you find this toolkit useful as your district adds nutritious shelf-stable milk to the lunchroom!

CONTENT SOURCE: Doug Adams, Prime Consulting

Principles of procurement



Procuring and distributing shelf-stable milk follows a different process than the historical approach to milk.

Use this guide to help you think through your approach.





Let's distinguish our terms:

RFI
Request for information

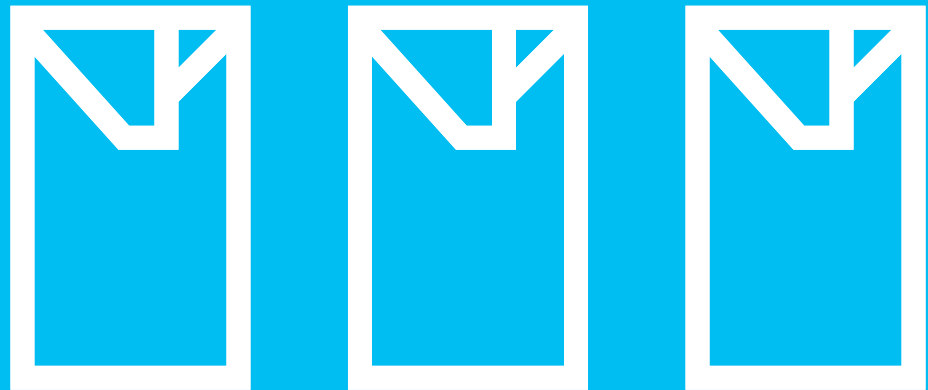
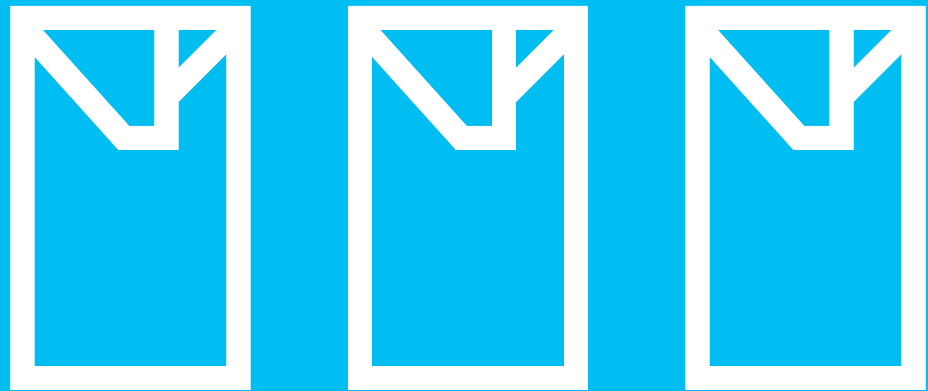
RFP
A proposal with a weighting of operating decision criteria beyond cost

Bid
The only criteria are product cost and no other operating factors



We recommend districts issue separate RFPs or bids for chilled and shelf-stable milk so you can select both at the same time — not just the lowest cost between the two. This will preserve your options.

Here are some other procurement tips:



- ① Separate product acquisition from the method of distribution in the request.

Historically, milk bids have included both acquisition and distribution (direct-school-delivery). Shelf-stable milk allows districts to separate acquisition and distribution, thereby allowing you to make discrete choices on the purchase of the product and how it is distributed.



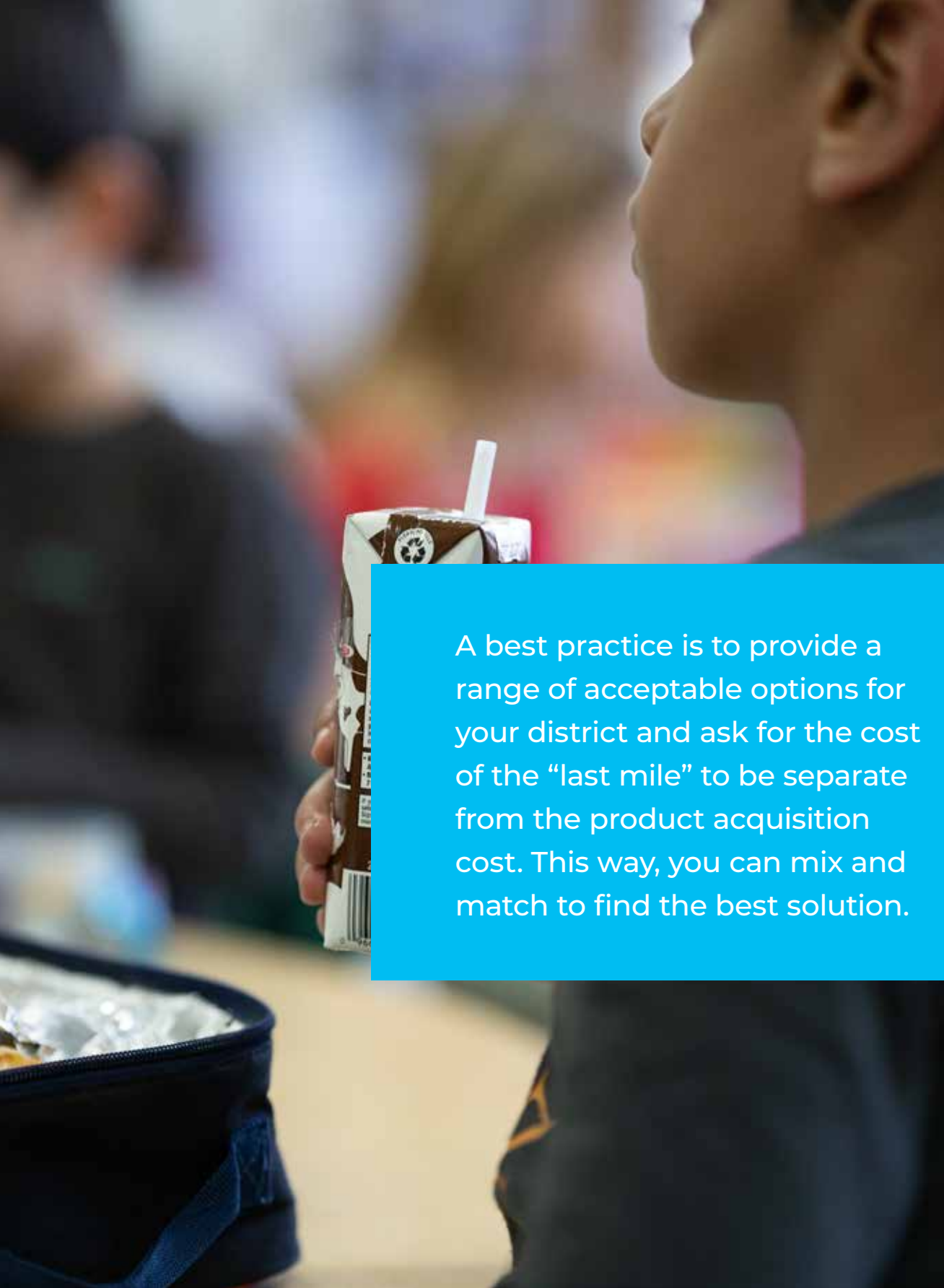
② Place shelf-stable milk on the general grocery/foodservice broad liner bid, not just on the milk provider bid.

If shelf-stable milk is only on a combined “milk plus distribution” bid, then the milk provider can stop your purchase of shelf-stable milk by not responding to the shelf-stable portion of the request (this is especially important if they are the only provider to respond to your bid). If that happens, you are limited to that supplier determining what you can purchase. A best practice is to give every company that delivers to your schools or warehouse the opportunity to be part of a shelf-stable milk supply chain.

③ Specify “no returnable crates” so the product can enter third-party/broad liner distribution systems.

If you wish to specify the count of the shelf-stable case pack, check which fits most efficiently in your milk boxes.





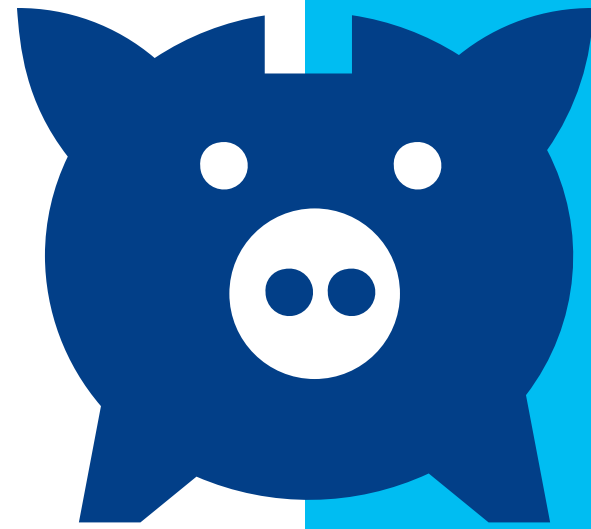
A best practice is to provide a range of acceptable options for your district and ask for the cost of the “last mile” to be separate from the product acquisition cost. This way, you can mix and match to find the best solution.

④ Evaluate and spell out distribution requirements.

Due to the short shelf life of chilled milk, providers are traditionally expected to deliver a certain number of times per week to individual schools. Shelf-stable milk does not require continuous chilled distribution or to travel to schools in just a few days; districts have three “last mile” options for distribution:

1. **Direct-School-Delivery (DSD) by milk provider**
2. **Third-party or milk provider of your choosing, such as a regional produce supplier, broad liner, dairy distributor, etc.**
3. **Direct-to-District warehouse, typically in full truckload quantities, for district self-distribution**





⑤ Consider the total “cost-to-serve” of shelf-stable milk.

There are many changes with shelf-stable milk that impact the cost of serving milk to students, including delivery frequency, dedicated or shared deliveries, using or not using returnable crates, and cafeteria staff time.

Total "cost-to-serve" =

Product cost



+

Distribution costs
from plant to school



+

District direct costs





⑥ Specify all product nutritional information requirements.

This includes the nutrition panel on the package, calories, sugar content, sodium content, etc.

⑦ Always include “new flavor to be named later.”

This will prevent any future issues receiving that product if it becomes available.





⑧ Request pricing for lactose-free shelf-stable milk.

Both white and chocolate!

⑨ Request that pricing specifies:

1. With or without an escalator clause. Ask for the escalator formula to be spelled out and the source for the variables that go into the escalator calculations.
2. With or without the provision of “milk box” coolers.
3. By method of conveyance, i.e., full truckload to a warehouse (district or third party), X pallet minimum to a warehouse or variable orders direct to schools.
4. Quantity bracket pricing – full truckload vs. X pallets.
5. Annual volume bracket pricing. Often, districts can realize a lower price by making an annual volume bracket commitment (e.g., 5 to 10 million or over 10 million units). Providers will offer lower prices with an annual volume commitment as it lets them know what portion of their capacity you will fill as a customer.



**Positioning
shelf-stable
milk for district
leadership**

As you consider shelf-stable milk, it's important to thoughtfully communicate the "why" to district leadership.

Here are some messages you can convey.





① Share challenges to securing milk availability:

- Shelf-stable milk provides more supply chain options.
- The number of milk providers continues to shrink — 78% of districts report either no choices or one choice.
- Shelf-stable milk can be shipped longer distances, thereby adding more choices.

② Point out challenges you are facing with chilled gabletop milk, such as:

- Out-of-code and leakage issues
- Wasting inventory before school breaks
- Timing “day before school opens” deliveries
- Breaks in cold chain distribution
- Power outages resulting in spoilage



③ Discuss the benefits that early adopters of shelf-stable milk have realized and the benefits you expect to realize, such as:

- Fewer invoices to process
- Flexibility of either ambient or refrigerated local transportation
- Alleviation of refrigerator space constraints
- Long shelf life
- Reduction in delivery frequency and vendor traffic through schools helps with building security
- Fewer truck miles improves sustainability by reducing truck emissions



④ Discuss how shelf-stable milk will impact distribution and economics:

- Meal increases expected
- Changes in cost-to-serve for milk
- Distribution changes to realize the meal and milk increases

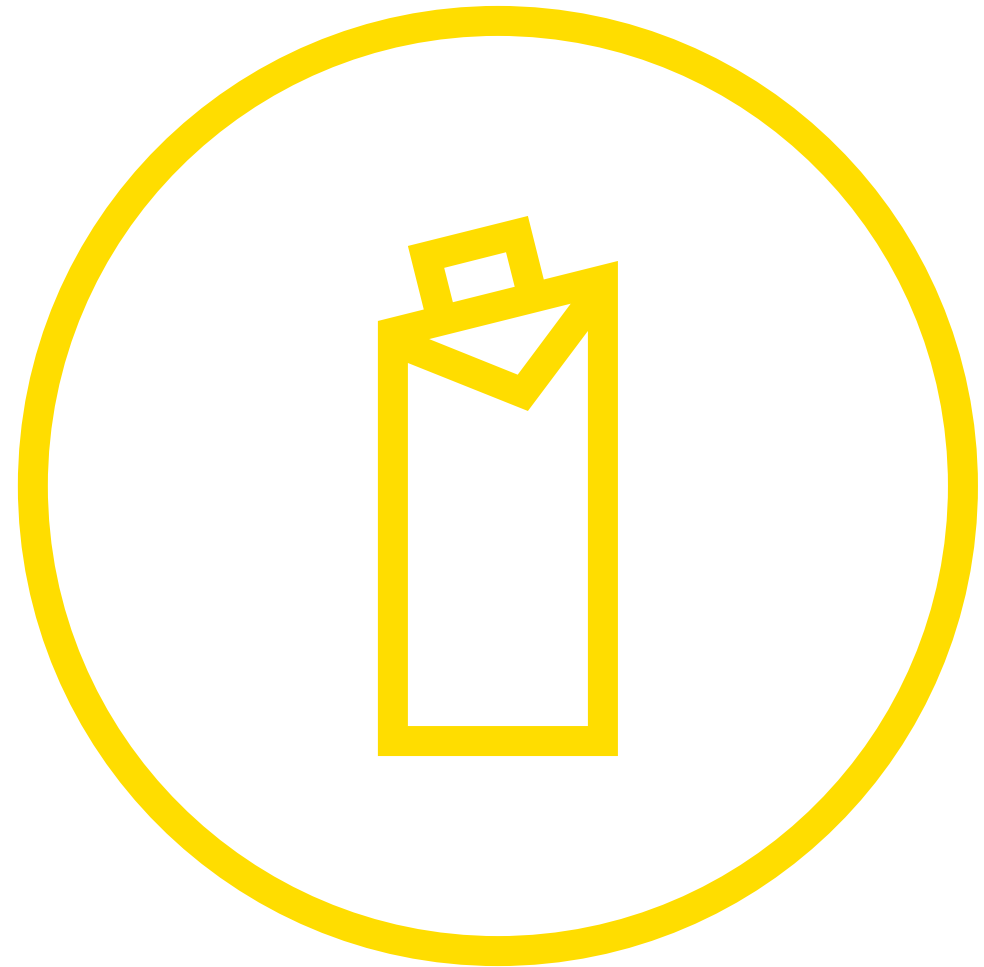


Transition tips



Transitioning to shelf-stable milk involves changes to the product you serve and the supply chain used to get that product from the plant to your schools.

Here are some tips to make the transition smoothly.





① Consider how much change you want to take on at once.

- For example, you could add lactose-free shelf-stable milk to start and keep chilled gabletop.
- Keep in mind that some chilled milk providers may be willing to add shelf-stable milk to their orders and trucks that deliver to your schools. This is more likely if your initial step is just adding lactose-free shelf-stable milk to existing chilled cartons.
- If you change all milk from chilled to shelf-stable, you may need a different delivery method (such as third-party or self-distribution), as the milk provider may only deliver their own products.



② Be mindful of timing.

Many have found it helpful to transition during a calendar break, allowing operations to adjust when there are fewer activities underway.



3 Optimize your delivery schedule.

By reducing the frequency of deliveries, you can reduce the overall “cost-to-serve.”

4 Have a communications plan.

Educate staff, administration and parents before communicating with students. To make the transition smoother, give students the opportunity to taste shelf-stable milk and ask questions early in the process.



Tetra Pak has put together handouts and resources you can use to help you talk about shelf-stable milk with key audiences:



Parents & caregivers



Teachers, staff & administration

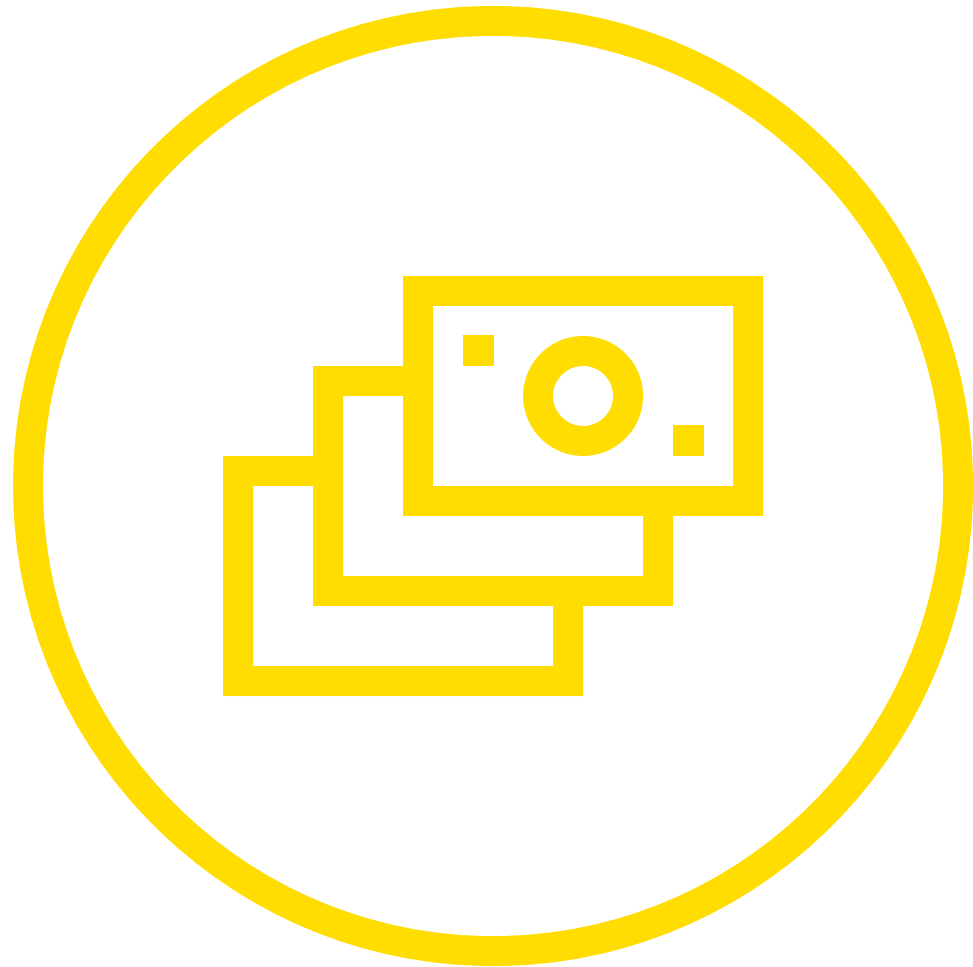


General shelf-stable milk FAQs

[Click to view handouts](#)

Budgeting





Budgeting for shelf-stable milk can look different than chilled milk.

Here are some suggestions to help you get the most out of your district's dollars.

① Before making final decisions, consider cost modeling different scenarios to help you understand the operational changes and cost implications of shelf-stable milk.

② You may be able to lower the cost of shelf-stable milk by committing to larger annual quantities to receive volume bracket pricing. Otherwise, you will likely get one-time or “spot” pricing that will not reflect an annual commitment.

- Committing to annual quantities spread out across the academic year or fitting into a volume bracket provided by the seller (such as 1 to 5 million, 5 to 10 million or over 10 million over the year) helps providers understand the impact on their production capacity, and therefore secures a lower price for the district.
- Request full truckload pricing to decrease over-the-road transportation costs to your market.





- ③ Early adopters have benefitted from budgeting for the incremental meals they experience with shelf-stable milk, along with the higher milk costs. Many have found that the incremental meals generate more than enough additional funding to cover the higher cost of shelf-stable milk.



