

# Case Study

## Safety As a Competitive Advantage Illes Food Ingredients Takes Proactive Approach to Supplier Management



Illes Food Ingredients Ltd. is a third-generation family business based in Carrollton, Texas, that produces liquid and dry food products sold to food manufacturers and national restaurant chains. Products include glazes, marinades, rubs, sauces, sauce bases, and flavors. Established in 1927, Illes now operates two BRC-approved facilities.

Since its inception, Illes has focused on quality products and customer service. Today, to meet those goals, the company has to keep up with — and stay ahead of — innovations in manufacturing technology and operations, which is driving continuous investment to increase R&D and information technology capabilities.

With more than 500 raw materials coming from hundreds of suppliers, Illes experiences first-hand the challenges and demands of Global Food Safety Initiative (GFSI) and Food Safety Modernization Act (FSMA) regulations. These directives require that Illes track, document, and approve each supplier and product on an ongoing basis as part of its comprehensive Food Safety Program.

### Challenges: Balancing Growth with Safety

Illes is in growth mode and receives an average of more than 80 different raw materials with multiple lots every week — a number that's continuously growing. This growth necessitates a better supplier qualification process.

Rapid growth and dealing with potentially high-risk ingredients and raw materials, as well as the increased risk of accidentally accepting out-of-spec lots, could potentially hurt valuable customer relationships, cause significant waste, and threaten the company's growth.

Industry and regulatory initiatives also require additional renewed focus on efficient supplier management and documentation systems. These evolving initiatives and regulations mandate documentation and proof of everything. The new mantra is, "If it isn't documented, it didn't happen."

### Solutions: Shifting to Proactive Supplier Risk Management

The team at Illes reached out to TraceGains to improve a manual process that couldn't easily scale as business velocity ramped up and record-keeping requirements grew.

The updated and improved vendor management control program now receives and stores all supplier-provided information electronically in TraceGains. Both corporate-level documents and lot shipment documents travel through TraceGains and are automatically analyzed for compliance with Illes' own requirements. TraceGains immediately flags any non-conformances and alerts the user, enabling Illes' staff to focus on problem resolution instead of problem detection. While rapid growth continues, staffing remains the same.

"TraceGains delivers what they promise. They're constantly working to improve their solutions, are very receptive to suggestions, and focus on the best interests of their customers at all times."

- Illes Food Ingredients

## Outcomes

- **Efficient and user-friendly**

Illes found TraceGains to be much more user friendly and less burdensome for their suppliers. They found other systems they encountered to be cumbersome, onerous, difficult to use, resource consuming and provided little benefit.

- **Accurate and automated vendor management**

The most unique challenge was managing the vast number of vendors and ingredients Illes deals with daily. TraceGains provides an efficient and relatively easy means of managing information without having to hire an army of clerks to scrutinize massive amounts of data to assure everything is up to date and accurate.

- **Comprehensive solution with wide supplier adoption**

TraceGains has the capability to cover virtually all aspects of vendor management. TraceGains reduces the bureaucracy and doesn't require nearly as much specialization or modifications from suppliers. The easier it is for suppliers to provide data, the more likely they will. Illes discovered most suppliers were willing to use TraceGains for Illes' reporting needs largely because it's not an added burden. In addition, there's no charge or cost to suppliers to participate. Companies generally resent having to pay a service charge to provide data to their customers in a format they don't ordinarily use.

- **Exception-based management**

One of the best aspects of the TraceGains approach is managing by exception. In today's "document-driven mentality" it's required that all data be reviewed — this is especially true of FSMA. This can be burdensome and demanding of resources, which can detract employees from performing basic quality control functions. TraceGains takes that burden away, as it not only collects, files, and collates information for reference, but can generate reports on any areas of interest. It verifies data automatically, giving customers more pertinent and relevant information on the exceptions and potential problems. This allows customers to focus their attention on addressing real issues in a timely and effective manner.

- **Supplier scorecarding**

The efficiencies Illes gained included the ability to review all the data they receive regularly. Illes also has been able to identify areas of improvement in dealing with some vendors they might not have recognized until an issue occurred. It also allows the company an easier means of establishing and maintaining their own ingredient standards while being able to compare them to the standards of various vendors for the same ingredient. Illes also found it was better able to rate the supplier services and establish meaningful scorecards. Illes expects even more efficiency improvements in the future as they expand the use of TraceGains to include more in the way of regular purchasing and receiving department interactions.

- **Return on investment**

To comply with many aspects of GFSI and FSMA would require a much higher investment in quality program overhead costs. There's also a lot to be said about cost avoidance in being able to identify problem ingredient orders before they reach the dock. It's hard to place a true cost on the intangible benefits gained by loss reduction or prevention and increased operating efficiencies.

- **Competitive edge**

TraceGains not only prevents problem ingredients from shipping out, but also allows Illes to prove to their customers they have taken a proactive approach to supplier risk management, giving them a competitive edge.

## About TraceGains

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

Learn More

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