



Upgrading Food Safety at Your Business: A “win-win” for your clients — and your bottom line

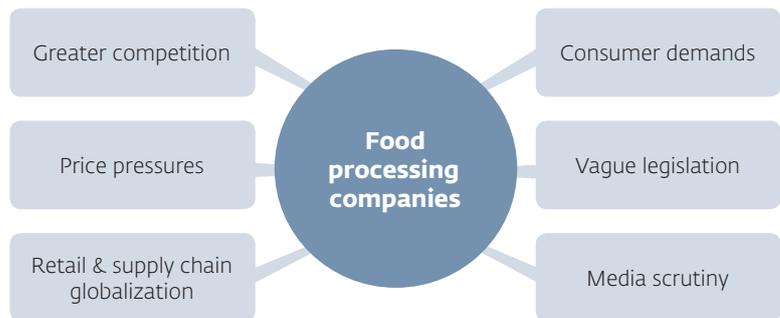
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Why is food safety important for your business?

Food processors face increasing challenges

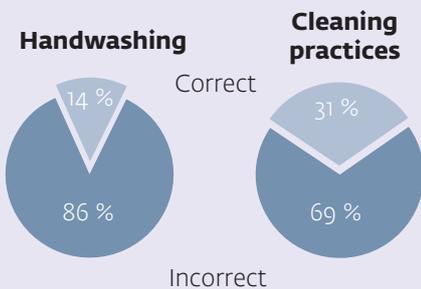


Research:

Can you be 100 percent sure that your employees care about hygiene?
 "97 % of food poisoning outbreaks involve food handler error"

Source: Howes et al., 1996.

"At most enterprises, even very basic safety practices are often performed incorrectly"

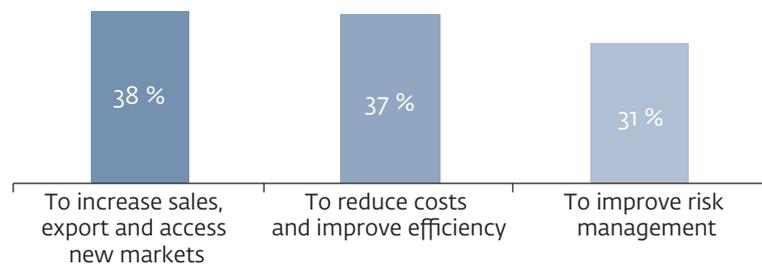


Source: Clayton, D., Griffith C.J. (2004) Observation of food safety practices in catering using notational analysis. *British Food Journal*, 106(3): 221-227; 29 Businesses; observation of 31,050 actions



Why do you need a modern food safety system?

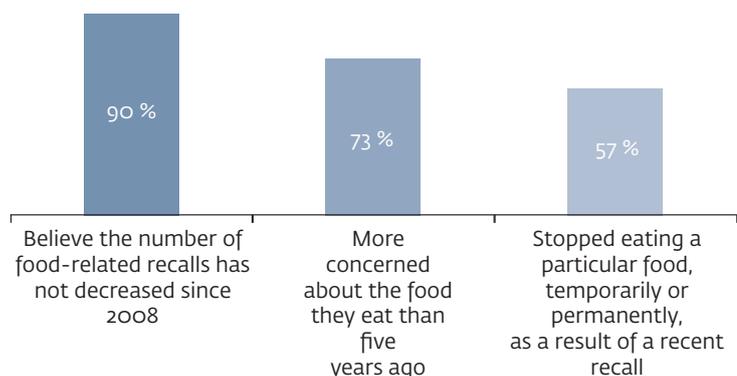
Percent of respondents, Ukrainian food processing companies



Source: Telephone poll results, IFC, 2013

Consumers now more concerned about food safety

Percent of respondents-consumers



Source: Deloitte Development LLC, Consumer food safety survey results, 2013

Why does my company need a food safety system?

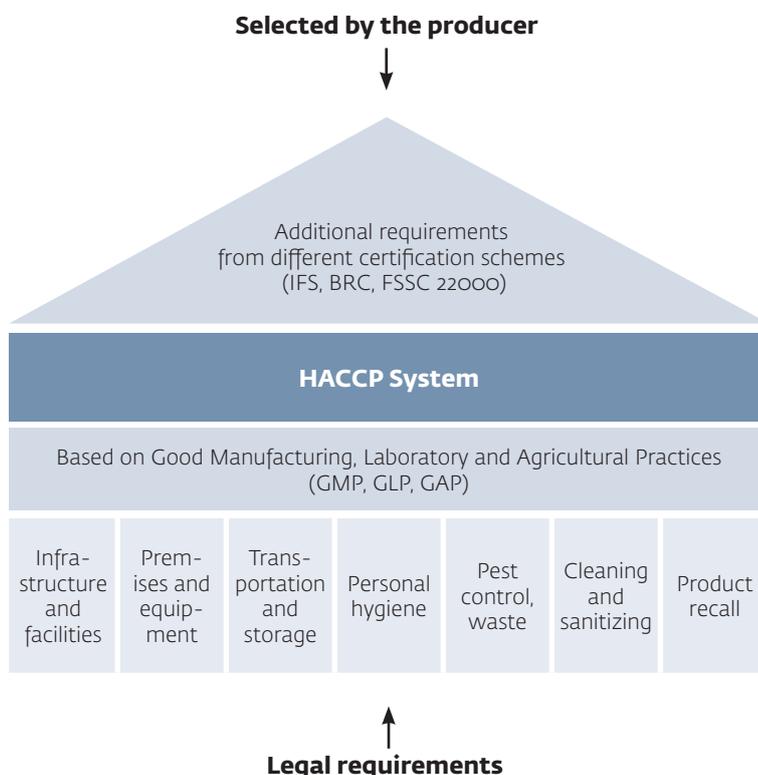
Traditional food safety control

- Focuses on the end product
- Reveals problems after they have occurred
- Is based on an outdated approach that falls short of current international standards

HACCP-based food safety management system: establishes safeguards to eliminate or reduce potential hazards during manufacturing, storage, and distribution.

What is a food safety standard?

There are many standards, but all have a common foundation: the prerequisite programs (basic requirements of sanitation, hygiene, manufacturing, et al.) that represent the minimum mandatory requirements posed by the government to food businesses. A HACCP-based system is designed for and implemented around these basic food safety requirements. Additional requirements vary depending on the certification scheme selected by the business.



HACCP* (Hazard Analysis and Critical Control Points) – a food safety management system built on a risk-based approach, with analysis and prevention of potential hazards prioritized throughout the production process



Research:

“The challenge is clear — focusing on food safety programs that protect your brand and your consumers is not an option. It is a key to survival.”

Source: Deloitte Development LLC, Consumer food safety survey results, 2011

“Numerous studies have found that Standards are second only to Capital Accumulation in their contribution to growth.”

Source: World Bank, 2007





From the director:

«Within a few months of implementing the food safety management system at our company, the results were already visible. Improved controls and extensive training have resulted in better-qualified and more effective personnel. But getting certified according to the requirements of international food safety standards is not the end of the journey. We need to improve continuously. We look to the future with great expectations. Our sales revenue has increased by 17 percent over the past few months. We have gained access to new markets, including countries in the European Union, as well as increased exports to the United States.»

Akaki Tsoपुरashvili,
Director, Shumi
(wine producer, Georgia)



What is my role as manager?

Unless fully supported by top management, no food safety management system will be effective.

An effective food safety management system requires

- Managerial commitment
- Adequate resources
- Adherence to food safety practices

Empirical evidence suggests that the greatest challenge in building a food safety management system is changing employee mindsets. This is why the keys to success for business leaders are **commitment, persistency, and an informed, systemic step-by-step approach to change.**

Management responsibilities

Planning	Procurement of resources
Setting goals	Creation of HACCP team
Policy development	Allocation of resources
Personnel awareness	Procedures put in place
Analysis	Setting deadlines

Typical mistakes made by managers working with consultants

- Letting consultants, not employees, do all the work
- Focusing on getting a certificate, not actual progress
- "All my people are busy, we don't have money/time for this or that"
- "We will never be able to implement all these recommendations"

Successful implementation involves

- Management is fully involved and interested
- Deadlines clearly set, scope of work and deliverables outlined in step-by-step approach
- Defined roles for consultants, management, and staff at the time of system implementation
- Understanding and recognizing the consultants' role: "We help you, but don't do your work for you"
- Appreciating that systems are only sustainable if they are developed with active staff involvement
- Mutual understanding between consultants and management of the objectives of the anticipated changes
- Understanding the benefits of food safety management systems
- Having realistic expectations about time required for achieving results

Source: IFC training materials for food safety consultants

Exactly how will my company benefit from a food safety system?

A prudent manager planning investment is sure to wonder: "What's in it for my business? How much will it cost? How soon will I see some return?"

Food safety management is a business tool that hones your competitive edge

Growing sales	Cost reduction	Risk minimization
<ul style="list-style-type: none"> • Greater consumer trust resulting in a stronger market position • Additional retail outlets • Access to export markets 	<ul style="list-style-type: none"> • Greater efficiency • Greater control (via standardization of procedures and controls) • Reduced waste, lower expenses • Enhanced communications • Higher worker morale, increased loyalty 	<ul style="list-style-type: none"> • Better-protected brand • Less consumer complaints • Renewed investor interest

Source: IFC interviews



Success Story: Morozprodukt

Morozprodukt is Belarus' second largest ice cream and desserts producer, and the leading importer of frozen foods. In August 2012, Morozprodukt engaged with IFC to implement an internationally recognized food safety management system. In June 2013 Morozprodukt successfully passed an audit and received FSSC 22000 certification, which ushered in better opportunities for the company in Belarus along with new export horizons.

Improved food safety has enabled Morozprodukt to:

- Become the most technically advanced ice cream producer in Belarus
- Become the largest ice cream producer in Belarus
- Increase its presence across the Customs Union
- Become an ice cream supplier for the Sochi Winter Games in 2014.



From the director:

"Food safety is the consumer's greatest requirement today. That's why implementing a food safety management system was our goal from the outset. Not only does it enable us to convince consumers that our food is safe, gaining their loyalty and trust. It will also help us expand our export geography, strengthen our presence in the domestic market, increase sales, and improve our overall competitiveness."

Sergey Dobudko,
General Director,
Morozprodukt, Belarus





From the director:

«Although we are still in the process of implementing the system, we have already appreciated its benefits. The amount of defective products at the enterprise has fallen from 1 percent to 0.1 percent, enabling us to save \$25,000 each year. They say that HACCP is a ticket to exports to the developed market.

Our company, though, does not plan to break into external markets. Rather, we are getting ready to withstand the increased competition due to increasing imports into Ukraine.»

Vladimir Zavadovsky,

General Director, GALS LTD (juices and canned fruit and vegetables, Ukraine)



How much does a food safety system cost and when will my company see a return on investment?

The stronger the food safety culture at an enterprise, the easier, cheaper and faster it is to build a full-fledged food safety system. The better the market position, the stronger the brand and the more thoroughly risk is managed, the more attractive a company is to investors.

Main costs

Introduction of pre-requisite programs

start-up costs, fixed costs for new equipment, renovation of premises

Development and implementation of HACCP action plan

costs of developing HACCP action plan, staff training, evaluation of HACCP plan

Maintaining HACCP system

costs of record keeping and verification of HACCP plan, corrective actions

Example: In a dairy industry case study in Ukraine...

HACCP plan development and implementation cost an estimated \$6,000. Operational costs in the first year were about \$6,500.

Pay-back period

One–two years, as evidenced by international implementations in the dairy industry.

Main benefits

Increase in revenues

access to new markets, retail expansion

Decrease in overall costs

better management, staff motivation and responsibility, streamlined production process

Increased product stability, shelf life and product characteristics

less waste and spoilage)

Source: IFC survey findings: Implementing food safety management systems in Ukrainian food processing enterprises. A cost-benefit analysis, 2010

How can food safety increase my sales?

A food safety management system helps companies attract new customers, increasing sales.

A HACCP-based food safety management system

is the minimum requirement for export to the EU and other major markets

Large retailers increasingly require a food safety management certification system from their suppliers, particularly private label suppliers

Consumers increasingly expect safe products, thus more and more companies build their brand on food safety to attract new customers



Success Story: Georgian Bakers Ltd.

Georgian Bakers was founded in 2008. The company produces confectionary products including baby food cookies. This is a young, growing small business with 56 employees and 2011 annual sales of about \$1.3 million. Currently, Georgian Bakers sells its products throughout retail stores across Georgia, with immediate plans to export to neighboring countries. Last year, management committed to introducing international best practices for food safety and implemented the Global Markets program, at the basic level (more info below). The past year proved very successful for the company in terms of adding new customers and increasing sales (by 50 percent, or more than \$600,000).



From the director:

«Looking at our performance during the last year, resulting in 50 percent increase of sales, I feel that the time, effort and resources we invested in improving food safety practices have paid back in a significant way.

With improved personal hygiene, cleaning and sanitation, storage and traceability practices, combined with more systematized documentation and well trained personnel, we feel more comfortable approaching a wider group of customers, entering new markets, and expanding our business.»

Michael Parulava,
Director, Georgian Bakers Ltd
(confectionary, Georgia)

From a retailer:

“Food quality and safety assurance are among the key criteria in our ongoing relationships with our suppliers. METRO relies on international and local standards, and we expect our partners to take an equally responsible attitude. Food safety management systems are the best evidence that our company has done everything possible to safeguard our customers from food contamination.”

Luidmila Vladova,
Head of Quality Control, METRO Cash & Carry Ukraine





From an investor:

«When contemplating an investment, the investor assesses various risks. A food business operating a modern food safety management system sends a clear signal to the investor that the company treats the organization of production processes responsibly and makes all efforts to minimize operational risks. As experience shows, gaining customers' trust may take a long time, and one may lose everything in the blink of an eye, especially in the food business.»

Rufat Alimardanov,

IFC Country Manager for Ukraine and Belarus

How can a food safety system minimize my risks and attract investors?

In the food business, safety threats can result in immediate market loss. Food safety incidents can, in an instant, destroy a business that took years to develop and mature. Investors understand this very well. For them, a strong, effective food safety management system is a sure sign of a sound and sustainable business – and convincing evidence that risks are being identified and controlled.



Success story: Globino

One Ukrainian company, Globino has been cooperating with IFC to improve the safety of its food products for two years.

The company invested around \$140,000 to upgrade its food safety management system and its approach to customer safety. A year later, sales had grown by 10 percent (\$3.8 million in money terms); productivity increased by 30 percent while operational efficiency increased 20 percent. A total of 8,000 new retail points were opened.

“Our company has enjoyed tremendous commercial benefits from the introduction of the food safety management system. These include, primarily, working with large retail chains, and further – access to international markets. Also, we’ve seen great economic efficiency as a result of the optimized production processes and input flows. In short, the company has moved to a higher level.” – Olexander Bondarenko, Director, Globino meat factory.

Globino’s dedication to better food quality and safety sparked IFC’s interest, which led to a \$25 million investment into the company. This enabled Globino to become the unrivaled industry leader and create 600 new jobs.



From the director:

“The partnership with IFC means a lot for us. Globino is a young company and we strive for further growth by raising our operational and manufacturing quality standards. Thanks to IFC’s consulting help, we are actively upgrading our food safety management system. IFC became our reliable partner, then soon became our strategic investor.”

Olexander Bondarenko,

Director, Globino meat factory (Ukraine)

How can IFC help me?

For businesses looking to implement a food safety, management system, IFC Agribusiness Standards Advisory in Europe and Central Asia offers:

A custom-tailored support in implementing management systems

Client businesses are offered a comprehensive range of high-quality professional services to facilitate their introduction of management systems: from assessments and staff training to helping the business attain international certification.

IFC helps clients choose the most suitable certification scheme, then carefully oversees progress. Certification schemes are based on market need and popular food safety schemes (such as FSSC 22000 and GlobalG.A.P.).

Professional assessments

IFC provides one-day technical assessment, resulting in a report that includes:

- A short Executive Summary with strategic recommendations
- A score, benchmarking the company against its competitors as per international best practices
- A Proposal for Next Steps with practical recommendations and detailed assessment findings
- IFC Food Safety Toolkit, which enables the company to improve on its own or with the help of a coach consultant.

Building expertise

The program offers a variety of trainings options for business managers and technical specialists, delivered by local and international consultants.

Handouts are designed to enable company specialists to train their peers while maintaining and reinforcing a sustainable culture throughout the company.



From IFC client:

«IFC's HACCP Manual and the training were very useful even for a company like ours, which already has a functioning HACCP system in place. Sector-specific templates used during the training were very practical and helped us reassess and identify improvements to our Hazard Analysis and HACCP Plan.»

Madona Nozadze,
HACCP Leader, Nozadze-Gantiadi
(poultry producer, Georgia)

From IFC client:

«Our staff is now on board [with food safety management]: they see that their paychecks have increased since our sales have increased. Our people are happy!»

Nadezhda Olhovaya,
Director, Olhovyy (bakery company, Ukraine)





What Toolkit IFC consist?

The Toolkit consists of seven modules – a 'roadmap' as to how the company is going to manage food safety management system for their business. This publication aims to guide and assist the company throughout the various elements or parts of the manual in a motivational and informative manner

Module 1 – Toolkit overview

Module 2 – Food safety schemes and international standards

Module 3 – International food safety legislation

Module 4 – Workbooks for the system, prerequisites and HACCP

Module 5 – Training reference for company personnel

Module 6 – Case studies on how to use the Toolkit

Module 7 – Different types of documents and their structure in the system



IFC Food Safety Toolkit

IFC offers a unique product: the Food Safety Toolkit, which aims to help food producers integrate modern food safety management systems into their businesses.

Why IFC Food Safety Toolkit is a unique product?

Specificity of this publications is that it designed to be a self-guided instructional manual and provides the know-how to evaluate and drive the improvements in line with best international practices. The Toolkit has been successfully tested with food companies in the Balkans, Ukraine, Belarus, and Georgia. Those companies which have improved their food safety management systems based on international practices with the help of the Toolkit have become better positioned to enter new markets, raised profitability, increased customer trust and confidence.

How companies can benefit from this self-sustaining Toolkit?

The Toolkit is ideal for businesses that have not yet developed their own system or wish to improve their existing one. Self-guided manual helps companies identify gaps in existing practices and develop more efficient food safety system.

Specifically companies can:

- **apply** the Toolkit in any processing irrespective of company size, location and food safety sophistication
- **develop** systemic science-based approaches to food safety management
- **benchmark** own food safety system against the best international practices
- **use** Toolkit as simple and practical self-service tool, replicating it to all production lines as necessary
- **tailor** the templates in accordance with their needs

Training workshop «Introduction of Food Safety Management System»

IFC is happy to offer a new training product, a workshop for consultants and companies implementing modern food safety management systems, which builds on IFC Food Safety Toolkit.

The special interactive methodology of the workshop helps participants to quickly systematize the knowledge and acquire practical skills. The training content is adjusted to local specificities of productions, national requirements of the market and regulatory environment, in which food companies of the region operate.

Objective of the training is to help company specialists raise their food safety competence and become unique experts in the area of international standards compliance in the growing CIS market

Feedback from regional companies – the Toolkit users

“The Toolkit offers a collection of hands-on advice and global practices, and a generalization of intricacies of the design, implementation and improvement of food safety management system. Our improved food safety management system will help us better meet the needs, expectations and aspirations of all stakeholders. Also I would like to recommend the Toolkit to all businesses that are just starting to develop their food safety management systems, as well as to businesses that already have their systems in place as a tool to improve it.”

Lyubov Druziuk,

Head of Quality management systems, “Semifinished Bakery Products Plant”, PJSC “Concern Khlibprom, Ukraine



“We plan to apply the Toolkit worksheets and use requirements of systemized international standards as a guidance, which will undoubtedly assist us in permanent improvement of the food safety management system. Our joint work was quite productive and we would like to thank you for providing us with such opportunity.”

Levan Chiteishvili,

Quality Manager and HACCP Team Leader,
Goodwill food retailer in Georgia



“The Toolkit enabled to enhance competence of the personnel in charge of the food safety management system design and implementation up to the requirements of various international standards applicable to food industry. HACCP in-house team has come up with an algorithm of actions to conduct internal audit, HACCP plan validation and verification procedures, and managed to systematize data on pre-requisite programs.”

Yury Gruzdev,

the CEO, Global Vitebsk, Belarus





Food Safety Improvement Program for Food Suppliers

IFC is offering a unique capacity-building program for food producers in the region of Europe and Central Asia to help them in upgrading food safety systems.

Global markets

The program was developed by the Global Food Safety Initiative (GFSI), with input from IFC, on the basis of requirements posed by global retail chains. It is especially suited for food operators in transition economies. The program consists of two modules: Basic and Intermediate.

Each module is a combination of assessments, training, and consultations.

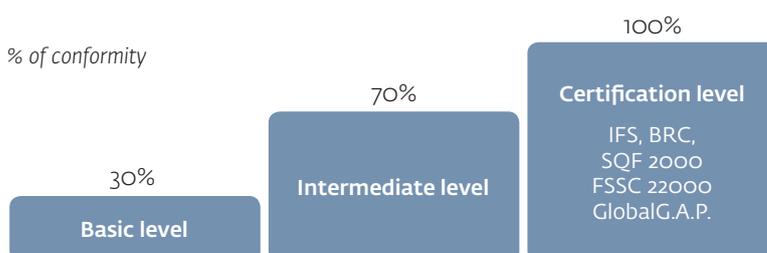
From program participants:

“While there was initial skepticism in the program at our factory, we are now believers. Practical advice from our consultants ensured immediate results. Now our products last longer, which helps increase our sales. Traceability system has helped strengthen our supply chain management and eliminate bad suppliers, thus reducing our costs. The program has allowed us to continue selling to Metro [Cash & Carry], which is a very important partner for us.”

Lyudmila Chernous,

Deputy Director, Kolos meat company, Ukraine

Three steps for certification



This step-by-step achievement of conformity with international standards (at minimum cost) initiates new opportunities for the development of smaller food processors, enabling them to move from local markets to larger retail chains and even global export markets.

The Program enables businesses to focus on, and quickly address, a short list of clearly defined problems (each module of the program lasts four to six months, on average). IFC has tested the program with almost 100 retail suppliers in Ukraine, Georgia, Kazakhstan and Armenia.



From program participants:

“The program has helped to understand what needs to change at our enterprise. Excellent organization and supervision by IFC together with a fruitful help from consultants in a short time have allowed our company make a big leap in improving the safety of our products.”

Serhiy Chernokon,

Commercial Director, Polis meat company, Ukraine

Program content

Basic level

Section A: Food safety systems

- Specifications
- Traceability
- Incident management
- Control of nonconforming products
- Corrective actions

Section B: Good manufacturing practices (GMP)

- Personal hygiene
- Facility environment
- Product contamination control
- Cleaning and disinfection
- Water quality

Section C: Control of food hazards

- Control of food
- Hazards control of food allergens

Intermediate level

Section A: Food safety systems

- Management responsibility
- Document control & procedures
- Complaint handling
- Control of measuring devices
- Product analysis
- Supplier qualification, approval & supplier performance monitoring
- Training

Section B: Good manufacturing practices (GMP)

- Facility layout, product flow & equipment
- Facility & equipment maintenance
- Staff facilities
- Waste management
- Transport & storage

Section C: HACCP and additional requirements

- HACCP
- Food defense



From program participants:

"We are now convinced that food safety is our competitive edge. We've also found other directions for business development. For example, waste recycling: what has always been an environmental challenge for us has become a source of revenue. We have reformatted relations with retail chains and customer. When we tell clients and partners that we have graduated the program, we are treated as a reliable company. Participation in the program has significantly contributed to our company's two-fold increase in sales."

Oleksander Miahivskiy,

Business Development Manager,
Korobivsky meat & poultry plant,
Ukraine





The program **addresses a variety of typical challenges faced by businesses** in the region (such as traceability, crisis management, good manufacturing practices); and it helps achieve results quickly, even when starting from scratch.

Module structure



Program **participants are assisted by top experts** advising the companies, both on-site and at a centralized training session hosted by the retailer.

Average scores



Among businesses that have graduated from the program (both basic and intermediate levels), the rate of compliance with food safety requirements has almost doubled: on average, from 39 to 77 percent.

Partnerships with retail chains spur companies-participants commitment to the program:

- **METRO Cash and Carry Ukraine** – since 2010
- **METRO Cash and Carry Kazakhstan** – since 2012
- **Auchan Ukraine** – since 2013
- **Goodwill Georgia** – since 2011.

From a retailer:

“The main mission of Auchan is the constant improvement of the quality of life of our customers. That is why the quality and safety of food products is the very heart of our strategy, and suppliers are our ambassadors of quality. The results of our program confirm: improved production increases sales. And thanks to better quality and safety of our products, all together, we sell better products to a growing number of customers.”

Antoine Lemaire

Head of Buying Department,
Auchan Retail Ukraine



From program participants:

«The program itself and the topics it covers had formed a more rigorous internal self-discipline at our enterprise. This improved the safety and quality of our products.»

Vyacheslav Savinov,

Director, Svayt meat company, Ukraine

IFC Agribusiness Standards Advisory in Europe and Central Asia

The goal of the Program is to assist local companies in applying food safety standards throughout the agribusiness value chain, while strengthening the capacity of local consultants. Improved standards will help agribusiness firms meet regional and export market requirements and provide a foundation to mobilize investments and help the agribusiness industry realize its full potential. The Program is funded by the Austrian Ministry of Finance.

More details about the program at:
www.ifc.org/eca/agristandards

Learn more on Program activities in your country:

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In partnership with the Austrian Ministry of Finance (MOF)

External Economic Program

MOF's external economic program supports the development and transition process in Southeast and East Europe. The program aims at promoting sustainable investments to support economic growth, create jobs and improve the business environment. Supporting local and foreign investments helps to improve the livelihood of people and the progress towards a stable and prospering region. Our goal is to contribute to private sector growth through capacity building, SME support, facilitation of investments, and building business partnerships between Austrian and local investors.



In partnership with the Austrian Ministry of Finance

International Finance Corporation (IFC), a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments.

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