



White Paper

Eggs.. and Traceability of Your Product

Discover the benefits of lot tracking and learn how using a production management system will contribute to better product traceability.

The recall of eggs serves as a reminder of *the need to know what goes into your product, why batches are different and where your product goes*. While your product may not be human consumable, the need to know still exists for a wide range of reasons. For example, on the input side, did you apply materials that were contaminated in some way? What specific production items were affected? On the production side, why were losses higher and quality lower on some of your production? Or, what source of seeds, clones or liners were the most productive with the best quality? On the sales side, did you ship mislabeled, miscoded or recallable product? Who received this product?

Tracking by Lot. You grow and purchase inventory by lot, so why shouldn't you track by lot? This is how you operate! Lot tracking has very real benefits, but it comes with some effort and, hence, cost. So, when is it right for you?

Many nurseries and floriculturalists simply track inventory by item ... and often then only record available inventory at the time it is ready for sale. This means that it is difficult to plan or have detailed forward knowledge of availability ... or, even know your real inventory status. While this general level of availability works for many, it is not adequate as operations become larger and sales become more complex, particularly sales with forward commitments.

The key to traceability is breaking down your production, supplies and saleable items to a more detailed level. This is often referred to as a "lot" where the product comes into inventory as a batch at this level and is either used or sold at this level of detail. This then allows you to look at the details of your production and the history of usage and sales. From this, you can see how the product was stored, handled and grown and then where and when it was used or sold ... or, if it is still in inventory.

Additional Benefits of Lot Tracking. Tracking by lot has other advantages as well. On the input side, it allows you to see if one lot results in different production characteristics than another. This is particularly important with different seed or plant sources and with different processes or treatments. Particularly where genetic variability exists, tracking this through the production process can be key to your on-going success and gaining market share. It also allows you to charge out each lot based on the cost of that lot specifically rather than an average cost for the item. On the production side, it allows you to analyze your activity details and inputs to understand the difference in losses, quality, and product attributes.

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On the sales side, production or inventory receipts are often broken into lots based on a “ready date” for internal production and a “ready date-source” for purchased products. This allows you to track what will be available by date and place your orders against this anticipated inventory so that you avoid over selling or you can provide a push to the sales team to move available but uncommitted product. It also allows you to have different pricing and costs by lot. This may be particularly important for purchased product where the price may be different and may not even be subject to discount.

Tracking Lots in Production. For the items you are producing, this requires that a lot code be assigned to each production batch. In this case, a lot is typically a batch of product that is planted or produced at the same time with the same characteristics. Where the lot code is related to a date, the same lot code may be used across all items with the same expected date. In the case, the combination of item and lot is unique and provides traceability. If the production item produces multiple different items, sizes or grades, then this same lot code may also used for each of the finished products.

For the supplies used in the production process that are being tracked at the lot level, this requires that the lot be assigned and recorded as the items are received and used. This allows you to see where each lot is stored and where it was used. This is particularly useful where production is also being tracked at the lot level. While this is an extra level of detail that must be tracked, a Production Management system can easily track this detail as supplies used can be recorded at the same time as the activities performed. Such a system also easily supports lots at the production level.

Tracking Lots in Sales. While orders may be taken at the item level, the product is assigned, shipped and tracked at the lot level. This also allows relevant attributes of the product to be recorded at the lot level so that the assigned product can better meet the requirements of the order. Since lots are tracked as a sub-group of the item, the location and status of each lot can be tracked with part or all of a lot being reserved or made unavailable for sale should that be required. From both the shipper’s and receiver’s viewpoint, having the lot code as part of the description of the item in the documentation can be useful and is essential if the lot needs to be recalled or referenced at a later time.

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Conclusion. When product is co-mingled without reference to the production batch or source where it was produced, then a significant level of detail is lost resulting in an inability to provide traceability of specific product. Also lost is the ability to use this information for analysis purposes, particularly for understanding the effectiveness of inputs at the lot level and the reason behind differences in losses and quality. At the same time the ability to price, cost and sell by lot is lost. This can result in significant lost revenue and a lower level of customer satisfaction. Tracking by lot has significant benefits beyond the ability to meet the legal requirements of traceability. It provides valuable knowledge on your operations.

Argos Software provides Payroll software as a component of its nursery management system. The system is modular with the “full” enterprise system including Sales Order Processing, Inventory Management, Purchase Order Processing, Production Management, and Accounting. Various other modules are available including Contact Management, Equipment and Facilities Management, Handheld Systems, EDI, Business Intelligence through Dashboards, and Automated Processing through our Task Agent. To find out more about this system, email us or call **1-888-253-5353 Ext 2**.

Alan Thodey holds a Doctorate in Agricultural Economics and has been working as a consultant with leading agri-business companies, including nurseries, for 40 years. This includes planning as well as developing the underlying data on which to do the planning. Alan has provided assistance to agri-business organizations from small privately owned operations and government entities through to Global 500 companies.



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