



Global Supply Chain Quality Management

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Company Profile

- ***McCormick & Company, Inc. is the world leader in the manufacture, marketing and distribution of spices, seasonings, flavorings and other food products to all segments of the food industry - retail, food service and food processors.***
- ***Founded in 1889.***
- ***Headquartered in Maryland.***
- ***Sell products in over 100 countries.***
- ***\$2.4 billion in sales.***
- ***Approximately 7,500 employees.***
- ***Manufacture products in over 20 countries, operating over 47 plants and laboratories.***
- ***Brands with established reputation for consistent, high-quality, safe, and wholesome food products***

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Global Brands





Introduction

McCormick has been in the business of sourcing ingredients globally since our founding in 1889. Few companies have our know-how and experience in sourcing pure, wholesome and safe food products from so many countries around the world.

McCormick has a long history of sourcing from China, India, Indonesia and other developing nations that are characteristically more challenging for GAP's, GMP's and adulteration-free product.

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Global Suppliers & Materials

McCormick has hundreds of suppliers and thousands of raw materials, ingredients and packaging materials.

The quality management of the supply chain includes:

- ***Core spices, herbs & related materials.***
- ***Processed ingredients.***

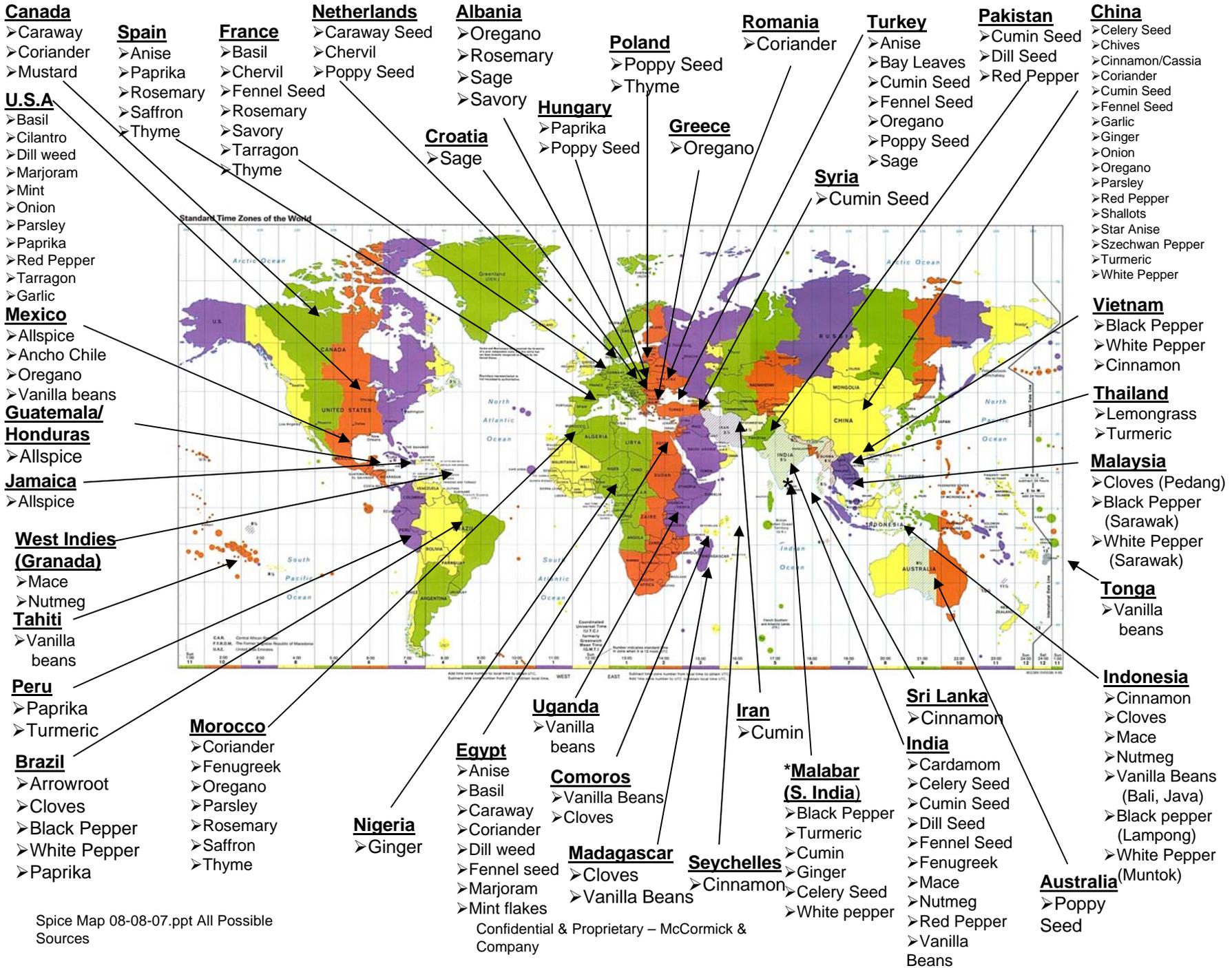
McCormick has a Global Sourcing group dedicated to the core herb and spice line. Processed ingredients and packaging materials are managed by a Corporate Supplier Quality Management Group (SQM).

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Core Spices, Herbs & Related Materials

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Spice Map 08-08-07.ppt All Possible Sources

Confidential & Proprietary – McCormick & Company

Supply Chain Control Principles



- *Throughout our company's history we have had in-depth commodity expert involvement at source countries with growers and processors.*
- *25 years ago McCormick formalized its Global Sourcing Program by buying direct from source (vs. via trade brokers and agents) and developed in-depth relationships at source with processors and growers.*
- *Our Quality Assurance experts are actively engaged with strategic processors and growers to direct QA / QC programs and testing and to provide frequent independent audits.*

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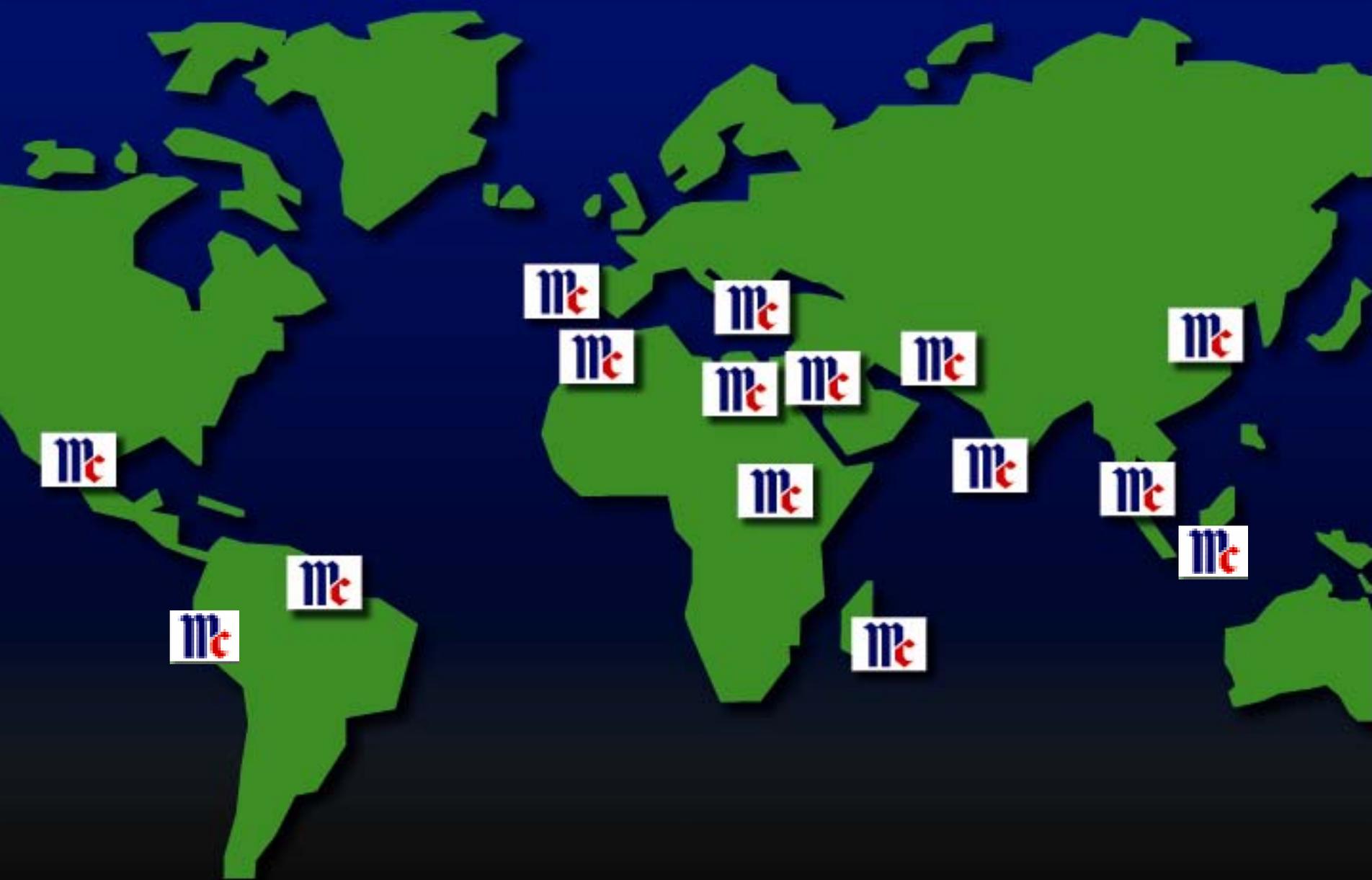


Supply Chain Control Principles

- ***The most effective and efficient method to assure the absence of economic adulterants and contaminants is through control of the supply chain back to source.***
- ***We deploy a positive control based, Quality Assurance approach to prevent adulteration of our agricultural raw material base.***
- ***Our strategic control of the supply chain is based on a three-pronged approach:***
 - A. Strategic vendor alliances***
 - B. Control of source material***
 - C. Control of manufacturing process***
- ***These form the cornerstone of the management of the supply chain from field to plant and assure adulterant-free material.***

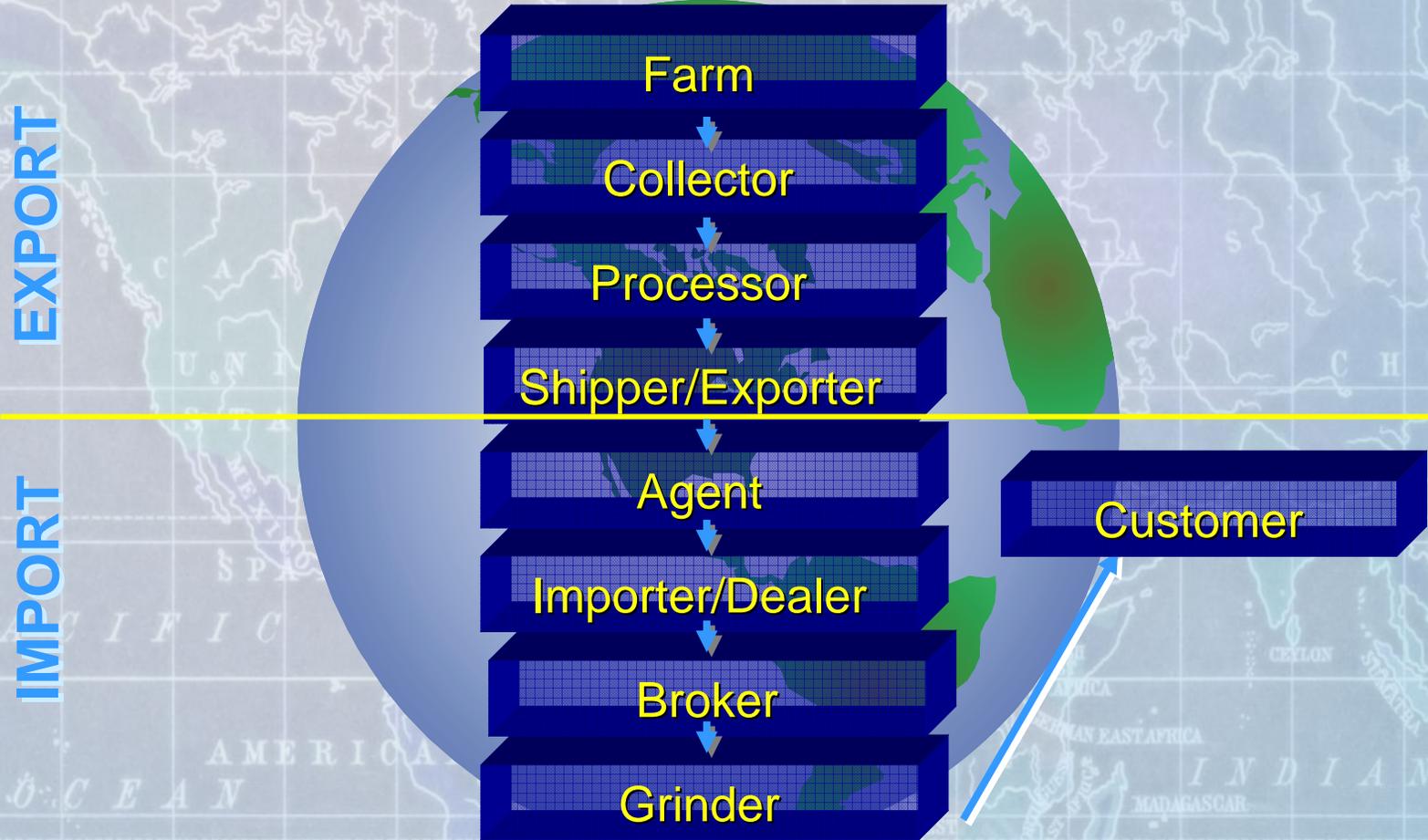
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McCormick Global Sourcing Sites





Traditional Supply Chain



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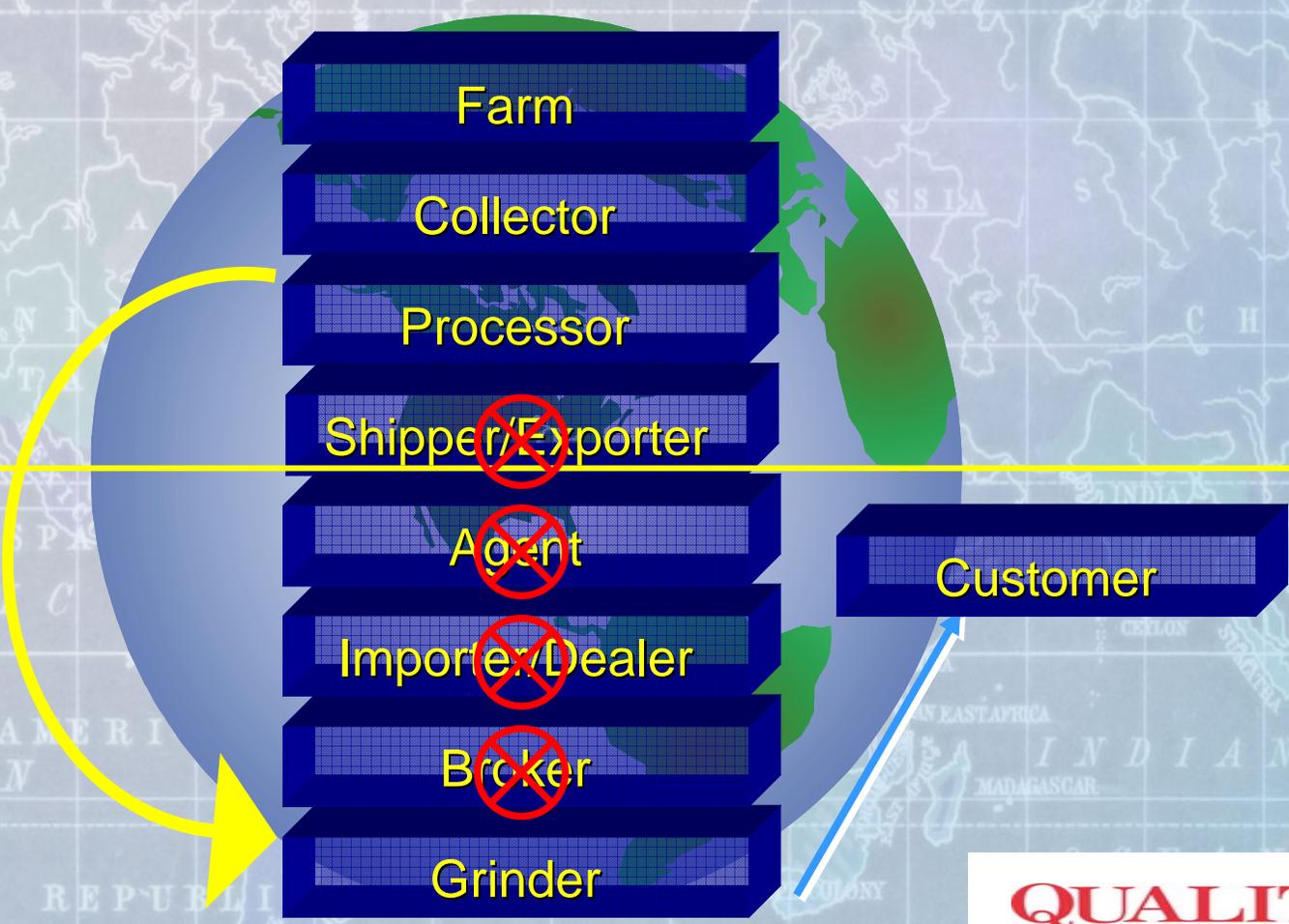




MGIL Supply Chain

EXPORT

IMPORT



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McCormick –AVT India Joint Venture



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McCormick –AVT India Joint Venture



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U.S. Department of Health & Human Services
HHS.gov

Secretary Mike Leavitt's Blog



The Cochin region of India is the center of the world's spice trade for millennia. Our afternoon was a visit to a spice operation; AVT/McCormick. I found the relationships between McCormick's growers and customers the most interesting part of the visit. Upon arriving I noticed some large bags of red peppers. Sewn to each of the bags were yellow cloth tags with messages on them. The farmers were required to put their names, location the peppers came from and the date they were picked on the tag. The farmers who provide peppers to McCormick are people with only an acre or two of land. Most are unsophisticated but are also part of a powerful political constituency in India...It's unlikely that a requirement of traceability would have ever been imposed on the farmer by the government. However, when made it a condition of doing business, the farmers accepted it or started doing business someplace else. Since McCormick is the most reliable partner in the market, almost all adapted. Let's call it the Red Pepper Principle of Product Safety: Markets, not mandates, will drive improvement in quality. The McCormick red pepper farmers are a prime example.

Posted on January 14, 2008

http://secretarysblog.hhs.gov/my_weblog/2008/01/day-3-in-india.html

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Processed Ingredients

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Supplier Risk Assessment

Due to the vast number of suppliers, McCormick operates a risk management program to allocate its auditing resources and insure McCormick's expectations are met.

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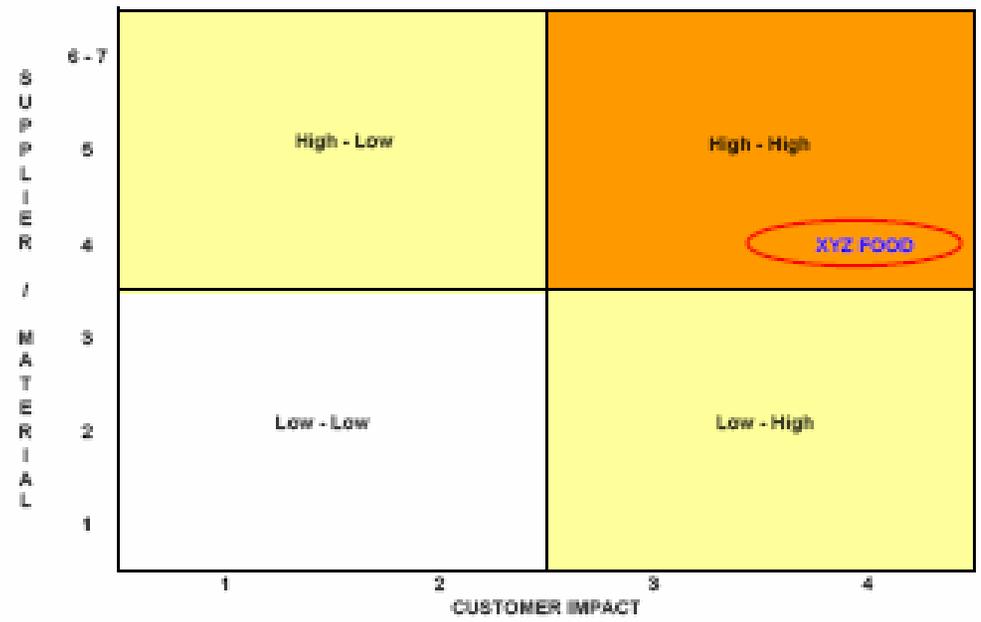
Supplier Quality Management Highlights

The McCormick Supplier Quality Management program includes:

- ***Material Risk Assessment***
- ***Supplier Risk Assessment***
- ***Food Safety & Hygiene Audit Program***
- ***Specifications Control***
- ***Regulatory, Storage & Shipping and Handling Control***
- ***Prevention-based Microbiological Program***
- ***Supplier Quality Expectations Manual***
- ***Supply Chain Integrity Program***

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Supplier Risk Assessment



XYZ FOOD

Supplier/Material			Customer Impact		
Item	Score	Scale	Item	Score	Scale
Facility (Questionnaire)	2	1 = 85-100 2 = 70 - 84.9 3 = <70	Customer volume	3	1 = Bottom 20% 2 = 21% - 79% 3 = Top 20%
Material	1	1 = Low Risk 2 = Medium Risk 3 = High Risk	Project sensitivity	1	-1 = Low 0 = Unknown +1 = High
Third party audit	1	-1 = Low risk 0 = Unknown +1 = High risk			
Total	4		Total	4	

MATRIX CODING	
	==> AUDIT REQUIRED
	==> AUDIT TO BE EVALUATED
	==> AUDIT NOT NECESSARY

COMMENTS

Facility (Questionnaire)	Questionnaire sent 04/11/2008 - score 80
Material	Material category risk is low category
Third party audit	No third party audit
Customer/volume	Impacts all strategic, critical, and value customers across the board. XXX primary customer.
Project sensitivity	Project has high sensitivity. Major supplier of this category has gone out of business and products must be replaced from other suppliers



MCCORMICK & COMPANY, INCORPORATED

SUPPLIER QUALITY EXPECTATIONS

A central graphic of a globe with a red ribbon wrapped around it. The ribbon features several logos: the McCormick 'Mc' logo, the Club House logo, the Schwartz logo, and a circular logo with the text 'No Flamer Your World'. The globe itself has the McCormick 'Mc' logo and the word 'McCORMICK' on it.

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Supply Chain Integrity Program

- ***Raw materials from various source countries are randomly sampled and examined for economic adulteration using proprietary in-house testing methodology.***
- ***Screen for known adulterants, and early identification of new / emerging adulterants.***
- ***Audit program covering key global ingredients.***
- ***Includes McCormick Units in all countries.***
- ***Covers most growing regions in the world.***

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Lessons Learned / Effective Strategies





Lessons Learned / Effective Strategies

- ***Realize the cultural biases.***
- ***Different perspective on purchasing.***
- ***Alignment of company ethics.***
- ***Greater investment in supplier development and collaboration.***
- ***Importance of educating in “developed country” standards of quality and food safety.***
- ***Understand trade-offs between the economies realized and the risks and costs associated with offshore sourcing.***
- ***In country Purchasing and Quality Assurance staff.***
- ***Take nothing for granted, leave nothing to chance.***

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Lessons Learned / Effective Strategies

- ***Insure that management and oversight extends beyond first tier suppliers.***
- ***Companies can have good equipment / facilities, but lack process control and management practices to operate properly.***
- ***Guard against changes to product, process, facility.***
- ***Understand the use and misuse of documents.***
- ***Staff placed at supplier's facility.***
- ***Use only after on-site audit by you or a reliable 3rd party.***
- ***Spot checks / screening for known and unknown adulterants.***

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THE END

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