



MANAGING PRODUCT
RECALLS IN THE

FOOD AND BEVERAGE INDUSTRY

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How to Effectively Handle Recalls with an --- Industry-Specific ERP

The way your company responds to a recall can jeopardize your reputation and your profitability. A rapid, efficient and accurate response will help preserve customer confidence in your brand and protect your bottom line.

With often-limited resources and constant demands from government regulators, supply chain partners and customers, it's difficult for food and

beverage manufacturers to ensure compliance using outdated software or manual processes.

A robust Enterprise Resource Planning (ERP) solution built specifically for the food and beverage industry comes equipped with the tools manufacturers need to adhere to regulations, ensure food safety and be fully recall ready.



The Challenges of Recall Management

In 2019, the U.S. Department of Agriculture reported a total of 124 recalls of meat, poultry or fish, resulting in 20,427,455 pounds of affected products. ([source](#)) The two most common prompts for recalls were undeclared allergens and extraneous material, while the reason that prompted the most waste was the presence of Shiga toxin-producing E. coli.

When bad things happen to good food and beverage manufacturers, it creates a chain of complexities that must be addressed in a timely manner. While companies also want to address these concerns in a cost-effective way to mitigate further financial and resource losses, their recall efforts must in no way risk compromising quality and safety.

Some of the top challenges facing food and beverage companies in executing recall management include country-specific regulatory requirements, cross-border logistics, lack of effective supply chain tracing and lot tracking, and a lack of systematized processes for addressing recall activities.

- » **Country-Specific Regulatory Requirements.** Food and beverage companies (especially fast food restaurants) are increasingly doing business across borders, which creates new challenges for food manufacturers. Each country has its own unique set of regulatory requirements when it comes to food, and manufacturers need a reliable way to track each one. What's more, recalls that impact two or more countries are often more complex to handle because of each country's unique reporting requirements and recall processes. This is commonly referred to as "recall sprawl," and manufacturers and distribution networks must understand all of the elements that contribute to its complexity.
- » **Cross-Border Logistics.** When recalls impact other countries, the logistics of recalling the product can be cumbersome, time-consuming, and costly. Manufacturers must be proactive in ensuring products are removed from store shelves, as well as communicating with international audiences to raise awareness of the recall. There are also the challenges and costs associated with any necessary food recovery needed for testing, all while keeping the main business objectives in focus.
- » **Ineffective Supply Chain Traceability.** When the origin of the recall can be identified, companies can respond faster and mitigate the damages to public safety, their brand reputation and the bottom line. The problem, however, is that a lack of supply chain traceability creates too much guesswork for companies to quickly isolate the problem. Companies that cannot access the necessary data to track impacted products may experience delays, which can lead to the potential for greater consequences.
- » **Absence of Recall-Driven Systems and Training.** Manufacturers should never consider themselves "new" to product recalls. Even with a spotless recall history, every food and beverage company could have the next recall making headlines. Aside from the required written food safety plans and preventative controls that are part of a company's compliance program, it's essential to have a response program and systems ready to deploy as though the company handles recalls every day.

Preparing Today for a Growing Recall Rate



A recent report from the U.S. Public Interest Research Group noted that recalls are on the rise, with a 10% increase between 2013 and 2018. ([source](#)) During this time, Class I recalls (recalls that carry the greatest possibility of contamination causing health problems or death) of meat and poultry rose an alarming 83%. The report also exposed a number of flaws and risk factors in the current food system, including the growth of operations that could make them more susceptible to pathogens.

Canadian recalls, too, are on the rise. Experts conjecture that the increase in recalls in Canada is largely due to changes in the [Safe Food for Canadians Regulations](#) (SFCR), a new set of safety regulations enacted in 2019.

Though the number of food recalls has actually declined slightly in 2020, some industry observers feel the decrease can be attributed to a decline in the number of site

inspections being conducted in the wake of the COVID-19 pandemic.

Though site inspections are by no means at a standstill, the frequency of inspections has been curtailed by current circumstances. It is expected that, once the pandemic is over, inspection frequency will resume at its normal pace and that recalls will, in fact, continue to escalate.

Experts suggest that the growing number of recalls isn't cause for consumer concern, however, because new tracing methods allow problems to be pinpointed faster and growing consumer scrutiny is prompting more companies to act on the side of precaution rather than reacting once an issue has already occurred.

However, the increase in recalls should cause concern for food and beverage manufacturers. Regardless of what's prompting them, more recalls can mean higher costs, an increase in liability and greater risk to the reputation of affected food and beverage companies.

It's becoming more important than ever to identify early warning signs and get in front of a product recall to mitigate its impact. This requires having the right systems and technology already in place so that prompt action can be taken.

Implementing an ERP solution designed specifically for the food and beverage industry such as FoodBusinessERP is a step in the right direction. Industry-specific features address the most mission-critical needs of food and beverage manufacturers like forward and backward lot tracking,

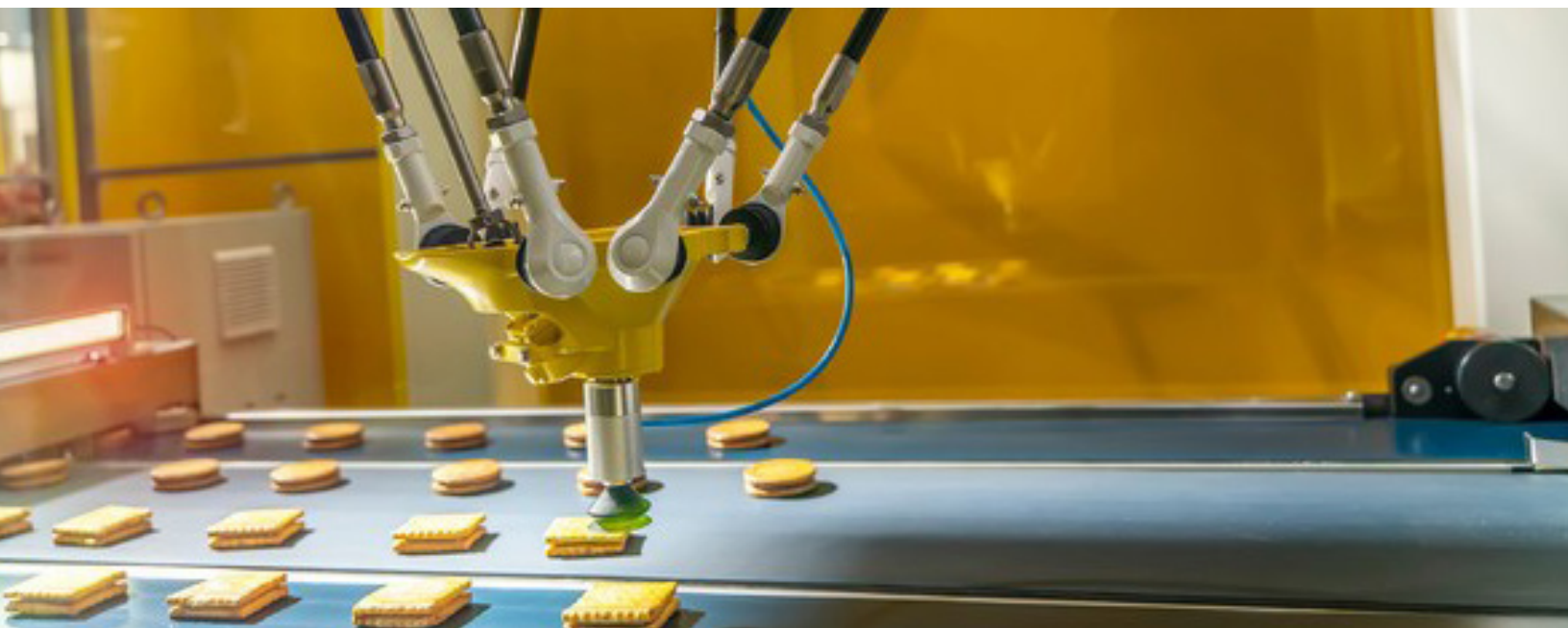
material handling requirements, inventory management, production process controls and labeling. With quality control systems documented, accessed, and managed through FoodBusiness ERP, recall-prompting food safety hazards can be easily addressed when a recall occurs.



Recall management functionality included in FoodBusiness ERP can further help streamline processes surrounding supply chain communication and other important actions that will help to notify stakeholders and preserve buyer trust.



Discover Recall Management Functionality in FoodBusiness ERP



Food and beverage companies have a responsibility to the retailers, distributors and consumers they serve to respond quickly to potential health or safety issues with the foods they produce. The consequences of not being able to respond effectively could create severe legal, financial and reputational damage.

Industry-specific solutions like FoodBusiness ERP, built on the powerful Sage X3 platform, are helping to drive much-needed change in helping companies prepare for, execute, and recover from product recalls. In addition, these tools may also help to prevent brand-damaging recalls from happening in the first place.

Recall to Resolution in Minutes

FoodBusiness ERP's recall management functionality streamlines the recall resolution process. When the system is notified of an affected product or ingredient that is the subject of a recall, FoodBusiness ERP performs the following actions automatically:

- » Produces a list of affected products and quantities
- » Generates a listing of supplier details
- » Provides a list of shipments involved
- » Produces a list of remaining affected stock
- » Flags affected stock as 'Do Not Use'
- » Prints required consumer notification letters
- » Creates call lists in CRM to aid customer service reps
- » Assigns and monitors follow-up actions

The software also automates subsequent steps in the recall process depending on factors such as recall type and classification, recall strategy and desired customer actions. If part of your recall strategy to enhance customer experience includes offering rebates, for example, functionality built into a system like FoodBusiness ERP can handle rebate issuing and accounting, helping ensure customer retention and loyalty remains intact.

Because recalls occur so rarely for companies, it's easy for food and beverage manufacturers to let some of the critical details of their recall processes slip through the cracks. Recall management functionality inherent in FoodBusiness ERP helps fill in these gaps so businesses can focus on producing safe, quality products.

Identify Affected Items and Shipments

If specific affected products cannot be identified, you may need to broaden the scope of your recall — increasing the cost and the impact. Recall management functionality accurately identifies all affected part numbers, lot numbers and the customers to whom they were shipped, whether the lots involved contain raw ingredients, intermediates or finished goods.

Using lot numbers created within the system, FoodBusiness ERP can trace the path of those lot numbers bi-directionally throughout the production process to isolate affected customers, items, lots and quantities. The recall, then, is limited to only the product or materials known to be affected, limiting the scope, reach and cost of the recall. Functionality in software like FoodBusiness ERP will also flag any affected product not yet used in manufacturing as “Do Not Use” in the system.

Manage and Communicate risk

Notifying your consumers of a recall event and providing the appropriate details and action steps can be a painstaking process. Recall management functionality in ERP software

streamlines and simplifies the communication process by automating the following:

- » Automatically generates consumer notification letters
- » Creates detailed records in CRM for affected customers
- » Builds a call list for customer service staff to ensure proper notifications are delivered

Ensure Compliance

Whether a recall is mandated internally, by a third-party or by a customer, a food and beverage manufacturer's ability to successfully manage all aspects of the recall is critical. Software for the food industry ensures compliance by accurately documenting how much of the affected product was manufactured, how much of the product was delivered to specific customers and how much remains in your warehouse. Communication to stakeholders in your supply chain is then created within the system to notify of the recall and subsequent steps and actions that need to be taken.

Safeguard Your Business

The effective and efficient management of a recall is vital to the successful operation of manufacturers. Recall management functionality can also be used to conduct a mock recall, proving to internal stakeholders, distributors and consumers that your organization is prepared in the event a recall must occur.

With recall management functionality in software like FoodBusiness ERP, food and beverage manufacturers can ensure their organizations are prepared to efficiently and effectively manage the steps necessary to perform an accurate product recall.

Recall Management Functionality in FoodBusiness ERP

FoodBusiness ERP is a software solution built on Sage X3 and delivered by food and beverage business and technology experts. It includes the most commonly used features that we've built for our food and beverage process manufacturing customers who are using it to run some of the world's most respected organizations.





Get in touch with our food and beverage experts today to learn how FoodBusiness ERP helps companies like yours streamline operational efficiency and manage business growth.

GET IN TOUCH



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About FoodBusiness ERP by NexTec Group

NexTec Group is one of North America's largest and most experienced technology consulting firms, specializing in industry-specific solutions for mid-sized organizations. For nearly 30 years, NexTec has been a trusted partner to businesses, delivering, implementing, and supporting the core Enterprise Resource Planning (ERP) and Business Intelligence (BI) solutions they need to scale and grow. With seasoned consultants from coast to coast, and a premium portfolio of innovative business management solutions including Sage X3, we help you get the most out of your technology investments. Visit www.nextecgroup.com or follow us on [LinkedIn](#).

