

# Product Recall and the Restaurant Industry



According to a recent article from the U.S. Centers for Disease Control and Prevention (CDC), foodborne diseases cause approximately 76 million illnesses, 325,000 hospitalizations, and 5,000 deaths in the United States each year. This means that each year an estimated one in four Americans may be affected by a foodborne disease, whether at home or in a restaurant environment.

There are many examples of such foodborne diseases in the United States and internationally. In 1994, a Salmonella Enteritidis outbreak linked to a contaminated ice cream pre-mix sickened an estimated 224,000 people in 41 states across the United States. In 1991, an outbreak of hepatitis A caused by tainted clams affected nearly 300,000 people in China.

Furthermore, between 1999 and 2003, 88 percent of 1,307 food-related class I and class II recall actions most likely occurred due to a Good Manufacturing Process (GMP)-related problem. A GMP-related problem is one that could have been prevented by GMP-type

preventive measures, which include, but are not limited to, proper equipment sanitation, adequate training of employees, and adequate preventive maintenance of equipment used in the restaurant environment.

Many of these outbreaks and recalls might have been prevented had appropriate safety procedures been in place at food manufacturing facilities and in restaurant food storage and preparation areas.

## **Bioterrorism**

Beyond GMP-related problems at food manufacturing sites and at restaurants, all businesses in the food industry need to be concerned about intentional tampering and bioterrorism. The U.S. government already is taking steps to secure the food supply chain. Restaurants are not required to register under the Bioterrorism Act of 2002 which also requires the implementation of traceability measures by food companies. However, restaurants do need to have processes in place in case a product contamination event occurs (whether accidental or purposeful) at their establishment.

## **Toys**

The restaurant industry, especially fast food establishments, typically serve children's meals that include a toy. In the United States, toys are regulated by the Consumer Product Safety Commission (CPSC); in the United Kingdom, they are regulated under the European Directive on Toy Safety. Other regulatory agencies around the world have similar standards that apply to the toy industry. As such, restaurants providing toys along with meals need to understand that they might be faced with a product recall situation or other liabilities should a defect occur in one of their giveaways.

## **Suppliers**

Suppliers must adhere to all regulations governing food product and toy manufacturing. Nonetheless, many product issues originate with a supplier's operations, i.e., a contamination or manufacturing error on their part.

Though historically held accountable to the manufacturer of the finished product, food product supplier companies fall under the jurisdiction of the Food and Drug

Administration (FDA) in the United States and the Food Standards Agency (FSA) in Europe. Based on current trends and recent recall experiences, it appears that FDA and FSA will increasingly regulate suppliers directly. With regard to toys or other promotional items given to children, as previously noted, they fall under CPSC jurisdiction.

It is recommended that a restaurant establishment know its supplier(s)—of both food products and promotional items given to children. A restaurant establishment should have processes, procedures and agreements with their suppliers to decrease the risk of safety-related issues that could occur with food or toys at their establishment.

### How Can Marsh Help?

Marsh's Global Product Recall Solutions and Prevention Practice has distinctive breadth of expertise and capability in the critical areas identified above to assist the restaurant industry in meeting its obligations and protecting its brand, reputation, and financial condition in the event of a food- or product-related crisis.

As such, restaurants should broaden their risk management and risk mitigation approach with regards to food- or product-related events, to lessen their effect on the bottom line, and on relationships with key stakeholders. The Global Product Recall team can help companies to:

- develop processes and procedures that achieve world class corporate standards which comply with regulatory statutes locally and internationally;
- develop world class traceability mechanisms that can trace a product from a supplier to the end consumer;

- ensure that suppliers have world class procedures to minimize the possibility of a product event;
- conduct on-site reviews of manufacturing and distribution facilities to identify “gaps” that could or have lead to a product event;
- develop an early warning system that will alert your company of a potential event;
- develop a system for the quick identification of the product affected;
- develop incident management processes and procedures;
- minimize the likelihood of a food safety event through an audit of current food safety practices; and,
- educate employees on all aspects of food safety practices and procedures.

The Global Product Recall team has participated in over 5,000 product safety and product recall projects in 122 countries, including the largest product recall to date. Food and Beverage companies make up one third of the projects in which the team has been engaged. Practice members have worked globally with Food and Beverage companies, restaurant companies and their suppliers (food or other products), helping these companies to reduce the likelihood of recalls, minimizing financial impact as well as brand and reputational damage. Among its experts, the group has: attorneys, global regulatory compliance experts, food and beverage experts, Six Sigma product quality specialists, lean supply chain specialists, and product traceability experts.

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