

ICPA Orlando 2010 Customs Broker Management

Managing the Importer - Broker Relationship QBR - Quarterly Business Review

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March 15, 2010



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- **About Vistaprint**
- **Program Design**
- **Broker Performance Metrics**
- **Importer Performance Metrics**
- **Highlights, Issues & Actions**

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Presentation Takeaways

For attendees:

- => the suggestion that a regularly scheduled metrics analysis and improvement plan can benefit your Compliance Program
- => how collaboration and analysis can help prepare for a review
- => perhaps a few suggestions for your own Compliance Programs

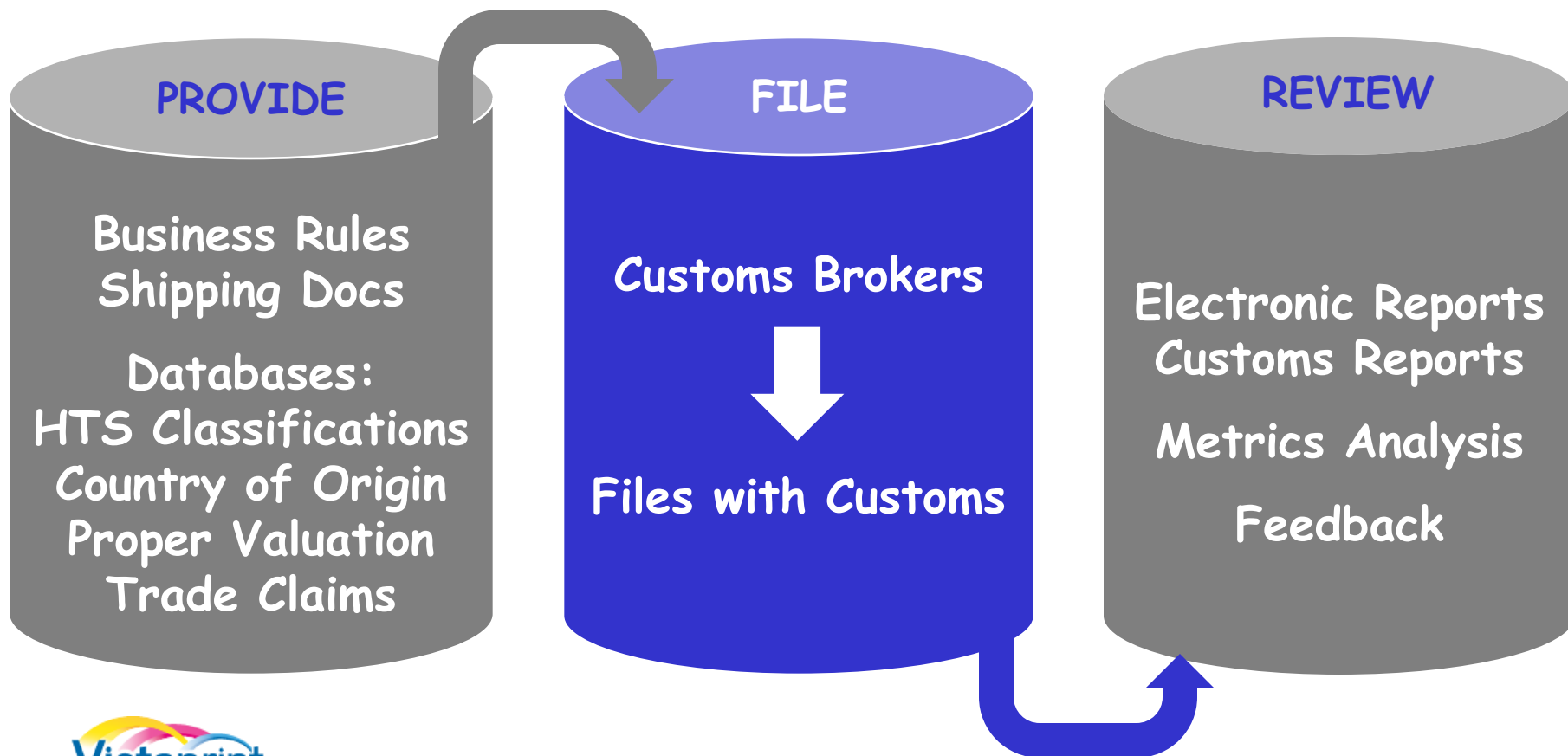
For the presenter:

- => constructive feedback, suggestions
- => what's missing, what's over-the-top ?
- => a true collaboration from team members, Brokers, Management, ...

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The concept came out of a question...

- how would I design a program for a Focused Assessment ?
- develop strong internal controls and...



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Program design:

Customs Brokers:

- positions the incumbent broker properly
- helps select the right Customs Broker for your business

Broker Manual:

- outlines business rules for your specific business process
- sets realistic expectations

Metrics package:

- objective measures of success
- evaluates both Customs Broker and Importer

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QBR benefits:

Customs Brokers:

- working towards meaningful Compliance metrics
- knows the importer is well engaged in the process

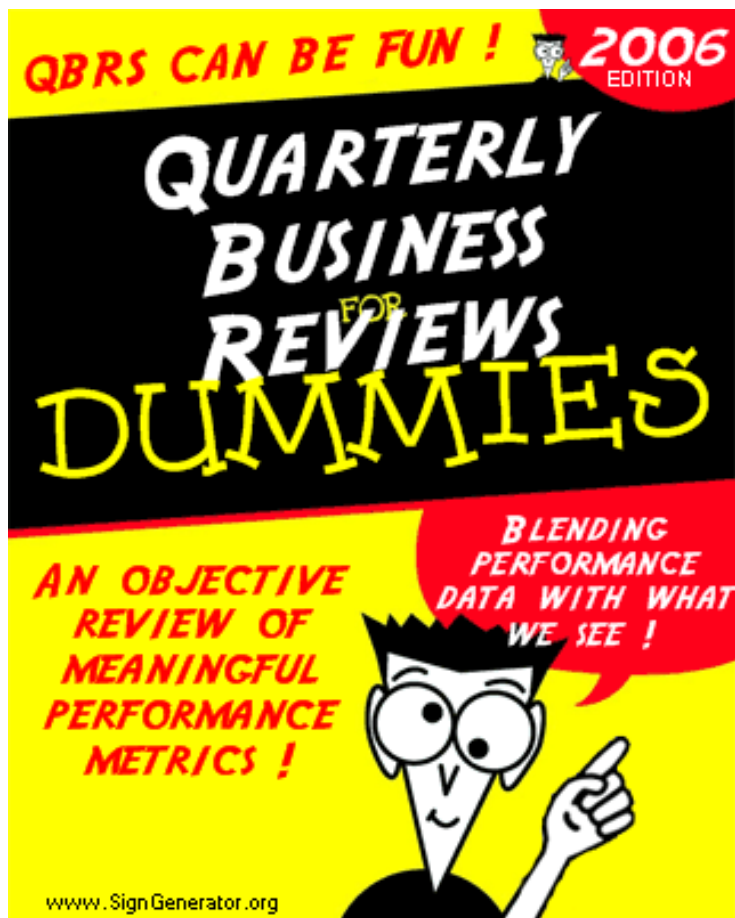
Broker Manual:

- documented agreement between importer and broker
- fluid document that will change as business and requirements

Metrics package:

- both parties understand they will be held accountable
- continually tests the importer's Compliance program

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Initial Engagement:

- setting honest & realistic expectations
- collaboration between importer and broker
- don't 'self blind' with anecdotal issues

QBR metrics:

- objective measures of success
- identify key initial metrics
- a blend of metric reviews, customer and service provider observations

Suggestions:

- get the worker-bees involved early
- face to face meetings w/staff

"As always, our QBR operates under a 'no-blame' environment."

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Geico

Second phase: QBR #s three & four

- review expectations
- tracking and closing of Action Items
- continue working towards common goals

QBR metrics:

- a few quarters of trending data
- should begin trending upwards
- trend analysis = improvement opportunities

Suggestions:

- provide worker-bees metric visibility
- source their feedback

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Third phase: QBRs five and beyond

- increased collaboration
- QBR roles & assignments well defined
- closing outweighs opening Action Items

QBR metrics:

- must continue to trend upwards
- add or remove metrics as needed
- incremental improvements smaller

Suggestions:

- worker-bee meeting participation
- implement periodic web meetings

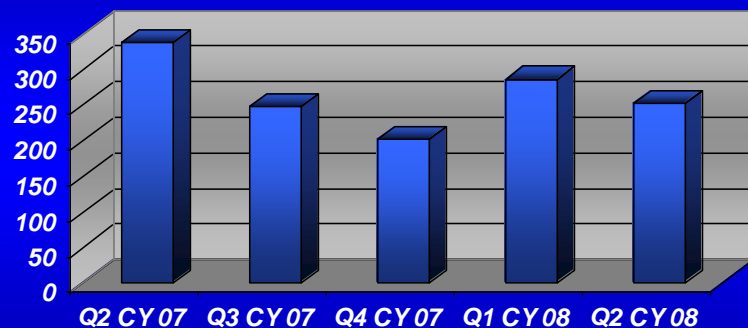
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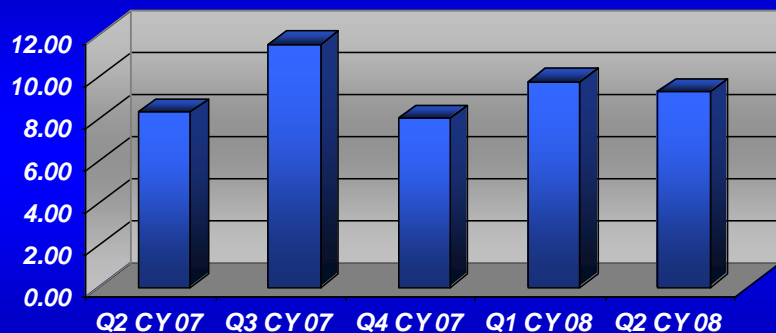
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Customs Entries



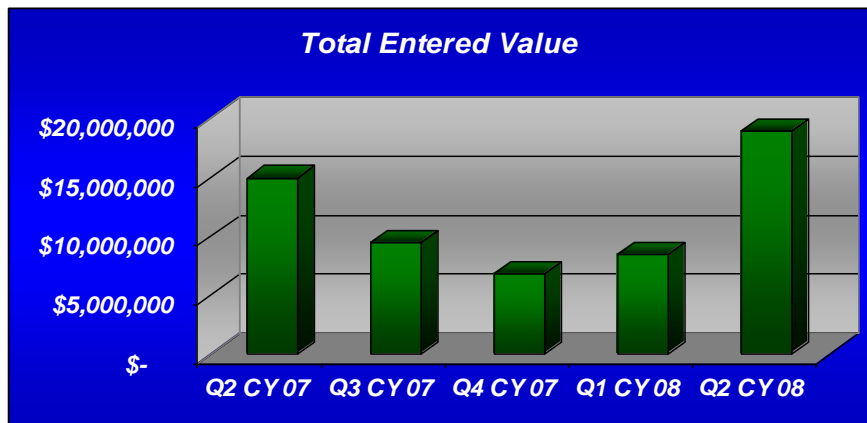
- Track the number of entries
- report on entry activity
- validate brokerage costs
- may also break down by ports

Average Lines per Entry

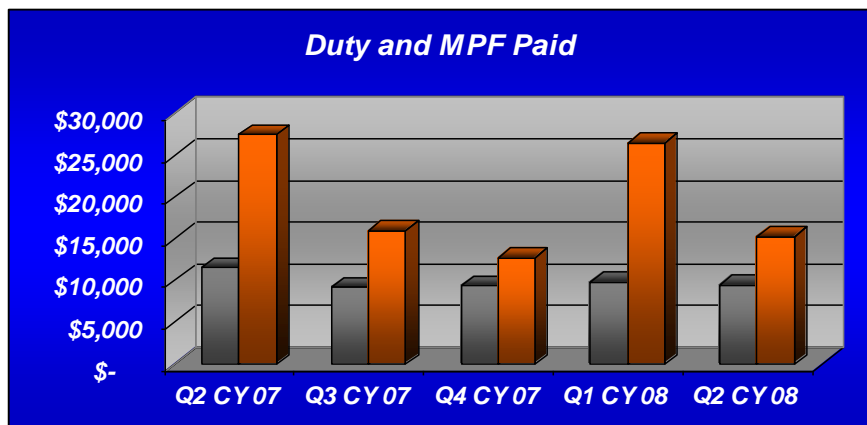


- Track entry lines
- divide total number of entry lines into entry volume
- measures entry density
- validate brokerage costs
- identifies entry difficulty

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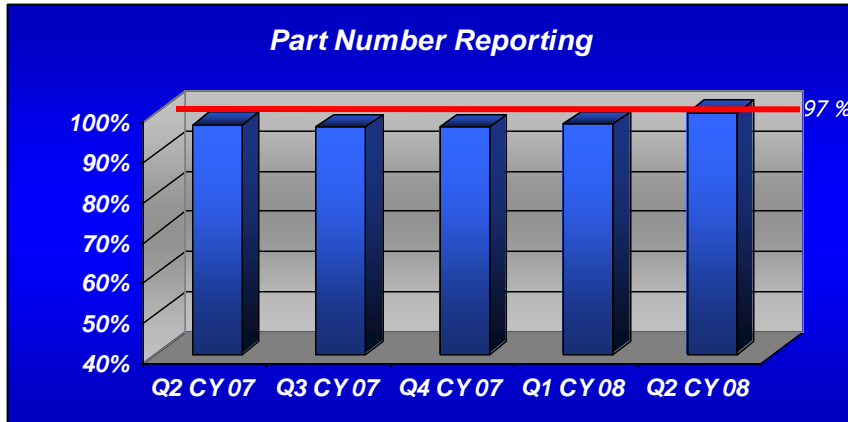


- Track Total Entered Value
 - look for trending
 - abnormally low quarter may indicate errors
 - report to management

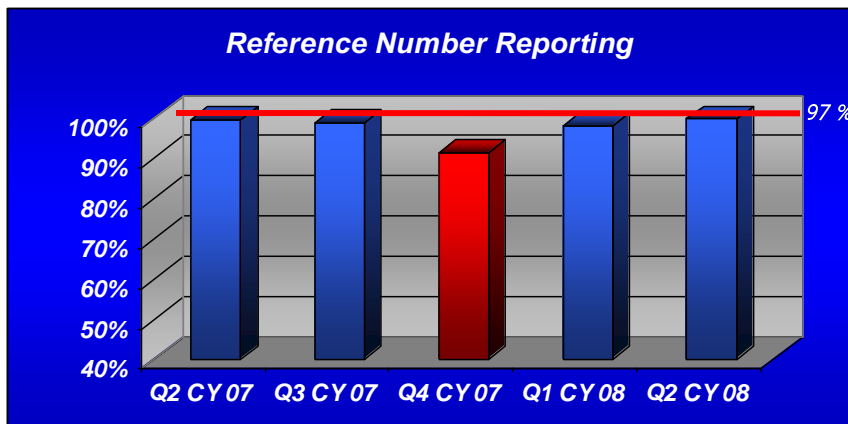


- Track Customs costs
 - management reports
 - look for duty management opportunities
 - validate product mix

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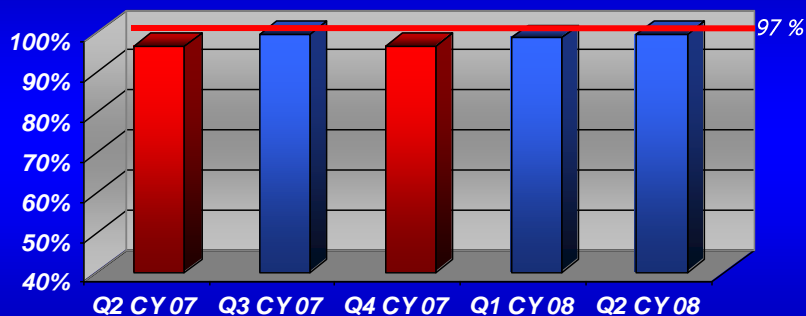
Track Part Number Reporting
- required for Compliance analysis



Track Reference Reporting
- validate type of shipment (S.O., RMA, Samples)
- allows valuation validation

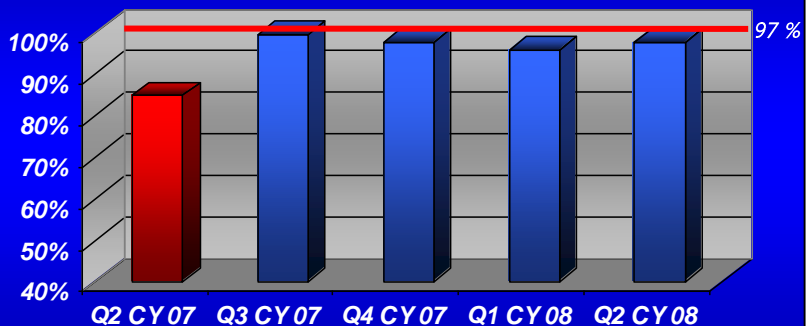
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Entry Type Accuracy



- Track Entry Type Accuracy
- sometimes informal entries are filed as formals
 - may increase costs (entry fees and MPF)

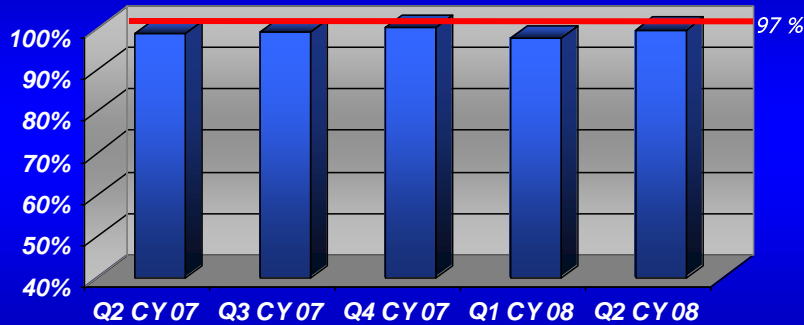
Related Party Accuracy



- Track Related Party Accuracy
- transactions between related parties should be indicated
 - to inform Customs correctly

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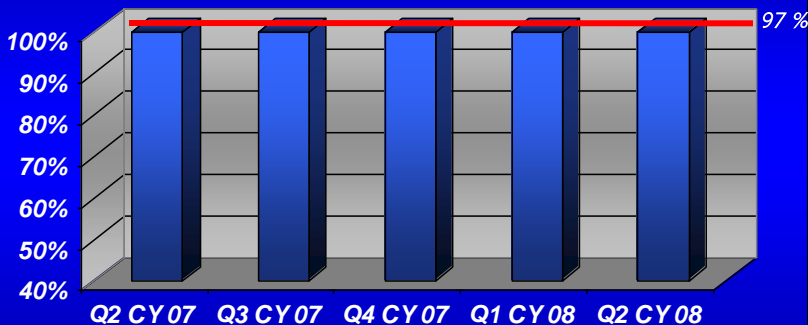
Entry Files Received



Tracks Recordkeeping

- are you missing entries ?
- are the packets complete ?

On Time Entry Filing

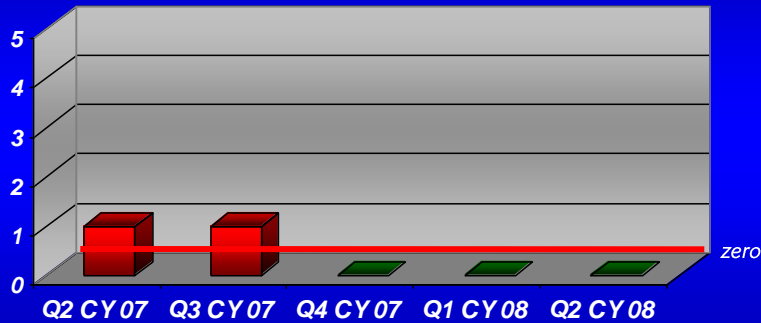


Track On-time filing

- entry summary filed timely
- late filing is a bond claim
- excessive failures indicate overall process issues

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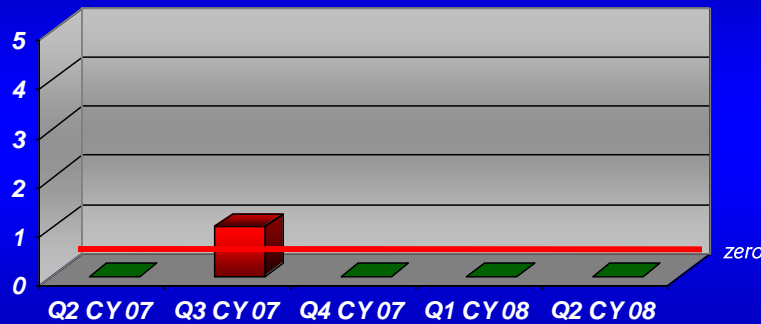
Preferential Trade Claims



Track Trade Claims

- those entries not authorized
- can claims made be validated ?
- does it make sense to claim ?

American Goods Returned Claims

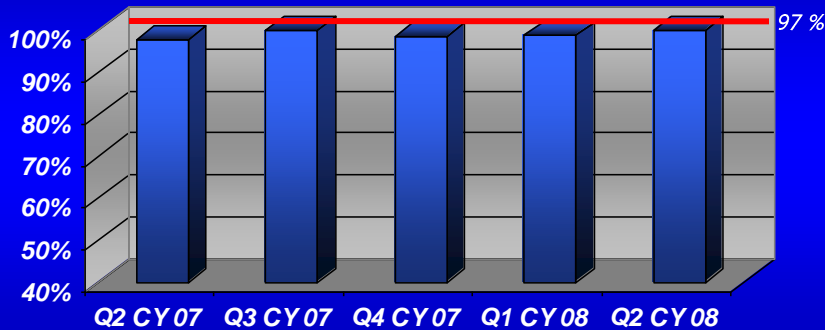


Track Chapter 98 claims

- those entries not authorized
- can claims made be validated ?
- does it make sense to claim ?

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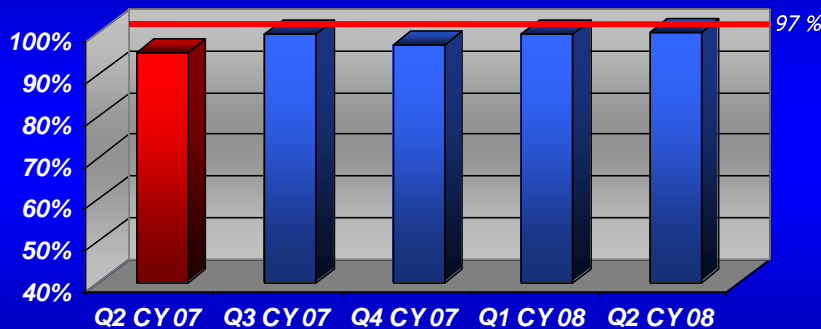
HTS Utilization Accuracy



Track HTS Accuracy

- broker using your database
- track by part number captures error rate
- track by # of part numbers captures magnitude of errors

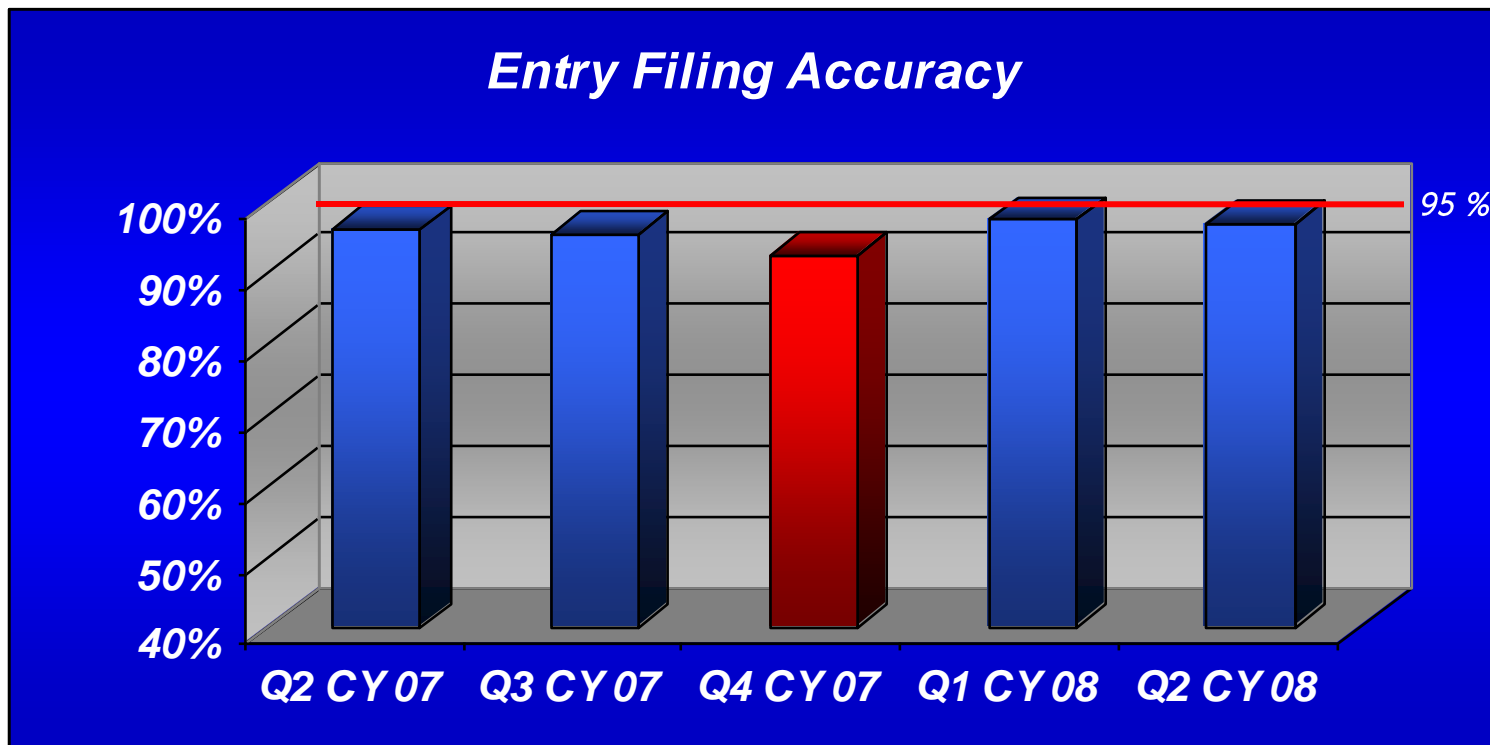
Broker Internal Parts Database Matching



Review of Broker Database

- updates performed timely
- other importer's parts added
- broker adding products and HTS codes

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	Q2 CY 07	Q3 CY 07	Q4 CY 07	Q1 CY 08	Q2 CY 08
ENTRIES	337	247	201	286	252
AMENDS	13	11	15	7	8
Accuracy	96.14%	95.55%	92.54%	97.55%	96.83%

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Entry Metrics Report Card:



Entry Files Received	5/5
Entry Type Accuracy	5/5
Related Party Accuracy	5/5
American Goods Returned Accuracy	5/5
Preferential Trade Accuracy	5/5
On-time Entry Filing	5/5
Duty & Tax Billing Accuracy	5/5
HTS Utilization Accuracy	5/5
Internal Parts D/B Matching	2/5
Entry Filing Accuracy	4/5

46/50

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Scorecard review: compiled from stakeholders



Operational Performance	Good
Technology	Good +
Communication	Good
Relationship Management	Good

Stakeholder comments:

- > Suzie is always on top of everything ✓
- > Non-Suzie monitoring of entry releases must improve
- > Huge improvement in team response time
- > Customer Service shipments are closely monitored for delays

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Other sample broker metrics:

IOR Declaration Accuracy - CBP7501 Box 36

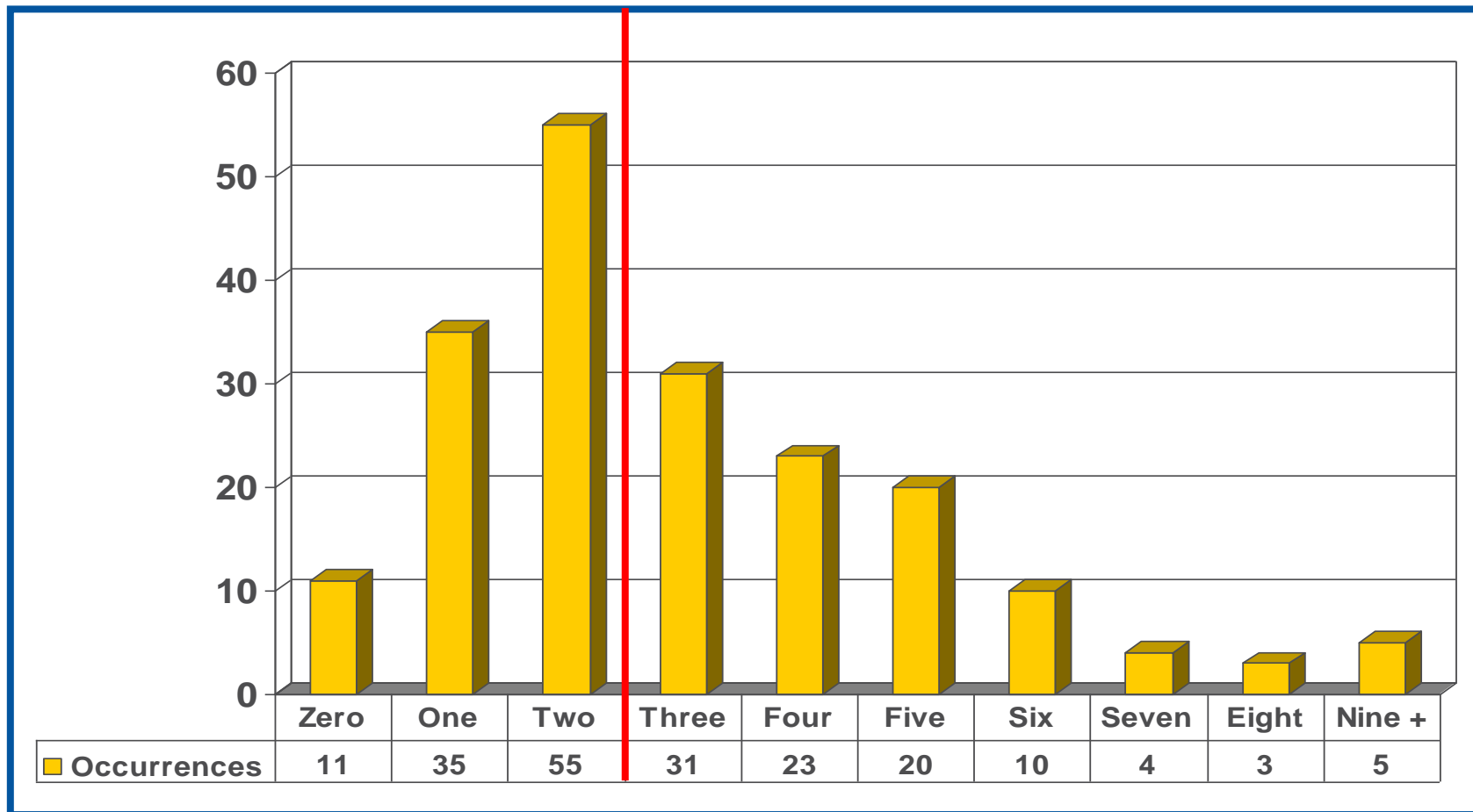
Duty & Tax Billing Accuracy - billed amounts against CBP reports

Inspection & document required rates

Entry cycle time reporting

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Cycle Time Frequency - in days:



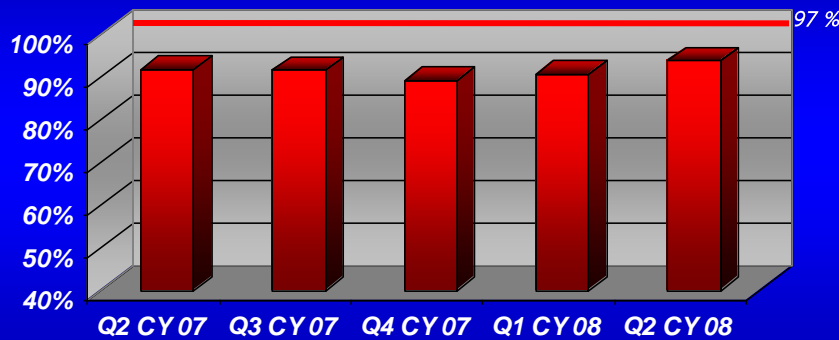
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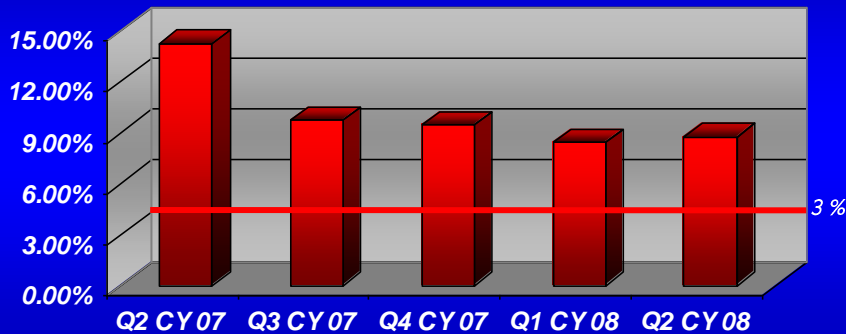
Pre-classified Part Numbers



Track Classified Products

- number of unclassified products appearing in reports
- unclassified product = delay
- proactive classifications reduce delays

Unclassified Entry Delays



Track Unclassified Part Delays

- number of delayed shipments
- should trend downwards
- tool for product managers, supply chain, engineering
- product should only be unclassified once at most

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Other sample importer metrics:

Offending supplier - incomplete, incorrect or missing documents

Other forwarder delays - document handovers

Late importer responses resulting in delays - increased charges

Duty avoidance program - eg. NAFTA business contribution

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Highlights and issues:

Entry cycle time:

- > trending @ 1.2 business days down from 1.6 days last quarter

I.T. resolutions:

- > next revision of 7501 passed final Quality review

Electronic shipping documentation:

- > implemented 100 % EDI CN vendor shipping process

Process documents:

- > updated Customs Broker manual sign-off

Duty & Tax reductions:

- > manufacturing decision contributes \$100,000 in duty savings

Thank you.

Questions, comments ?

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