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Pilot projects next step for PTI

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Advocates of the Produce Traceability Initiative say companies who meet its requirements will reap benefits such as increased efficiencies.

Bryan Silbermann is convinced that pilot projects, which are intended to reveal best practices associated with adding human readable information and bar codes featuring Global Trade Item Numbers and lot numbers on all cases, will prove it.

"The focus has been on traceability, but the fact of the matter is that putting GTIN labels and coding on a box are the building blocks for supply chain efficiencies," Silbermann, president and chief executive officer of the Produce Marketing Association, Newark, Del., said on May 28, three days after the PTI announced plans for pilot projects and delays in target dates for two key milestones.

"What you're going to see is case studies and business cases being made that coding at case level does more than allow traceability for food safety response. It creates greater efficiencies, and that's what's going to drive adoption is return on investment. It's not just a cost issue, it's a saving issue."

On May 25, the PTI — which is a joint effort of PMA; the Washington, D.C.-based United Fresh Produce Association; and the Ottawa-based Canadian Produce Marketing Association — announced its intention for pilot projects.

Ed Treacy, PMA's vice president of supply chain efficiencies, said May 28 that the PTI hoped that a pilot program implementation team would have its first meeting within six weeks.

Treacy said the pilots will identify best practices, a range of costs and benefits and learnings that can be shared with industry.

"If we have a strawberry grower-shipper who's already figured it out but bumped his toe and learned the hard way, he can share his experience so that others don't have to go through that situation," Treacy said.

Silbermann said the PTI already has commitments from three of the nation's largest retailers to participate in the pilots.

"Shippers, distributors and retailers will be learning from each other as we do these pilots," he said.

Treacy said one tool that already has been identified as a way to increase efficiencies with PTI is a voice pick algorithm that takes a product's GTIN and lot numbers and creates a unique four-digit code that appears in the bottom right corner of a label.

Treacy said the number is unique to product in one pick location 99% of the time and is an improvement on comparatively low productivity that would result if handheld scanners were used instead.

Treacy said N2N Global Inc., Longwood, Fla., and Redwood City, Calif.-based YottaMark Inc. already offer the traceability solution.

How much a produce company can improve its efficiencies as a result of the pilots could depend in part on how sophisticated its traceability systems already are.

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"I have heard some success stories where traceability systems have improved companies' inventory controls and distribution processes, but we continually evaluate and update our processes so we will not be gaining efficiencies in these areas," said Steve Roosdahl, supply chain manager for The Oppenheimer Group, Vancouver, British Columbia, and a member of the PTI steering committee.

Roosdahl estimated meeting PTI requirements will increase the company's labor costs by at least 20%.

Coastline Produce, Salinas, Calif., participated in a pilot project last year with Santa Clara, Calif.-based RedLine Solutions Inc. that showed grower-shippers could meet PTI requirements without effecting field productivity.

However, Coastline vice president Phil Adrian said the hardware, software, crew training and more expensive labels required would cost his company hundreds of thousands of dollars.

"We've learned that it's not going to be cheap," he said. "It's going to add complications to our business, but we also learned we could do it."

Adrian said Coastline was an early adopter of food safety and traceability systems, and the company already had the ability to trace its products one step forward or backward in the supply chain without the steps required by the PTI.

Despite the costs, Adrian said he supports the initiative because it could make the overall industry safer and build consumer confidence.

At the same time it announced plans for the pilots, the PTI announced it would delay target dates for milestones four and five — which called for packers to show human-readable information on cases and encode the GTIN and lot numbers in bar codes — from the third quarter of this year to the end of 2011.

The move puts milestones four and five on the same schedule as milestone six, which requires receivers to have the systems and capability to read and store GTIN and lot numbers for each case of produce they receive.

Chris Davis, RedLine's chief operating officer, said the change made sense.

"It was out of balance to have grower-shippers incurring costs before retailers were ready to use it," he said.

"If nobody is going to use it for a year, it doesn't make sense. People are only going to move on this if customers tell them they have to or if regulation that's anticipated comes into play and tells them they have to."

One way or another, regulation seems likely to become reality. In addition to the PTI, the FDA is working on a produce rule that could include traceability requirements.

"We've always seen interest in the food industry with most of it within four walls of a building," said David Senerchia, director of business development for Zebra Technologies Corp., Lincolnshire, Ill.

"With PTI, we're seeing one step back to growers out in the field. We're getting a lot of inquiries. People are trying to get their arms around PTI and the issues of implementation. They're trying to get out in front of government legislation."

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