

IS YOUR COMPANY'S PLAN FOR PRODUCT RECALL UP TO PAR?

Experts Offer Questions that Each Distributorship Should Take Time to Answer

By Karen J. Ribler

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. Most recently there have been recalls of ground beef (E-coli), chicken breast strips (Listeria monocytogenes), olives (botulism) and peanut butter (Salmonella).



JIM KLASS

Given the degree of publicity and the seriousness of the topic, ID Access interviewed Jim Klass, national director of food and beverage and Scott Helton, director of consulting services, food and beverage industry, of Hitachi Consulting, Houston, to obtain a better sense of what foodservice distributors should be doing to ensure a safer supply chain.

Klass began our conversation by noting it has been his experience that the one thing that really keeps the industry up at night is food safety. This is a real concern that warrants preparation in the hope that one will never have to implement a recall plan. The last few incidents have really brought this home.

Helton, who has 12 years experience shedding light on what companies can do to ensure tracking and traceability and, when necessary, carry out an effective product recall, echoed Klass's sentiments.



SCOTT HELTON

Reinforcing the need for attention on this subject, Helton cited a recent posting by the Food and

Drug Administration (FDA), noting that during fiscal year 2006 more than 100 Class I recall events, i.e. those involving a serious health-hazard situation that entailed food products, took place. Furthermore, in the course of the past five fiscal years the United States experienced on average 188 Class I food recall events each year. Being prepared for this inevitability can make all the difference to a company's stability and more importantly existence.

CAN YOU TRACK PRODUCTS? Outlining the steps that a foodservice distributor should take to protect the company against a full-blown company-wide emergency, Klass posed the question: 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 with a product distributed through your warehouse? Although basic, the answers to these two questions can be critical to saving lives, preserving your company's good name and trading-partner loyalty, as well as limiting liability and reducing the financial impact of the event on your company.

Klass suggested the first step in managing the company's risk is to assess where the company may be vulnerable. Involving a cross functional management team, Klass advises distributors to realistically evaluate their capabilities of dealing with market withdrawal and product recall with an eye to identifying strengths and weaknesses. This conversation should include internal capacities to address such a situation as well as external communication processes.

Klass indicated that his conversations highlight two distinct areas that warrant the team's attention: IT systems and people. Mapping out an assessment process for both, the key question to ask is – What is your ability to minimize damage?

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 points out that the IT components to assess include the system integration, report capabilities, product labeling/reading functions, visibility to product movement from receipt to delivery and the ability to receive/convey critical data to trading partners.

In evaluating the company's exposure, the team should be prepared to determine what product movement data do we have? Is this the "right" information? Where does this information reside? How much time does it take to access the information? Are we confident in its accuracy? Are we able to receive the "right" data and communicate it to our team in a streamlined, usable fashion? Are we able to document and convey the "right" data to our supply chain partners in an expedient way?

Lastly, Helton advises that provided with the answers to these questions the 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.

GUARDING AGAINST A BREAKDOWN Addressing the people aspect in the risk management assessment, Klass recommended an exercise for the management team posing the question: Where can things break down? Mapping out areas of possible exposure will be helpful in the development a realistic risk management plan that is as much preventative as actionable.

The components to evaluate include: company-wide food safety knowledge and procedures, warehouse operating procedures, personnel training, communication procedures, and quality assurance.

Helton noted that within this evaluation there are two entities to map: food safety/HACCP (risk prevention) and product market withdrawal/recall capabilities (reaction/ minimize downstream effects).

Addressing the quality assurance and preventative practices, Klass highlighted some questions to think through to identify food safety/HACCP exposure. Questions include: Is our personnel training and signage sufficient to avoid a market withdrawal or product recall due to our mishandling of product? What tactics do we employ to monitor that this knowledge is conducted as specified? Are we up to speed with government regulations and customer expectations? Are we communicating

our position as an informed and competent trading partner with our suppliers and customers?

ASSURING ADEQUATE RECALL SKILLS Market withdrawal/recall questions include: Do we have day-to-day operating procedures in place to minimize the impact of a product withdrawal or recall? Do our people know what to do in a market withdrawal or product recall? Do we have time specifications in place that guide their performance? Are they tested to ensure that they can perform if called upon to do so? Do we 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? Do we have 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 personnel practices and IT support vis-à-vis its ability to perform as envisioned during an incident, the next step is to conduct mock recalls. Helton noted that these drills will help to identify information gaps or problems, if there are any, before a real event happens.

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