

Success always demands a greater effort.

Doug Newman, Senior Vice President Consumer Products, at Celerant Consulting Americas recently appeared on the businessweek.com homepage with his article 'How To Prevent Food Recalls.' The site gets over 1 million unique visitors a day.

The Christmas Present Nobody Wanted.

Last Christmas, as children around the world bedded down for long-awaited presents, Whole Foods Market was pulling gingerbread houses from its shelves in 22 states, due to a recall of baked goods from Illinois supplier Rolf's Patisserie. The treats were flagged as one of several items possibly contaminated by *Staphylococcus Aureus*, a bacterium that can cause food poisoning. Whole Foods is known for its commitment to high quality product and despite several degrees of separation, some of the packaging carried the Whole Foods label. So the company acted fast and fortunately, the only consequence was a matter of giving some refunds.

Risks always lurk in your supply chain

This is never truer than in an environment as global and complex as the food industry. The farther the chain stretches, the greater the likelihood that a problem or disruption will arise. So how food sellers prepare for potential problems and mitigate the fallout once they happen can spell the difference between continued brand loyalty and a shuttered business.

The internal moves necessary to ensure food safety or react to a recall demand a fine understanding of a sometimes overwhelming global machine. To set the stage for a quick, effective mobilisation companies must focus on preventative

measures. Food sellers can only safeguard against recalls and react appropriately when concrete policies and precautions are in place:

The best offence is a good defence.

The food industry goes to great lengths to monitor its operations, but a chain is only as strong as its weakest link. So food sellers must have strong supplier quality management systems in place that spell out required product specifications, expectations about delivery procedure and schedules, and tracking measures that ensure auditability from one end of the chain to the other.

For example, food industry packages are clearly labelled with batch and lot numbers which are recorded on an automated shipping notice and entered in the Warehouse Management System (WMS). This allows companies to track product locations and trace shipments. Greater precision is coming down though, in the form of RFID (Radio-Frequency Identification) tags. These tags have so far proven cost-prohibitive in the food industry, but their adoption will eventually mean that tracking can be carried right down to the location and storage requirements of a single package.

Guidelines come from a combination of existing protocols and specific company mandates: Wal-Mart relies on its Safe Quality Food 2000 guidelines, Kroger and Safeway devised specific regulations and the U.S. government has its

own perspective. The USDA provides inspectors and sets quality standards for many food processors, including meat and dairy, while the FDA provides good management practices (GMP) guidelines and governs food labelling requirements.

Putting the right technology in place to follow the chain and metrics that help paint the ongoing picture helps keep everyone on track. Within each testing component reside a set of 'leading indicators' - red flags that will immediately spotlight a problem and help prevent a full-blown recall. Suppliers may, for example, be required to test product quality by the shipment or the week, depending on the risk profile of the item. A deviation from the testing schedule or an unexpected quality control result would be leading indicators that should trigger a correction, thereby stopping a recall before it starts.

lay out who is responsible for what, where, and when. A common approach is employing a RACI chart - responsibility, accountability, consulted and informed. RACI spells out exactly who on each shift is responsible for performing an action, who is held accountable for the process as a whole, who should be consulted before making a decision, and who must be informed after a decision or action is made. RACIs can be simple tools, but they're extremely effective in providing a quick, clear view of the situation.

With this environment in place, a hiccup such as a missed quality test should send up an immediate red flag and enable the Chief Executive to follow the path easily to the cause - down to the individual tester, if necessary. When the pain point is identified, the organisation should hold the responsible employee accountable in a manner that improves

tainted gingerbread requires a vastly different response from a situation that involves reported deaths associated with unknown ingredients in a product. The former is a matter of shipment stoppages and customer communication, the latter a potentially devastating situation that calls for a comprehensive investigation into each ingredient and wide scale corporate involvement.

Every recall could turn into a mission-critical event and needs to be addressed with the same vigour as any major, company altering programme. Most important, a general response plan must be laid out ahead of time, prioritising communication that will remove product from the supply chain as quickly as possible. When a recall hits, time is of the essence; executives, the company as a whole, and suppliers should already be aware of first steps and ready to execute them immediately.

A response plan captures several elements: communications strategy, which will vary depending on company size, supply chain and merchandise; reliable systems and metrics that help track and explain the problem and the solution; and once again, roles and responsibilities. Accountability is the all important equaliser. Regardless of an employee's role in the process, owning it and adhering to the stated guidelines means he or she can help minimise damage to customer health, company brand, and the bottom line.

Fortunately for all concerned, there were no reported sicknesses from the gingerbread houses sold at Whole Foods this past Christmas season. Whole Foods handled the situation in a timely and aggressive manner by issuing a public response within 24 hours of the FDA's announcement about Rolf's recall. The grocer provided contact information for concerned customers through its website and the media, and posted signage in stores explaining the problem.

Whole Foods safeguarded its reputation and no lawsuits or health claims were filed in relation to the recall. After recalling all desserts made from Nov. 1 to Dec. 24, 2010, and cooperating with the Illinois Department of Public Health, Rolf's Patisserie is still open for business. As for the experience gained through the process, that's the icing on the cake. ■



Account for accountability

Just as eliminating confusion around guidelines goes a long way towards creating a more reliable supply chain, so does clear communication about roles and responsibilities. Whether handling suppliers or the internal organisation, delivering a roles and responsibilities. Whether handling suppliers or the internal organisation, delivering a clear understanding of accountability ensures that each participant takes ownership of specific activities. Organisations should develop tools that

future work, tightens the process and further secures the company's trust in its system.

Mobilise for the moment

If a recall is necessary, the processes and culture will prove more crucial than ever. Food sellers need to respond immediately, but they also need to make certain they are reacting to the right situation. Context and the extent of the risk at hand will dictate much of the response. For example, a pre-emptive recall of potentially