

Food Safety for Manufacturers

Is Your Company's Plan for a Product Recall Up to Par?



By Jim Klass

This last fall E. coli was found in pre-packaged spinach. Late November E. coli was disseminated through lettuce served at Taco Bell. About the same time similar outbreaks of E. coli induced illness were traced to lettuce served in Taco John restaurants in Iowa and Minnesota. Recently there were recalls of ground beef, chicken breast strips, olives and peanut butter.

A recent posting by the Food and Drug Administration (FDA) notes that over 100 Class I recall events those involving a serious health hazard situation that entailed food products took place in fiscal year 2006. Further, during the past five fiscal years the United States has experienced on average of 188 Class I food recall events each year.

Given the degree of publicity and the seriousness of the topic, Scott Helton, director - consulting services, food & beverage industry, of Hitachi Consulting was called upon to obtain a better sense of what food manufacturers should be doing to ensure a safer supply chain. Helton's comments are based on 12 years of providing manufacturers with advice on how to achieve better product traceability in order to minimize downstream effects should an incident occur.

Generally most companies feel quite secure in their knowledge that they have in place procedures that are compliant with the government's requirements. Given the number of recalls as noted above as well as incidents of internal product recovery and marketplace recovery, Helton's first piece of advice to manufacturers is - take a realistic evaluation of where your company may have exposure.

This evaluation begins with a risk assessment with an eye to managing where the company may be vulnerable. Involving a cross functional management team, Helton advises manufacturers to assess their internal processes and evaluate their capabilities of dealing with market withdrawal and/or a product recall. The assessment dialogue should take into account cost (both "soft and hard) and ROI. The discussion should articulate a proactive position before a possible event and a reactive position if an event were to occur. These dimensions will serve as the heart of the company's recall risk management plan.

Helton notes there are two distinct areas that warrant the company's attention, IT systems and people. He advises to map out a risk assessment processes for both. This conversation should include internal capacities to address such a situation as well as external communication processes. It should also include an assessment of the company's ability to minimize damage through better traceability - internally as well as with trading partners and the public, plus potential tactics that would in the long run reduce cost.

Addressing steps a manufacturer should take to protect its company against a full blown company-wide emergency, Helton poses the questions - What is your capability to track product? What is your ability to prevent or minimize the downstream effect if a Class I situation were to occur? Although basic, the answers to these two questions can be critical to saving lives, preserving your company's brand equity and trading partner loyalty, as well as limiting liability and reducing the financial impact of the event on your company

Helton notes IT components to gauge include: system integration, report capabilities, product labeling/reading functions, visibility to product movement from ingredient receipt to production to delivery and the ability to receive/convey critical data from ingredient receipt to market. Although federal

regulations are focused on traceability to and from trading partners, recent pet food incidents illustrate the importance of ingredient traceability within a company's internal supply, production, and distribution networks.

In the evaluation of the company's exposure, the company should be prepared to answer - what product movement data is readily available? Is this the "right" information? Where does this information reside? How much time does it take to access the information? Is the company confident in its accuracy? Is the company able to receive the "right" data and communicate it to their team in a streamlined, usable fashion? Is the company able to document and convey the "right" data to its supply chain partners in an expedient way? Lastly, Helton advises that given the answers to these questions the assessment team will want to determine if the company is "good to go" or if it is appropriate to explore ways to improve the degree of information available and/or the speed of accessing and communicating the information.

Addressing the people aspect in the risk management assessment, Helton recommends an exercise. Ask the question- Where can things break down? Given a particular food safety event, how large could the recall window potentially become and what are the brand and cost implications? Mapping out areas of possible exposure is helpful in the development a realistic risk management plan that is as much preventative as actionable.

Market withdrawal/recall questions include: Does the company have day to day operating procedures in place to quickly minimize the impact of a product withdrawal or recall? Do the company's personnel know what to do in a market withdrawal or product recall? Does the company have time specifications in place that guide their personnel's performance? Are they tested to ensure that they can perform if called upon to do so? Does the company have the granularity and accessibility of information necessary to perform a targeted market withdrawal or product recall that can result in minimizing negative downstream effect? Is there a clear communication plan in place? Is there a decision tree in place to support the communication plan? Are those responsible for communication trained to handle this type of an emergency?

Once the company has sufficiently answered questions concerning its IT support and personnel practices vis-à-vis its ability to perform as envisioned during an incident, the next step is to conduct mock recalls. Helton notes that these drills will help to identify information gaps or problems, if there are any, before a real event happens.

Helton spotlights an additional step to guard against vulnerability -the need to assess one's trading partners to understand their state of readiness. He notes the importance of working with trading partners to reduce supply chain gaps that can unwittingly impact safe product production and marketplace dissemination as well as recall. In this vein Helton poses the question to be asked of each supply chain partner - What is your capability to minimize the effects of an event so that I can minimize mine?

Helton points out that companies like McDonalds and YUM Brands are now imposing a higher level of granularity, visibility, and responsiveness capabilities on their suppliers and performing regular audits to protect their brand. Savvy manufacturers are following suit, auditing their suppliers' processes and requiring track and traceability of each ingredient for speedy recovery if an incident should occur.

Wrapping up our conversation Helton states it takes years to build a good reputation and only one bumbled incident to wreak havoc. Taking the time to define your company's exposure and response capability to a food safety event can only serve to enhance the safety of the supply chain and minimize any negative consequences to the event.

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About The Author

Jim Klass has spent more than 30 years working in the food and beverage industry. He currently is National Director of Hitachi Consulting's Consumer Products/Food & Beverage Practice where he's a part of Building the Market Responsive CompanySM. He was a Foodservice broker/owner for more than 20 years, in direct contact with manufacturers/distributors and operators dealing with supply chain, new product and trade management issues. He spent four years on the technology side of the food industry, both in supply chain and trade management, with major food manufacturers, foodservice distributors and key foodservice operators. He has been with Hitachi Consulting for three years working in the Consumer Products arena on supply chain and revenue management solutions.