A whole far greater than the sum of its parts

Most companies can benefit from accessing international markets to source or produce their goods. However, when it comes to setting up their import supply chain, few companies are fully prepared to take advantage of their efficiencies - a major hurdle to success. Unnecessary costs and delays can diminish the initial value of sourcing from international markets, which in turn, diverts focus and resources from business growth.

A number of elements can impact the performance of import supply chains, making it important for companies to work with a partner like UPS to help them verify that:

• The entire import supply chain is operating in the smartest and most efficient manner for their business
• There are contingency plans and processes in place to address potential issues or challenges
• Stakeholders have access to the right level of supply chain visibility throughout the import process
• Companies maintain control over their operations and shipments even from thousands of miles away

The value of UPS

As a leading global supply chain and logistics partner, UPS helps customers get a handle on their import supply chains. Maintaining one of the most extensive portfolios of global compliance, customs brokerage, transportation and logistics services, UPS can unite every aspect of the import supply chain process into an enhanced solution – an outcome far greater than the sum of its parts.
A roadmap to enhance import supply chains

The top business pressures companies are facing include: growing global operations and complexity, the need to improve supply chain operations and shipment accuracy, speed and timeliness, and pressures to reduce supply chain execution costs.* A program focusing on enhancing import supply chains can address all of these pressure points.

The following is an in-depth look at the challenges and opportunities that exist in the key stages of the import supply chain, including the solutions UPS offers to help customers enhance their global supply chain and logistics operations.

*2013 Aberdeen Group study

Top business pressures

- Growing global operations/complexity: 45%
- Need to improve supply chain operational speed and/or accuracy: 40%
- Increased demand for accuracy and timeliness of shipment event information: 27%
- The business mandate to reduce supply chain execution costs: 21%

Percentage of respondents, n=127
Source: Aberdeen Group, March 2013
Getting it right from the start

The impact of a strong global trade compliance program on a company’s bottom line is evident. Companies considered best-in-class in maintaining compliance errors and shipments held at customs at a minimum, spend less in compliance costs and have higher productivity levels than the industry average*.

It is critical for companies to address potential issues and challenges related to global trade compliance from the beginning to avoid potentially costly fines and customs delays in their import supply chains – improper classification and regulatory knowledge gaps can pose a significant risk to the importer. Similarly, a lack of insight into existing preferential trade agreements can mean missed opportunities potentially totaling millions of dollars.

Considerable time and money can be saved by companies that take advantage of the 98% rate of compliance maintained by UPS. Financial penalties stemming from fines and interest can reach into the millions, with the highest Foreign Corrupt Practices Act (FCPA) enforcement actions approaching $800 million. Companies that work with a knowledgeable and experienced trade management consultant and customs broker, like UPS, are in the best position to avoid costly penalties.

*2011 Aberdeen Group study
Successfully navigating customs regulations & free trade agreements

Most countries adhere to the World Customs Organization’s harmonized system. However, to move products through customs, each country has its own regulations. These regulations can include receipt of approval from government agencies or obtaining product-specific import permits. Lack of adherence to these details can lead to fines and penalties, which left unchecked, may lead to ongoing government scrutiny, service disruptions, customs audits or even lost sales.

Free trade agreements are designed to ease global trade and reduce duties. However, it is important to know that agreements have their own rules of origin and do not span all products. Adding to the regulatory confusion is the fact that free trade agreements are implemented over time, so rules and regulations can change.

Trusted Trader Programs

Importers with acceptable levels of security and trade compliance qualify for expedited clearance processes through “Trusted Trader” Programs. Examples include the Authorized Economic Operator (AEO) Programs in Europe and Asia, Partners In Protection (PIP) in Canada, and Customs-Trade Partnership Against Terrorism (C-TPAT) in the United States.
Global Trade Compliance

The value of UPS

Understanding the difference between the role of a customs broker and a trade management consultant is key to implementing a successful global trade compliance program. Trade management consultants should be brought in on the front end to make sure products are classified appropriately and qualified for free trade agreements consistently before adding new products, sources or markets to the supply chain. It is then the role of the customs broker to get the classified, qualified goods cleared through customs as quickly as possible.

UPS has you covered on all fronts, offering a powerful combination of customs clearance, trade management, and trade consulting services. UPS is one of the largest customs brokers in the world, with more than 80 years of expertise in customs brokerage and 40 years in trade management and consulting – including decades managing some of the world’s largest and most complex supply chains. As a result, UPS can help facilitate the movement of more products to more locations with fewer delays. Click here to see what UPS can do to turn global trade compliance into a competitive advantage for your business.
When your supply chain becomes a supply network

The term “supply chain” can be misleading when describing today’s global inbound supply chains. A supply chain implies a linear flow of goods from one end to the next, but international order management and inbound cargo flow is far more complex. The factors and flow of goods and information from multiple locations and various points in the inbound supply chain could more accurately be described as a supply web or network.

Manufacturers can source from hundreds of suppliers for a single plant or operation. Retailers may change suppliers more frequently based on labor costs, quality and other factors. Regardless of the industry, the task of managing these suppliers – from the creation of a purchase order (PO) to final receipt of goods – can be challenging. Compound this with the complexities of managing vendors located thousands of miles away, in different time zones, speaking different languages, and order management can easily become overwhelming for many companies. This is where industry-leading order and vendor management programs and cutting-edge visibility technologies can help.
Peering into the supplier network with PO & vendor management solutions

The uncertainty that results from a lack of visibility into vendors’ operations thousands of miles away is a challenge for any international supplier network. This lack of visibility can leave companies unsure of the timing of their completed orders and the percentage of the order that will be fulfilled. This is where companies can benefit from consulting with an experienced order management partner that incorporates processes and technologies to better manage purchase orders, as well as relay expectations to the vendor community.

International sourcing challenges

Companies are constantly looking for new overseas markets offering the best value in labor and production costs. However, simply identifying and sourcing from the market with the lowest production costs is not the only factor to consider.

A low-cost labor market with poor infrastructure and challenging or complex regulations can end up costing companies more in the long-run due to delayed or missed shipments, possible fines and additional transportation costs. Before sourcing from a supplier in a new international market, be sure there is internal collaboration among buyers, supply chain personnel and global compliance partners. Also, consult with an experienced supply chain partner such as UPS that can provide an accurate landed cost analysis for the region.

Current global sourcing hot spots

Before sourcing from a supplier in a new international market, be sure there is internal collaboration among buyers, supply chain personnel and global compliance partners. Also, consult with an experienced supply chain partner such as UPS that can provide an accurate landed cost analysis for the region.

- China
- Vietnam
- Mexico
The value of UPS

UPS has more than 30 years of order management expertise and understands that visibility into the supplier network is one of the greatest tools when it comes to efficiently managing a complex global inbound supply chain. But even the best visibility is rendered useless if companies are not able to use this information to act and adjust their operations. This is why UPS Supplier Management combines information collaboration with inbound operational execution, empowering customers to optimize shipments and inventory.

The UPS Order Watch™ information platform is a cloud-based solution offering visibility into the progress of a specific purchase order during production and delivering proactive exception alerts to inform customers of potential issues or delays.

Empowering customers to optimize their supplier network and inventory management, UPS offers Transportation Management solutions that can assist customers with the development of customized standard operation procedures, provide control-tower monitoring of purchase order status and data quality, and offer experienced customer support personnel at destinations for problem resolution.
Coordinating your heavy lifting

The international freight and transportation industry has experienced major shifts and uncertainty in recent years. A volatile rate market and capacity issues have made it particularly challenging to project costs and plan accordingly. On top of this, companies find themselves regularly shopping around for the best rates in this environment to avoid paying more than market price.

The irregularity is compounded by the less predictable and sporadic peaks in freight volume throughout the year. Instead of the traditional freight peak season occurring in the months leading up to the holiday retail season, the international freight industry now experiences peaks in volume throughout the year in conjunction with major new product launches or impromptu decisions by ocean carriers to skip sailings.

Additionally, companies continue to look for opportunities to reduce costs. Trends such as downshifting to slower, more economical modes of transportation, as well as sourcing from emerging low-cost labor markets, have made it more important than ever to work with a freight forwarding partner that understands the global market and offers a broad portfolio of global freight solutions.
Many companies see an opportunity to decrease overall transportation costs by downshifting to more economical transportation modes. However, this brings to light a greater challenge. How can companies balance transportation costs and speed when it comes to their business needs? In an era when a successful quarter or year is tied to a specific new product launch and the ability to meet consumer demand, should cost be the primary consideration when evaluating freight and transportation services?

A similar question can be asked in regard to global sourcing strategies. While international markets may provide companies with opportunities to reduce production costs, if sourcing decisions are made without considering the country’s freight transportation infrastructure, the cost benefits may be offset by a slower or less dependable supply chain. Specifically, if low-cost manufacturing operations are located inland, road or rail infrastructure must be sufficient to effectively move products to major ports, while local airports should provide access to express or urgent international air freight service.

**UPS offers one of the broadest portfolios of international freight forwarding solutions**

- Access to more than 1,900 direct LCL lanes
- Air freight service in hundreds of international markets
- Multi-modal freight transportation solutions
The value of UPS

To help customers address their international freight challenges and enhance their inbound operations, UPS offers one of the broadest portfolios of international freight forwarding solutions. UPS is one of the world’s largest ocean freight forwarders, providing customers with access to more than 1,900 direct LCL ocean lanes. In addition, UPS operates its own airline and serves as an international air freight forwarder. This allows UPS customers to reach hundreds of global markets and benefit from a variety of international air freight solutions such as guaranteed door-to-door shipping, as well as standard 1-5 day air freight service.

To address customer challenges associated with balancing cost and speed, UPS offers multi-modal air and ocean freight services. An expedited ocean freight solution, UPS Preferred LCL™ offers customers the economy of ocean freight, while providing up to 20 percent faster port-to-door delivery by utilizing the UPS North American Air Freight network after containers arrive in North America.

Going south of the border... and back

The easing of U.S. trade regulations with Mexico, volatile fuel costs and rising wages in China have led to an increase in U.S. companies near-sourcing production to Mexico. As a result, UPS recently launched UPS CrossBorder Connect™, which combines UPS freight forwarding and customs brokerage products. Customers can benefit from this expedited freight solution for shipments between the United States and Mexico.
The homestretch of your inbound supply chain

The final stages of the inbound supply chain may seem less complicated given the distance shipments have traveled before entering the country of destination. However, verifying the import supply chain is managed efficiently in the final stages is critical to success, with activities that ultimately can impact the efficiency of the outbound supply chain.

The pressure to reduce warehousing and distribution costs, while maintaining high inventory levels and managing complex distribution strategies, can make the timeframe between customs clearance and distribution particularly challenging. Value-added logistics services can alleviate many of the challenges in the final stretch of the inbound supply chain by providing companies with access to a broad network of facilities and industry-specific services that set them up for successful distribution.
Optimizing the final steps

Once shipments clear customs, proper deconsolidation and continued supply chain control and visibility are critical in the final steps toward an enhanced inbound supply chain. Shipments handled inefficiently at this step could end up negating time and cost savings achieved earlier in the inbound process if they are not properly received and verified for inbound-to-manufacturing or finished goods distribution.

Gaining operational efficiencies

Often, companies see opportunities to reduce costs by optimizing efficiencies in their warehousing and distribution strategies. The ability to manage the timing and quantity of shipments from multiple suppliers helps to mitigate excess on-hand inventory, thus reducing inventory carrying costs and obsolescence. Companies can do this through proper inventory planning and taking advantage of efficiencies gained through other value-added logistics services. In some instances, the right strategy may eliminate the need for warehousing altogether.

Companies that do require the use of warehousing and distribution must continue to evaluate the best location for these facilities in order to effectively deliver products to their customers at the right time. Third-party logistics providers, like UPS, can work with companies to determine the best distribution strategy for their business and reduce the need for large-scale capital investments.
The value of UPS

As a third-party logistics provider, UPS offers customers access to end-of-runway services to help meet critical UPS Same Day or Next Day customer demands. In some cases, UPS customers can even bypass distribution centers and ship products directly from the manufacturer to the retailer or consumer with solutions such as the UPS Trade Direct™ integrated service.

In the final stretch, UPS has your inbound supply chain covered, helping ensure that you can meet demand. The UPS portfolio of contract logistics and distribution services features solutions aimed at reducing capital investment, improving service and reducing supply chain costs.

Improve cash flow while shipping

Freight shipments can tie up substantial amounts of capital, and many companies may need access to these funds earlier in the supply chain. Now, by partnering with UPS Capital, companies can use their in-transit inventories as collateral to obtain working capital for their businesses through Cargo Finance® or Global Asset-Based Lending.

Ultimately, this can help companies increase inventories to meet new customers’ demand, lower their cost of goods or improve suppliers’ relationships.
**Is your import supply chain greater than the sum of its parts?**

Enhancing the import supply chain so that all processes and plans are operating as efficiently as possible is no easy feat, especially for companies focused on growing and expanding their business at the same time. From understanding global trade regulations to ensuring goods are in compliance with changing international agreements, UPS has you covered. From trade management and supply chain consulting to cutting-edge order management tools, UPS has you covered. From international air and ocean freight services to expedited cross-border solutions — UPS has you covered.

A supply chain and logistics partner with trusted global experience, a comprehensive portfolio of solutions, advanced technologies and leading customer service solutions, UPS has what it takes to enhance your global inbound operations into a complete import supply chain that is a far greater value to your business than the sum of its parts.

**Contact information**

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