Vendor Quality: A First Line of Defense

The Food Safety Modernization Act (FSMA) of 2010 mandates several new requirements for food processors:

- Hazard analysis and identification of preventive controls
- Supply chain management
- Records maintenance and access
- Assessment of potential hazards that may be intentionally introduced
- Traceability

Each of these mandates is an element that should be included in every processor’s food quality and safety program. They are also elements that are included in almost all third-party audits, including each of the six audit schemes currently approved by the Global Food Safety Initiative (GFSI). How these will be enforced and the regulations that will govern their enforcement remain to be seen. The U.S. Food and Drug Administration (FDA) has yet to draft the regulations that will address these issues, but based on current regulations, the industry should have some idea as to how they will be enforced. For example, the HACCP regulations for juice and seafood could well serve as models for the hazard analysis element. There are, however, no current regulations that define supply chain management. Rather than wait for the final regulations, it would behoove processors to look at what they are currently doing and either start building a program or determine whether their current program can be improved in any way.

A company’s vendor quality program should address all items that are purchased, including chemicals. Obviously, the greatest emphasis must be placed on raw materials, ingredients, and packaging materials. A vendor quality program must include the following elements:

- Vendor selection
- Vendor approval
- Maintenance of the vendor program
- Evaluation of how the program is performing

One question that many companies raise is what should be done with vendors the company has been using for a long time? The answer is simple: treat all suppliers the same. Even if a supplier is well established, put them through the program set up for potential new vendors.

Processors should also understand that a well-managed program can significantly benefit the operation in a number of ways:

1) Reduced testing of incoming materials
2) Reduced lead time for receipt of materials
3) Reduced onsite ingredient inventory
4) Ability to adopt JIT (just-in-time) inventory control
5) Reduced testing costs
6) Refocus of quality emphasis from testing and inspection to management of quality
7) More focused testing by suppliers
8) More consistent quality ingredients, which leads to enhanced operational efficiencies
9) Improved product quality and safety
10) Protection of consumers, brand names, and the company

Vendor Selection and Approval

The first step in a vendor quality program is selection of a potential vendor. The choice of a potential vendor may come from different sources within a company: R&D, production, or even from the company president. Processors should set up a team or group that will build the program, develop procedures, assign responsibilities, and conduct the necessary training.

If a company purchases a significant quantity of materials from overseas suppliers, it is a good idea to look for an agent or a “champion” in that country or region of the world. This is not something that small companies can easily do, but multinational companies often use resources from their operations in the region. However, small operations may be able to work together or work through a trade association. As they say, “There is more than one way to skin a cat.” A champion should be a person from the country or region who can represent the company’s interests. Hopefully, with the emphasis of the FSMA on importer safety, even small processors will be comfortable using imports.

Evaluation of the Raw Material, Ingredient, or Packaging Material. Before spending the time and making the effort to evaluate a vendor, a processor needs to determine whether the material will function as desired in their products or process. R&D or packaging personnel should obtain product samples and specification sheets. Specification sheets are mandatory because without a specification sheet one cannot properly evaluate a product sample. The personnel will then need to do test packs to ensure the material will work. Ideally, this work can be done at the bench or in the pilot laboratory. It also is essential that several different lots be evaluated. This is especially important if the material is organic, such as fruit or vegetable purees.

Vendor Questionnaire. It is up to each buyer to establish their basic criteria for potential vendors. These should include both technical and financial considerations. These criteria must be documented and available as a reference for companies with which one wishes to do business. They should also be summarized in a questionnaire that can be sent to potential vendors. This questionnaire should clearly define the company’s requirements and should serve as a preliminary screening tool. Potential
vendors who fail to fill out the document can be eliminated immediately. Those that have significant gaps can be eliminated or asked to address the issues prior to moving forward.

The development of a good questionnaire and its use is something that even small companies can do. It is also a good idea to send it to long-time suppliers to see how they will react. If they ignore it, they should be reminded that it is part of doing business with the company. It is also not a good idea to use the questionnaire on a yearly basis to evaluate whether companies are changing from year to year.

**Verifying the Questionnaire.** One question that should be included on the questionnaire is whether a potential vendor has been subjected to a third-party audit. The questionnaire should also ask if a supplier has been audited they include a copy of the audit with the completed questionnaire. Small companies may wish to compare the audit to the questionnaire, whereas larger companies often elect to visit the potential vendor themselves. Many large corporations have developed their own audits. These are either done in-house or by a third party that has been contracted to do these audits.

The growing interest in mandating that food, beverage, and ingredient suppliers pass an audit, which has been approved as part of GFSI, has further driven the push for third-party audits. GFSI is a consortium of major market chains from around the world (WalMart, Carrefours, Sainsbury’s, Tesco, and others) that is working to better ensure the quality, safety, and ethical practices of their vendors. GFSI has approved six general audit schemes. The approved standards include the British Retail Consortium (BRC), International Food Standard (IFS), Safe Quality Food Institute (SQFI), FSSC 22000, Synergy 22000, and the Dutch HACCP program.

**Adverse Findings.** How a potential vendor responds to adverse findings noted in the questionnaire, discovered during third-party audits, or observed when a member of the buyer’s team is in-plant should weigh heavily in the decision to move a relationship forward. It is absolutely imperative that all adverse findings be addressed prior to initiating a partnership. It is very difficult to get things done after arrangements to begin purchasing (or enter into a copack relationship) have been finalized. The potential supplier must respond in writing to all issues with a corrective action plan and/or verify that the adverse findings have been addressed. In this case, the old adage, “a picture is worth a thousand words,” holds true. If at all possible, send before and after pictures to show that the work has been done.

Once the buyer is satisfied with the product and the systems that are in place to ensure quality and safety, the two parties can sign an agreement to work together. The contractual agreement should include requirements such as delivery, certificates of analysis, and other documentation intended to ensure quality and safety on an ongoing basis.

**Vendor Maintenance and Evaluation**

Once companies enter into a purchasing partnership, the buyer must take steps to ensure the ongoing quality of the purchased materials. One of the usual requirements is that a company will ask its suppliers to provide a letter of continuing guarantee. This letter must be prepared on the supplier’s letterhead. It should include, at a minimum, the following elements:

- The products are manufactured in a facility that adheres to FDA requirements
- The products will meet established specifications
- The products will be replaced if they fail to meet established requirements

Other guarantees may also include statements, such as “no child labor is used” or “the facility utilizes no products that have been genetically modified.”

For food-contact packaging material, the letter must also state that the material has been approved for use as a food-contact material and cite the section of the regulation where the statement can be found. Depending on the source, the letter will reference FDA, EU, or similar regulations.

**Risk Assessment.** As part of a supplier quality program, a risk assessment of each ingredient, packaging material, and raw material should be conducted. The processor should look at the source of the ingredient, how it will be used, its importance to the operation, how much will be used, and any history pertaining to the ingredient. There are different ways of assessing potential risk, but the end result should determine whether an ingredient is a high, medium, or low risk. Requirements for certificates of analysis (COA) and whether these COAs require verification will be one end result of this assessment. For example, if a minor ingredient is determined to have no associated health risks, the team may decide there is no need for the vendor to provide a COA. On the other hand, if the facility uses a sensitive ingredient, such as liquid egg, a COA should be mandated for each lot that is purchased. As a sensitive ingredient, the COA for liquid egg should be verified on a regular schedule. This means that a sample should be tested by a laboratory to determine whether the values given on the COA are accurate. With regard to verification, it is a good idea to verify the COA for any ingredient deemed to be critical and that could affect safety and quality.

**Performance Evaluations.** Part of a vendor quality program should be a program to evaluate vendor performance. An evaluation program should include technical considerations (quality upon delivery, performance in production, etc.), on-time delivery, audit performance, and any other factors deemed necessary to properly monitor and evaluate performance. Performance monitoring is one reason to have a multidisciplinary vendor quality team.

If a program mandates that suppliers provide a COA for an ingredient or packaging material, the program needs to establish a means of receiving and reviewing these documents. In addition, the procedures must define what should be done if a COA is not received or if it does not meet specifications. It does no good to ask for a COA and simply file it without a review.

**Documentation.** Each of the areas noted above needs to be documented. The procedures for how each part of the program will be conducted must be described, as well as the role of each person involved in the vendor quality program. Finally, if there are elements of the program for which there may be deviations or problems, the procedures for that section must include corrective actions.

**Effective? Yes or No**

The big question is, if a company devotes the time and resources to build a vendor quality program, will it be effective? The answer is not always. A good example is melamine. The FDA was unjustly criticized on this point several years ago. One cannot design a testing program for an issue that has not been seen before. Perhaps the only way that this might have been discovered is if a good auditor had seen the ingredient in a warehouse and asked, “What is that for?”

The answer “not always” means that the chances of failure are probably very low. Having a good program on paper does not mean there is a functional program, however. Making a program work takes time, effort, commitment, and flexibility. In this case,
flexibility means adapting to meet the requirements of a changing environment and world. Thanks to the problems experienced in Sudan a few years ago, processors now routinely test capsicums for Sudan dyes. The same is true for some dairy ingredients and melamine. A vendor quality group needs to meet regularly to not only do their jobs, but to look at the program as a whole. Continuous improvement ensures a functional program that will evolve to meet new challenges as they appear. It is for this reason that ISO 22000 and many of the audit schemes approved by GFSI include continuous improvement and management review as part of the audit scheme. Processors need to review and evaluate the efficacy of their programs on a regular schedule. If the review indicates that the program is ineffective or can be improved, an action plan and allocation of the resources necessary to make improvements should be the end result. These meetings, improvement plans, and their progress must all be documented. Hey, if it’s not written down, it never happened….

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