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From Cost Center to Value Creator: Making the Business Case for Food Safety



Food Safety Summit 2026



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May 14, 2026 at 8:00 AM CDT



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Incident Costs

Pre-Incident
Costs

Notification &
Logistics

Plant
Shutdown &
Extra Expenses

Replacement &
Restoration

Brand
Rehabilitation

Business
Interruption

Incident Costs

Recall / Claim Cost Tracker

Use this tab to enter invoice-level or item-level costs. Summary tabs calculate totals automatically.

Date	Invoice	Category	Cost Item	Vendor Name	Amount	Reimbursable Status	Payment
		Pre-Recall Costs	Internal and external laboratory testing		\$2,200	TBD	Unpaid
		Pre-Recall Costs	Confirmatory and validation testing			TBD	Unpaid
		Pre-Recall Costs	Environmental, product, and ingredient testing			TBD	Unpaid
		Pre-Recall Costs	Sending samples to third-party labs			TBD	Unpaid
		Pre-Recall Costs	Hiring independent experts		\$7,500	TBD	Unpaid
		Pre-Recall Costs	Supply chain investigations			TBD	Unpaid
		Pre-Recall Costs	Customer-driven testing requests or audits			TBD	Unpaid
		Pre-Recall Costs	Government and Regulatory Engagement			TBD	Unpaid
		Pre-Recall Costs	Crisis Consultants – Management and Advisory			TBD	Unpaid
		Notification & Logistics	Customer notifications			TBD	Unpaid
		Notification & Logistics	Call centers and hotlines		\$10,000	TBD	Unpaid
		Notification & Logistics	Product sequestration, warehousing, storage			TBD	Unpaid
		Notification & Logistics	Removal from commerce		\$18,000	TBD	Unpaid
		Notification & Logistics	Return or destruction costs			TBD	Unpaid
		Plant Shutdown & Extra Expense	Temporary shutdown			TBD	Unpaid
		Plant Shutdown & Extra Expense	Continued payroll			TBD	Unpaid
		Plant Shutdown & Extra Expense	Overtime or shift premiums			TBD	Unpaid
		Plant Shutdown & Extra Expense	Deep sanitation and validation			TBD	Unpaid
		Plant Shutdown & Extra Expense	Equipment repair/replacement		\$50,000	TBD	Unpaid
		Plant Shutdown & Extra Expense	Specialty cleaning/engineering firms			TBD	Unpaid

Incident Cost Totals by Category

	A	B	C	D	E
1	Auto Totals by Category				
2					
3	Category	Reimbursable	Non-Reimbursable	TBD	Total Amount
4	Pre-Recall Costs	-	-	\$12,700	\$12,700
5	Notification & Logistics	-	-	\$30,000	\$30,000
6	Plant Shutdown & Extra Expense	-	-	\$61,000	\$61,000
7	Replacement & Restoration	-	-	-	-
8	Brand Rehabilitation	-	-	-	-
9	Business Interruption	-	-	-	-
10	Grand Total	-	-	\$103,700	\$103,700

\$50K for Equipment

Let's Apply a Basic ROI Calculation

Scenario

A company experiences a food safety incident traced back to aging or malfunctioning equipment. The total cost of the incident is **\$103,700**, which includes **\$50,000 to replace the equipment after the fact**, along with additional costs such as testing, recall logistics, and business disruption.

ROI Calculation

Assumption: If the company had proactively replaced the equipment for **\$50,000**, the incident (and associated \$103,700 total cost) would have been avoided.

Benefit/Cost Avoided: \$103,700

Investment (preventive cost): \$50,000

$$ROI = \frac{103,700 - 50,000}{50,000} = \frac{53,700}{50,000} = 1.074 \text{ (107.4\%)}$$

Result:

- The company would have realized an approximate **107% return on investment**, meaning the preventive investment would have more than paid for itself.
- In other words, for every \$1 spent on prevention, the company would have saved about **\$2.07 total**

Basic ROI for FSQ Investments

- **Use this as your starting point:**

$$ROI = \frac{\textit{Financial Benefits} - \textit{Cost of Investment}}{\textit{Cost of Investment}}$$

- **In FSQ terms:**

- **Benefits** = avoided recall costs + reduced waste + efficiency gains + customer /sales preservation
- **Cost** = equipment, systems, training, personnel, implementation
 - Important to recognize cost of the “fix” is usually never the total “cost”

Other ROI Calculations – “Return on Prevention”

This is the most powerful framing:

$$ROI = \frac{\textit{Probability of Incident} \times \textit{Cost of Incident Avoided}}{\textit{Cost of Prevention}}$$

- **Example:**

- Probability of recall: 5% annually
- Cost of recall: \$10M
- Prevention investment: \$500K

$$ROI = \frac{0.05 \times 10,000,000}{500,000} = 1.0 \text{ (100\%)}$$

Meaning: prevention pays for itself

Other ROI Calculations: Labor / Efficiency ROI

$$ROI = \frac{\textit{Labor Time Saved} \times \textit{Labor Cost}}{\textit{Investment Cost}}$$

- **Example:**

- 500 hours saved annually
- \$50/hour
- Savings = \$25,000

Other ROI Calculations:

Traceability / Recall Scope Reduction ROI

$$ROI = \frac{\text{Reduction in Recall Scope} \times \text{Cost per Unit}}{\text{Traceability Investment}}$$

- **Example:**

- Without system: recall 1M units
- With system: recall 200K units
- Cost per unit: \$5
- Savings = $(1,000,000 - 200,000) \times 5 = \$4M$

Other ROI Calculations: Break-Even Analysis

$$\text{Break-even point} = \frac{\text{Investment Cost}}{\text{Annual Savings}}$$

Example:

- Investment: \$500K
- Annual savings: \$250K
- Break-even = **2 years**
- Model undervalues real risk, because it excludes hidden / indirect costs
- In food safety, decisions are typically driven by risk severity, not just probability, so break-even isn't the best calculation to use



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- Closing Remarks
- Audience Q&A

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