

Global Trade Management Technology: A Call to Action to Importers and Exporters

GTM technology easily accommodates new reporting requirements, simplifies both screening and list updates.

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No corporate activity is more critical to importers and exporters than trade compliance. The business case for global trade management (GTM) technology is convincing: tangible ROI, enhanced revenue, more efficient internal processes, unprecedented supply chain visibility and more. Yet, many C-level executives seem content to keep compliance relegated to the world of spreadsheets. It's time for CEOs, CFOs, and CIOs to reap the benefits of GTM technology in their importing and exporting operations.

Global trade is no longer an option for many firms, but an integral element of their business plans. On the production side, sourcing is critical to economical manufacturing decisions, and comparative analysis often leads to judgments to go abroad. Bringing products stateside for additional production or distribution then becomes a standard business requirement. Conversely, order fulfillment frequently involves exporting products, as today's customers span the globe.

Since 9/11, governments everywhere have heightened trade restrictions. Compliance presents a dilemma: Firms must identify which governmental units have jurisdiction and what requirements they impose individually and collectively on a country-by-country basis. A greater challenge arises from the dynamic nature of the process. Requirements change often.

Companies appreciate both the difficulty of being compliant and the consequences of noncompliance: delayed speed to market, fines and penalties, focused assessments, and more. Corporate America has responded by hiring expert compliance professionals and relying on training seminars and conferences to help them keep their edge. While laudable, it is only a partial solution. Why? Because after the training ends, most return to a workplace reliant on a totally inadequate compliance tool: the spreadsheet.

Spreadsheets are excellent for tasks involving calculations, such as financial forecasting and budgeting. However, they were never designed to deliver the advanced data management capabilities trade compliance demands. To compensate, spreadsheet number, size, and complexity grow, making them more difficult to search, change save, and use with each expansion. The mere act of sorting information can corrupt all the data.

Spreadsheets are not optimal when several people must access them simultaneously. Further, degradation and security issues predominate. Formats can break down, data insertion can affect formulas and break links, and there is no way to limit access to information. Spreadsheets lack built-in logic checks, meaning errors can go undetected. Yet, a greater concern is the time and effort it takes to maintain spreadsheets and their content. In a dynamic environment where the only constant is change, it can be a full-time job.

Hiring experts and giving them inadequate tools defies logic. There is no rationale to stick with spreadsheets when GTM technology is affordable, reliable, and easy to implement.

Distinct Advantages in Import Processes

Organizations think nothing of implementing ERP, CAD, and WMS applications but hesitate when it comes to GTM, asking, "Do we really need it?" Here are some basic ways where GTM software can assist import compliance functions.

With GTM software, the importer can input a complete product catalog rather than maintain separate spreadsheets for each item in the product line. Because GTM technology relies on relational databases, the update process for product and pricing changes is quick and simple with minimal data entry requirements. With spreadsheets, each individual spreadsheet must be updated manually. Opportunities for errors abound in this labor-intensive process.

GTM technology gives companies the option to classify products in-house. This capability empowers importers because they maintain control over the process. While no broker would intentionally misclassify a

product, breakdowns in communication can translate to held shipments, unwarranted inspections, destroyed goods, and fines. Brokers hold no legal liability for misclassified goods; only the importer of record does. Automation limits opportunities for mistakes and saves brokers' fees.

GTM technology also makes the harmonized tariff schedule (HTS) classification process more efficient. Even if you subscribe to a content provider, constant flux makes it difficult to assure the currency of spreadsheet content. An omission as simple as forgetting to hit the save button after downloading can undermine your best efforts to be compliant. A GTM system certified for electronic connectivity to U.S. Customs and Border Patrol (CBP) can import changes real-time, ensuring all classifications are current and correct.

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It is important to attach binding rulings to products and monitor Anti-Dumping Duty/ Countervailing Duty (ADD/CVD) cases. Spreadsheets do not easily accommodate either task. And, as a product grows in complexity due to the number of parts involved, such tasks become more demanding. Most GTM system designs anticipate these requirements.

In this post-9/11 world, importers must screen vendors against denied party lists, which change regularly. GTM technology simplifies both screening and list update. Importers also must establish the precise entry documentation required for each shipment. This task multiplies when manufacturing the same product in several countries concurrently. Assuring government officials have all the documentation when needed-and it is current, complete, and consistent-can be a monumental task. Spreadsheets cannot generate and populate forms, cross-check content, or highlight omissions and inconsistencies. GTM technology can specify the precise documentation needed by locale, populate forms from systems data automatically, and advise key personnel if data are missing or inconsistent. GTM systems also allow electronic submission of documentation, expediting the process and keeping products moving.

Spreadsheets offer limited value in other critical compliance activities. For example, a spreadsheet cannot tell staff whether approval for letter of credit (LC) payment has been given, whether PO revisions resulted in LC amendments and vice versa, or track open account POs against commercial invoices. Further, spreadsheets provide no assurance that taxes, duties, and fees have been calculated accurately. With a GTM system, these tasks are automated in a rule-driven environment.

What happens when new regulatory requirements emerge? For most, the answer is more spreadsheets -- and more spreadsheet maintenance. GTM technology easily accommodates new reporting requirements, for example, the recent Importer Security Filing (ISF) regulation, better known as 10+2.

GTM technology adds value to business operations -- and revenue -- in numerous other ways including:

- Advanced cost-estimating capabilities for sourcing and production decisions
- Electronic filing of the documentation supporting product classification decisions, facilitating retrieval and eliminating paper files and storage concerns
- True global visibility, where real-time information exchange illuminates problems before they occur, allowing proactive action
- Automated transaction processing that limits the need for human intervention to instances falling outside pre-defined parameters
- Reduction of error rates to near zero
- More efficient business processes that minimize overhead expenditures

Exporters Can Benefit Too

Exporters face many of the same challenges as importers, since exporting can be viewed as importing in reverse. When exporters receive an order or PO, they must screen the client against agency lists detailing embargoed countries and denied parties before shipping. When order fulfillment spans several weeks' time, secondary screenings must be performed to ensure no change in status in the intervening weeks.

Spreadsheet screening is more cumbersome than screening with GTM software that is electronically updated as changes occur.

GTM's superiority over spreadsheets for defining documentation requirements and generating flawless forms is well established. However, an exporter-unique requirement is the export license. Spreadsheets cannot alert compliance specialists that a specific good requires a license; GTM software can. While spreadsheets can be used to manually track shipment values against the license's financial limit, only GTM technology allows strategic timing of shipment arrivals to maximize license use and automatic tallying of balances.

A Call to Action

GTM technology adds quantifiable value to import and export processes. It gives trade compliance professionals a sophisticated, all-in-one solution with all the tools needed to move goods quickly, cost effectively, and compliantly.

Here's my call to action to C-level executives: Implement GTM technology today to manage global trade compliance and let spreadsheets govern your calculation-based operations.

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