



# BOTANICALS INGREDIENT SUPPLIER SCORECARD

Learn how to evaluate a botanical supplier based on 5 key criteria and how to rate them.



# CHOOSING AN INGREDIENT SUPPLIER DOESN'T HAVE TO BE A LEAP OF FAITH

**When deciding on the supplier for ingredients, any non-performance of an anticipated supplier presents a disruption to you, the buyer.**

In the botanical ingredients space specifically, most buyers purchase ingredients to make a product of significantly higher value. For example, there might be 5 cents of kelp in a finished product that retails for \$9.99. The potential value of a disruption is what drives the supply chain process for botanical ingredients. The value of the disruption is not tied to the value of the ingredient, but to the eventual value of the finished good. The types of disruption can range from a small two day delivery delay to a hidden defect that causes a retail product recall or even worse, a consumer illness or death. It is this risk to sales and brand equity that informs your risk assessment and the associated food safety requirement.



## CRITERIA FOR THE PERFECT SUPPLIER

The perfect supplier is a myth. If you could wave a magic wand and wish for everything you want from a supplier, it would be; perfect quality, perfectly safe, and in stock at the lowest price. In reality, you have to find the right balance of these attributes made available by the competitors in the market. **Here is a guide to help you evaluate potential suppliers using five criteria and a scorecard to help you decide on the right supplier for your business.**

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### Has the right level of Quality and Food Safety Certification

#### ASSESSING QUALITY AND FOOD SAFETY

There is no single standard for quality and safety, each company defines the right level based on their own standards and the risk factors faced by their consumers. This in turn is based on the nature of the end product and how it is used or consumed.

The biggest challenge in evaluating the quality and safety of most botanicals is that they are specialized, small scale crops, often hand processed, non-uniform, and often in powder form that cannot not readily evaluated. On top of this, most come from the other side of the world, out of view of the mainstream food safety system in the U.S.

#### HOW TO MITIGATE RISK

Non-uniformity of material creates the biggest challenge. If a one pound sample of a 1,000 lb. lot of a raw material is tested, will it be a good representation of the full lot? This is a judgment call.



To address this, the industry has developed process steps that can mitigate the risk. Each company has their own steps and those with the highest risk factors have more steps. In most cases, a buyer's process will start with evaluating a sample—a set of data about a small sample that the seller presents as representative of a large lot.

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## Has a comprehensive product specification (spec) and Certificate of Analysis (C of A) system

### STEP ONE, THE CERTIFICATE OF ANALYSIS (THE "C OF A")

Assuming that a product is in stock at an acceptable price, the buyer's next step (often with help or approval of their Quality Manager, if they have one) will be to evaluate the C of A of the available material. Often buyers will compare the supplier's specification to the C of A to ensure compliance, but the C of A is the key document. The supplier should be able to provide a C of A that matches the specific lot from which they intend to supply the raw material.

The first check is whether the C of A shows compliance with your own in-house spec for the material. There is not a standard C of A format, but the information provided is ultimately market driven. Highly standard and low risk items have minimal C of A's (an example is salt). On the flip-side, specialized, higher risk items will include much more data and specialized testing in their C of A's.

### WHAT MAKES FOR A GOOD CERTIFICATE OF ANALYSIS?

#### A comprehensive product description

Common name, Latin name, codes, plant part used, lot number, sub-ingredients (if any) and country of origin are the typical elements

#### A physical analysis

Appearance, taste and smell, particle size and, where relevant further details like moisture level

#### A microbiological analysis

Data on total plate count, yeast, mold, coliform, salmonella and E. coli

#### A chemical analysis for heavy metals

Lead, arsenic, cadmium, mercury

#### Processing attributes

Certifications like organic or kosher, sterilization treatment, metal detection, and a 'best by' date

#### Information on allergens

Gluten, peanut or soy,





**3****Quick, accurate and comprehensive document turnaround****STEP TWO, VENDOR APPROVAL**

If the price and availability and C of A are judged viable by the buyer, then the supplier will need to get approved by the buyer's Quality department. This is when a long list of required documents will be sent to the supplier. Companies can have different lists or even different names for the same thing on a list, but the thrust is to see if the supplier complies with the standards that have been established the buyer's own Global Food Safety Initiative (GFSI) scheme.

A vendor approval 'packet' can include the following. These are typically updated annually.

- Supplier management, risk assessment, supplier survey, audit reports
- Operations flow diagram
- HACCP plan
- Foreign material control
- Micro hazard (pathogen) control
- Chemical hazard control
- Allergen control
- Glass control
- Labeling standard operating procedure
- Sanitation control (with cross contamination)
- Environmental control

**STEP THREE, SAMPLES**

Some buyers will be ready to purchase once a vendor is cleared by their QC. Others will ask for a pre-ship sample for additional evaluation. Typically, samples will go through some physical analysis by the buyer.

Some buyers choose to retest the pre-ship sample to ensure that it matches the data supplied on the C of A or to do so on an ad hoc basis. Some will make the purchase based on the C of A, but then will pull a sample upon receipt and send it out for testing. If results are significantly different than the C of A, then a return may need to be negotiated.

**STEP FOUR, THE CRUX – FIND THE BALANCE BETWEEN RISK AND COST**

It's critical to keep in mind that each additional layer of QC scrutiny adds cost for you, the buyer! So, design your requirements based on your risk exposure. Your focus on certain risks can change over time, often driven by factors far outside the category. Accordingly, suppliers need to evolve with changes of the needs of customers, the costs of reducing risk and the competitive landscape. For example, heavy metal testing was not included in many C of A's as recently as a few years ago. Today, it is rapidly becoming table stakes to have heavy metal testing.





## 4 In-stock levels high

### INCREASING THE ODDS OF HAVING THE INGREDIENT IN STOCK

Buyers expect that their supplier has the right quantity of the product they need when they need it. Suppliers contend with the uncertainty of weather, transportation, yields and quality. Any of these factors can cause disruptions to the supply of an ingredient. The best suppliers do a few things well:

- ✓ Invest in adequate processing and storage space to maintain large inventories

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- ✓ Develop good planning and forecasting systems that can anticipate demand inflection points

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- ✓ Partner with buyers who can provide a forward looking forecast to ensure their needs are met

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- ✓ Keep a broad assortment of products related to the buyer's industry, so they can be a one stop shop

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- ✓ Has a system to notify buyers when an out of stock product is received back in stock

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## 5 Competitive pricing for apples to apples quality product

### HOW TO COMPARE PRICING THE RIGHT WAY

When evaluating pricing, it's important to ensure that the suppliers whose prices you are comparing, have a comparable product and are quoting the same quantity. Differences in the country of origin, microbiological levels or other parameters can drive meaningful differences in price. Suppliers who source product internationally have the best pricing leverage and can typically offer the best prices. All suppliers have pricing tiers based on volume—it's worth understanding these to make sure you are getting the best price for the quantity you intend to buy.

# SCORE THE SUPPLIER

Now that you have the five important criteria and details. Evaluate your potential supplier using our simple Botanical Supplier Scorecard and rating system. This can help you **find the right balance for quality, safety, product availability, and price** for your business at this time.



# BOTANICAL SUPPLIER SCORECARD



## Has the right level of Quality and Food Safety Certification

### MEDIOCRE

Has organic and kosher certifications, conducts annual GMP audit

### GOOD

Also conducts Supplier Verification, can provide Operations Flow, HACCP plan and various Control documents

### BEST

Is SQF certified (or any certification within the GFSI scheme)

## Has a comprehensive product specification (spec) and Certificate of Analysis (C of A) system

### MEDIOCRE

Unable to provide C of A's for all products

### GOOD

Provides C of A's with physical characteristics and results of microbiological testing

### BEST

Provides C of A's with physical characteristics, microbiological and heavy metal test results

## Quick, accurate and comprehensive document turnaround

### MEDIOCRE

Takes more than 48 hrs to respond to document requests, requires multiple back and forth communication and has inconsistencies or errors in documentation

### GOOD

Takes 24-48 hrs to respond to document requests, minimal back and forth communication, occasional errors

### BEST

All requests answered within 24 hrs, minimal to zero back and forth communication required, error free on a consistent basis

## In-stock levels high

### MEDIOCRE

Out of stock 40% of the times when you place an order

### GOOD

Out of stock 30% of the times when you place an order

### BEST

Out of stock 20% or less of the times you place an order

## Competitive pricing for apples to apples quality product

### MEDIOCRE

Has no pricing tiers, sources less than 25% of their raw material internationally

### GOOD

Has pricing tiers and sources 50% or more of their raw material internationally

### BEST

Has pricing tiers and sources 70% or more of their raw material internationally

AT MONTEREY BAY  
HERB CO, WE PRIDE  
OURSELVES ON  
THE FOLLOWING



### Quality/Food Safety

We are SQF certified and have a wide assortment of organic and kosher certified items.



### C of A's and Product Specs

Ours are comprehensive and we are constantly looking to enhance them where relevant (e.g., identity testing for some products).



### Document Turnaround

We commit to responding within 24 hours, under normal working circumstances and providing all documents right the first time.



### Competitive Pricing

We source more than 70% of our raw material internationally and offer a competitive price.



### In-stock levels

At our 45,000 sq ft facility in Watsonville, CA, we stock a large inventory. When customers provide a forecast, we are usually able to guarantee product.



## CONTACT US

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