

# 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

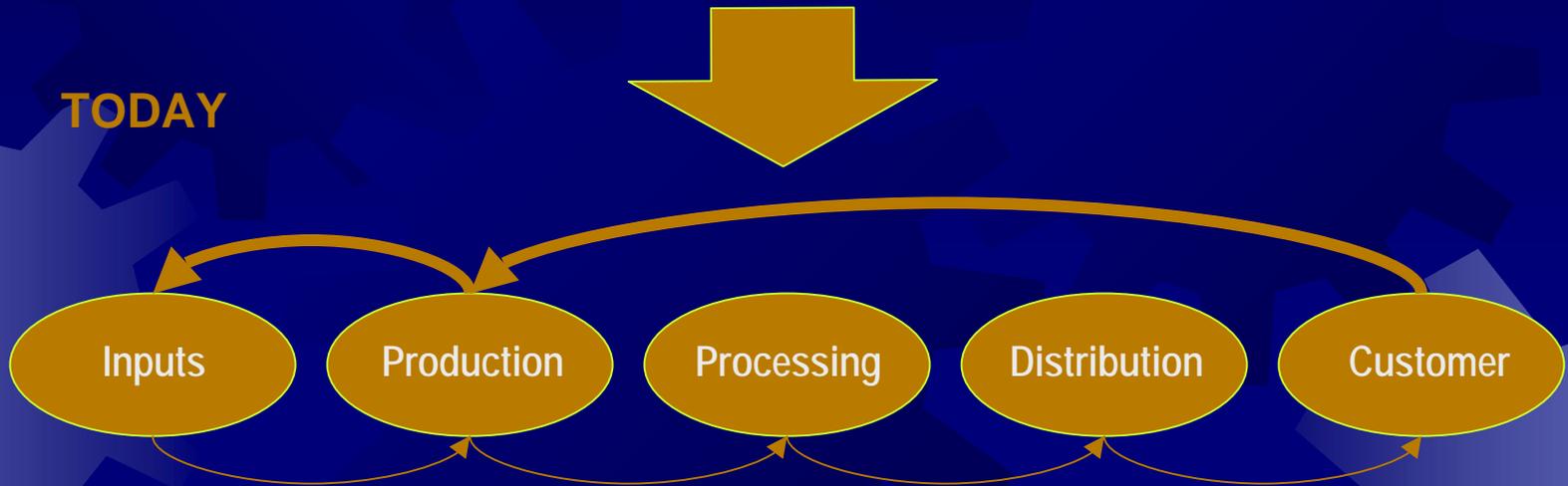
# Events Impacting Agri-Food

- ✦ **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



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)

## Food Safety/Security

- > Codex Alimentarius
- > EUREPGAP
- > HACCP

## 'Chain-of-Custody'

- > Authentication
- > Standardization
- > Verification

## Stakeholders



## Consumer education

- > Product origin
- > Food Processing
- > Quality Systems

## Product / Service Quality Standards

- > Product characteristics and/or specifications
- > Consistency
- > Reliability
- > Support (after sale)

## Brand Equity Enhancement

- > Customer satisfaction
- > Authenticated Differentiation
- > (Measurable) value statements

# 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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