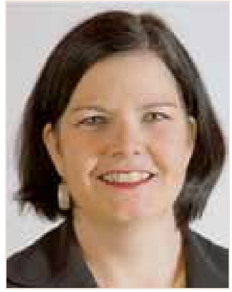

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Fundamental change has come to GTM

I cannot express how grateful I am to know we are in the final quarter of one of the most challenging years that I have ever experienced in business.

It has been a brutal year considering the global economic crisis and its impact on economic growth that resulted in layoffs, salary reductions, work furloughs and company closures. Combine that with a year filled with the most significant changes to global trade ever seen at one time including the Importer Security Filing (ISF), the Lacey Act, the Consumer Product Safety Improvement Act (CPSIA) and the new civil penalty guidelines for Automated Export System violations — 2009 was a perfect storm for global trade compliance professionals. The reality is that non-compliance in the face of this perfect storm poses unacceptable risk to companies seeking access to global markets.

Through all the painful cuts and complex regulations, companies and individuals have remarkably made a fundamental shift towards more efficient global trade operations. Rather than respond to this crisis by hunkering down and exposing themselves to more compliance risks, companies surviving this recession have shifted their focus towards heightened visibility and awareness. Part of this has been forced due to the perfect storm. There is no way that any company can keep up with rapidly shifting supply chains and the plethora of new regulations without an increased focus on their compliance processes.

However, leading companies have recognized that there is a silver lining, which results from such a forced collaboration with their suppliers. The increased communication and visibility allow companies to identify supply chain issues before they become a part of the "black hole" of compliance. Companies have realized that getting information up front, prior to tendering freight to a carrier, positions them to proactively resolve problems and avert supply chain delays and/or costs.

Much of this year has been spent defending companies against the external challenges posed by the economy and new government regulations. Companies have responded to these challenges by leveraging external solutions involving people, processes and technology.

"Enterprise-wide" solutions simply don't address the complexity of the new global trade reality if they are limited to the owner of that enterprise. Leading companies have adopted "extra-enterprise-wide" processes and solutions to succeed. This requires communication, connectivity and rules-driven intelligence between the enterprise and their supply chain partners. And, it's no longer a matter of simple access to compliance data, it is mandatory that compliance data be combined with other supply chain data in an intelligent way to facilitate global trade. Supplier and product information must be combined in real-time with shipment information so much earlier in the shipment process that huge changes must be made to the purchasing and shipping processes.

To effect these changes, companies have realized there is no "big-bang" solution to making global trade meet the new compliance regulations while becoming more efficient and reducing and/or neutralizing costs. This economy has demanded that companies adopt risk-based, phased approaches to improving their global supply chains. Global trade professionals have had to identify the area of highest financial and/or compliance risk, and then implement a combination of new processes, process improvements and global trade automation to get the highest return on investment. Again, the silver lining of these new regulations is that they demand companies to embrace the fact that success is achieved by reaching outside their departments and their company to leverage people, processes, data and information throughout the supply chain. We're even seeing supplier contracts include language regarding mandatory data requirements and those requirements are time based. Charge backs are no longer limited to the timely arrival of products; they now include the timeliness, accuracy and completeness of data.

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This fundamental shift towards more efficient global trade operations is also producing a very welcome byproduct. Chief executive officers now have access to much greater data regarding their global operations. This data identifies known risks to the business that result from global trade compliance issues and concerns. And these risks can be tied directly to specific business operations and profit centers.

As much as I want to flee from 2009 and its realities, the fact is that this year has provided global trade professionals an opportunity to step up and out of the shadows and aggressively communicate and execute a global trade strategy to support their companies.

As this year winds down, we must embrace all of the new tactics that we have learned this year and now focus on offensive plans to catapult our operations into 2010 with as much visibility and "extra-enterprise-wide" approaches as we possibility can. I believe that 2009, as painful as it's been, has helped us get global trade compliance's foot in the boardroom door. As a result, the expectation from CEOs now is that compliance operations are no longer expected to simply focus on risk mitigation, they're expected to contribute to the company's overall profitability.

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BPE is a global trade consulting and training firm focused on enabling companies to succeed globally.