

# Traceability Is Fundamental

There's good reason why the *Escherichia coli* outbreak of 2006 lit a rocket under the produce industry's existing traceability efforts. It's the same reason why the *Salmonella saint-paul* outbreak in 2008, and the more recent nut recalls, placed a public spotlight on traceability regulation. Plain and simple, the complex reality of today's food safety environment demands better preparedness: for industry, for regulators and for consumers. In the absence of full traceability, the consumer's sense of security — and the food industry's economic sustainability — is undermined. We can't afford *not* to change.

This I believe: Our industry will look back five years from now and be very thankful we pushed so hard with the Produce Traceability Initiative (PTI) to develop a standardized, chain-wide approach to enhance traceability systems. I believe this as strongly as I felt that standardized PLU codes would change our merchandising and information management capabilities when we introduced them in 1991. We'll also be thankful that we engaged our government regulators to educate them, that we improved their speedy access to information and that we helped them narrow the scope of recalls. In the process, we'll also have partly changed our business culture — because greater transparency and information flow from field to fork is not just “nice to have,” it's “must-have.”

As shown by a recent study done by the Department of Health and Human Services Office of Inspector General (OIG), greater attention to traceability is clearly needed across the food chain. The study finds only five of 40 foods could be traced back fully to their source; produce wasn't in those successful five. As an outbreak management tool, traceability must quickly and accurately identify the product, locate the source, determine the amount of implicated product, determine which shipments contained the implicated product and get notice to those who received the implicated product — *all within hours*. System-wide traceability — as well as the efficiencies, accountability and security that

**I**mproved traceability does both public health and produce industry a favor.

go with it — requires a common language of information. Establishing this nomenclature means more than technology upgrades; it also requires changing practices surrounding foodborne illness investigations — industry practices and regulatory agency practices.

For example, 25 percent of those contacted as part of the OIG survey weren't aware the Bioterrorism Act of 2002 mandates that the Food and Drug Administration (FDA) requires companies to provide records showing traceability one step forward and one step back. Consider this a wake-up call to confirm your company's compliance if FDA called you today; visit [http://www.pma.com/issues/food\\_safety.cfm](http://www.pma.com/issues/food_safety.cfm).

But our existing processes and systems are not enough, and that's why the PTI developed its Action Plan. We need *internal*, proprietary traceability to achieve *external*, chain-wide traceability via standardized electronic case coding and recordkeeping. Not only will chain-wide traceability achieve business efficiencies, but it will also help the FDA do a better, faster job of tracing product back in the event of large-scale foodborne illness. Efficient traceback will remove suspect product faster, preventing the risk of further illness and returning the marketplace to “normal” as soon as possible.

The PTI is a real-world solution developed by real-world companies. It's designed to maximize the effectiveness of current traceback procedures. It's based on global GS1 standards proven effective by other industries. We're in the process of showing government how it meets our needs and theirs —

because if we don't act, they will.

Yes, our action comes with costs at a time when budgets are squeezed. How much it will cost you to implement the PTI depends on the current capabilities and sophistication of your existing internal traceability systems. But unlike sudden loss of product, customers and credibility that mounts daily during a recall, costs related to PTI compliance can be planned and managed as implementation phased in over several years. Furthermore, the PTI team is working hard to minimize costs by providing the industry with as much information and guidance as possible to address the learning curve and shed light on Best Practices. Got an idea for a helpful tool? Let us know. The PTI Web site, [www.produce-traceability.org](http://www.produce-traceability.org), already offers advice and best practices for every milestone. We're listening to concerns and seeking solutions. Add your voice to the dialog by endorsing the PTI action plan.

Food safety outbreaks are a fact of life, especially in an age of rapid detection and information sharing. There *will* be a next time for a produce safety outbreak. If we lack chain-wide, electronic traceability, there will be more stories of company-crushing and consumer confidence-crashing recalls that carry a price far greater than compliance. Enhanced traceability is as fundamental as insurance to manage your other business risks. To end a future recall in hours rather than weeks is worth what? To safeguard the health of consumers and the bottom line of your business by investing now to improve produce traceability costs what? Priceless.



## Will Buyers Ante Up For PTI?

**T**here is little question that the Produce Traceability Initiative (PTI) lays out a path of significant progress for the produce industry. Not only does it present a model for traceability in food safety, but the realization of an industry-wide standard will create exceptional efficiencies for trade. This will help the industry provide consumers better product less expensively.

At the same time, it is easy to see why so many are objecting. Though the objections are ostensibly about the cost, that is not the whole story. Part of the problem is the nature of standard-setting. Standards provide many efficiencies, but only when they actually become standard. Until that time they are just another expense. This is especially true if one is ripping up an existing system that functions well enough and making an investment one didn't plan to make.

In other words, the PTI is most appealing to those setting up greenfield operations, where a company was going to install some kind of traceability solution anyway and now it has an industry standard to implement.

Yet the dirty little secret of the produce industry is that the major players actually don't mind spending a lot of money to gain access to key buyers. Requirements for things such as compliance with the PTI are expensive and technically challenging, and these obstacles, if required to sell to major buyers, constitute a barrier to entry. Most major players benefit when such barriers are erected as it reduces the competition.

Aye, but there's the rub! These investments pay for themselves quickly if they are really the price to pay for access to the customer. The fear among many reputable producers is that, when push comes to shove, buyers will waive the requirements in order to access cheaper product. They won't demand that local growers meet the standards or that foreign growers meet the standards, and if PTI-compliant producers are more pricey than other producers, the fear is that buyers will opt for the cheaper product.

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Recently, as deadlines approach, some key buyers, expressing sympathy with the plight of producers, have offered extensions on the PTI as long as producers show sincere intent to conform to the initiative. These buyers may be sincerely trying to help but, if so, they are going about it all wrong.

If buyers want to encourage adoption of the PTI, they should give no extensions. What they should do is reward those companies that have invested to become PTI-compliant by giving them the business, if necessary paying a premium to the small number of producers that have made all of the required investments. All it will take is for the industry to see that those who invested in conforming to the Produce Traceability Initiative have preferential access to buyers at profitable prices and one will be astonished at how quickly major sectors of the industry become PTI-compliant.

Of course, this is only half the battle. Even if every member of every national trade association in North America conformed to every aspect of the PTI, it would leave dangerous holes in the industry traceability systems.

First, the PTI is a case-level initiative, but the product is sold on an item-basis to consumers. So for the consumer who gets sick with product that caused the illness in the refrigerator and an uncertain memory of where and when it was purchased, PTI just isn't much help.

Second, the scanning is all a production and distribution center matter. PTI doesn't call for any efforts at store or restaurant level. Yet this is an important link in the chain.

Third, those representing the "soft underbelly" of the produce industry — small producers, wholesalers, repackers, chop shops, purveyors... those not members of PMA or other associations — are highly unlikely to invest in traceability systems of any type. Of course, a food safety outbreak among this sector will not be distinguished by FDA, by the media or by consumers from an outbreak in the mainstream of the industry.

Which brings us to one titillating difference we have with Bryan, who says we have to do this to hold off government regulation. As he puts it: "...if we don't act, they will."

Yet, we would say government action here is inevitable... and desirable. Traceability is a chain and, at the risk of being clichéd, a chain is only as strong as its weakest link. This industry initiative needs the legal authority of government behind it. This is the only way of ensuring that big buyers don't compromise on standards to get cheaper product and that the informal sector of the trade doesn't put everyone else at risk.

The real industry challenge is to get government to adopt the Produce Traceability Initiative as its standard in the search for traceability. Only this will avoid still another round of duplicative spending.