



# Brokers and Distributors Still Struggle with a Data Crisis

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Few things are as misunderstood or taken for granted as how Americans get their food and beverage products. And despite the growing popularity of buying local, today's supply chain is more global than ever. Experts estimate that at least \$14 trillion worth of food is produced, packaged, and sold worldwide every year.

Brokers, distributors, and importers play an increasingly critical role in the food and beverage industries by helping manufacturers source necessary ingredients on a scale that makes economic sense.

One of the most challenging aspects of the job is to ensure required documentation follows each ingredient, raw material, or finished good on its journey through the supply chain.

The moving parts that make up the food supply chain have never been more complex.

## Unique challenges that confront brokers, distributors, and importers include:

- A complex and distributed global supply chain.
- Tighter restrictions increasing required documentation.
- Yesterday's solutions – spreadsheets, three-ring binders, or single-use portals – are ineffective in today's environment.
- Manually managing reams of paperwork to accompany everything moving through the supply chain is time-consuming and error-prone.

There's no other industry quite like food, beverage, and dietary supplements. Companies might not be able to negotiate a deal with the ingredient or product supplier because of a lack of buying power. Or maybe the company needs the convenience and the added level of service a broker or distributor offers.

While brokers, importers, and distributors play a vital role in the supply chain, moving the data and documents together with the product along the supply chain can be challenging.

# Industry Challenges

Every year, roughly one in six Americans (or 48 million people) gets sick, 128,000 require hospitalization, and 3,000 die of foodborne diseases, according to the latest data from the U.S. Centers for Disease Control and Prevention (CDC). This is a significant public health threat that's largely preventable.

In addition to tighter regulations that mandate a more precise paper trail to back up the provenance and quality of imported goods, brokers and distributors face a more competitive landscape for their services, some from the unlikeliest sources.

"More retailers are taking control of products earlier in the supply chain and directly getting them to the shelf in stores," according to Michael Boynton, Vice President and Account Executive of PBL Insurance Limited's food, beverage, and hospitality program.

And while technology has made the broker and distributor's jobs more manageable, it's also made it easier for manufacturers to assume some of the functions they've historically farmed out to third parties, such as brokers.

"One of the biggest challenges that brokers and distributors face is that you're a middle person," Sue Huske, Owner ESB/Contract Supplier and Regulatory Manager for ICI Foods explained. "You have your customers coming to you because you supply them the ingredients. But you don't manufacture the ingredients, so you must go back to your suppliers to get the actual documentation for the product that was manufactured, whether it be the third-party audit certificate or the kosher certificate."

ICI Foods is strictly a distributor, so they don't generate any documents of their own.

"So, we have to go back to the supplier to get the documents, and it can be very time-consuming," Huske added. "If you don't have updated documentation from your supplier, the wait time for our customers to get that documentation back can be anywhere from a day to eight weeks. And, of course, for GFSI

certification, you need to have those documents in place at your business."

Having supplier documentation readily available is more than a luxury; it's emerged as a competitive advantage in an aggressive environment. Brokers and distributors that can offer suppliers and customers a digital forward and personalized buying experience can set themselves apart from the competition.

## Other emerging challenges include:

- **More products, more problems:** As consumer preferences seem to change with the seasons, manufacturers must produce a growing number of new products to keep up with demand. "The result is a proliferation of SKUs. In some cases, facilities have increased from a hundred or so SKUs to a couple thousand, leaving little storage space. In addition, with some products moving faster or slower than others do, efficient storage and retrieval becomes another challenge," Cimcorp Distribution Systems Sales Manager Derek Rickard explained. More SKUs also mean more paperwork for brokers and distributors to manage.
- **Labor shortages:** If the pandemic showed us anything, it's one of the glaring vulnerabilities of the modern supply chain: labor. "For facilities already struggling with insufficient staffing year-round, seasonal spikes only further stretch their resources as orders flood into the warehouse and manufacturing increases production to meet heightened demand," Rickard said. That shortage of labor hits harder on companies that still rely on manual document management systems.

# Changing Regulations

But greater oversight – and changing regulations – persists as one of the more significant challenges for brokers and distributors. And nowhere is that challenge more apparent than in the growing number – and complexity – of inspections.

As part of its mission to keep the food supply chain free of contamination, the U.S. Food and Drug Administration (FDA) can conduct inspections and compel compliance with the Food Safety Modernization Act's (FSMA) prevention efforts.

## This inspection authority includes provisions for:



**Frequency:** Regulators must inspect all high-risk domestic facilities at least once every three years.



**Records access:** The FDA now gains access to records, including food safety plans and implementation strategies.



**Lab testing:** FSMA also sets standards for food testing, instructing the FDA to establish new standards for certifying third-party food testing facilities.



**Spot inspections:** FSMA mandates surprise FDA investigations that include visual inspections of buildings and equipment for signs of contamination.



**Environmental swabbing:** As part of these spot inspections, investigators can now take swabs of raw materials and finished product samples.



Changing regulations – and greater consumer interest – have forced suppliers and manufacturers to generate more documentation to stay compliant and satisfy transparency-hungry consumers. That's translated into more documentation for brokers and distributors to manage.

Jennifer Erickson, a QA Technician at JM Swank, explained that the giant distributor saw a 26% increase in document requests over a four-year period – with no corresponding increase in staff to manage that influx of records.

“It became clear that documents were going to be a big resourcing problem for the company,” she said. “Especially since we were still using an outdated document storage system.”

# Imported Foods

Most importantly, at least for brokers, distributors, and importers, FSMA also gives the FDA broader jurisdiction over imported goods so they can meet U.S. food standards. The regulations shift some of the government's food safety accountability to food manufacturers, suppliers, and importers by forcing stakeholders to check up on each other.

## To do this, FSMA instituted:

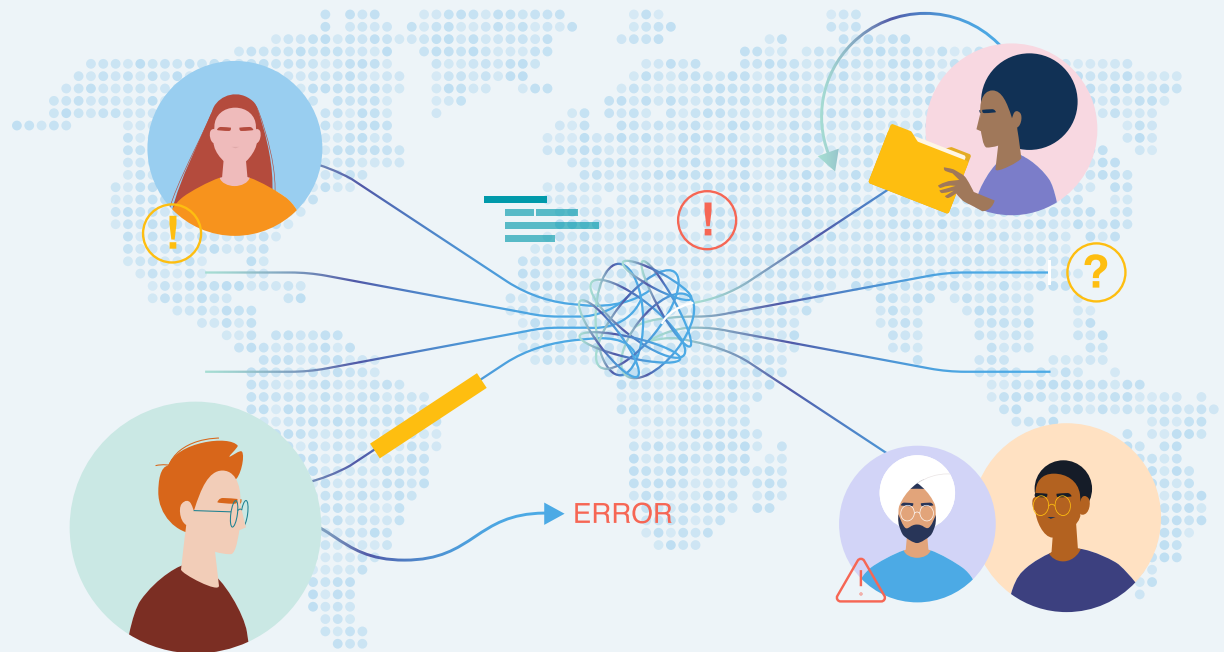
- **FSVP:** Through the Foreign Supplier Verification Program (FSVP), importers are now responsible for obtaining written verification that foreign food suppliers have adequate preventive controls in place — just like their domestic counterparts. Unlike traditional facility inspections, FSVP inspections concentrate on records review rather than observations of food production.
- **Third-party certification:** This provision establishes a system for qualifying third parties that provide FSVP certification to importers.

FSMA – and, by extension, FSVP – unleashed an onslaught of documentation and disclosure requirements for every level of the supply chain. And that documentation must accompany each ingredient throughout its journey to verify provenance and compliance. For brokers, distributors, and importers, that avalanche of documents and the pressure to ensure a secure supply chain falls squarely on their collective shoulders.

Brokers, distributors, and importers serve essentially as stewards for the consumer-packaged goods industry. They provide an accessible way to source ingredients and products in the amounts required by their customers. But along with this, they must also Sherpa the appropriate documentation, securing it from their source and ensuring it follows the ingredient or product to the customer.

Often, companies accomplish this through basic file-sharing programs that are limited in functionality and require constant manual upkeep. Unfortunately, this process can be time-consuming and error-prone – and could even emerge as a barrier since so many people might need to access the system to either retrieve or submit documentation.

But there's a better way.



# TraceGains Expedites the Flow of Data

Brokers, distributors, and importers can alleviate the document management headache with TraceGains Supplier Management and Customer Management. This powerful combination allows brokers and distributors to manage all their customers and relevant documents in one easy-to-use system and leverage TraceGains' PassThru™ technology.

It starts with Supplier Management, which allows users to manage supplier documentation with unique access to custom dashboards for critical documents, including allergens, organic, nutrition, supplier/item questionnaires, and more. Supplier Management directly taps into TraceGains Network, allowing customers to request documentation from all their suppliers with on action. Conversely, suppliers can submit required documentation to all their customers using TraceGains' PostOnce® technology.

Supplier Management provides an essential gateway to TraceGains' PassThru™ technology for brokers, distributors, and importers. Users can manage their supplier documents within Supplier Management and then PassThru™ TraceGains Network to Customer Management. This is an important step that allows brokers, distributors, and importers to provide their documentation to all their customers, whether they're in the network or not – and may even encourage their customers to join TraceGains Network to expedite the process further.

Additionally, this power package of Supplier Management and Customer Management dramatically reduces the need to log into multiple portals to exchange documents. Instead, documents can flow between connections quickly and easily.

"Implementing Supplier Management from TraceGains was a lifesaver," Huske said. "And we were able to cut the response time to customers by 75% because we had the documentation

from our suppliers. It was always current because they're constantly uploading those documents, and it cut down on emails back and forth to suppliers because now I don't have to bother the suppliers."

Customer Management allows users to map their customer document requirements to their locations, items, and documents and create packages of specific documents for their customers. This streamlined system provides added flexibility and personalization to further enhance the experience for brokers, distributors, and importers.

"When ICI Foods purchased TraceGains Customer Management, we were able to use the broker distributor PassThru™," Huske said. "Now we don't have emails coming from our customers as much because those documents are forwarded automatically. So whether it's a TraceGains customer or not, those documents are forwarded along the chain automatically. And it saves employees so much time and frustration and makes our customers happier."

The food supply chain has never been larger or more complex. Brokers, distributors, and importers play an increasingly critical role while shouldering greater compliance responsibilities. Yesterday's solutions – whether it's spreadsheets, three-ring binders, or single-use portals – don't work today.

**TraceGains is tomorrow's answer.**

# About TraceGains

Founded in 2008, TraceGains connects people and information so teams can work smarter. As a global technology company, we provide networked innovation, quality, and compliance solutions to consumer brands that want to reduce supply chain risk, speed up business processes, and take control of data. On average, companies find 80% of their suppliers already on TraceGains Network, allowing them to connect and collaborate instantly.

## **The Power of TraceGains Network**

TraceGains Network is where professionals in R&D, procurement, quality, and regulatory departments connect with suppliers and co-manufacturers to bring new products to market faster safely. Thousands of supplier locations and data sources are combined to identify and qualify new vendors, precisely source raw materials, items, ingredients, packaging, and services, request samples, negotiate specifications, and automatically collect supporting documentation.