



Standards in Traceability and Beyond

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Can the industry have standards without traceability? Yes. Can the industry have traceability without standards? No, not if we want to track the same product across multiple handlers of the supply chain. A simple example of this is prevalent today: a supplier has one number for their product (e.g. supplier code), a distributor might have a different number for that same item (e.g. distributor code), and then the retailer would have yet another number for that item (e.g. retailer SKU). In this simple scenario, we have three different numbers for the same product. How can the industry efficiently or effectively trace product under this scenario without a lot of cross-referencing and inefficiency? How would the industry know which pieces of information is needed for traceability (above and beyond a case number) that will need to be shown on the case of product? How will receivers know how to store this information in a database if their suppliers each have different information on the case, and different formats of that information? Simple answer is: "they can't".

Standards not only give industries a more efficient and effective way to link one organization to another (e.g. whole-chain traceability), but it also allows for more opportunities to maximize ROI (return-on-investment). Any investments made in a new business practice and/or process will not achieve an ROI if that practice is not utilized. Companies have a far better chance of industry members utilizing a practice built upon standards versus a practice built upon proprietary protocols. Think of what would happen if there were no standard for item-level identification (e.g. the ubiquitous U.P.C.). Think of what would happen if the U.P.C. number was not embedded into a standardized barcode, thereby allowing multiple barcode formats. Point-of-Sale (POS) scanners would be rendered virtually useless, as would product movement data that could not be tied back to a specific supplier (the inherent benefit to the U.P.C. or GTIN). Standards were applied in those areas and still work extremely well today. How can we expect the same not to apply to cases? The U.P.C. is to POS systems tracking product movement data as the GTIN is to the distribution chain tracking case movement, the very cornerstone of traceability.

There are so many other areas that can be improved upon with the use of standards. Standards ensure consistency and completeness in what is sent and received, allows for critical mass and therefore maximum utilization, anticipates what is received, how it is received and in what format. This not only applies to the physical product itself, but also to the specifications of the product. It also applies to the business transactions that will allow for automation, such as purchase orders, invoices, advanced ship notices, the passing, load tenders, load scheduling, etc, etc. Many industries have already been down this road and

have utilized standards to increase efficiencies while reducing inefficiencies in areas such as ordering, inventory, transportation, operations, warehousing, administration, payables/receivables, and many other areas. Tools used for efficiencies that require the utilization of standards include barcodes, electronic commerce (e.g. EDI or XML), continuous replenishment, data synchronization, category management, demand forecasting, etc. If companies were to try and use these tools without the use of standards, they will spend more time dealing with the errors, the maintenance and the inefficiencies of cross-referencing; thereby defeating the initial purpose of gaining efficiencies.

A common analogy to illustrate the importance and relevance of standards is as follows. Imagine a board room filled with board members all having a different language. How effective would their meeting be? How accurate would the translations be? How productive would the time spent be? Now imagine the same meeting with all of the board members having the same language.

Other industries have already moved to standards and are enjoying the benefits of using standards. If you are not already using industry standards, then you will have an initial investment to make, but that investment will quickly provide an ROI if most companies utilize those standards. Your choice is to now build practices/processes (e.g. traceability) based upon industry standards or upon your own proprietary standard. Will other companies be able to understand your proprietary business "language" or can you let your trading partners know that you took the same route as the industry standard? Which method do you believe will have a better chance of being utilized? As companies begin pondering this question, consider that 25 other industries and over 2 million companies have already implemented these standards in over 145 countries worldwide.

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