



EFFECTIVELY MANAGING PROCESS & DATA TO IMPROVE COMPLIANCE IN LATIN AMERICA

CASE STUDY

Minimizing delays and avoiding penalties when shipping to Latin American countries takes careful coordination, the right processes, and the right data. Expeditors has implemented a unique customer solution for shipping into Latin American countries which has reduced the time needed to process shipment documents, obtain destination license details, and complete destination clearances. The key process features are tying the order details into the booking process and organizing stakeholder communication through Expeditors' online, order-integrated booking system. The results have been shorter lead times, reduced storage charges, and increased visibility. The time freed up and the additional awareness to both compliance requirements and order need by dates has provided more frequent opportunities for consolidations to reduce transportation cost.



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CUSTOMER CHALLENGES

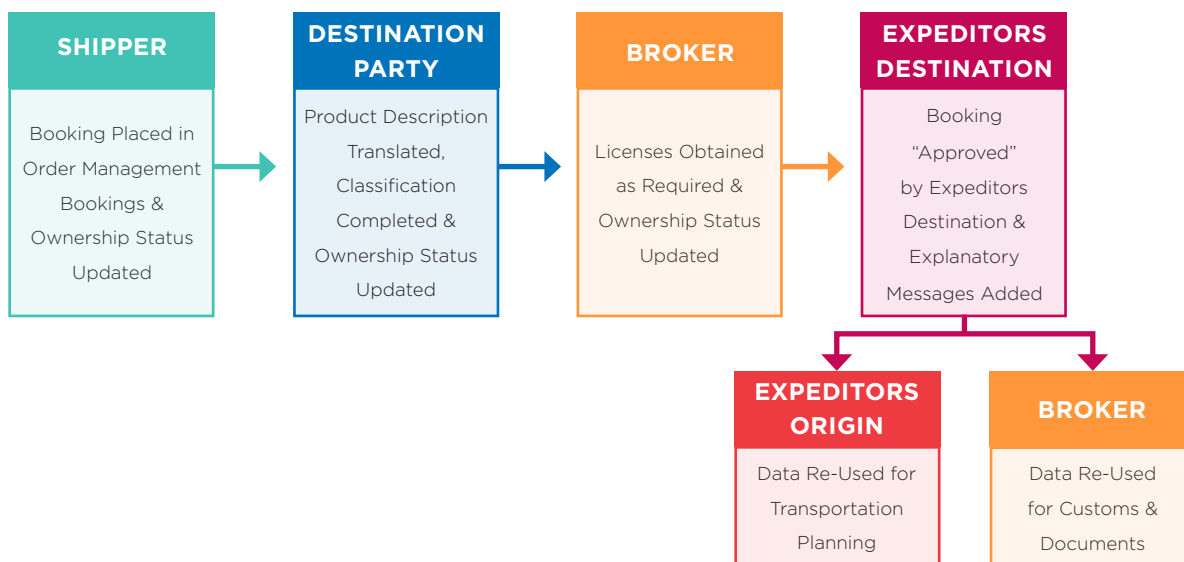
A large shipper required greater control and visibility to import processes when shipping into Latin America. They were experiencing extensive delays and storage charges due to customs holds on shipments with inaccurate or incomplete information. Their immediate need was therefore to improve time to product availability in-country. To achieve this, they needed better control over destination compliance requirements such as the final bill of lading details, import license approval prior to shipping of cargo, visibility to destination classification information, and proper commercial invoice descriptions translated into the local language.

The customer's first challenge was managing the multitude of SKU's and commodity types that they were shipping to Latin American countries. Accurate product details were not sufficiently available in advance to determine shipping documentation requirements and whether each item should be shipped separately given potential extensive destination compliance requirements. As a result, shipments were delayed at origin and consolidations were detained in Latin America for long periods of time before proper authorization could be obtained. Moreover, shipping each product separately had in the past added extensive transportation cost.

Destination compliance information was commonly spread across multiple communication mediums between each party involved in a shipment transaction. Miscommunication between the parties compounded the issues. This meant information and documentation needed for proper processing of shipments at origin and upon arrival was often missing, which led to further delays.

Finally, the customer was unable to measure ownership and review exception trends over time in order to drive continuous improvements into the process of obtaining destination requirements. Having the ability to measure the overall process along with the owner of each step would enable further improvement.

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EXPEDITORS' SOLUTION

As part of the transition, Expeditors integrated the customer's order details into its transportation management system. This facilitated the capture of information at time of supplier booking in a controlled manner and enabled the use of data for compliance and transportation.

Process improvements implemented include:

- Ability to enter translation and classification information directly against the order details within the system.
- Ownership status of each booking recorded to create global accountability to destination country license determinations.
- Automated exception alerts using system-driven business rules to highlight potential issues and delays to stakeholders.
- Messaging capabilities within the system to centralize communication of issues.
- Documents uploaded or generated automatically within the system as part of the booking.

Having the order data as part of the booking has greatly assisted the processing of declarations since the necessary compliance information validated earlier in the process can be passed downstream with the shipment. In addition, by better management of the dates and details on the orders, opportunistic consolidation opportunities have been uncovered leading to further, unexpected savings.

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Finally, the customer now manages comprehensive metrics of the process based upon the time stamping of statuses and exceptions within the system. The customer can quickly drill down to review a complete history and discussion of individual orders.

THE RESULTS

Normal lead time variation has improved by several weeks and destination related storage has been reduced by over fifty percent. Expeditors obtains shipment documentation details more timely and all parties involved process destination compliance steps more efficiently. Data is reused throughout the process improving the accuracy of information presented to regulatory authorities. The time spent administrating and overseeing the process within the customer's operating teams has become more productive since visibility has improved and focus has shifted to following up on just the exceptions. Finally, transportation spend has improved by 5 percent because consolidations have increased and shipments are now planned to both compliance requirements and order need by dates.

