



Building a Global Trade Program

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Agenda

- ▶ Assessing the Organization
- ▶ Creating a Strategy
- ▶ U.S. Program
- ▶ Global Program

Assessing the Organization

- ▶ Any Global Trade program needs to be custom-fitted to the organization
 - ▶ Import/export profile
 - ▶ Industry and products
 - ▶ Company culture and structure
 - ▶ Mission and strategy
 - ▶ Past experiences
- ▶ Not all elements of global trade will apply to an organization; some elements will not have enough benefit to be worth the effort
 - ▶ Example: An organization with very few imports won't benefit from duty drawback enough to justify the time and cost

Assessing the Organization

- ▶ Import/Export Profile
 - ▶ Gather data
 - ▶ ERP system (export report, spend by supplier)
 - ▶ ACE or ITRAC
 - ▶ Census
 - ▶ Brokers and forwarders
 - ▶ Questions to answer
 - ▶ Net importer or net exporter?
 - ▶ Top countries for import and export?
 - ▶ How many different HTS codes? ECCNs? Schedule B codes?
 - ▶ How many brokers and forwarders? Where are their POAs?
 - ▶ Supply Chain Security program? (C-TPAT or others)

Assessing the Organization

- ▶ Industry and products
 - ▶ EAR controlled products? ITAR controlled products? Both?
 - ▶ Any existing CJs or CCATS? Have assumptions been made?
 - ▶ High-value? Risk for counterfeiting? Risk for smuggling?
 - ▶ Compare with import and export countries
 - ▶ Sales cycle? New product cycle?
 - ▶ Customers and suppliers
 - ▶ Large and well-known or small and unknown?
 - ▶ Trends in the industry that could affect global trade
 - ▶ Offshoring, nearshoring, in-sourcing, outsourcing, new markets

Assessing the Organization

- ▶ Company culture and structure
 - ▶ Legal entities, business units (think about Delegation of Authority and centralization)
 - ▶ Conservative or relaxed environment? Both have pros and cons.
 - ▶ How risk averse is the organization? Public or private company?
- ▶ Mission and strategy
 - ▶ How is the company changing and how will it affect global trade?
- ▶ Past experiences
 - ▶ Audits, investigations, fines, penalties, CF28s, CF29s, consultants, projects

Creating a Strategy

- ▶ Create a mission for your global trade program
 - ▶ Example: To make importing and exporting a competitive advantage for the organization.
- ▶ Envision the end result
 - ▶ What does your completed program look like? Team size, team locations, core elements, core metrics
 - ▶ What does that end result deliver to the organization? What is the benefit? Think both cost and risk.
- ▶ Create a basic timeline
 - ▶ Example: Year 1 – U.S. team and manual; Year 2 – add Canada and Mexico; Year 3 – add GTM software

Creating a Strategy

- ▶ Tie global trade to your company's mission, vision, strategy, and values
 - ▶ *Must* demonstrate that global trade adds value and is not just a cost center
 - ▶ It is not enough to use the threat of audits, fines, and penalties
- ▶ Build your business case
 - ▶ Estimate costs and benefits and compare to current state
 - ▶ Articulate your benefits
 - ▶ Use benchmarking (talk to peers, ICPA, American Shipper)
 - ▶ Look for "enabling" benefits
 - ▶ Example: using additional Free Trade Agreements, using Free Trade Zones

U.S. Program

- ▶ Core elements
 - ▶ Service providers
 - ▶ Customs brokers, freight forwarders, consultants, contractors, software providers
 - ▶ Contract/service agreement, Power of Attorney, SOPs, metrics, business reviews
 - ▶ Personnel
 - ▶ Team structure, job titles, job descriptions, full costs, allocations, responsibilities
 - ▶ SOPs
 - ▶ Policies and desk procedures
 - ▶ Internal relationships
 - ▶ Key contacts by department, location, business unit, country
 - ▶ How will they be updated/included?

U.S. Program

- ▶ Processes

- ▶ Imports

- ▶ Valuation, Country of Origin, GSP, FTAs, 9801, Classification, ADD/CVD, Quotas, Recordkeeping, Documentation Requirements, Related Parties, Transfer Pricing, ISF, Supply Chain Security
 - ▶ Who is responsible for classification? What responsibilities do your suppliers have? How do you manage your broker(s)?

- ▶ Exports

- ▶ Denied Party Screening, Classification (Schedule B, HTS, ECCN, USML), FTAs, Recordkeeping, Incoterms, Transaction Screening, Sanctions and Embargoes, Deemed Exports, Anti-Boycott, EEI Filings
 - ▶ Do you have control?

U.S. Program

- ▶ Key Departments
 - ▶ Marketing, Sales/Commercial, Customer Service
 - ▶ Sourcing and Supply Chain, Quality, EH&S, Product Stewardship
 - ▶ Logistics, Shipping & Receiving
 - ▶ Finance, Accounts Payable, Accounts Receivable
 - ▶ IT, HR, Legal, Executive team
- ▶ Everyone has a role in Global Trade. Target discussions, processes, and training to only what is relevant.

Global Program

- ▶ Evaluate need based on revenue, volume, and risk
 - ▶ Assess activity using ERP system, annual reports
 - ▶ Look at org charts to determine responsibilities
- ▶ Find good contacts in other regions, countries, within your organization
 - ▶ Network with other departments
 - ▶ Company intranet
- ▶ Promote your Global Trade team and program to get others to reach out to you
- ▶ Look for projects that have a global reach to establish relationships
 - ▶ Example: setting up a new warehouse in Malaysia

Global Program

- ▶ Create a business case for your global team
 - ▶ Use the same tie-ins to mission, vision, strategy, and goals
 - ▶ “Localize” to use the specific trade compliance terminology for the region
 - ▶ Look for opportunities (FTAs, FTZs) and risks (audits, examinations)
- ▶ Work with management and finance on costs and benefits
- ▶ Try to keep consistent with overall strategy and structure of your Global Trade program