

# YAHOO! FINANCE

## 5 Scary Facts about Product Recalls

As the number of product recalls rise, so do the dangers posed to consumers, according to Acsis, Inc.



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MARLTON, N.J.--(BUSINESS WIRE)-- During the height of holiday gift giving, most people aren't thinking about product recalls. It's definitely on the minds of manufacturers, though. Data such as serialization, lot and batch numbers prove invaluable in the event of a recall. In the excitement of unwrapping presents, however, UPC codes, product registration cards and other packaging information often get tossed in the trash.

Recalled products are probably sitting on store shelves right now. (Photo: Acsis, Inc.)

Think about the hundreds of products you use, eat or otherwise rely on every day. Airbags and tires, cribs and children's toys, peanut butter and packaged spinach -- even pet food -- are just a few of the products recalled in

Recalled products are probably sitting on store shelves right now. (Photo: Acsis, Inc.)

recent memory. How many products in your home already might have been recalled, but you don't know it? If you assume you'd have heard about it on the news or the merchant would have alerted you, think again.

The truth is most companies aren't ready for a recall, which can cost a manufacturer upward of \$80 million per event, according to [John DiPalo](#), Chief Technology Officer for [Acsis, Inc.](#), a leading solutions provider for product traceability and supply chain optimization. DiPalo, who has 25 years of experience developing product-tracking software, reveals five scary recall facts you need to know:

**FACT #1: Recalled products are probably sitting on store shelves right now.** Although manufacturers can get their products from the warehouse to retailers faster than ever before, pulling the products off the shelves can take days, weeks and even months. At the end of the day, it's typically the retail store's job to handle a recall. This often means the entire inventory of a recalled item must be inspected visually, then manually pulled from the shelves. That takes time.

Manufacturers commonly use an Enterprise Resource Planning (ERP) software system that automates a company's product data and resources. When ERP systems aren't updated or are ill-equipped to handle a recall, a communication breakdown between manufacturers and retailers is inevitable.

"Most manufacturers don't deal directly with retail stores," DiPalo said. "Instead, they rely on multi-tier distribution -- wholesalers, distributors and, quite often, sub-distributors. Once a product has left the manufacturing plant, it could be literally anywhere if it's not being monitored throughout any given supply chain.

"I routinely speak with some of the world's leading manufacturers who mistakenly believe their current ERP system has all the necessary components to track and trace a product once it has left their facility," DiPalo said. "However, these complex systems often don't work the same way in reverse.

"What's worse, many companies have never performed a simulated recall, so they find out after it's been tested in the real world that their system failed," DiPalo continued. "Often, the realization comes too late and with a heavy price."

**FACT #2: Not all product recalls make the news.** Although major recalls are headline-makers, there are just too many recalls for the media to expose each and every one. For example, when a recall does occur, government agencies ask major media to get the word out and notify wholesalers and retailers, but there's no guarantee consumers will hear about it. Some companies post recall notices on their Web sites, but they are not required to do so. Translation: there's a strong possibility unsafe food or products are lurking in your home.

“You’d be surprised how many recalls simply fly under the radar,” DiPalo explained. “You might see the occasional product recall flier at your local store, but hundreds of recalls go unnoticed -- and unreported on the news -- if they are not considered ‘widespread’ enough. Simply put, what you don’t know can hurt you.”

**FACT #3: The government can’t police every product.** Although federal agencies have mechanisms in place to monitor food and product safety, they are not foolproof. Many items make it to market without government approval. In addition, counterfeiting, piracy and diversion pose serious threats to product integrity, especially if products aren’t being properly tracked and traced.

“In any industry, monetary loss from counterfeit products reaches into the trillions,” DiPalo said. “Customers aren’t receiving the safe and effective products they’re paying for and are being put in harm’s way as a result.

“A government mandate requires pharmaceutical companies and their supply chains to identify and track products at the item level by 2015,” he said. “It is possible that food, chemical and most consumer products would not be far behind. Having the ability to identify and withdraw unsafe products in the supply chain will certainly help decrease the risks posed to consumers.”

**FACT #4: Supply chains aren’t as well-controlled as you think.** There’s always potential for human error at every step in the now-global manufacturing process, from raw materials to the packaged product. Products are coming in from all over the world at record pace, so product safety requires everyone in the supply chain to pay attention. Currently when an item is recalled, manufacturers often aren’t able to pinpoint exactly when and where the problem occurred.

“This is exactly the type of problem that happened with the listeria outbreak in cantaloupes a few months ago in which 29 people died,” DiPalo said. “In this case, the spokesperson for the company said their product often was sold and resold, so they didn’t always know where it went. When you can’t track and trace items completely through the supply chain, it becomes very difficult to recall products and protect consumers.

“The sad part is this recall was one of many that could have been greatly reduced in its scope,” DiPalo said. “Technology exists today that enables companies to track precisely where a product is in a supply chain 24/7, providing a manufacturer -- and every other operation in the supply chain -- all the data necessary to pinpoint and quarantine affected items. That way, if a recall is necessary, the company is able to identify the source and reduce the magnitude of the recall. This could mean the difference between recalling 500,000 items, or only 5,000. And as we’ve seen numerous times, a mismanaged recall can make the difference between life and death. So, why aren’t more companies utilizing this technology? That’s the question people should be asking.”

**FACT #5: The real product watchdog is YOU.** A company’s motivation to “do the right thing” is brand protection, image, consumer safety, and (sometimes) survival. All very powerful influences -- the bigger the name, the bigger the brand, the more zealously it will guard its reputation. Most of the time, however, it is the public who acts as whistle blower. DiPalo says the best offense is a good defense.

“Protect your family by educating yourself about the recall process,” DiPalo said. “You can start by visiting government Web sites, such as [recalls.gov](http://recalls.gov), which lists recalls of all types and even has a mobile application. Remember that recalls do not expire.”

To find children’s product recalls older than 2011 and for a complete list of product recalls, DiPalo recommends consumers visit the [U.S. Consumer Product and Safety Commission Web site](http://www.uscpa.gov) and be sure to send in warranty registration cards as soon as possible.

“It’s important to remember that some companies don’t think there is an urgent need to change,” DiPalo cautioned. “They’re waiting for a government mandate or a devastating recall to force them to clean up their supply chain. It’s a huge gamble, with consumers losing out.

“People should demand that industries prepare *now* for potential breaks in their supply chains,” DiPalo said, adding that

consumers can help encourage companies to join the Acsis, Inc. recall initiative by signing the company's [on-line petition](#).

"You can help send the message that an efficient and effective product recall is the only recall consumers want – and deserve," he said.

#### **About Acsis, Inc.**

[Acsis, Inc.](#), is a leading solutions provider of products and services for supply chain optimization, visibility and traceability. Acsis solutions deliver brand protection, product risk mitigation, manufacturing efficiencies and corporate profitability to leading manufacturers and distributors in pharmaceutical and life sciences, chemical, consumer product goods, food and beverage, aerospace and defense and other industries. For more information visit Acsis at [www.acsisinc.com](http://www.acsisinc.com) or call (856) 673-3000.

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