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Money where my mouth is

I've been writing about the importance of collecting global trade statistics in almost every article that I've written for *American Shipper*. So, I figured it was finally time to put my money where my mouth is and share my outline for reporting global trade compliance metrics for your company.

When talking about global trade operations it is always important to frame any numbers in relation to overall company financials. After reviewing quite a few annual reports I've found one of the key corporate measurements is a company's total annual sales. For a public company, these numbers should be in the annual report. For a private company, you'll have to talk to Finance to get them, and based on your corporate policies you may or may not be able to share those numbers publicly. But don't worry; you can always represent your global trade metrics as a percentage of sales to get the message across.

Your goal is to present your operations in relation to your company's annual sales. How much of your annual sales are supported by your global trade team? If you are a global, multinational manufacturer with a worldwide sales force, you are likely supporting most of your annual sales. If you are a U.S. manufacturer with worldwide sales fulfilling orders directly from your contract manufacturers and selling through distributors and/or agents into the majority of markets you're in then you are probably supporting a lower percentage of your annual sales. If you only support U.S. operations, then just describe your U.S. volumes and show your foreign global trade operations as outsourced. Here's a global overview for 2009:

Global trade compliance metrics 2009

(In \$ millions)

| | | |
|-------------------------|--------------|--------------------------------|
| Annual sales | \$380 | |
| Trade operations | \$127 | 33% of annual sales |
| Imports | \$51 | 40% of trade operations |
| Exports | \$76 | 60% of trade operations |

Source: BPE.

You should sit down with your Finance team to find out what your corporate financial profile looks like. And explain to them what you are looking to do. It is likely they have a lot of data you can leverage. Ask Finance if they have any visibility to duty and tax payments on a global basis.

Once you've met with Finance and established what you can get from them, set up quarterly meetings to

check in and make sure that your corporate financial model hasn't changed.

Let me stop here and tell you that you must do everything in your power to get these numbers. They provide a powerful perspective into how strategic your operations are to the company. Without these numbers, getting visibility and support as well as understanding your risk profile for global trade compliance will be about as easy as getting on board an international flight without identification.

You should also capture key information about your operations such as:

- Countries where you export.
- Countries from where you import.
- Suppliers you clear shipments from.
- How many documents you generate.
- How many parties you screen.
- How many customs brokers you manage.
- How many freight forwarders do you send pre-alerts.
- How many Automated Export System (AES) filings you file.
- How many Single Authorization Documents (SADs) you file.

You can also include an overview of the jurisdictions you are subject to if there are many.

Now you should dive into your operations so your leadership can get a better understanding of how global trade benefits the company strategically. You should capture things such as:

- Annual duties paid.
- Savings from duty avoidance programs including American Goods Returned, Preferential Trade Agreements, duty drawback.
- Quantify how many classifications you did over the past year.
- Detail how many export screenings you've performed and how many AES filings you've submitted.

If you are expending resources on a task — measure it. It will take some effort to collect this data and it will take time to maintain, but it will become invaluable to you. The next time the Procurement team decides that they want to source from China instead of Mexico, you'll be able to show them how that will affect your duty savings program. If your Product Management team decides to include military grade components into your highest selling product, you will be able to show them the increase in export licenses and what the impact to cycle time and potential sales it might be.

Good luck with collecting your metrics — you'll be amazed with the return on investment that you'll get.

BPE is a global trade consulting and training firm.

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