



Manufacturing Solutions

## CASE STUDY

### Rigorous Customs Audit Builds Confidence



#### CHALLENGE

- Armstrong hired C.H. Robinson to conduct an audit of its compliance program to assess its current performance and recommend areas of opportunity.

#### SOLUTION

Applying the U.S. Customs' audit process, C.H. Robinson used its Trusted Advisor® expertise to put Armstrong's compliance program through a rigorous assessment.

#### RESULT

C.H. Robinson not only validated Armstrong's customs compliance and delivered opportunities to grow Armstrong's business, but also advised the company to use the Customs Reconciliation Program to reduce both overpayment and penalties for underpayment.

Armstrong World Industries, Inc. (Armstrong) is a global leader in the design and manufacture of floors, ceilings, and cabinets. Based in Lancaster, PA, Armstrong operates 36 plants in nine countries. About 95 percent of Armstrong's imports are flooring products (vinyl, laminate, wood, ceramic flooring); 95 percent of the company's exports are building products (ceiling tile).

#### SEARCHING FOR CUSTOMS COMPLIANCE EXPERTISE

In the last decade, Armstrong has gone from being a minimal importer to becoming a top 5000 U.S. importer. Added responsibilities have come along with this growth, including implementing new legislation that places the burden for customs compliance on importers rather than brokers. Non-compliance can result in fines and penalties, criminal complaints, and lost import licenses.

Armstrong has a good relationship with U.S. Customs, participating in the ISA, C-TPAT, and the Periodic Monthly Statement programs. To validate their strong compliance program and provide general oversight, Armstrong had previously hired big accounting firms to perform an annual compliance audit. But turnover at these firms was high, and they were very expensive.

**“We’re extremely happy with C.H. Robinson’s services. The compliance team is exceptional. They keep us tuned in to regulatory changes, what to look out for, and how to remain compliant. C.H. Robinson is a top tier provider, well above most of their peers in the industry.”**

**—Stacy Kapushy,  
manager, customer  
compliance,  
Armstrong World  
Industries, Inc.**

Moreover, the audits revealed no new opportunities for improvement. As Stacey Kapushy, manager, Armstrong Customs Compliance, said, “No matter how good you feel your processes are, people are looking day and night for holes you’ve missed.”

In 2009, Armstrong started looking for a new provider to perform the customs compliance audit. They chose C.H. Robinson, which had already provided domestic and global freight services to Armstrong for five years. C.H. Robinson also helped Armstrong find warehousing space using its own providers and located specialized storage for them—services no other provider could offer. “We feel the responsiveness from the C.H. Robinson team has been very, very good, and the rates are competitive,” Kapushy said. Armstrong saw C.H. Robinson’s expertise in customs compliance as a key differentiator from other providers, and believed C.H. Robinson could apply its deep knowledge to identify more opportunities to strengthen their compliance program.

#### **BRIDGING GAPS AND CREATING VALUE**

C.H. Robinson’s director of global customs and his team of compliance experts worked closely with Armstrong on the audit. Using the customs focused assessment process—the same rigorous audit process used by U.S. Customs—they analyzed Free Trade Agreement privileges, tariff numbers, countries of origin, and volumes. They analyzed Armstrong departments on their processes and assessed how those measured against the company’s compliance manual.

C.H. Robinson validated the customs compliance program and recommended that Armstrong use the Customs Reconciliation Program. Armstrong had been challenged with variation to their inter-company trading price. By using this program, Armstrong could bridge any gaps between what it is billed by a related company and what the arms-length value should be to assess customs duties. This recommendation, according to Kapushy, “goes above and beyond what the accounting firms had provided in the past,” making the Armstrong operation more efficient and reducing their risk.

## IN COMPLIANCE AND CONTINUOUSLY IMPROVING

- Kapushy said, “C.H. Robinson’s network of people in the government and in the industry keeps us in the know so we are prepared as new rulings are implemented or proposed.” The C.H. Robinson compliance team continues to provide seminars and workshops, white papers, and more to help educate Armstrong employees about compliance.
- Kapushy likes having the same compliance team working on Armstrong’s account and entering its data, which minimizes or eliminates errors. “They are familiar with our account. They know when to call if something doesn’t seem normal.”
- Armstrong intends to use C.H. Robinson’s Global Trade Reports®, the first software to take ITRAC trade data and view it graphically for analysis and time-sensitive air freight imports.

To learn more about C.H. Robinson, watch [our video](#), visit [our website](#), call 800-323-7587, or email [solutions@chrobinson.com](mailto:solutions@chrobinson.com).