

## **BPE Global Hot Topic – May 2019**

### **Training: The Trade Compliance Safety-Net**



In light of recent trade-related headlines, we've been reminded of our roles as trade compliance professionals to digest, solve and plan for these headlines' impact to our organizations—all while simultaneously managing the tactical and strategic responsibilities that our roles mandate. On the tactical side of operations, you're managing classification, license applications and decrementation, Free Trade Agreement (FTA) compliance, partner government agency (PGA) compliance, policy and procedure documentation, auditing and recordkeeping. On the strategic side of operations, you need to stay abreast of and plan for each change surrounding Section 232 tariffs, Section 301 tariffs, new USMCA changes, Brexit (no Brexit?) and retaliatory tariffs. Managing and mitigating the trade risk of your organization is no easy task so we're here to remind you of the power of training as your greatest ally in protecting your organization against trade compliance risks.

The truth of the matter is that most departments within a global organization intersect with trade compliance. One of the most overlooked and beneficial resources to identifying your risk areas are your colleagues. General trade compliance training is a basic cornerstone of a robust trade compliance program. Tailored, department-centric trade compliance training is the safety-net you didn't realize your organization was missing. Let this month's Hot Topic serve as a reminder and guide on how to approach and develop the best safety-net to help manage the trade compliance risks within your organization.

#### **1) Document your Annual Training Calendar**

The first step towards establishing an effective trade compliance program is to establish your annual training calendar. Depending on your fiscal calendar, it is likely you are well into the second quarter of the year. This is the perfect time to evaluate and map the remainder of the year. Start by defining the primary training objectives for the remainder of the year. Examples of certain objectives would be to raise corporate awareness or drive certain behaviors you may have observed within your team. At minimum, the entire company should be trained annually on general trade compliance awareness with an emphasis on high risk areas for your company.

#### **2) Identify Departments to be trained and their Stakeholders**

Along with the base-line general trade compliance awareness training, tailored training should be provided to audiences within the most high-risk areas of your organizations. The high-risk areas are best identified via discussions with the different departments within your organization. The following are certain departments that generally intersect with trade compliance regulations. Evaluate whether these pertain to your specific organization and map other departments that may be impacted as well:

- Product Management
- Sales
- Finance
- Legal
- Supply Chain/Shipping Receiving
- Engineering

Identify a stakeholder within each of these departments to contribute to the mapping process. From a product management and sales standpoint, understand whether there are any new markets or customer profiles the organization may be targeting, for example- is your organization considering military sales for the first time? From a Finance and Legal perspective, have there been, or are there any new Mergers and Acquisitions to know of? Have related party transactions been correctly evaluated for transfer pricing? From a Supply Chain and Shipping and Receiving perspective, are exports being filed in-house? Are filings accurate? Are Engineers having technical discussions with foreign nationals? The dialogues with

each of these stakeholders define the training topics as well as which roles and functions should attend. With a clear picture of the areas of risk within each department, you can start mapping the curriculum.

### **3) Map the Curriculum**

Once you've defined your summary of training topics and their respective audiences, it's time to start mapping the curriculum. Once your audiences are defined, determine how many sub-modules may be necessary for the audience. For example, you may want to have "Engineer new hire training," "Engineer Annual Training," and "Engineer export controls" as separate modules. You may want to have an awareness training on the agenda for your next QBR or Townhall. Next, develop clear and compelling objectives for each audience. For example, rather than introduce an "export controls and Deemed Export" training to your Sales and Engineer teams, it may be more compelling to present a training on how a Sales Rep or Engineer can leverage knowledge of export controls to grow their market or know the parameters surrounding existing or future product in development. Present training as a solution to a business problem—your audience is bound to retain more knowledge and more likely to leverage it within their daily operations.

### **4) Document and Measure the Training**

Training logs document audience participation and provide tracking of the different modules rolling out within the various audiences. Trainings can also be measured for effectiveness with brief quizzes throughout or at the end of the course and post-training surveys to see how information is received. Certain training elements can be tracked via compliance metrics. For example, if shipping is receiving export training because they were filing AES EEI elements incorrectly, reports can be run from ACE to track accuracy of fields.

The bottom-line is that providing topical training to each department within your organization offers a serious return on investment for everyone's time involved. Procurement might be able to leverage Free Trade Agreements to lower their bottom-line. Legal might tighten Terms and Conditions within contracts to define Incoterms and Title Transfer separately thereby minimizing unnecessary costs spent should these two not be in sync. As the trade compliance resource, you now have educated allies within your organization to serve as an additional safety net to your compliance program. If you're short on bandwidth, outsource this function. It is paramount to protecting your organization.

As always, BPE Global is in your corner and is happy to assist in any capacity. You can follow us on [LinkedIn](#) where we publish topical opinions on the ever-changing rules and regulations governing the landscape of global trade.

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