

Increasing Efficiencies through Traceability



CHALLENGE

- In 2011, Associated Grocers wanted to strengthen compliance with the recently signed Food Safety Modernization Act.

SOLUTION

C.H. Robinson brought together Associated Grocers, FoodLogiQ, and LoBue Citrus to develop traceability capabilities for inbound, slotted, and outbound product to increase efficiencies into Associated Grocers' operation.

RESULT

Associated Grocers used technology improvements and software solutions from FoodLogiQ to achieve their compliance goals. They also added unexpected new efficiencies that could have a bottom-line impact of .1 to .3 basis points.

Associated Grocers, Inc., of Baton Rouge is a forward-thinking retail operation support center that aims to keep its 200 plus member-owners competitive in the market and at the forefront of technological developments.

THE PILOT: MOVING TRACEABILITY FROM CONCEPT TO REALITY

Associated Grocers and C.H. Robinson have collaborated for more than a decade to create supply chain efficiencies. Recently, they worked together to streamline Associated Grocers' buying process. C.H. Robinson facilitates grower bids, negotiations, logistics, and provides a single invoice that breaks down product and transportation costs. C.H. Robinson's capabilities allow Associated Grocers' category specialists more time for face to face interactions with their member-owners so they can build relationships that enhance business.

When Mike Bove, Associated Grocers' vice president of perishable procurement, decided it was time to implement new Produce Traceability Initiative (PTI) capabilities, he contacted C.H. Robinson. Working together, the companies selected the right technology and capable grower. They created the produce industry's first end-to-end, multi-party traceability route through independent operational environments from a grower all the way to a retailer.

“We can now trace product from the field to specific slots inside the warehouse, and all the way forward to the stores in minutes.”

– Mike Bove, vice president of perishable procurement, Associated Grocers

Tracing product back to the field requires more detailed data than a standard UPC code can provide. To provide such data, growers must label each produce case with a Global Trade Identification Number (GTIN) and each pallet with a Serial Shipping Container Code (SSCC) expanded barcode. By scanning such labels and storing key data about the case of produce—including the item, the varietal of the item, and which lot the case is connected to from last packing activity—Associated Grocers would attain traceability for inbound product, reduce errors, and increase efficiencies.

Associated Grocers relied on C.H. Robinson’s extensive research of PTI solutions and selected the best software—FoodLogiQ—to help both retailers and growers with traceability. FoodLogiQ’s easy-to-use case and pallet labeling software works with smart printers for increased operational effectiveness with lower costs in both field and packing shed environments. If FoodLogiQ’s solution worked between one grower and the Associated Grocers operation, expansion to multiple retailer operations and shippers looked promising.

On the supplier side, C.H. Robinson selected LoBue Citrus to participate in the pilot program. LoBue Citrus packs citrus (oranges, lemons, and other specialty fruit) for C.H. Robinson under the Tropicana® label. For the pilot, LoBue Citrus would pack, label, and ship Tropicana® fresh oranges to Associated Grocers’ warehouse using FoodLogiQ, which was already in service in their operation.

To prepare for the pilot, Associated Grocers updated its Warehouse Management System (WMS) so that scanned label information would populate the right fields within that system. They incorporated finger and wrist scanning hardware into their voice system, and tested to ensure that their WMS would recognize both voice and scanned information.

CREATING FASTER TRACEBACKS

The implementation proceeded smoothly for the four months of the pilot, with excellent communication between all parties, according to Bove (see Figure 1). Although scanning every inbound case added steps to the receiving process, Bove began to see efficiencies on outbound shipments as the pilot moved into the next phase. "Once we could scan both inbound and outbound, we knew exactly what was loaded on the truck, and had proof of where every item that was shipped to us had gone. We could trace items at the grower, warehouse, and store levels. That enabled faster tracebacks. Having the ability to do this with C.H. Robinson and FoodLogiQ was the right direction to go, and this was the right time to test it," said Bove.

THE PILOT PARTICIPANTS



Associated Grocers is a forward-thinking retail operations support center that buys goods for, and distributes to, their over 200 members of independent grocery retailers in Louisiana, Mississippi, and East Texas. For 60 years, these retailers have relied on Associated Grocers to perform every function that a retailer's headquarters office provides, including central buying, merchandising, training, accounting, and marketing.



C.H. ROBINSON

C.H. Robinson sources and distributes fresh, quality produce year round. With extensive experience in transporting all kinds of commodities as a global third party logistics provider, they are extremely competitive in the market and offer exceptional value to growers, shippers, and receivers. C.H. Robinson has worked with Associated Grocers for more than a decade.



FoodLogiQ, based in Durham, NC, develops cost effective traceability solutions for growers of all sizes, packers, and shippers. FoodLogiQ's easy-to-use case and pallet labeling software combines with smart printer hardware applications that work in both field and packing shed environments.



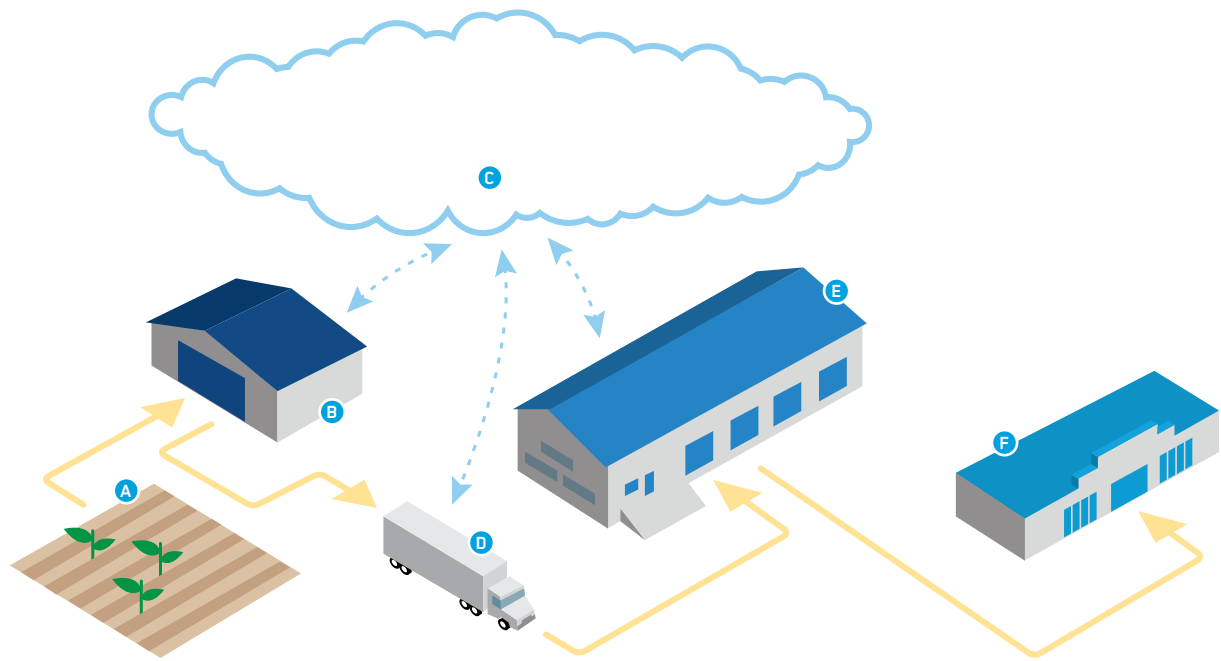
LoBue Citrus (LoBue) of Lindsay, CA, was selected as the ideal grower, packer, and shipper to be included in the pilot. LoBue is an independent, family-owned company that offers a full assortment of citrus. They receive raw product from more than 100 independent contract growers and pack it at one of their state-of-the-art packing facilities.

EFFICIENCY BEYOND EXPECTATIONS

Bove says it's too soon to fully understand the long term ROI for traceability. "Proof of that will come during the first recall," he comments. But, he already knows there will be efficiencies in other areas besides produce.

FIGURE 1 HOW THE PROCESS WORKS

During the four-month pilot, each party incorporated PTI standards and took into account the needs of the other pilot stakeholders.



A In the field

Oranges harvested on the farm go into field bins and are sent to the processing facility.

B At LoBue

When oranges come in from growers, LoBue assigns unique lot numbers by shipment. LoBue processes one lot at a time and labels each case with the PTI format case label, which includes the GTIN and lot. Then, LoBue labels finished pallets with SSCCs associated in FoodLogiQ's system to each case on the pallet.

C At FoodLogiQ

Technology provides the connecting link from farm to fork. As information is scanned, it becomes available online to all parties in the transaction through FoodLogiQ software. The data provides an audit trail for the physical flow of produce through the food chain.

D At C.H. Robinson

C.H. Robinson uses its extensive network of contract carriers to select the best approach to shipping perishable goods. Associated Grocers schedules orders for pickup. Items are scanned and loaded onto trucks bound for Associated Grocers' warehouse.

E At Associated Grocers

Inbound pallets are matched to their POs and line items. Internal pallet labels, including barcode and ID, are printed and scanned. Associated Grocers scans the SSCC on the pallet label, linking details of the lot number and GTIN to the internal pallet ID. Associated Grocers puts the product away. The controlled slotting integration within their WMS creates efficiencies realized in the outbound step.

F At the Retailer

The retailer receives product with traceability managed by the Associated Grocers distribution center.

“Scanning GTIN label barcodes makes our information 100% accurate. It eliminates rework and frustration at the store level.”

– Mike Bove, vice president of perishable procurement, Associated Grocers

Bove says, “Scanning GTIN label barcodes makes our information 100% accurate. It eliminates rework and frustration at the store level. We have proof that the product was on the truck, so there won’t be short order reports, and we won’t have to rework invoices because the system is more accurate. Additionally, we discovered these efficiencies work in fresh meats and other categories. That was a huge side benefit we weren’t expecting.” Bove expects to see an increase in gross profit and labor savings both at the wholesale and retail level with these improved efficiencies.

Although Bove concedes there are costs involved in implementing this type of technology, he thinks it’s important for the industry to do everything it can to address food safety. He’s not too concerned that regulations will change traceability requirements down the road. “I think companies need to move forward. We’ve proven that it can be done with the right tools. I’m willing to make that investment. Stores will want to buy from us when we can assure them that if there is a recall, we can identify the source within hours so they can get it off the shelf. It’s an advantage for our members and their customers.”

Associated Grocers and C.H. Robinson are now working on the next building block to food safety—data synchronization so everyone in the supply chain has the same information about a product, the pallet ties, pictures of the product, and the right attributes of the product. C.H. Robinson is preparing to roll out FoodLogiQ software with other retailers and growers. As a company that sources as well as ships produce, C.H. Robinson will make the same investments in traceability technology as their trade partners. Jim Lemke, C.H. Robinson’s senior vice president of sourcing, believes that using FoodLogiQ at a few cents a case is worth it to provide better traceability and a safer food supply.

To learn more about C.H. Robinson, watch [our video](#), visit [our website](#), call 800-323-7587, or email solutions@chrobinson.com.