

How To Start Up International Logistics Operations For Successful Off-Shore Sourcing

By: [Ray McGuire](#)

Is this your first attempt at importing from China, other Far East countries, Eastern Europe, or other "low-cost" country? First, let me wish you great success! But as you probably know by now, great success is usually a result of good planning.

I have received a number of inquiries from companies regarding the logistics aspect of overseas sourcing and wanted to share a few ideas with you. Let's take a look at what this might mean.

General starting points include the following two basics:

- While English may well be the language of international business, we all use different versions of English. Don't assume **your** use of the English language is the one **everyone** uses. You and your suppliers may use quite different terminology for the same practices. In some countries a verbal "Yes" is merely used to say, "I hear what you are saying".
- Follow-up all meetings, conversations, etc, in writing. The written word is more powerful and translates best.

Now for some **first steps to effectively organize your international logistics and import procedures**:

- ✓ Create common frames of reference and enable effective communication. Involving partners early on will mean more areas for more success.
- ✓ Define your processes and develop Standard Operating Procedures or SOP's to control and support successful execution.
- ✓ Communicate all SOP's to all parties and obtain agreements. Your suppliers should understand your procedures with your forwarders, and your forwarders should understand your procedures with your customs broker, etc.
- ✓ Educate and train your suppliers in your requirements and Vendor Compliance SOP's.

When **selecting "a good freight forwarder"**, the following is of utmost importance: What are your requirements? Specific answers depend on knowing specific details. Will you have many "one-time" shipments or more of a repetitive business with each shipper? How much product is being shipped at one time, or if repetitive, in each shipment? If repetitive, how often are shipments made? The answers to these questions also determine if you want to use a freight forwarder or negotiate directly with ocean or air carriers. This information also gives you the basis for your "Selection Criteria". I typically use 8 – 20 key requirements to narrow the field, for example:

- ✓ Geographical Coverage – that is, local support at origin and local support at destination.
- ✓ Customer / Carrier / Vendor communication capabilities and procedures.
- ✓ Shipment tracking capabilities and issue notification procedures.

Important **considerations for your local distribution** are many and varied. Will you ship to a major or "gateway" port and then truck to multiple distribution centers? Or will it all go to one DC? If you are planning on moving the containers intact to an inland DC, some difficulty may arise depending on the ocean carrier, and rail charges can be quite high. A freight forwarder or the customs broker can often manage the container delivery trucking to and from the port much better than a carrier (if the carrier even would). Otherwise, you must arrange for the trucking.

Choice of your customs broker(s) would possibly depend on your choice of routing. The delay at customs will depend on the accuracy and completeness of your vendors' documents, as well as the efficiency of the selected broker.

Import duty and tax is dependant on the actual commodity classification based on the International Tariff Code and the specific percentage of duty / tax levied by Customs. Country of origin would not be **the** determining factor although it **could** play a role. It is important for you to first determine the correct tariff classification for your product.

Plan for success! Poor planning in the beginning can result in much headache and unnecessary expense. **Great success will follow your good planning.**

We will be happy to work with you to setup your new project, or to audit or review your current process for possible improvement.

Contact us today at inquiry@raymcguire.com for more information.

[Ray McGuire Consulting Group](#) provides direction, tools and training to help you quickly and successfully execute international and domestic logistics, inventory management, agent/supplier relationships, safety, social and governmental compliance or security programs.

Increasing speed-to-market while reducing costs!

About the Author:

Ray McGuire (President – Ray McGuire Consulting Group), seasoned logistics and supply chain executive with experience in Asia, Europe, and the United States, provides advice, direction, and project management to well known high-end consumer electronics, fashion apparel retailers, paper and packaging products manufacturers, and other importers, as well as customs brokers and international forwarders; successfully implementing [international logistics](#), [Customs compliance](#), C-TPAT, NAFTA, [Importer Security Filing](#), TSA, [social and vendor compliance](#), cross-dock, pick & pack fulfillment, and distribution solutions. He has expert knowledge and experience in C-TPAT certification (Customs-Trade Partnership Against Terrorism), Importer Security Filing (ISF or 10+2), AES, FAST, TSA, and other supply chain security programs

On the Web at <http://raymcguire.com>