Certifiable Quality Management Systems for the U.S. Grain and Livestock Industries

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The Merging Of Agriculture & Food

The increased desire for more detailed information concerning food ingredients has forged a mutual reliance between agriculture and food companies’ to address the following:

- source(s) of raw materials and key ingredients
- derivation of the food product constituents
- production and manufacturing processes employed
- some type of assurance of product quality
- some type of authentication of claims
Events Impacting Agri-Food

- **Globalization is blurring traditional market relationships and channels**
  - Consolidation continues at all levels
  - Survival of fittest = critical mass + market savvy

- **Biotechnology is consumer-driven today**
  - “To GMO or not to GMO”...food processors are being forced to chose
  - Antibiotics...growing discomfort with sub-therapeutic use in livestock destined for food

- **Production agriculture practices are being scrutinized**
  - Environmental
    - Crop rotation...tillage practices...chemical usage
  - Animal husbandry
    - handling and welfare
Events Impacting Agri-Food

- Regulatory, social and trade issues...consumer choice, food safety, food security, etc.
  - Watershed events...BSE...FMD...StarLink
  - Civil action...Cry9C health issues...Product labeling
  - Diverse regulatory bodies....CODEX...Geo-political considerations...GATT

- Decisions made beyond price...confidence in products
  - Safety, perceived or real...”All Natural”
  - Authenticity offering traceability across food system
  - Reliability...consistent quality characteristics and value with every purchase
  - Availability...when and where demand is highest
“Customer-driven product specifications and/or standards that require coordination across interdependent agri-food system”

New generation Agri-food system

TODAY

Inputs ➔ Production ➔ Processing ➔ Distribution ➔ Customer

YESTERDAY

Traditional Agri-food chain

“Independent agricultural production, food processing and distribution systems that create products based upon individual participants’ business goals and objectives”
Quality System Mission Statement

“To enable product differentiation (e.g., quality traits, performance characteristics) sufficient to meet or exceed particular customer specifications and/or expectations resulting in additional net dollars being returned to food system participants – while balancing additional production costs with value-added marketing objectives”
Quality System Principles

1. “Value-driven”
2. “Sustainable”
3. Demonstrated leadership
4. Recognized and rewarded
Quality System Blueprint

1. Identify quality control points across a production system that directly impact product integrity and/or quality characteristics
2. Adopt standard operating practices that insure delivery of highly consistent ‘on-spec’ products
3. Conduct random program audits, including lab tests, to validate compliance and assure quality
4. Emphasize continuous improvement efforts to capture operational/production efficiencies and validate product differentiation in marketplace
5. Maintain interactive information and data sharing mechanism among program stakeholders
Quality System Metrics

Process Efficiency and Effectiveness
- Production of raw materials and key ingredients
- Manufacturing, packaging, distribution
- Delivery of service(s)

‘Chain-of-Custody’
- Authentication
- Standardization
- Verification

Stakeholders
- Customers
- Stockholders
- Supply chain
- Employees
- Management

Food Safety/Security
- Codex Alimentarius
- EUREPGAP
- HACCP

Consumer education
- Product origin
- Food Processing
- Quality Systems

Brand Equity Enhancement
- Customer satisfaction
- Authenticated Differentiation
- (Measurable) value statements

Product / Service Quality Standards
- Product characteristics and/or specifications
- Consistency
- Reliability
- Support (after sale)

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Feed and Grain Examples

- A “bundled” quality assurance and HACCP-based feed grain safety program
  - Over 200 mills in N.A. and Canada to participate in program
  - Customer focus on maintaining leadership position providing highest quality and service
  - Major emphasis on continuous process evaluation and improvement through multi-level auditing program and ongoing program participant training

- An IP corn program for specified end use
  - Project Scope: ~200+ crop growers, ~45k acres
  - Value-added “New” dollars, ‘97-‘01(est.): Crop premiums, bu. ~$1.5MM
Livestock Examples

- **Consumer-focused branded pork program**
  - Vertically oriented production system
  - Over 200 participating producers
  - Approximately 3.5 million market animals
  - Strategic supply for packing plants in 3 states
  - Current sales and marketing efforts focus on domestic and international niche opportunities
  - Multiple tier fresh meat case programs
  - “High-end” processed products

- **Strategic supply source for private label beef**
  - Producer network of cow-calf, background, and feedlot operations
    - ~28 participants in 5 states
  - Between 75k and 100k cattle currently harvested
  - Current sales are through private label grocery stores
Thank you!

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