



## [ TRADE COMPLIANCE STRATEGIST ]

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# 10 Steps for a Win-Win Shipper-Forwarder Partnership

**W**hile many companies rely on forwarders and brokers for compliance, it is ultimately the importer/exporter's responsibility. Here are 10 key steps to create a win-win partnership with your forwarder where compliance is the top goal.

**1. Create SOPs.** Standard operating procedures (SOPs) clearly communicate how you expect the forwarder to proceed in certain situations and should cover all activities and services the forwarder provides.

**2. Provide a product matrix.** Your product matrix should include import/export classification numbers, applicable license exceptions, whether items are subject to Partner Government Agency requirements, and whether items qualify for free trade agreements (FTAs). Send updates regularly. Even if you send import or export shipment information electronically to the forwarder, the product matrix provides an additional way for them to verify information.

**3. Take control of documentation.** It's highly recommended that importers/exporters create their own documents and certifications. Some freight forwarders provide a FTA certification service. If you decide to outsource this task, manage it with great scrutiny and frequent audits.

**4. Conduct restricted party screening.** Almost all forwarders screen for

restricted parties but don't rely on them because they won't have visibility to all parties to the shipment. If parties are only screened just prior to the export date, violations — such as restricted banks on a letter of credit — may have already occurred.

**5. Perform license determination.** Don't look to the forwarder to figure out whether a license or license exception applies to a particular transaction or to catch an incorrect determination. Especially with non-list-based exceptions, the forwarder will not have the information about that shipment to determine whether these exceptions apply.

**6. Automate data and information exchange.** As the filer, the freight forwarder requires a lot of trade compliance information for each item shipped. I highly recommend automating this data exchange. Most ERP and global trade management systems allow for this transfer via EDI or XML.

**7. Conduct audits.** Verify declarations regularly, whether you self-file or

have a forwarder file for you. Even if you don't have the resources or time to run full-scale audits regularly, try pulling a handful of unusual looking declarations each month.

**8. Create metrics.** Freight forwarders want your continued business and strive for customer satisfaction. Clearly outlining performance expectations and metrics lets you work with your forwarder to identify successes and areas for improvement.

**9. Own your recordkeeping.** If your company is audited, the government expects you to produce shipping records quickly. While forwarders do their best to produce records, they may not have all the documents required for an audit. It's best to keep all records at your company.

**10. Establish regular meetings.** Meet with your forwarder at least annually, if not each quarter, to review performance metrics and any changes to your business. The volume and complexity of your business determines how often these meetings should occur.

I hope you already follow most of these steps to create a great partnership with your forwarder. Remember, outsourcing trade compliance activities does not mean you are outsourcing trade compliance responsibilities. ■