

Will retailers use the GFSI benchmarked standards for their own operations?

In polls conducted time and time again assessing the impact and benefits of a GFSI benchmarked standard certification program for a manufacturing site, the answer to the question about why they undertook the project initially invariably comes back to the same answer – “our customer asked us to”. Originally, it was the retailers that were the driving force to protect their own branded products, but soon after manufacturers and distributors saw the benefits of certification in their supply chain. Once on the program, most manufacturers will easily recite the benefits gained, and often say they would undertake certification on their own, without customer mandate. It was, however, those initial customer mandates that got the ball rolling.

So now that there are a couple of Retail Standards in the offering, from scheme owners working with GFSI benchmarking... what are the retailers doing? It's obvious there isn't any specifier or customer who is going to mandate certification of retail operations.

The answer is simple, but there are two independent drivers. Initially, retailers are realizing they need to walk the talk. They were instrumental in getting the GFSI movement started, and brought much of their supply chain into certification. Now that certification programs like the BRCGS Global Standard for Retail is available, a retailer can't walk away from at least considering its value to their organization. The more compelling factor is the benefit most retailers have realized in improved supplier operational controls; safer, more consistent products from their suppliers, and fewer problems to deal with. Basically, retailers have seen that the GFSI based schemes improved their suppliers, it's hard to deny wanting the same potential benefits for their own operations.

So, what, so specifically, are retailers looking for, and expecting from certification?

- Calibration across their stores. Retailers typically have large numbers of often independent operations. Using a single standard to ensure consistency across their operations, resulting in improved efficiency and more concise controls will be an obvious result.
- Identifying outliers. By using a formal, consistently applied measure, both high and low performing (read this is low risks and high risks to the brand) stores can be identified. The great ones used as a template for others, and the weak ones targeted for improvement
- Managing the brand through franchise operations. Franchising in retail is not uncommon, but it means putting a brand in the hands of a relatively independent operator. If protecting one's brand is valued, rigorous oversight is a must.
- Saving money. When BRCGS asked the industry to help design their Retail Standard, one of the big requirements from the participants was reducing losses through regulatory fines, product wastage, operational shrink, and customer litigation.

Food safety professionals in the food industry have always understood the benefits of moving from a pure inspection based control methodology to one that involves both audits of management systems combined with assessment of practices and inspection. Essentially the nature maturation of the product safety systems.

During the development phase, the individuals involved in designing the Global Standard for Retail were clear about one important aspect – cost needs to be in line with benefit. It was critically important to be able to keep store oversight costs in line, and show benefit of changing their ways. The

requirements and expectations had to be “near term aspirational”. They wanted to be challenged but this is new territory for stores used to inspection based programs.

The program cost when looking at large numbers of stores was something to be considered. On one hand GFSI is sending clear signals that using a sampling of a few sites to certify a whole organization is not acceptable (what value is a certification for an operation that has never been seen by an auditor?). On the other hand, using a risk based method for identifying audit frequency doesn't always mean an annual audit.

The BRCGS Global Standard for Retail came up with a unique solution. The retailer head office is audited every year. The stores, are audited at a frequency based on risk and benefit. This way the audit process is driving improvement where needed. The retailer identifies where the risk is: franchise operations, low key performance indicators, new stores, and those stores with highest risk product handling. It meets the expected GFSI requirements as well as those of the brand ownership.

Additional benefits that are anticipated include a strengthening of supplier approvals, and the ability for retail operations to keep up with regulatory changes around supply chain approval and product importation. For those based in the United States dealing with FSMA or those in Canada looking at the coming SFCA, it's a step in the right direction. Again, a unique addition found in the BRCGS Global Standard for Retail is the ability to combine their FSVP management module with the head office audit. Also, there are now discussions in certain regulatory agencies about recognizing this type of certification to reduce, or potentially even eliminate local agency store inspections. Just another example of how governments are utilizing this type of program to benefit the public.

Full results no doubt will start to be measured in the coming months. At this point, several progressive retailers are working to arrange trial audits with retail standards like the BRCGS Global Standard, or other similar programs. There is no doubt those using certification to drive optimization are going to come out the winners in the long run.

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