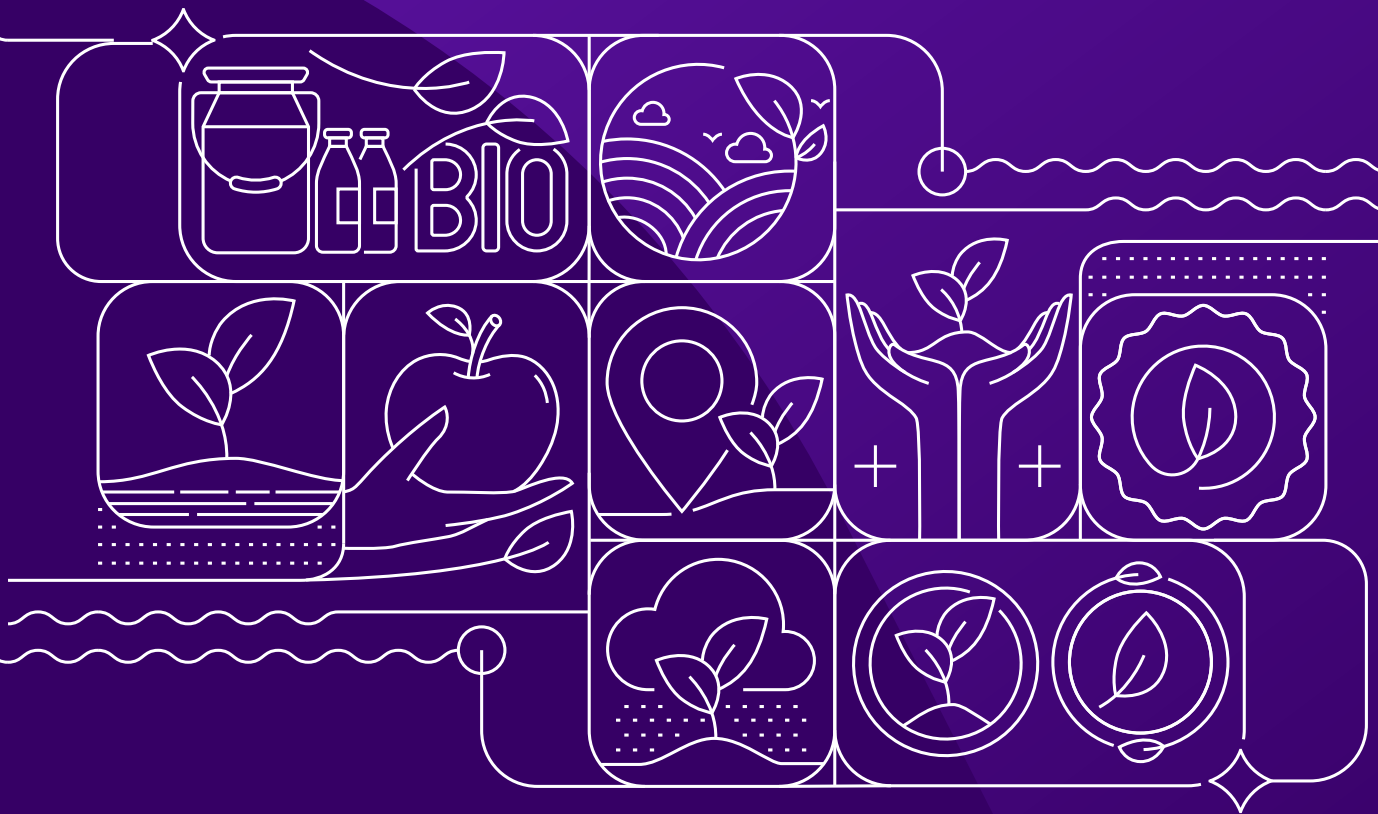# Beyond Compliance

Unlocking the competitive benefits of traceability for Food & Beverage

IFS

Introduction

According to the Grocery Manufacturers Association (GMA), **the average cost for a food recall is $10 million.**[1] Imagine then, discovering a contaminant in your best-selling product and not knowing where it came from, until it's too late. This scenario is more common in Food & Beverage manufacturing than many might think.

In 2022, a listeria outbreak linked to pre-packaged salads resulted in widespread recalls and significant reputational damage, resulting in 3 deaths, 16 hospitalizations and considerable financial losses.[2] In an industry where a single oversight can lead to not only operational damages but also public health crises and financial ruin, traceability isn't just an option, it's a necessity. After all, an estimated cost of $10 million is only the tip of the iceberg. It's not just direct costs like product retrieval and disposal that need to be factored in when a crisis occurs, there are indirect costs such as lawsuits, sales losses, and reputational damage to consider too.

Protect your brand, build consumer trust, and boost your bottom line

Traceability, however, is not just about mitigating risks. Today's global supply chains are complex. Marked by trade wars, environmental shifts, and escalating regulatory demands, traceability is fast emerging as an essential strategic asset. Food and beverage manufacturers who invest in robust traceability systems are not only ensuring regulatory compliance, but they are also set for transformational shifts in operational efficiency, customer satisfaction, and increased brand value, ensuring a future-proofed, competitive edge in a crowded marketplace.

13 of the 26 USDA food recalls in 2020 were due to undeclared or misbranded allergens[3]

5% of companies incur over **$100m** in direct and indirect food recall costs[4]

Traceability capabilities can result in **30% shorter** time to market when launching new products[5]

What is traceability?

At its core, traceability in food and beverage manufacturing is the ability to track the movement of food products and their ingredients through all stages of production, processing, and distribution. This spans the entire supply chain–from raw material sourcing to the finished product that reaches the retailer and, ultimately, the consumer.

Raw material sourcing → Processing & Production → Quality Assurance and Testing

Retail & Sales ← Distribution & Logistics ← Packaging and Labelling

Consumer use → Feedback & Improvement

Traceability systems are crucial for ensuring food safety, quality control, regulatory compliance, and overall transparency across the entire food supply chain. These systems verify the history and location of a product through documented identification, allowing companies to quickly and accurately trace back any issues to their source.

However, due to the complexity and scale of modern supply chains, achieving effective traceability is a significant challenge. Traditional manual tracking methods, such as Excel spreadsheets, are prone to errors and inefficiencies, making it difficult to manage the sheer volume of data involved, leaving businesses vulnerable. This is where technology comes into play.

Gaining the traceability advantage

The benefits of traceability in the food and beverage industry extend far beyond regulatory compliance. **These include:**

Food Safety: Enable quick identification and recall of contaminated or unsafe products, reducing the risk to consumers.

Regulatory Compliance: Meet legal requirements and standards set by authorities such as the FDA, EU regulations, and other global bodies.

Consumer Trust: Enhance transparency and trust, allowing consumers to be informed about the origins and handling of their food.

Quality Control: Monitor and maintain quality by tracking ingredients and production processes.

Without an effective traceability system, companies risk costly recalls, damage to their reputation, and potential legal consequences. In addition, they miss out on opportunities to optimize their operations and build stronger relationships with consumers and trade partners.

What is the cost of not having it?

In the food and beverage industry, the absence of a robust traceability system can have dire consequences that extend far beyond compliance. When food recall happens, the financial impact can be staggering, but the damage to consumer trust can be irreversible.

18%

18% of consumers would abandon a brand if a recall was issued due to consumer sickness.[6]

600 million

There are over 600 million cases of foodborne illness resulting in over **400,000** deaths every year.[7]

58%

58% of companies across the UK and US have been impacted by food recalls.[8]

$100 million

5% of companies incur over **$100m** in direct and indirect food recall costs.[9]

The need for effective traceability solutions, therefore, is critical. Enabling businesses to effectively mitigate risks, safeguard public health, avoid costly reputational damage and maintain consumer confidence.

Unlocking value at every stage

Traceability initiatives vary across food and beverage manufacturers, ranging from a reactive approach focused on compliance to a more proactive one that delivers greater value-added benefits.

Competitive Differentiation: At the highest level, traceability is fully integrated into the company's strategic vision, serving as a competitive differentiator by enabling innovation and market expansion.

Transparency and Trust: Companies begin to emphasize transparency, providing detailed information about product origins and sustainability practices to build consumer trust.

Risk Management: In this stage, traceability becomes a critical tool for risk management, helping manufacturers anticipate and mitigate risks such as contamination or supply chain disruptions.

Operational Efficiency: As companies advance, they use traceability to streamline processes, reduce manual errors, and minimize waste, enhancing inventory management and production scheduling.

Regulatory Compliance: At this foundational level, traceability systems are implemented to meet regulatory requirements and provide necessary documentation for audits and certifications.

Traceability Technology in Action

In the modern landscape of food and beverage manufacturing, the role of technology in traceability is indispensable. Advanced tools like blockchain, IoT sensors, and AI-driven analytics provide real-time visibility, allowing companies to track every ingredient and product throughout the supply chain. However, these tools are only as effective as the underlying system supporting them—namely, the ERP (Enterprise Resource Planning) system.

An ERP system acts as the backbone of a company's traceability efforts, integrating and organizing all data related to production, inventory, sales, and distribution. This centralized platform ensures data consistency, enhances recall processes, and improves overall supply chain transparency.

The Role of Cloud ERP:

ERP systems significantly enhance traceability through several key functions:

Data Integration through a Single Data Platform: Centralizes all relevant data, ensuring real-time updates and easy access across the entire organization.

Supply Chain Visibility: Tracks raw materials from suppliers through production to the final product, enabling swift identification of issues.

Quality Control: Schedules and records quality checks, ensuring compliance with food safety regulations.
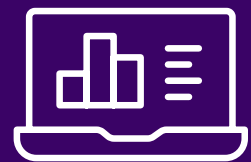
Recall Management: Quickly identifies affected batches in case of a recall, minimizing impact and protecting consumer safety.

Inventory Management: Provides accurate, real-time inventory tracking to reduce the risk of stockouts or overstocking.

Reporting and Advanced Analytics: Generates detailed reports and uses predictive analytics for better data-led decision-making and production planning.

IFS Cloud: The smart choice for end-to-end traceability

IFS Cloud offers comprehensive process manufacturing capabilities in a flexible, integrated packagesolution, with end-to-end quality management and lot / batch traceability from raw material supply to the finished product shipped to the customer. This ensures streamlined compliance with regulations such as HACCP, FDA, USDA, and REACH, providing a single version of the truth that integrates data across the supply chain.

But beyond regulatory compliance, IFS Cloud empowers businesses to transform their operations with greater efficiency and transparency. Take, **for example**, ICB Brands. Within ICB's technical department, where new drink recipes are blended and tested, traceability and control are vital for success. "Through IFS, the lab has had its inventory cataloged and barcoded for the first time. They used to do weekly stock takes, but they now have full visibility of what stock they have on hand at any given moment." This shift from manual, pen-and-paper processes to a fully integrated digital system has made ICB infinitely more auditable and efficient, with all data now stored in one single and accessible location.

Similarly, the impact of IFS Cloud for **Gaia Herbs** has been transformative, including a 25% reduction in time spent on month-on-month

financial closures and a dramatic decrease of 80 to 100 hours per week in manual work needed for updating the company's end-user-focused "Meet Your Herbs" web portal. By leveraging the capabilities of the ERP, the company can now provide unmatched transparency in its supply chain, allowing consumers to enter the ID number from any Gaia Herbs product to learn exactly where ingredients are sourced, how they're grown, harvested, and processed, and the tests they underwent to ensure purity, integrity, and potency.

IFS Cloud is not just a solution for today's challenges but a strategic partner for the future. By offering a comprehensive, integrated approach to traceability, food and beverage manufacturers can meet regulatory requirements with ease, boost operational performance and build lasting consumer trust.

80-100
Reduction of **80-100** hours per week in manual data entry

First time
Enabled lab inventory to be **cataloged** and **barcoded** for the first time

Why choose IFS for your traceability needs?

Traceability in food and beverage manufacturing is not just about compliance; it's a key practice that enhances food safety, quality, transparency, and ultimately, trust. By leveraging advanced technologies and robust ERP systems like IFS Cloud, companies can turn traceability from a regulatory requirement into a competitive advantage. Mastering complex data with speed and ease enables businesses to optimize operations, reduce waste, and respond to market demands more swiftly, all while building stronger trust with consumers.

By embracing traceability as a strategic tool, food and beverage manufacturers can not only ensure compliance but also drive growth and differentiation in a highly competitive market.

For more information on how IFS Cloud could transform your operations, get in touch with your account manager today, or visit

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