



Compliance Guide

Ensuring Recall Compliance for Food and Beverage Manufacturers

Surviving a Recall

A recall is the single biggest threat you can face as a food and beverage manufacturer. In the last 10 years, the number of recalls has increased by over 50%. There is a rising trend in recalls and an increased level of government interest in compliance and regulation. The average cost of a recall in 2019 was over \$400,000, most of which was attributed to a lack of visibility. Having the ability to detect food contamination, report ingredients, and declare allergens in food is critical to surviving a recall and ensuring profitability.

“Our old software was very frustrating. We would have audits and we would have to implement lots of workarounds that were very painful. We’ve been using our new software for over a year, and it’s been a wonderful experience.”

Increasing Regulatory Pressure

Food and beverage businesses have high regulatory pressure because of the repercussions food contamination can bring from customers and the media. Public authority punishments are also harsh and include seizures, product recalls or fines, and even criminal charges. Manufacturers are responsible for meeting these high standards.

Changing Standards

Food safety is at the heart of every successful food and beverage manufacturer. These businesses are responsible for producing safe food and drink that contain the promised ingredients and nutrition. As new information and safety standards arise, changes to requirements, quantities, and quality arise to support those new standards.

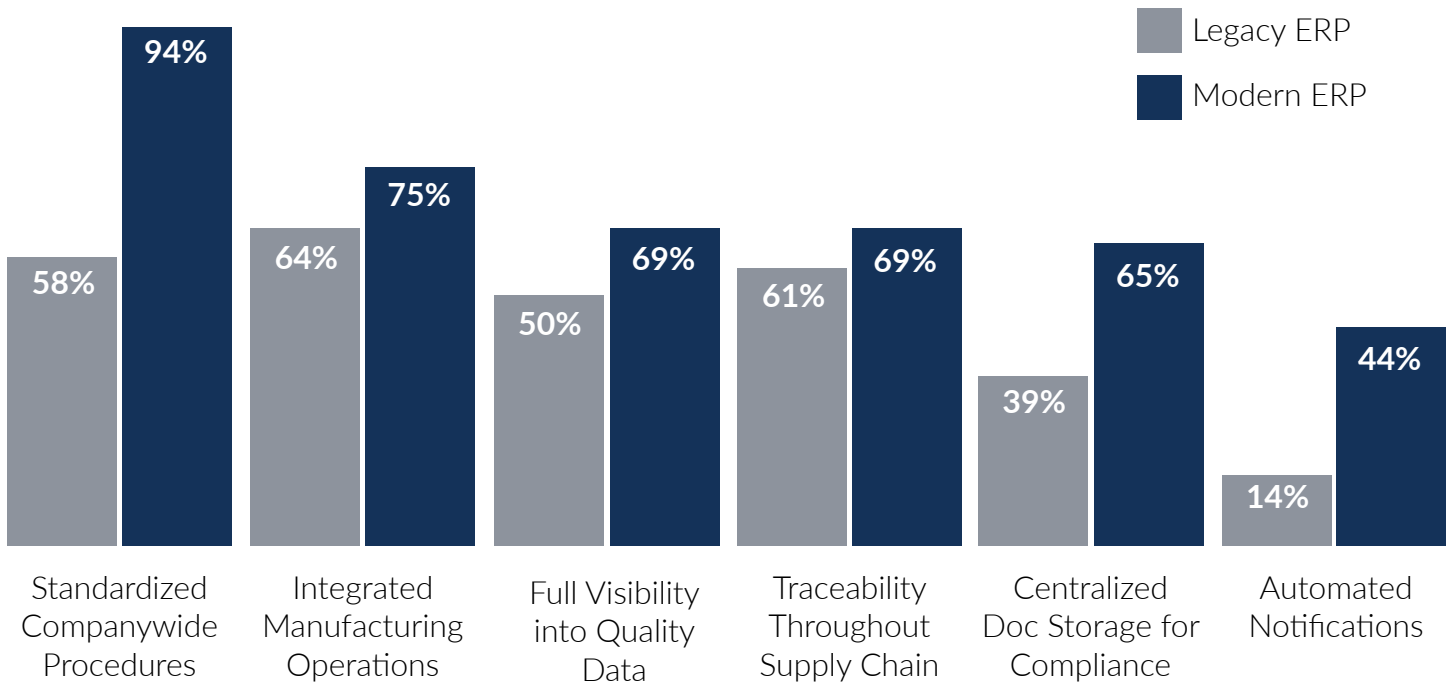


Is Your Current Software Sufficient?

ERP provides essential capabilities that allow leading food and beverage manufacturers to deal with everchanging regulatory expectations. According to the 2016 Aberdeen Report, only 12% of corporate executives were “very satisfied” with their current ERP solution, and 59% of global companies were “burdened” by them. Here are a few benefits of modern ERP software designed for food and beverage manufacturers:

- Rapidly implement and comply with new regulatory requirements
- Run insightful reports for suppliers, customers, and regulators from a single source of data
- Quickly identify the root cause of product defects and the extent of supply chain contamination
- Communicate effectively with stakeholders, customers, and supply chain during recalls
- Systematically build processes designed to prevent product recalls and mitigate consequences
- Maintain and execute crisis management plans

Critical ERP Capabilities



Source: "How ERP Addresses the Critical Needs of Food and Beverage Companies," Aberdeen Group, November 2017

"To gain data access in real time, you must store data centrally, allowing it to be tracked from the furthest reaches of the supply chain, through the production process, and from customers."

What Can You Do in the Event of a Recall?

Product recalls are becoming more common in the food and beverage industry. Here are four supply chain tips for dealing with a product recall:

1 Stay on top of changing regulations.

Product safety regulations are complex, vary among different countries, and change frequently—almost always becoming stricter. As such, when your food and beverage business expands into different countries, compliance burdens will grow, as well as the likelihood and complexity of product recall. Modern ERPs with a central regulatory repository must support food and beverage businesses to comply with existing regulations and to implement new ones. This will provide a solid frame of reference to keep you on the right side of the law.

2 Maintain strong, up-to-the-minute supply chain visibility.

When a product is identified as defective, whether by consumers or higher up in the supply chain, it's essential that you identify the potential extent of the contamination in real time. Being able to identify what products are faulty, what raw materials are involved, and how long has this been happening is critical.

3 Be totally transparent.

Information travels fast. Consumers can access potential food and beverage product problems as quickly as anybody publishes it. A poorly executed product recall can damage the reputation of your business—sometimes irreparably—so you need to control the narrative. The safest and best strategy is for your food and beverage business to communicate with authenticity that you're in control of the situation, and that you have the right solutions in place. So as not to lose consumer trust, never make statements that you don't know for certain are completely true, especially when the pressure is on during a product recall.

4 Reduce the risk and impact of a product recall.

Prevention is better than a cure and while it's impossible to eliminate the chance of a food and beverage recall entirely, there are steps to reduce its likelihood and mitigate consequences:

- Streamline and thin product lines and packing
- Be ultra-precise and narrow with your lot coding
- Hold on to samples from product batches
- Reduce batch quantities to make it easier to isolate faulty products
- Maintain strong communication with everyone in your supply chain
- Continually analyze supply chain processes
- Monitor customer feedback, including social media, to identify defects immediately
- Maintain a dedicated crisis management team



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