



New chief trade compliance director's first 100 days



U.S. President Franklin D. Roosevelt coined the phrase “the first one hundred days” in 1933 in reference to the 100-day session of the 73rd Congress in which he would lay the New Deal’s foundation. Roosevelt viewed the period as his and the nation’s opportunity to reshape and forge a new agenda to focus on post Great Depression relief, recovery, and reform. Similarly, when a corporate officer is appointed, he or she is often challenged to complete organizational and operational changes needed to further a company’s strategic goals and, possibly, to address problems created by the departing incumbent.

Like a new chief executive officer, chief financial officer, or other functional head, a new chief trade compliance director is typically required to be an impetus for change. His or her initial questions invariably may be, “Where should I start? What should I do to ensure that my first 100 days are a success?” The answers usually depend on the industry, circumstances of the organization, and uniqueness of the challenge, yet there are some leading practices that transcend industries.

Anecdotal evidence suggests that one of the more common mistakes a new corporate officer makes is failing to set strategic priorities. Other common errors include neglecting the opportunity to upgrade staff and failing to understand comprehensively the company’s trade profile and its past, present, and future state. That is why formulating a tailored strategic plan, instead of relying on a “cookie-cutter” approach, is so critical to the first 100 days. The plan should also include several short-range wins to demonstrate success and align resources.

Insights all new chief trade compliance directors should consider



Initial perceptions—by senior leadership, customers, employees, and key external providers—are critical.



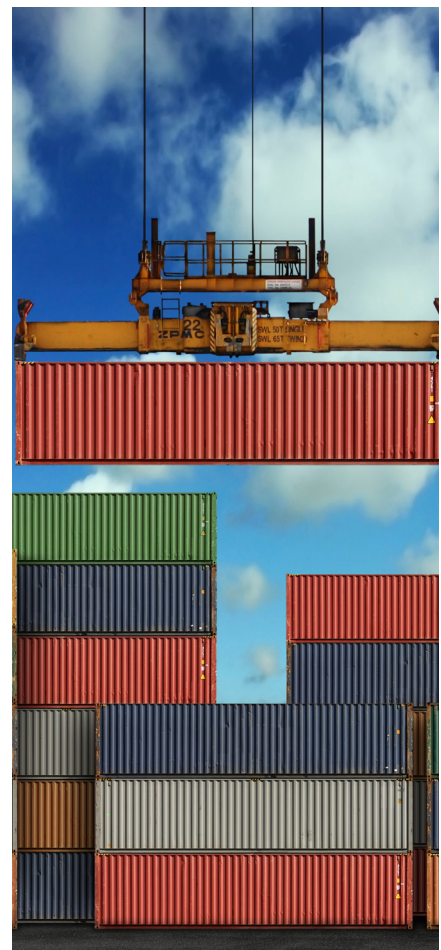
Developing strong support staff and obtaining executive buy-in can more quickly bring a new trade compliance director’s vision to reality.



Identifying priorities and setting the “trade compliance agenda” are critical first steps.



Assessing level of automation and functionality to quickly understand available data and visibility gaps.



Four common focus areas for the new chief trade compliance director

Communications

- **Key stakeholders:** Who are my direct and indirect reports and senior leadership that have a vested interest in the international trade area and can understand the value it may drive? Does Trade Compliance have a seat at the table? Is Trade considered integral to making business decisions? What can I do to elevate the role of Trade Compliance?
- **Value of trade management:** Who are the organization's senior leaders that should understand the trade landscape and how it impacts the company? What is the level of awareness of critical compliance issues? Do stakeholders understand how business and trade intersect?
- **Compliance approach:** With whom can I communicate to discuss the current trade management compliance approach and decide if a reformulation is warranted? And are there executive stakeholders in the organization who will support change?

Resources

- **People:** Does my organization possess the right personnel to achieve appropriate compliance and savings objectives? Does the organization need to assess, change, or hire import and export personnel, customs brokers, freight forwarders, or customs advisers?
- **Systems:** Are appropriate and advantageous global trade management systems in place to help automate and address the company's existing trade flows, to plan for future transactions, and to extract enhanced value from both? And has the company considered cloud-based solutions to leverage data and apply analytics to help manage the business?
- **External partners:** Is the company teaming with leading strategic partners to foster compliance and derive enhanced value from current or planned international trade transactions? How are these providers benchmarked and managed?
- **Outsourcing:** What areas could be outsourced to make the best and highest use of the trade team? What activities require daily management?

Operations

- **Transactions:** Has the organization analyzed import and export transactions from a compliance and savings standpoint, mindful that external providers are generally our agents, and that the company may bear ultimate responsibility for errors or omissions? Remember this is an opportunity to address past compliance errors that did not occur during your tenure and to proactively, rather than reactively, deal with a predecessor's issues or oversights, be they from a compliance or neglected-savings perspective.
- **Assessment schedule:** How will the company assess trade transactions from both a compliance and savings perspective? Is the process in line with the company's current trade footprint?

Controls

- **Documented procedures:** Does the organization possess robust written internal controls? And once changes have been assessed and addressed, how can I implement clear chains of command with respect to international trade transactions?
- **Trade Risk Management:** What is the process for assessing trade risks and determining whether the procedures adequately address those risks? Does Trade Compliance have the right tools?
- **Training:** Has my organization implemented a vigorous schedule to appropriately educate all those whose actions may affect international trade compliance, including departments such as sourcing, procurement, legal, tax, finance, accounting, logistics, and supply chain?



Refer to the 30-, 60-, and 90-day plans on the following pages for specific actions the new chief trade compliance director should initially consider. Overarching issues will include developing a solid relationship with corporate leadership and stakeholders to solidify Trade Compliance's role in business decisions to enable proactive duty-savings planning and compliance management.

Systems decisions also weigh heavily in a trade program, not only to help manage a compliant and efficient international trade function, but also to measure success and plan for the future state.

Finally, not to be ignored is the culture the new trade compliance director wishes to convey, typically that of a company that manages tariffs globally while assessing risk judiciously; has a strategic direction for the group; acts on potential issues in a timely manner; implements and executes controls fully; works with third-party service providers (including customs brokers, freight forwarders, and trade and customs advisers); trains its employees on relevant trade matters; and ultimately achieves superior operational effectiveness.

Like most new corporate officers, a new chief trade compliance director should be eager to hit the ground running. He or she should be mindful that the best chances for success are immediate and the first 100 days are crucial, but also remember that lasting contributions often come long after the first 100 days are a distant memory.

New chief trade compliance director 30-, 60-, 90-day plan

Thirty days

- Obtain a complete inventory of key stakeholders with whom you need to interact
- Solicit and understand the views of key stakeholders, including any issues or opportunities
- Confirm that appropriate stakeholders fully understand the vision and future state
- Determine whether the trade function is operating efficiently and effectively; for instance would, outsourcing certain tasks would be more efficient
- Define the future direction and priorities of the trade function
- Confirm alignment of the leadership team
- Review current import and export personnel and assess their skill sets, strengths, and weaknesses
- Begin to build a “high-performance” team
- Determine whether the organization has the right structure and reporting lines to facilitate appropriate risk management and compliance

- Evaluate the department's budget and funding to determine whether appropriate resources are being devoted to execute your plan

Sixty days

- Evaluate current levels of efficiency and effectiveness for import and export transaction processing
- Assess and determine that suitable import and export policies and procedures are in place; determine if you need to develop or implement new import or export policies and procedures to manage free trade agreement (FTA) requirements or applicable U.S. and foreign government programs
- Determine whether the trade function is seen as a “value adding” organization on strategic matters
- Evaluate whether duty-savings strategies are being optimized
- Determine the level of interface and communication with product development, production planning, procurement, manufacturing, logistics, tax, accounting, and suppliers to determine and validate tariff classifications, product valuation, country of origin, and marking requirements
- Gain an understanding of global trade management systems technology used for core transaction processing, and evaluate whether the automated system(s) adequately manages import and export documentation and data required for compliance and operations
- Analyze enterprise-wide compliance with global government regulations concerning import, export, and global operations, and get educated on local laws

Ninety days

- Gauge the level of liaisons with internal departments across business units on regulatory and duty matters
- Assess Harmonized Tariff Schedule classifications and duty rates used for imported merchandise
- Support the development and maintenance of a centralized, automated import-export database
- Analyze the effect of the new U.S. export regulations on your business operations
- Quantify export compliance risks and develop risk-based strategy for managing
- Determine FTA compliance and qualifications based on applicable rules of origin, and maintain appropriate documentation to substantiate origin determinations

New chief trade compliance director 30-, 60-, 90-day plan (Continued)

Ninety days (Continued)

- Analyze FTA vendor solicitation requests to determine whether Certificates of Origin are provided before shipment clearance
- Assess the company's system of post entry adjustments with appropriate governing agencies as part of internal reviews
- Evaluate compliance with trade regulations and rulings, determine the regulatory or interpretive basis for each tariff classification, and communicate with internal clients and external service providers
- Evaluate the post entry review process to foster compliance with U.S. Customs and Border Protection regulations, including an examination of import entry documents, plus receiving and payment records
- Analyze the Reconciliation process, including import entries and cost submissions, and assess the use of an appropriate customs valuation methodology
- Assess that all benefits under current or potential trade agreements can be lawfully claimed
- Prepare an analysis of duty drawback or other special duty programs

- Manage the development and implementation of standard operating procedures for internal and external stakeholders
- Manage personnel responsible for executing trade compliance activities
- Integrate suggested control improvements into the business
- Take remedial compliance actions as appropriate
- Develop strategy for implementation or enhancement of new or existing tariff management or recovery programs

Rely on KPMG

KPMG recognizes the increasing demands and complex tasks facing today's chief trade compliance director. We can help you cut through the complexities involved in managing a trade department. Our teams of experienced trade and customs professionals possess the industry knowledge, acumen, and tested practices from the field that can provide valuable support and help you achieve your objectives. Rely on our experience and advice to assist you in identifying priorities, defining goals, designing and implementing plans, and executing a trade compliance agenda.

To find out more about how KPMG can help simplify your path to success within your first 100 days as a chief trade compliance director and beyond, contact your KPMG adviser or one of the following KPMG Trade & Customs Services professionals:

Andrew Siciliano
Melville, NY
T: 631-425-6057
E: asiciliano@kpmg.com

Gisele Belotto
Miami, FL
T: 305-913-2779
E: gbelotto@kpmg.com

Irina Vaysfeld
New York, NY
T: 212-872-2973
E: ivaysfeld@kpmg.com

Doug Zuvich
Chicago, IL
T: 312-665-1022
E: dzuvich@kpmg.com

Steven Brotherton
San Francisco, CA
T: 415-963-7861
E: sbrotherton@kpmg.com

Chris Young
Chicago, IL
T: 312-665-3229
E: christopheryoung@kpmg.com

Luis Abad
New York, NY
T: 212-954-3094
E: labad@kpmg.com

Jessica Libby
Los Angeles, CA
T: 612-305-5533
E: jlubby@kpmg.com

George Zaharatos
Atlanta, GA
T: 404-222-3292
E: gzaharatos@kpmg.com

Amie Ahanchian
Tysons Corner, VA
T: 202-533-3247
E: aahanchian@kpmg.com

John McLoughlin
Philadelphia, PA
T: 267-256-2614
E: jlmcloughlin@kpmg.com

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