GREATER CONTROL IN THE SUPPLY CHAIN WILL REDUCE THE RISK OF RECALLS

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The U.S. Food & Drug Administration estimates there are about 48 million cases of foodborne illness each year. This equates to one in six Americans becoming sick from contaminated food. VAI Vice President of Sales Joe Scioscia believes the high number of recalls is directly correlated to supply chain inefficiencies. VAI is a leader in enterprise management software. A recall will not only damage a food processor's reputation, but it will also cost millions to recover. Scioscia shares with Retail & Food Best Practices how companies can gain better control of their food supply chains by implementing technology and adopting best practices to avoid food recalls.

Retail & Food Best Practices (RFBP): In your opinion, why has the number of food recalls increased?

Joe Scioscia: Food recalls are still a problem for many food and beverage manufacturers. I believe the high number of recalls is directly correlated to supply chain inefficiencies. Today, the global supply chain is larger than ever, and frozen and packaged food is being shipped worldwide without proper tracking, increasing contamination risk.

With updated regulations and technological advancements, manufacturers have improved their ability to catch and prevent foodborne illnesses and recalls before they happen. However, the food supply chains have gotten wider and more complex, making food safety compliance a group effort to ensure products are efficiently processed and comply with FDA laws.

RFBP: What are the main causes of food product recalls?

Scioscia: Food can be recalled for many different reasons. One of the most common causes is that the food packaging was incorrect — which includes products in the wrong packaging, misleading claims, undeclared allergens and incorrect ingredient labels. Food can also be recalled if there are any biological, physical or chemical hazards found in the food.

In addition, temperature control throughout the supply chain can cause product recalls. Contamination occurs mostly with common, high-demand food, such as romaine lettuce, with illness-causing bacteria that doubles in growth after just 20 minutes. Because of this, food manufacturers must make sure they adhere to all temperature requirements to avoid recalls.

RFBP: Explain how food product recalls impact manufacturers.

Scioscia: Food recalls are most importantly a public health issue, but they are also significant economic issues, costing manufacturers up to $10 million to

mitigate and solve. Not only can food recalls lead to manufacturers seeing a decrease in revenue, they can also hurt their reputation amongst consumers and retailers.

In today's connected world, consumers are more knowledgeable about what they're consuming and buying on a daily basis. People are also more interested in brands' social stances and want to know where their favorite grocery products are grown and produced. This requires increased accountability on supply chain decision-makers for tracking product information, especially if a consumer gets sick or has an allergic reaction.

RFBP: What are some best practices that food manufacturers can adopt to combat recalls?

Scioscia: Food manufacturers need to make supply chain visibility and warehouse operations a top priority in order to reduce food recalls. They must invest in technologies such as blockchain and a centrally managed ERP solution to have complete visibility into the supply chain.

Processors should also put technologies in place that will help track the origin of all products

flowing throughout the supply chain. Thus, if a recall is to occur, food manufacturers will have one fully integrated system to see exactly where the contamination stemmed from as well as who the product was shipped to.

RFBP: Why is technology the key to decreasing the risk of food product recalls?

Scioscia: In the food industry, there are several moving parts. Between required temperature levels, demanding supply chains, storage requirements and shipping, it's hard for workers to track and manage everything on their own. By implementing technology, it takes the burden of manually logging and tracking product information out of the equation.

However, when considering the prime concerns in food manufacturing, technology may not have the ability to sustain cold temperatures or safe practices, leading to less-than-optimal functionality. These limitations could ruin an entire batch of product or lead to a global recall — harmful to public health and business reputation.

Therefore, it's important for suppliers to have a hands-on

approach in order to monitor these certain factors. For warehouse employees and robots to work together seamlessly, distributors must invest in a centrally based ERP system.

This will help workers track automated processes and receive alerts in real time, while also helping robots abide by regulations and remain efficient — ultimately giving employees more time to focus on working together toward success.

RFBP: What are some technologies that will allow food manufacturers to gain better control of their food supply chain?

Scioscia: In order to create a transparent, fully efficient supply chain, companies must invest in solutions that help simplify unique business processes. A centralized ERP system provides insight into the supply chain where shipments are reported by lot number and location. This solution also provides helpful tools, such as temperature regulation where alerts are sent to food manufacturers in real time so they are conscious of any sudden changes.

In addition to applying an ERP system, manufacturers can

implement blockchain to help with tracking product by the unit. Information is placed on a transaction record that is unable to be altered. Blockchain also records location and time of shipments, helping manufacturers to locate any issue that may arise. This helps to save time and money within the supply chain.

RFBP: How can food manufacturers go about determining which technology suits their operations best?

Scioscia: Food manufacturers must keep in mind that each supply chain operates differently and requires different attention. For a fully transparent supply chain, implementing technologies that work together may be the best fit. For example, blockchain and ERP work together to provide complete insight into the supply chain, which can help avoid contamination and potential recalls.

Another potential fit for food manufacturers may be supply and demand applications. If the manufacturer experiences issues with shipping-expired product or a surplus of product in the warehouse, this solution helps to track order trends and invoice history, keeping unused products at a minimum. Additionally, supply and demand applications have the ability to complete purchase forecasting helping manufacturers ensure they are stocking the necessary product. This eliminates waste from the warehouse, ultimately enhancing supply chain operations.

As food manufacturers analyze the issues they are experiencing in the supply chain, they can come to a conclusion connected with a technology solution that works best for their processes.

RFBP: What is the best way for food manufacturers to collect and act upon the data it receives from implementing this technology?

Scioscia: Each solution contains the ability to collect large amounts of relevant data. Implementing a solution that houses the data in a cloud-based system helps to ensure the information is secure and accessible. Food manufacturers should note that data collection will help to streamline business operations and create an effective supply chain plan, but it can also be used to generate better business practices in the future.

RFBP: Why is implementing this technology today smart? How do you see regulations continuing to tighten in the future?

Scioscia: As the topic around food safety continues to grow, food manufacturers will be faced with stronger, unavoidable regulations as an attempt to decrease public safety risks. Applying technology solutions such as blockchain and ERP can help companies remain compliant in the supply chain and adhere to rules in place. These systems help track important factors such as expiration dates, dead material and temperature. Future regulations will likely tighten with recent food recalls growing, giving manufacturers an early warning to implement the solutions that will help control their supply chain operations.