Contracting with a New Trading Partner
Nine Ways to Reduce Your Risk
BEFORE the First Shipment
While Expediting the Sourcing Process
How Well Do You Know Your Suppliers?

• Do you have a complete list of suppliers with accurate contact information?
• Have you verified their safety processes?
• Did you know that 1/3 of manufacturer recalls come from their ingredient supplier?
• Do they have you covered for insurance?

But really...you don’t want to go there...
1. Comprehensive Master Vendor Agreements

Ensure your agreement details:

- All necessary warranties
- Define quality and safety expectations
- Allocate all indemnity obligations for:
  - Product liability foodborne illness claims
  - Any recalls
  - Third-party labeling
2. Product Recalls

You should have...

Acknowledgements from all suppliers that they will be liable, at the election of the customer, pursuant to a pre-determined fee schedule, for liquidated damages in the event of any product withdrawal or product recall.
3. Supplier Insurance

You should verify...

Acknowledgements and proof of minimum levels and types of general liability and recall insurance from all suppliers for any food safety or quality issues.

Importantly...

Minimum insurance requirements should be established, as many policies do not afford adequate protection.
4. Environmental Testing for Pathogens

You should require...

A certification from all suppliers, in predetermined product categories, that each supplier has implemented a microbiological environmental monitoring program designed to control pathogens of concern in the processing environment.
5. Hazard Analyses & Preventive Controls

If your supplier is processing or warehousing...

They should have a computerized record management system establishing:

• All hazard analyses have been completed
• All requisite preventive controls have been identified and implemented
• All required monitoring is being conducted and is effective
6. Batch and Lot Testing

You should require...

A certification from all suppliers that each supplier has implemented a computerized food safety testing and record management system enabling it to establish that each lot of product processed and shipped can be shown to be micro-biologically independent from all others.
7. Track & Trace Capability

You should require...

A certification from all suppliers that each supplier has implemented and is following a computerized food product traceability program, allowing for the full traceability of any affected products within 8 hours of any suspected problem.
8. Meat Supplier Compliance

You should require...

A certification from all meat suppliers detailing that each supplier, and each supplier’s supplier, is in fact compliant with all applicable FMIA and related federal food safety requirements, and has implemented and is following a high-event-period protocol.
9. Non-Meat Supplier Compliance

You should require...

A certification from all other suppliers detailing that each supplier, and each supplier’s supplier, is in fact compliant with all applicable FSMA and related federal food safety requirements.
Case Study: Northgate Gonzalez Markets

Robert Maldonado Jr.
Director of Quality Assurance & Food Safety
Suppliers Cutting Corners? It Happens

• Business and profit pressures are real
• Safety requires commitment and investment
• Increasing regulatory requirements
  – FSMA
  – Menu requirements
  – Nutritional labeling
  – Meat Grinding Logs
• Education and training are consistently needed
Pre-Automation: Assessing our Gaps

- High volume of fresh and prepared foods sold
- Minimum # of documents collected per vendor
  - Difficult to cater requirements by vendor type
- Documents collected by both Accounting & Food Safety
- Manual process (paper & binders) for managing records
- Document requirements expected to increase
- Automation was the only way to scale
Outlining the Path Forward

We needed:

- **All documents in one place**
  - One system for both accounting and food safety
- **To collect more documentation**
  - Cater requirements by vendor groups
- **Start with highest risk suppliers first to reduce our risk**
  - Perishable and Prepared Foods
- **A solution that did not require ANY additional resources**
- **To get up and going quickly**
  - FSMA Preventive Controls went into effect September 2016
Our Experience with ReposiTrak

- We were up and running in less than 60 days
  - Suppliers self-implement
  - CMs use the system to qualify new vendors
- We leverage the ReposiTrak team
  - ReposiTrak reaches out to help, follow up and even “nag” suppliers to correct non-compliance issues
- Easy-to-use and flexible
  - So simple...vs. other competitive programs
  - Requirements tailored to specific vendor groups
  - Review queue accessible by multiple users

- We’ve increased our number and breadth of document requirements...we’re now at 33
  - Everything is streamlined and standardized in one database
We Are Very Proud Of Our Results

• Continuing to build up supplier compliance
  – Moving to invoice deduction vs. direct billing should bring laggards on board

• Requiring AND managing more records across high risk vendor groups
  – Eventually all vendors will use ReposiTrak

• Multiple departments are using the system and have enjoyed significant time and resource savings
What We Attribute to our Success

• Cross-functional executive leadership to drive adoption
  – Progress reporting distributed weekly to leadership

• ReposiTrak is easy to use for vendors and Northgate

• Phased approach
  – High risk vendors first = 470
  – Learn how to leverage the system with our first group
  – We customized the system to fit our needs

Program Launch: Sept 2016
Key Takeaways & Considerations

• Check to make sure you are collecting the right documents from approved suppliers
  – Shawn’s printed list available on your way out

• Do you need an automated system? Considerations:
  – Can your current system scale?
  – Are you resource-constrained?

• Is it flexible enough to meet your needs?
  – Multiple users & needs
  – Tailor requirements

• Review your options from both sides of the desk
  – Is it easy for you to use? How about your suppliers?
  – Affordable?
Questions?

Thank you!