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Food Traceability: Benefits Beyond Regulatory Compliance

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Leading food enterprises have recognized the value of internal traceability for years. Now, smaller and more nimble competitors are reaching the same conclusion. At the same time, food businesses — from production farmers to retailers — continue to ask, “What is this external, whole-chain traceability thing and why should I care?”

Internal traceability occurs within individual businesses. The effectiveness of an organization’s traceability processes is generally measured by the extent to which its practices and systems help users make informed decisions and monitor their impact.

External traceability goes outside the individual firm and is built on internal traceability. However, the effectiveness of whole-chain traceability is reliant on the integrity and relevance of gathered, stored, and shared data. The interoperability of the systems being used also plays a role in external traceability, but that is another topic for another day.

What makes external traceability valuable? Well, in the past, traceability was driven by government regulation or at least the threat of regulation. When an entire food sector — tomatoes or processed meats, for example — is threatened due to foodborne illness that cannot be traced back to its origins, regulators instinctively want to step in and mandate “better traceability.” This is because the process of gathering and cross-referencing disparate data from multiple sources takes days, weeks, even months. As more citizens become ill, the pressure to quickly come up with an answer, any answer, is intense.

Governments quite naturally react to this pressure. In return, the business seeks to mitigate potential increased costs of a regulated approach by voluntarily changing its processes and systems to improve the reliability and speed with which investigators can trace and track products throughout the chain. This is done in the true desire to improve reliability and responsiveness. However, it is not an especially strategic approach.

A pattern of waiting for regulators to call the tune has become the culture throughout the food industry for decades. Thus, most businesses regard traceability as an “insurance policy” geared toward reducing or deflecting the negative consequences of recalls and product withdrawals. In the same way that we all look at insurance, businesses see traceability purely as a cost and something to be minimized and managed with little regard to the potential benefits. As I said, this is not particularly strategic.

However, this is changing and it is not surprising that the change is being driven by consumers taking matters into their own hands. They may not know about traceability, but they sure know the industry can do better. Proactive food businesses now look at whole-chain traceability much as they have regarded internal traceability: a means to reduce working capital, increase market share, lower risk, all the while answering the desire of consumers to know the story behind their food.

Traceability along the entire chain does serve the consumer; it also delivers real benefits to those businesses that share a value chain. In early 2015, the Global Food Traceability Center concluded and published a benchmark study of traceability the seafood sector (<http://info.ift.org/download-the-traceability-assessing-the-value-and-role-of-seafood-traceability>) in *Comprehensive Reviews in Food Science and Food Safety*. The research project and its report clearly identifies that the more businesses collaborated and shared traceability information, the better they are able to respond to rapidly shifting consumer preferences, to lower the overall cost of their goods-in-process, to forecast production volumes, and to take advantage of swift changes in supply of certain species.

While the report specifically showcases the seafood sector, the evidence strongly suggests that other food sectors would achieve the same economic and financial payoffs from more robust, whole-chain traceability.

The benefits accrue beyond businesses and consumers. Regulators also benefit from faster and more reliable information retrieval and improvement in decision making. This lowers the cost to taxpayers and reflects itself in few people potentially becoming ill. Faster, more reliable whole-chain traceability leads to faster identification of the source of the problem so fewer people are impacted.

WHO BENEFITS?	HOW?
Business / Industry	<ul style="list-style-type: none"> • Stronger global competitiveness • Lower working capital costs; higher ROI • Increased responsiveness to shifts in demand
Government / Regulators	<ul style="list-style-type: none"> • Lower cost of response to emergencies • Faster, more reliable decision making • Fewer people become ill from outbreaks
Consumers / Public	<ul style="list-style-type: none"> • Increased confidence in food system • Lower foodborne illness victims

All of this enhances consumer confidence in the food system and arguably lowers the rate of foodborne illnesses.

It has become clear from recent studies that the more collaborative firms are — and the more they share traceability business processes and procedures — the more economic and financial benefit they receive. Consumers will perceive this as a nice by-product of traceability. However, the financial payoff from traceability is now driving increased adoption.

About The Author

Brian Sterling is currently President and CEO of Safe Food Canada. Previously, he was the Managing Director of the Global Food Traceability Center in Washington, DC and prior to that the CEO of OnTrace Agri-food Traceability. He is a well-known and widely published expert in food traceability and food protection.