

# How to Avoid the Food Safety Perp Walk

BY RANDY FIELDS, CEO OF PARK CITY GROUP/REPOSITRAK | MARCH 2016

---

The statistics are truly horrifying.

- **Nearly two-thirds of all supplier certificates of liability insurance is missing or expired.**
- **About 11% of insurance minimum requirements are not met.**
- **More than one-third of all supplier hold harmless agreements are missing or expired.**
- **Three-quarters of all required third party audits are missing or expired**
- **The letters of continuing guarantee are missing or expired for almost three out of every 10 suppliers.**



*Source: Suppliers New to ReposiTrak 2014-2015*

If this doesn't scare you, think about this: federal legislation gives the Food & Drug Administration the power to charge retail, wholesale and supplier executives with felonies if they fail to keep the consumer safe, even if it's not their fault. It's gotten to the point where one CEO of a leading wholesale grocer told his senior managers that if the company failed to comply with the regulations now on the books, he "wasn't going to jail alone."

The truth is that whether they like it or not senior executives in the food industry are now also in the business of managing food safety risk. This means gaining a comprehensive understanding of why food safety is important to your business and how you can mitigate or eliminate food safety risks. It also means deploying a food safety program that provides a return on your investment and may even open up the enterprise to new opportunities based on the technology selected.

Since 2013, the Justice Department has won convictions or guilty pleas in several criminal cases against food companies and the executives that ran them. One notable case was the 76-count indictment against executives with Peanut Corporation of America, which was at the center of a 2009 *Salmonella* recall. Stewart Parnell, the owner of the company at the time, was convicted for knowingly shipping *Salmonella*-contaminated peanut butter from his Georgia plant and received a 28-year prison sentence. Two executives from Jensen Farms were found responsible for a 2011 *Listeria* outbreak linked to cantaloupes that killed 33 people and sickened 147 more in 28 states. This case is particularly noteworthy because it also set precedence for retailer liability, given Walmart's out of court settlement with the victims. Both Peanut Corporation of America and Jensen Farms went bankrupt.

The key to creating and executing a food safety plan that will keep executives out of jail and companies out of bankruptcy starts with commitment from those c-suite executives to ensure that a safe food culture permeates the entire organization. This is the "walk the talk" requirement that should have senior leaders preaching the gospel of food safety both internally and with supplier partners.

Automation is another crucial element to successfully implementing an effective food safety plan. This should be a no-brainer because many of the processes and technologies deployed to address food safety issues can be used to reduce costs or boost sales across the enterprise. These solutions can go beyond just storing digital copies of documents; they can help manage compliance with exception-based

alerts for expired, missing or inaccurate records. They can also be the basis of a new vendor approval process that incorporates compliance of records. By linking and automating the management of compliance documentation and the new vendor approval process, companies save time and allow for redeployment of resources to more productive activities.

In addition to preventing food safety issues, the track and trace technology can help retailers accurately identify what products they sell and their ingredients to enable confirmation of social compliance for things like palm oil, hydrogenated oils, non-GMO, and wood fibers. In this age of GMO angst, gluten-free diets and the desire for ethical sourcing and sustainable production, having fast and accurate answers for these questions can actually deliver sales lift.

Executives need to take the time to meet with their food safety personnel to review policies and procedures, and look for gaps. Underscore the need for documentation, as it will be key to proving actions that were taken should you wind up in court. And, to paraphrase President Ronald Reagan, the bottom line for minimizing food safety risk in your food supply chain is to trust, but verify.

**Randy Fields** is Chairman & CEO of **Park City Group** (NASDAQ:PCYG), a cloud-based software company that uses big data management to help retailers and their suppliers sell more, stock less and see everything. Fields is a co-founder of ReposiTrak, a cloud-based solution that enables all participants in the farm-to-table supply chain to easily manage records and regulatory compliance. Fields can be reached at [randy@parkcitygroup.com](mailto:randy@parkcitygroup.com).

*Reprinted by Permission from Mass Merchant Retailers | March 2016*