

# External Key Stakeholders

Enhancing relationships with

Customers | Suppliers | Service Providers

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90% of problems can  
come in your door!

QUESTION:

Do you think specifications  
make waste?



# Presentation Overview

- Your Reality.
- Systems: What we know.
- Sourcing versus Procurement.
- Specifications: What we know.
- Tips & Tricks.
- Be the Company of Choice.



# A bit about me

- Farmer
- Leadership role - Standards
- Work with
  - Farmers
  - Wholesalers
  - Manufacturers
  - Supply chain
  - Circular economy



# Australia. Its not simple.



# Systems. What we know.

## Farm



## Manufacturing



# Sourcing versus Procurement

## Sourcing

- Identifying, evaluating, selecting suppliers.

## Procurement

- Transactional activities: purchasing, ordering, receiving.

QUESTION - Where do specifications fit?

# Sourcing versus Procurement

## Working with Suppliers

- Relationships
- Values based
- Risk based





# Specifications. What we know.

- Consumer does not know / care.
- Complicated.
- Lengthy.
- Jargon.
- Meant to PREVENT issues.
- SHOULD identify misunderstandings.
- NOT for manipulation.



# Specifications. A Wasteful Example.

Whole Shell Egg  
47 pages long

Ingredients List Format:

Standard

1 2 Ingredient  
Egg

| Ingredient Class Grouping | Qty In Comp, Wt | %w/wIn Comp. | Batch Qty, Wt | Batch % w/w | Total% w/w | Dec. | Char Ing | Supp. |
|---------------------------|-----------------|--------------|---------------|-------------|------------|------|----------|-------|
|                           |                 |              | 100           | 100.00      | 100.00     |      |          |       |
|                           | Total           |              | 100           | Total       | 100.00     |      |          |       |

Ingredients  
Ingredients List:

**INGREDIENTS:** Egg.

Comments:

Raw Material

| Ingredient | CAS No. (if applicable) or <u>Criteria &amp; Shelf Life Standard</u> | Assurance Standard | Supplier                   | Site Location | Country where Processed | <u>Country Of Origin</u> | Raw Materials Info |
|------------|--|--------------------|----------------------------|---------------|-------------------------|--------------------------|--------------------|
| Egg        | N/A  | Free Range         | Pure Foods Egg Corporation | Longford, TAS | Australia               | Australia                | Yes                |
| Ingredient | CAS No. (if applicable) or <u>Criteria &amp; Shelf Life Standard</u> | Assurance Standard | Supplier                   | Site Location | Country where Processed | <u>Country Of Origin</u> | Raw Materials Info |

# Specifications. Good.

Effective: 1 November 2006



**FreshSpecs**  
PRODUCE SPECIFICATIONS

|                 |              |
|-----------------|--------------|
| <b>PRODUCE:</b> | <b>APPLE</b> |
|-----------------|--------------|

|              |     |                |      |
|--------------|-----|----------------|------|
| <b>TYPE</b>  | Red | <b>VARIETY</b> | Fuji |
| <b>CLASS</b> | One | <b>NOTES</b>   |      |

### GENERAL APPEARANCE CRITERIA

|                          |   |
|--------------------------|---|
| <b>Colour</b>            | Pinkish red blush over a green ground colour; red blush over >60% of fruit surface; yellow flesh.   |
| <b>Visual Appearance</b> | Skin smooth, stem intact. Stems may be missing provided that the break is clean and there is no torn flesh or skin. No foreign matter. Generic industry fruit sticker showing PLU number or bar code and produce variety (Supplier branded stickers preferred.) Stickers to cover a minimum of 85 % of fruit intended to be sold loose. |
| <b>Sensory</b>           | Crisp and juicy, sweet aromatic. No objectionable odours or tastes.   |
| <b>Shape</b>             | Slightly elongated flattening out at base/apex. No irregular curvatures or distorted shapes.  |
| <b>Size</b>              | Evenly sized fruit (as pre-ordered per requirements). Apples supplied in 1.5 kg pre-packs to be 64 - 67 mm diameter.  |
| <b>Maturity</b>          | Harvested ripe, minimum penetrometer value (11mm plunger): 5.6 - 5.8 kg. Brix > 14.0° (Soluble Solids) at receipt   |

### MAJOR DEFECTS

|                               |  |
|-------------------------------|--|
| <b>Insects</b>                | With evidence of live insects.   |
| <b>Diseases</b>               | With fungal or bacterial rots of the skin or flesh (eg Anthracnose, blue mould, grey mould).<br>With sunken spots surrounded by red/ black halo (Apple scab).  |
| <b>Physical/Pest Damage</b>   | With cuts, holes, cracks or wounds (that break the skin). Stem punctures Less than 3 pieces per carton.<br>With deep, soft bruises that have distinct edges and are indented or watersoaked lesions  |
| <b>Physiological Disorder</b> | With brown discoloration of the skin (superficial scald).<br>With internal breakdown or browning (senescent fruit).<br>With Bitter pit / Lenticel injury.<br>With translucent core flesh (watercore); with brown core or internal cavities (brown heart) |
| <b>Temperature Injury</b>     | With patches of orange skin with brown freckles (sunburn).<br>With flesh browning, wrinkled skin, watersoaked appearance (freezing damage).  |

### MINOR DEFECTS

|                               |   |
|-------------------------------|---|
| <b>Physical/Pest Damage</b>   | With minor superficial bruises eg flat / sunken areas slightly darker than skin colour with no distinct edges or indented > 2 sq cm<br>With healed injuries in skin (eg hail marks, limb rub), affecting in aggregate > 1 sq cm.  |
| <b>Skin Marks/Blemishes</b>   | Stem End Russet: With golden / brown marks extending out from the stem end cavity beyond apple shoulder affecting >6 sq cm. Lenticel Russet: With small golden brown marks surrounding the lenticel affecting >20% of total surface area<br>Rough Russet: With Raised russet, rough to touch with brown scaly appearance affecting >3 sq cm.<br>Tracery Russet: With smooth scattered golden brown marks located on the cheek of the fruit affecting >20 % of total surface area. Spider Russet: With smooth golden / brown narrow interconnected lines affecting >20% of total surface area. |
| <b>Physiological Disorder</b> | With dropped shoulders > 15° angle from the calyx.  |

### CONSIGNMENT CRITERIA

|  |  |
|--|--|
| <b>Tolerance Per Consignment</b>           | Total minor defects (within allowance limit) to be < 2 defects per apple. Total minor defects (outside allowance limit) must not exceed 10% of consignment. Total major defects must not exceed 2 % of consignment. Combined Total not to exceed 10%.  |
| <b>Packaging &amp; Labelling</b>           | Packaging manufactured from new food grade materials or sanitised returnable crates. All labelling must meet the current legislative requirements. Labelling to identify grower's name/brand (plus growers name/code if via a packhouse), address, contents, class, size and/or minimum net weight. Produce to identify Country of Origin (eg. Produce of Australia) on outer container. |
| <b>Shelf Life</b>                          | Produce must provide not less than 14 days clear shelf life from date of receipt.  |
| <b>Receival Conditions</b>                 | Compliance with Quarantine Treatments (if required) for Interstate Consignment. Stacked onto a stabilised pallet as pre-ordered. Refrigerated van with air bag suspension, unless otherwise approved. Pulp Temperature 4 - 10° C. (12° C acceptable for the first 2 weeks of its season)   |
| <b>Chemical &amp; Containment Residues</b> | All chemicals used pre/postharvest must be registered and approved for use in accordance with the requirements of the APVMA regulatory system. Residues, Contaminants and Heavy Metals to comply to the FSANZ Food Standards Code ML's and MRL's.  |
| <b>Food Safety Requirements</b>            | Produce is to be grown and packed under a HACCP based food safety program that is subject to an annual third-party audit. A copy of current certification to be forwarded to receiver. Produce that meets the above specifications but is not grown under a food safety program must not be labelled Class 1.  |

\*Specifications reviewable: e.g. to account for specific regional effects or adverse seasonal impacts on quality or early or late seasonal variances as agreed and communicated formally in writing.

# Specifications. Better.

## Apples



|   |  |
|---|--|
| General Characteristics:  | Quality apples are fairly well formed, little to no bruising, good color and firm.   |
| <b>Harvest Guidance:</b>  |  |
| <ul style="list-style-type: none"><li>• Daily, early morning harvest is recommended</li><li>• To ensure maximum storage life, apples should be harvested when mature but not yet fully ripe or overripe</li></ul> |  |
| <b>Post-Harvest Guidance:</b>   |  |
| Pre-Cooling   | Forced air (room cooling is acceptable) to 32-36 degrees F.  |
| Washing/Processing  | Brushed or washed (Do not wash for long-term storage)  |
| U.S. #1<br>Size/Appearance  | Uniform sizing and fairly well formed, little to no bruising, good color. Must be free from visible watercore. Some russeting may be tolerated (refer to USDA for acceptable defects).<br>Diameters: 2 ¼ inches - 125 ct. and 3 ½ inches – 100 ct.   |
| Packing   | <b>Wholesale:</b> Bushel apple box, 40 lbs. Tray Pack 100-125 ct<br>Bushel apple box, 40 lbs. loose – 100-125 ct<br><b>Retail:</b> Bushel apple box, 40 lbs. Tray Pack 100-125 ct; PLU required.<br><i>Note: Certain specialty varieties may be packed in smaller case packs at the request of the customer.</i> |
| Optimal Storage   | Temp 30° – 40° F; Humidity 90-95%  |
| Shelf Life  | 100-230 days   |

# Specifications. Better.

The following specifications have been developed by the Australian cherry industry as a vital communication tool between suppliers and international buyers.

## SAMPLE SIZE

Test and record a minimum 10 cherries for each assessment, then calculate and record the average.

## FIRMNESS

|                             |                |     |           |     |      |     |     |                 |
|-----------------------------|----------------|-----|-----------|-----|------|-----|-----|-----------------|
| Firmtch (g/m <sup>3</sup> ) | 380            | 350 | 320       | 300 | 290  | 260 | 240 | 225             |
|                             | Extremely Firm |     | Very Firm |     | Firm |     |     | Domestic Retail |
| Durofel/Agrosta (4.5)       | 84             | 78  | 71        | 67  | 64   | 58  | 53  | 50              |

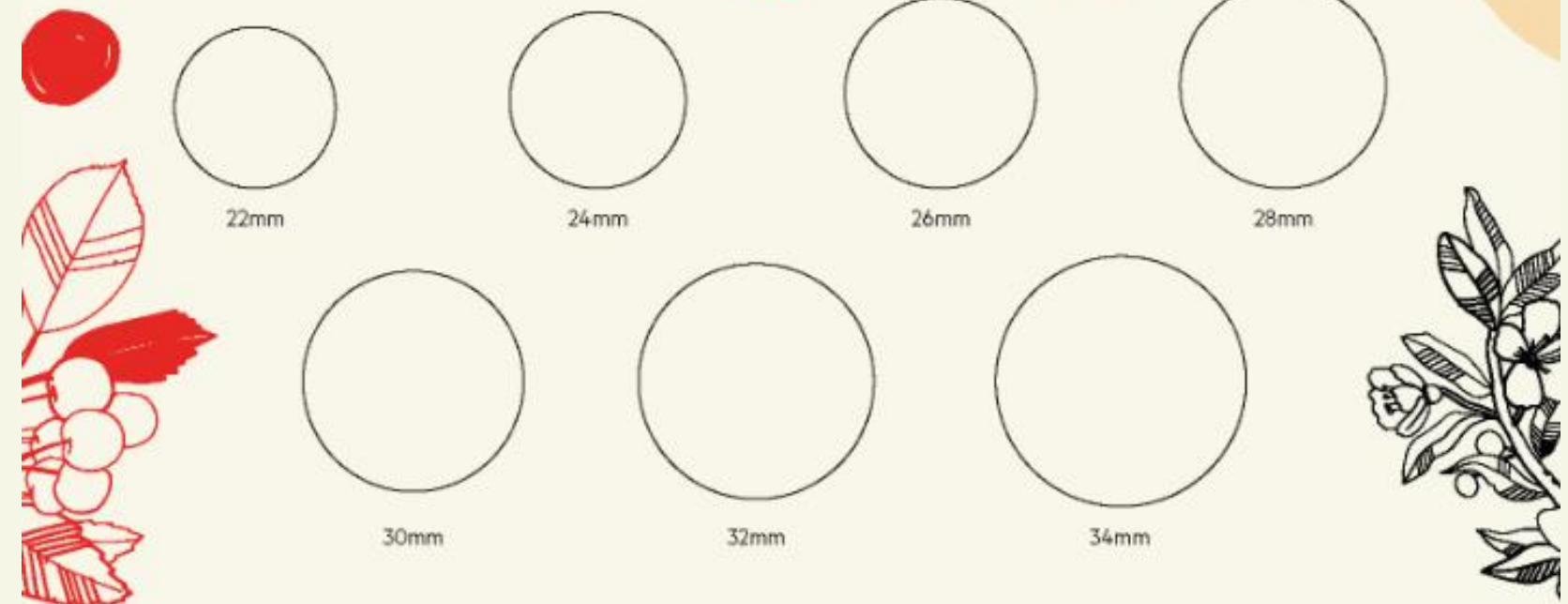
## SWEETNESS

|          |             |            |       |                  |                 |
|----------|-------------|------------|-------|------------------|-----------------|
| Brix (%) | 21          | 19         | 17    | 16               | 15              |
|          | Super sweet | Very sweet | Sweet | Moderately sweet | Domestic Retail |

## COLOUR



## SIZE



For more information  
W: [www.cherrygrowers.org.au](http://www.cherrygrowers.org.au)  
E: [export@cherrygrowers.org.au](mailto:export@cherrygrowers.org.au)

Horticulture  
Innovation  
Australia



# Specifications. How to be flexible.

Specifications are information not knowledge.

- Know the user.
- Jargon - keep simple.
- Be mindful of Industry/legal requirements.
- Be visual.
- Be mindful of colour.
- Easy to update.
- Use technology.
- Engagement.



# Risk Based Thinking

| Approved Supplier Management   |                       |  |                 |          |             |                          |                            |   |  |  |
|--|-----------------------|--|-----------------|----------|-------------|--------------------------|----------------------------|---|--|--|
|  |                       |  | Risk Assessment |          |             |                          | Approved Supplier Approval |   |  |  |
| Quality Hazards<br>P = Physical (not to specification)<br>C = Customer (not to specification)<br>B = Business (Supply disruption / cost)<br>R = Regulatory<br>O = Other (describe) | Environmental Impacts | Current Controls in Place                                      | LIKELIHOOD      | SEVERITY | Risk Rating | Vulnerability Assessment | Primary Control            | Secondary Control                                   | IMS / Operational Controls Required      | Justification  |
| C: Management services do not meet customer requirements   | N/A                   | Contract in place; Management Review meetings; Board meetings; | D               | 3        | 17          | M                        | Contract                   | Monthly Board meetings; independent financial audit | Approved Supplier Program; works program | Critical Supplier that has demonstrated history of supply. Supplier to notify if significant delays in service provision could |

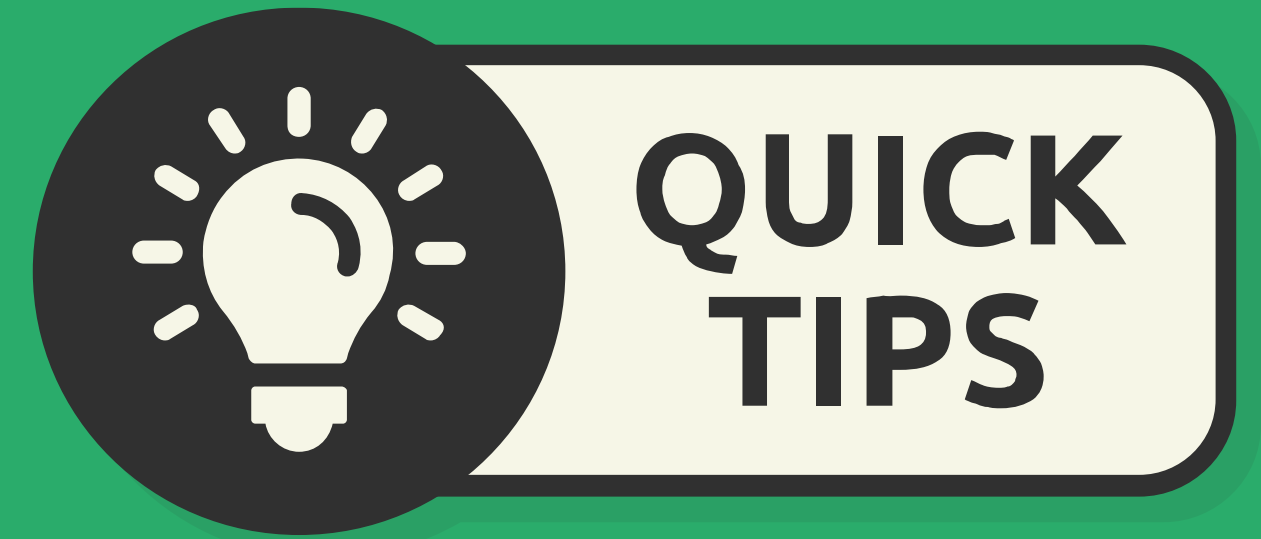
| Supplier Significance Rating |  |
|------------------------------|--|
| Score                        | Rating   |
| < 10                         | Extreme - Approved Supplier with high risk input                                       |
| 11 to 15                     | High - Approved Supplier with medium risk input that may impact on business operations |
| 16 to 20                     | Medium - Approved Supplier with low risk input   |
| 21 to 25                     | Low - Approved Supplier with input that does not impact on business operations         |

| Risk Treatment Plan |  |
|---------------------|--|
| Score               | Action Required  |
| < 10                | Supplier on stop / Management approval required for re-supply.   |
| 11 to 15            | High - Close surveillance of supplier and raw materials required |
| 16 to 20            | Medium - Monitor Approved Supplier                               |
| 21 to 25            | Low - Approved Supplier program sufficient                       |

# Your Competitive Advantage

- Know the user. Be clear.
- Build based on risk.
- Focus on need not want.
- Think forward.
- Be flexible - this will increase.
- Involve people.
- Test and validate in the real world.





# Company of Choice

- Build on relationships.
- Build with shared values.
- Build information together.
- Get your boots dirty.
- Actively listen and engage.
- Be clear in details.
- Be real in expectations.



# Thank you.

Contact

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