

The Three Key Catalysts for More Precise Recalls

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An undeclared allergen. A foodborne pathogen. Foreign matter detected in an ingredient. These are just some of the reasons that food recalls can occur. It is estimated that food recalls cost the United States \$152 billion in healthcare costs every year, according to Georgetown University research. Additionally, a recent survey from the Grocery Manufacturers Association (GMA) found 81 percent of food manufacturers would describe the financial consequences of a recall as “catastrophic.”

Recalls are designed to ensure public health and safety. But they don't have to cause long-lasting damage to a brand or bottom line if they are orchestrated with surgical precision based on standardized and unique product identification and effective traceability processes. With precise product tracking in place, a manufacturer improves recall readiness, ultimately staging an operation that minimizes potential harm to consumers, collateral damage to the company and service disruption with other trading partners.

Here are the three key catalysts that contribute to more efficient and precise recalls: traceability, preparedness and communication.

Traceability

The concept of whole-chain traceability—being able to follow a product through the supply chain from its origin to the point of consumption—is a critical element of a

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recall. Once the source of the problem is identified, product can be pinpointed in the supply chain and isolated. However, effective traceability only occurs if all trading partners in the supply chain are utilizing standardized data as the common denominator for interoperability.

The GS1 System of Standards allows companies to uniquely identify products in order to achieve supply chain visibility and efficiency along all stops in their journey to the hands of consumers. Using unique product identification numbers, including the GS1 Global Trade Item Number (GTIN), companies around the world can uniquely identify trade items as well as supplementary information, (expiration date, serial number, batch/lot number) to facilitate the communication of product-specific information wherever a barcode is scanned.

By leveraging the power of standards across the entire supply chain, a global organization can have the visibility to locate a potentially harmful product in minutes anywhere in the global supply chain if the safety of the product comes into question. Whole-chain traceability reduces unnecessary discard of product, minimizes collateral damage to supply chain participants and consumers and reduces unforeseen costs (legal, fines, forced renovation, lost contracts, loss of customer loyalty).

While most companies have some level of traceability in place, some sectors are further along than others in implementing electronic traceability processes. Effective traceability processes help a company stay vigilant and be fully prepared in the event of a product withdrawal or recall to protect their consumers, and become even more valuable in the event of a critical incident.

Preparedness

By keeping businesses prepared for such critical incidents, mock recalls are often described in the food industry as the most valuable practice a company hopes to never have to actually use. Mock recalls help a company refine their approach to recalls, leading to higher accuracy and efficiency when one occurs.

Like a fire drill, a mock recall involves picking a random product on a random day, and issuing a recall internally. Some companies will not even alert their team that the mock recall is just an exercise until after it has occurred. When selecting the product for the hypothetical recall, manufacturers should envision how the product will be traced not only to the retailer, but also its “where used” possibilities—for example, if the affected food item was used as an ingredient for another product—to ensure the reconciliation of raw materials and packaging.

With standardized traceability procedures already in place, it is easy to follow the path of the products through critical tracking events—those instances where product is moved between premises, is transformed or is otherwise determined to be a point where data capture is necessary to trace a product. Using today’s technology, a mock recall can be conducted in as little as 30 minutes, in the case of a large global manufacturer, or as much as 24 hours for smaller companies. Generally, mock recalls are conducted quarterly, but some companies test less

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frequently (twice a year) or more frequently (monthly), depending on their specific products, manpower and accuracy.

Communication

To prepare for a recall, a manufacturer should designate a recall communications team. The team will need to decide how the recall will be communicated to all trading partners, and if they should inform media to alert consumers and protect them from harm.

Rapid Recall Exchange (RRE), an online subscription service offered by GS1 US, the Food Marketing Institute (FMI) and the Grocery Manufacturers Association (GMA), provides a method for suppliers to communicate to retailers 24/7, alerting them that there is a product recall or market withdrawal event. When using RRE, a company will be asked to designate an "Initiator," a professional usually in a quality assurance role or a member of the customer supply chain team who is trained and familiar with the RRE tool, and an "Approver," another professional whose responsibility it is to verify the information provided by the Initiator. These roles are important components in the notification of the recall to trading partners.

The Initiator enters in the necessary information about the product that has come into question, as well as handling instructions, reimbursement, supplier contacts and can attach any other relevant documents, as prompted on-screen. The company then decides which trading partners should be alerted to the recall. This information is then sent to the company's designated Approver, who ensures that what the Initiator reported is appropriate and correct. Once approved, all designated companies receive the notification in a standardized, orderly fashion to prevent any errors or confusion and address the situation faster. By knowing exactly where to look on the form, distributors and retailers can immediately identify the affected products, pull them from store shelves and prevent them from being scanned at the register.

Perhaps at no point in history has the consumer been more informed and attentive to what they buy and eat. As a result, food manufacturers are more and more sensitive to consumers' higher expectations and are working to implement standards-based traceability processes to not only enhance their food safety program, but also to minimize the potential damage associated with a recall.

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