



American Spice Trade Association

External Quality Certification

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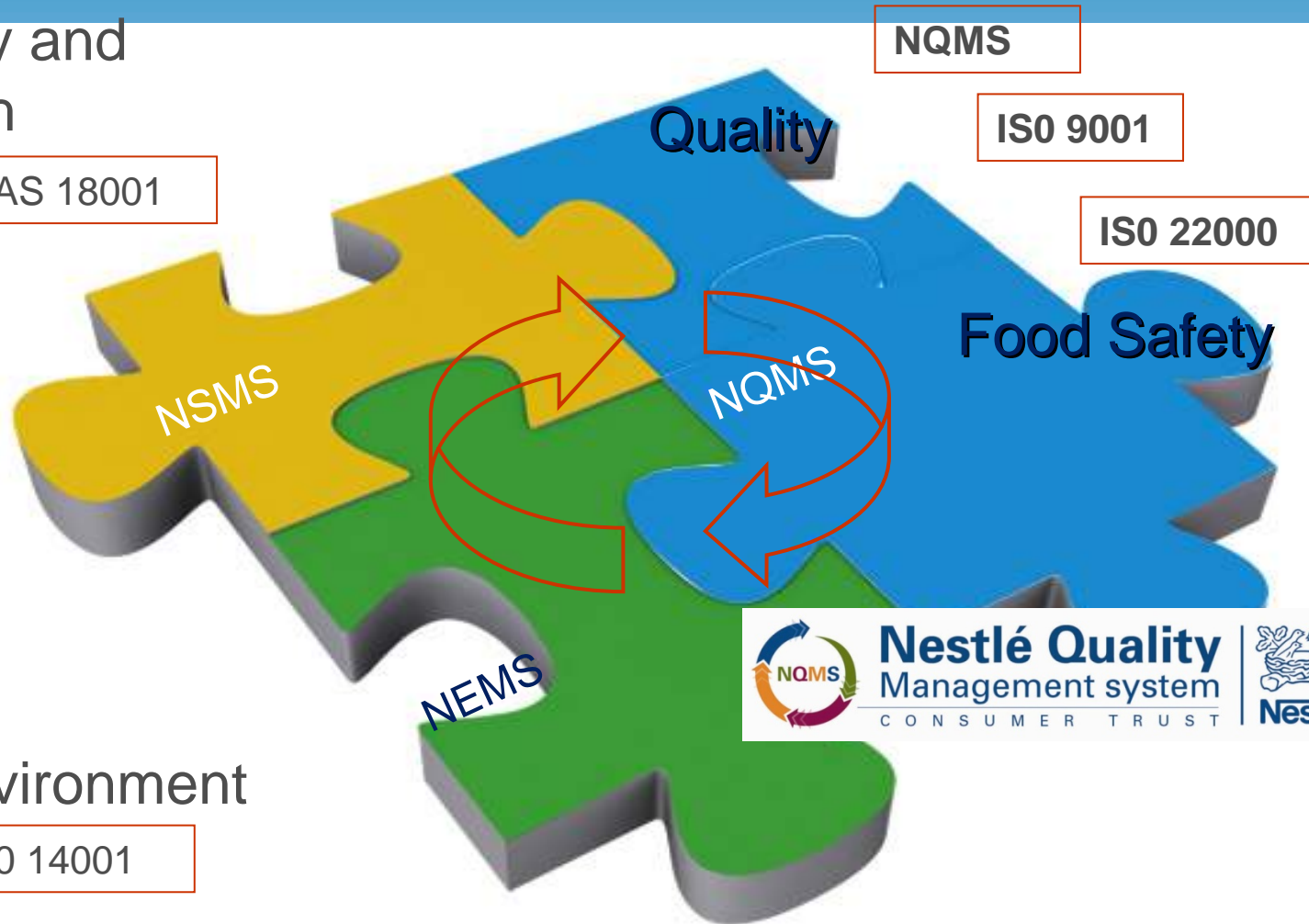
2010 Annual Meeting and Exhibits
Naples, Florida

- Nestlé quality certification
- Results
- Success factors
- Landscape
- The value chain
- Who profits?
- Key messages

Nestlé (quality) certification

Safety and
Health

OSHAS 18001



Environment

ISO 14001



BARFBLOG: Food safety audits never enough

<http://www.barfblog.com/blog/141078/10/03/01/food-safety-audits-never-enough>

"Know your suppliers. An audit does not make up for lack of knowledge of a supplier." So said Bob Whitaker, chief science officer for the Newark, Del.-based Produce Marketing Association, at the Winning at Retail conference last week.

Or as Mansour Samadpour of Seattle says, "The contributions of third-party audits to food safety is the same as the contribution of mail-order diploma mills to education."

Which is why every time some group like organic growers proclaims to be validated by third-party audits as a sign of superior product, I sigh. Have they not heard of the third-party audits done at Peanut Corporation of America which found the plant produced superior peanut paste – so superior that some 700 people got sick, nine died and over 4,000 products had to be recalled because of Salmonella flourished in the crappy production plant?

Guess that didn't come up in a recent survey announced by press release and uncritically repeated by others.

A study being conducted by Michigan State University (MSU) on behalf of DNV finds that U.S. consumers are highly aware of food safety issues and they have high recognition of third party certification as an effective signal of food safety assurance. The consumers strongly prefer to see products labeled as safety certified. ... US consumers say they want to see evidence on product labels that the food they are buying has passed some kind of independent safety certification process. Moreover, slightly more than one third of consumers indicate a willingness to pay a premium, upwards of 30 percent more.

Food safety surveys along with hypothetical willingness-to-pay studies are crap: people overestimate their own food safety behaviors and vote at the supermarket checkout counter with their wallets.

The vast number of facilities and suppliers means audits are required, but people have been replaced by paper. Audits, inspections, training and systems are no substitute for developing a strong food safety culture, farm-to-fork, and marketing food safety directly to consumers rather than the local/natural/organic hucksterism is a way to further reinforce the food safety culture.

Whitaker also challenged the conventional wisdom that a high audit score — especially on an announced audit — is indicative of an all-is-well food safety program. He said it's obvious when a company cleans up in preparation for an audit. "Unfortunately, I think in this industry we've gotten pretty good at dressing up and taking audits."

Success factors Nestlé certification

Select Certification Bodies (CBs) – and their auditors...

Co-own the program – partner up

Multi-level training – corporate – regional – pre-audit briefing

Witness certification audits

Focus areas – objectives

Auditee surveys

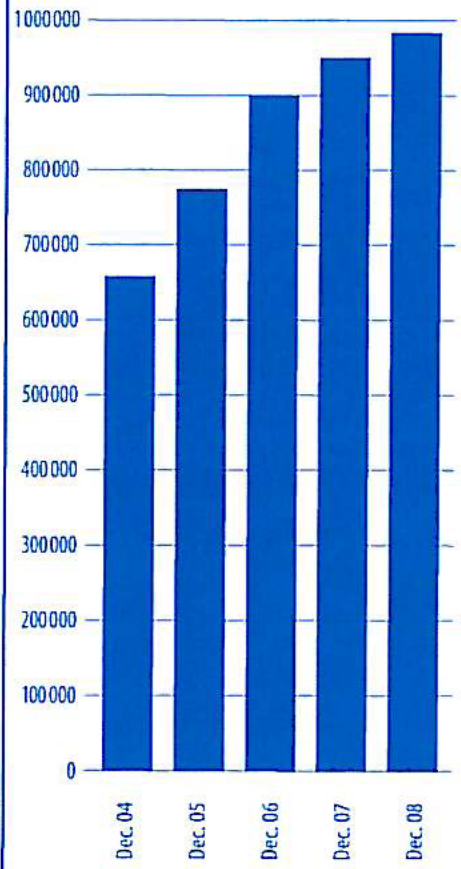
Question audit results

Use all outcomes immediately for internal improvement – global leverage

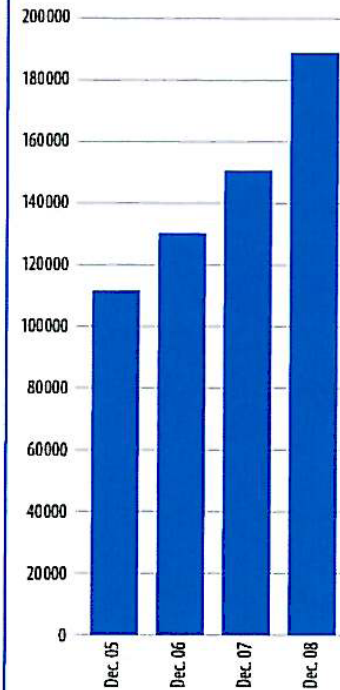
Drive CBs and their staffs to more knowledge and higher competence

Be a demanding customer – but share the glory

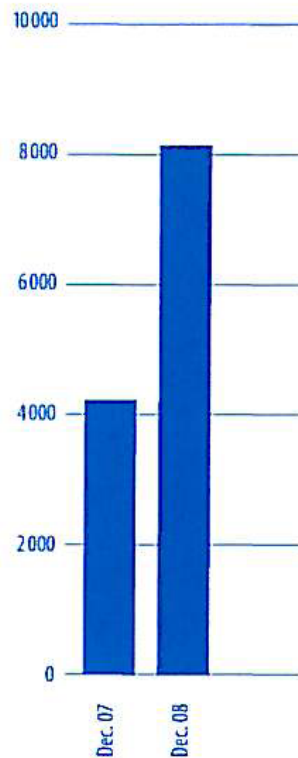
**Worldwide total of
ISO 9001:2000/2008 certificates
December 2004 to December 2008**



**Worldwide total of
ISO 14001:2004 certificates
December 2005 to December 2008**



**Worldwide total of
ISO 22000:2005 certificates
December 2007 to December 2008**



The worldwide total
of ISO 22000:2005
certificates **has nearly
doubled**

Cargill's viewpoint on external Food Safety Audits

- Cargill believes in the principles of GFSI unlike non-GFSI audits because:
 - Certifying bodies must follow rules
 - No “mail-order” certificates
 - No under-bidding for audit days
 - Level playing field

Cargill's approach

- Cargill complements all of their internal policies & self-audits with FSSC 22000 (aka F22K) in all plants
- Cargill is deploying F22K across all 1000+ plants in a layered, five-year approach:
 - First with food plants where customers request a GFSI audit, then in food plants without customer pressure, then convert over those plants on BRC or IFS, then grain elevators, then feed plants

Cargill's approach

- Cargill prefers F22K with ISO 22000 as the “backbone” with appropriate PRPs standards for various parts of the supply chain.
- Cargill is developing a global approach for all suppliers and will be seeking GFSI audits from the medium & low risks suppliers and will conduct their own audits at the high risk suppliers

The value chain: upstream supply Standard needs - needs standards?

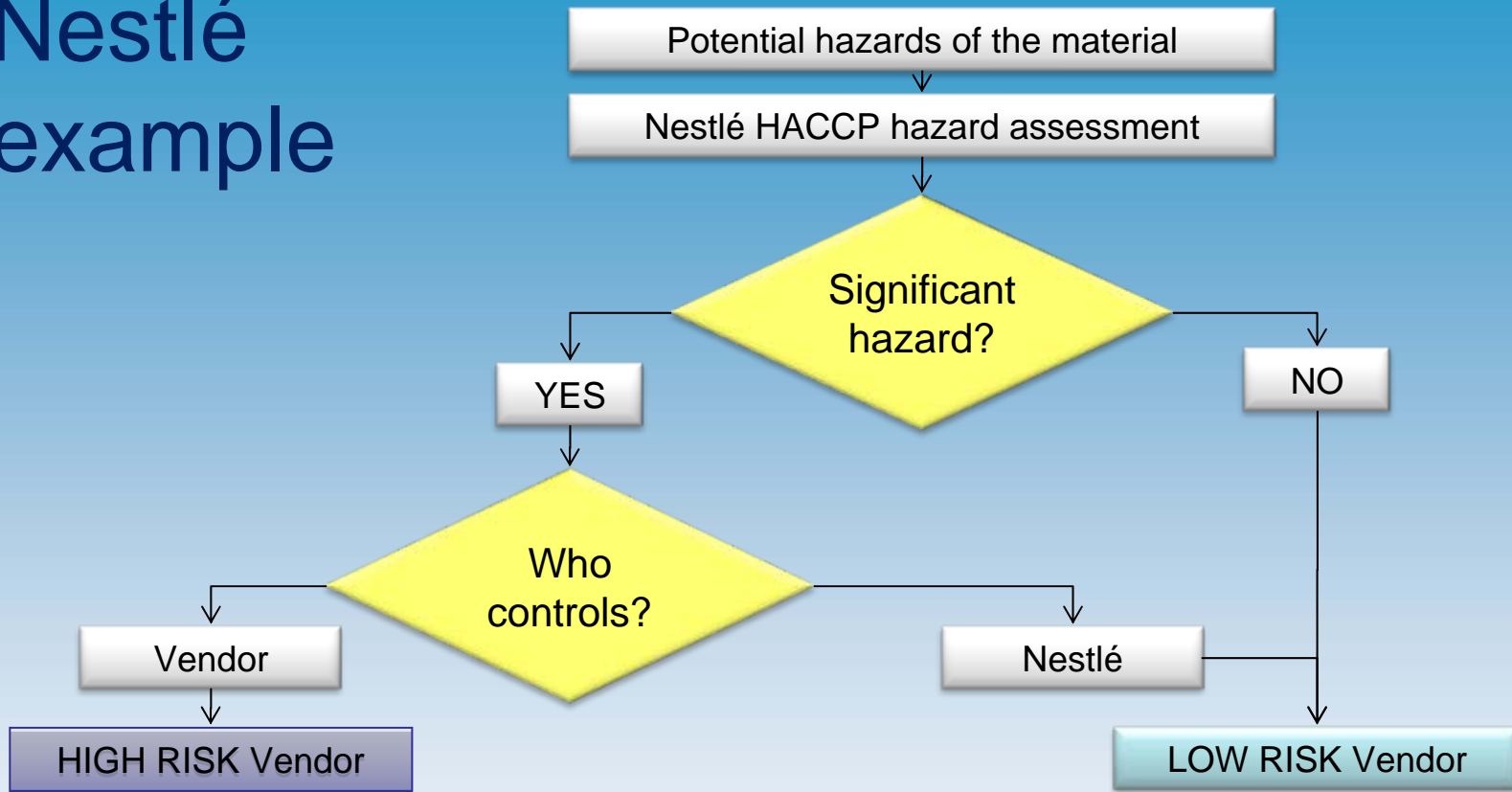
Wal-Mart's (consumer?) – other customer requirements
– ISO – BRC - others

Lessons of PCA: 'closed' customer or company standards will be replaced by 'open' standards.

General origin, transparency and traceability concerns –
'the system' requires traceability

We are perceived to be all in the system

Nestlé example



Nestlé signs off on control measures

External certification

Approved CBs – GFSI

Nestlé did its own peanut inspection

Vigilance saved it from
recall – not so for Kellogg

By Elizabeth Weise and Julie Schmit
USA TODAY

Foodmaker Nestlé decided against doing business with Peanut Corp. of America after its inspectors found grossly unsanitary conditions at two processing plants, and lawmakers Thursday said that other companies should also have been that vigilant.

Nestlé's auditors examined and rejected PCA plants in Georgia and Texas, both of which were involved in the largest food recall in history. Salmonella-contaminated peanut butter and peanut paste have so far sickened 691 and may have been a factor in nine deaths. More than 3,516 products were recalled.

"They (Nestlé officials) said, 'Man, these are bad practices and we're not going to use them,'" said Rep. Bart Stupak, D-Mich., who chaired the House Energy and Commerce investigations subcommittee hearing on the industry's role in the outbreak.

Other food manufacturers relied on auditors paid by PCA. "Kellogg was sloppy," charged Rep. Henry Waxman, D-Calif. It relied on the American Institute of Baking, a Kansas-based third-party auditor that gave the Georgia plant a superior rating. Kellogg's Keebler and Austin peanut butter crackers were recalled.

Waxman also says PCA "hired the cheapest inspector they could possibly get," paying about \$1,500 when tougher "gold standard" audits cost \$20,000.

Kellogg's recall costs may reach \$70 million, the company has said. It purchased up to \$10 million in peanut products a year from PCA.

"I think we did everything we could do," David Mackay, Kellogg's chief executive, told lawmakers. He said Kellogg used common industry practices, but PCA was an "unethical, dishonest supplier" that was prepared to put people's lives at risk. Kellogg has 1,000 ingredient suppliers, he says. It will now do its own audits of those making products most vulnerable to bacterial contamination.

Nestlé's audits took place at PCA's Georgia plant in 2002 and at the Texas plant in 2006.

The 2006 audit, released by the committee, found poor pest control, the lack of an environmental monitoring program for pathogens and the potential for cross contamination.

Similar problems were found in those plants by Food and Drug Administration inspectors earlier this year.

The 2002 Nestlé audit noted deficiencies in housekeeping, pest control and the potential for microbiological cross contamination. It observed that PCA needed "a better understanding of the concept of deep cleaning."

USA Today History March 20 2009

Who benefits?

The value of certification



- Certification provides you with both internal and external benefits

Internal Benefits

- Management support/ Lever to mobilize resources and improve internal efficiency
- Better risk management and financial control
- More reliable quality control/ Eliminate of waste and loss
- Improved operational efficiency/ Cost-savings
- Continuous improvement process
- Help organizational dynamics react quicker to new situation

External benefits

- Protect reputation and brand image
- Improve customer satisfaction
- Gain competitive advantage on markets
- Help to bid for new tender
- Instil confidence to stakeholders
- Ensure supply chains are not at risk



“ With ISO 22000 we are on the forefront of the development within the food safety area. With Bureau Veritas we are sure that the standard is well implemented, and we keep improving ourselves ”

Niels Juul Mortensen
Quality Manager
Central Quality Department
Arla Foods

CHALLENGE

- Lift the standards of food safety in the company.
- Be on the forefront of the latest developments within food safety.
- Live up to – and if possible exceed – the food safety standards of retailers around the world.

SOLUTION

- Revitalize the risk analysis of the production flow according to the HACCP-principles.
- Implement ISO 22000 on all relevant production sites.

BENEFITS

- An easy-to-explain food safety solution that encompasses all employees.
- Clearer communication – both internally and externally through the food chain.
- Keeping clients confident about Arla Foods's food safety capability.

CLIENT PROFILE



Client: Arla Foods

Client industry: Food

Client size:

- 20,000 employees
- Revenue: DKK 46.3 billion (€6.1 billion)
- Handles 8.4 billion kg of milk a year

Client profile:

Arla Foods is the largest dairy company in Northern Europe and owned by 10,500 milk-producing farmers in Denmark and Sweden. The products are sold in more than 100 countries all over the world.

Who profits?

Consumer – transparency – food safety – confidence - price

Customer - transparency – compatibility – communication

Manufacturer – food safety – efficiency – preference consumer / customer

Material supplier – conformity – compatibility – efficiency – preference business!

Certification Body – credibility - business

Regulator / government – collaboration platform – ahead of the curve

Key messages (1)

- External quality certification is growing - and it is coming your way
- Large, medium size and smaller companies
- Entire supply chain in the picture
- Open standards - GFSI - ISO 22000 Food Safety

Key messages (2)

- Buy a certificate – buy a disaster
- Partner up for external certification
- Divide the work: you set the system and the values, the auditor checks how you work and checks your controls - the certification offers a conformance measurement
- The measurement enables you improve
- ... therefore it adds value

“WAKE UP & SMELL THE ROSES”

Senior management and owners within the food supply industry still have a huge need to better comprehend the added business value of implementing food safety and quality management systems, into their operations.

Of special concern are those smaller to medium sized manufacturers, and even some of the larger ones; who still believe that this responsibility falls only on their Quality Assurance people.

So, Top Management, "wake up and smell the roses"...these are business decisions and not QA decisions!

Source: **LinkedIn ‘Food Quality Audit’ Internet Forum**

*"I can afford to close my eyes
because yours are open."*

Miss. Nabeela



Nestlé Quality
Management system
CONSUMER TRUST

