



Trade Compliance Programs: What They Are, Why You Want One, & How to Get Started

→ The circle of trust: A disclaimer

This presentation is based on my personal experience working on global supply chains, creating and running compliance teams, and engaging with numerous companies as a consultant.

You will need to assess your specific situation.

**There is no compliance
without teamwork**

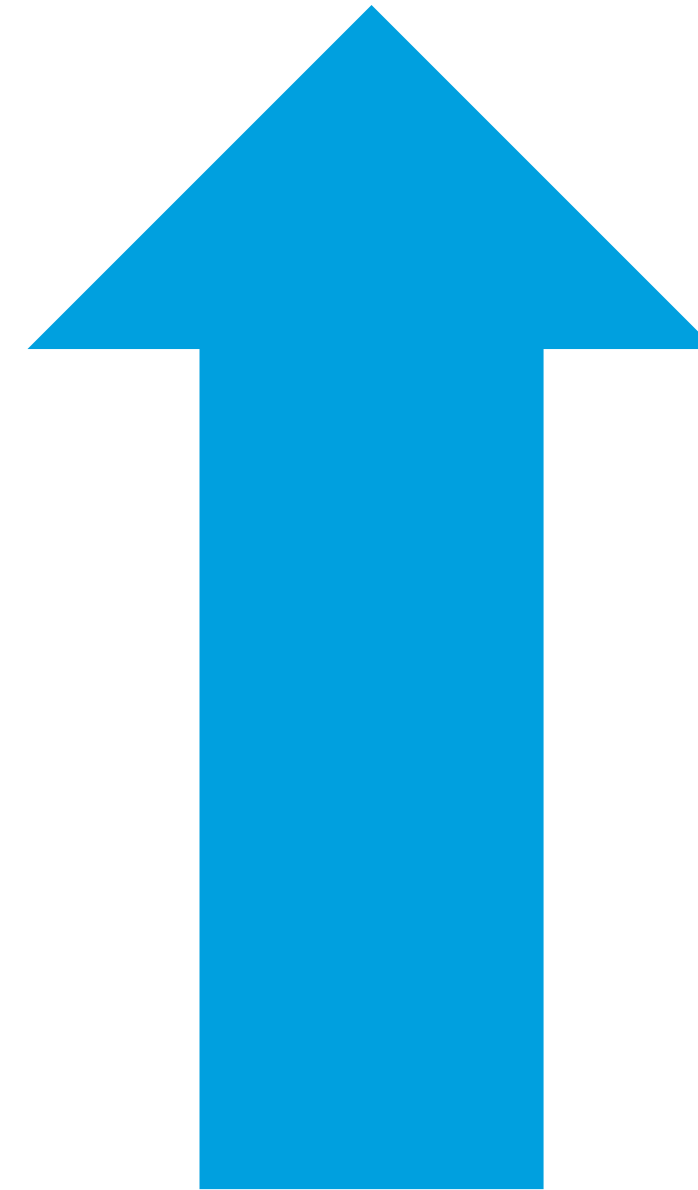
→ What are the most important concepts for success?

- Senior management buy-in
- The right person to lead the charge
- Education
- Open lines of communication
- The 3 P's: Policies, procedures, and process
- It's not just about enforcing the regulations
- Global compliance teams



→ Senior management buy-in

- Establishing a compliance program cannot be accomplished from the bottom up.
- You must employ a top down approach—buy-in from executive leaders.
- You will need cross-functional cooperation and teamwork.



Top-down Approach

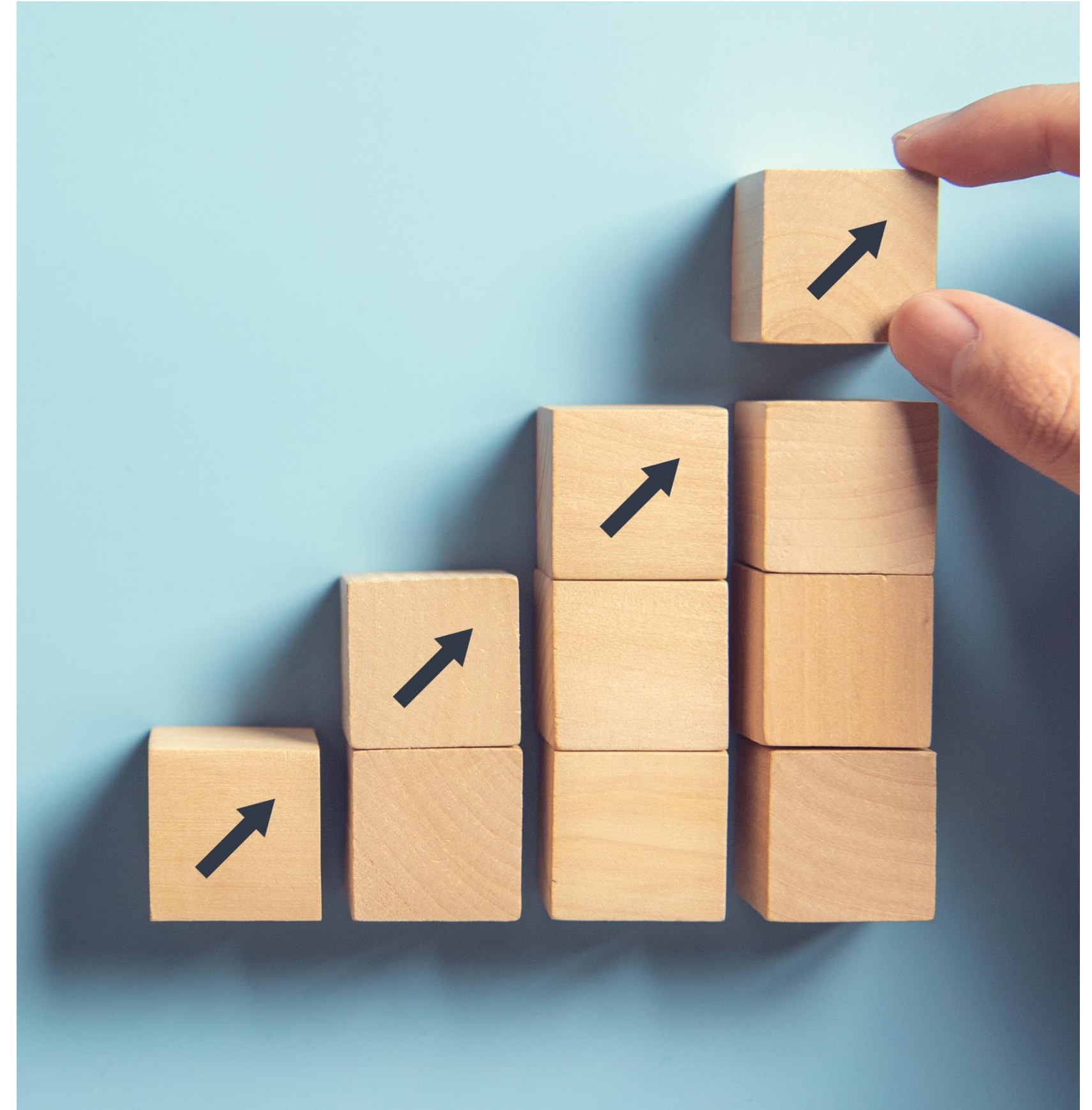
Bottom-up Approach




→ Senior management buy-in

- What's in it for me? (WIIFM)
 - Also known as strategic influencing
- Learn it, know it, live it
- You will repeatedly need this 'skill' when dealing with people—start practicing now
 - Facts
 - Training
 - Examples

If all else fails ...

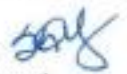


→ Senior management buy-in

 U.S. Department of Justice
Office of the Deputy Attorney General

The Deputy Attorney General Washington, D.C. 20530
September 9, 2015

MEMORANDUM FOR THE ASSISTANT ATTORNEY GENERAL, ANTITRUST DIVISION
THE ASSISTANT ATTORNEY GENERAL, CIVIL DIVISION
THE ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION
THE ASSISTANT ATTORNEY GENERAL, ENVIRONMENT AND
NATURAL RESOURCES DIVISION
THE ASSISTANT ATTORNEY GENERAL, NATIONAL
SECURITY DIVISION
THE ASSISTANT ATTORNEY GENERAL, TAX DIVISION
THE DIRECTOR, FEDERAL BUREAU OF INVESTIGATION
THE DIRECTOR, EXECUTIVE OFFICE FOR UNITED STATES
TRUSTEES
ALL UNITED STATES ATTORNEYS

FROM: Sally Quillian Yates 
Deputy Attorney General

SUBJECT: Individual Accountability for Corporate Wrongdoing

Fighting corporate fraud and other misconduct is a top priority of the Department of Justice. Our nation's economy depends on effective enforcement of the civil and criminal laws that protect our financial system and, by extension, all our citizens. These are principles that the Department lives and breathes—as evidenced by the many attorneys, agents, and support staff who have worked tirelessly on corporate investigations, particularly in the aftermath of the financial crisis.

One of the most effective ways to combat corporate misconduct is by seeking accountability from the individuals who perpetrated the wrongdoing. Such accountability is important for several reasons: it deters future illegal activity, it incentivizes changes in corporate behavior, it ensures that the proper parties are held responsible for their actions, and it promotes the public's confidence in our justice system.

→ The right person to lead the charge

- Knowledge can be gained
- Drive, passion, interest, and personality are innate
- Personality is important
 - Tough yet approachable
 - Team builder and consensus maker
 - Ability to make complexity understandable



→ The right person to lead the charge

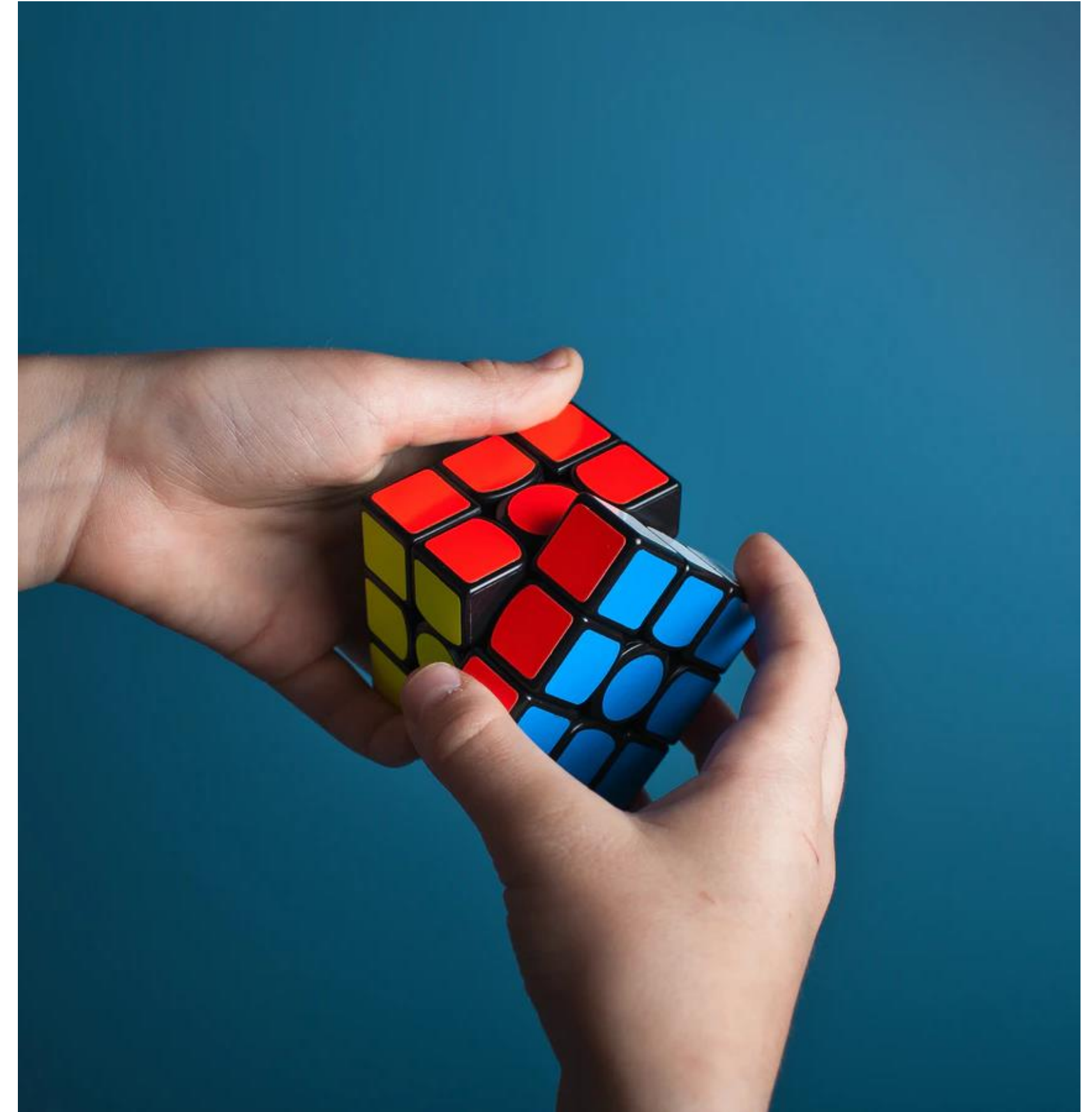
- Compliance cannot be achieved with one person
- Departments and individuals at all levels must not only need to come to you—they should want to come to you
- Compliance teams and programs fall apart because of personality
- No matter how smart, the person in the leadership position must have “juice” within the organization



→ The right person to lead the charge

What is this “juice” you speak of?

- Attitude (comedy goes a long way)
- Respect
- Knowledge
- At the “appropriate level”
- Empowered to facilitate and cause change across the organization



Most people truly want to do the right thing. They just don't know what they don't know.

→ Education

- Face to face presentations and meetings are key
- Avoid webinars if possible
- Build rapport and trust with departments
- Tailor the presentations to specific groups or departments
- Find the helpers—they are out there
- Knowledge is power, spread the wealth
- Education does not always need to be formal
- Open discussion is good—consider it “ad-hoc” training



→ Education

- Not everyone needs to know everything about compliance—but by the end of the training (formal and ad-hoc) they need to see how they fit into it
- Departments and individuals should have a sense of ownership for their area in terms of compliance
- Encourage that there is no stupid question
- Be approachable
- If appropriate—spread the work out
- Everyone needs to understand what they are and are not empowered to do—know when to ask

→ Open lines of communication

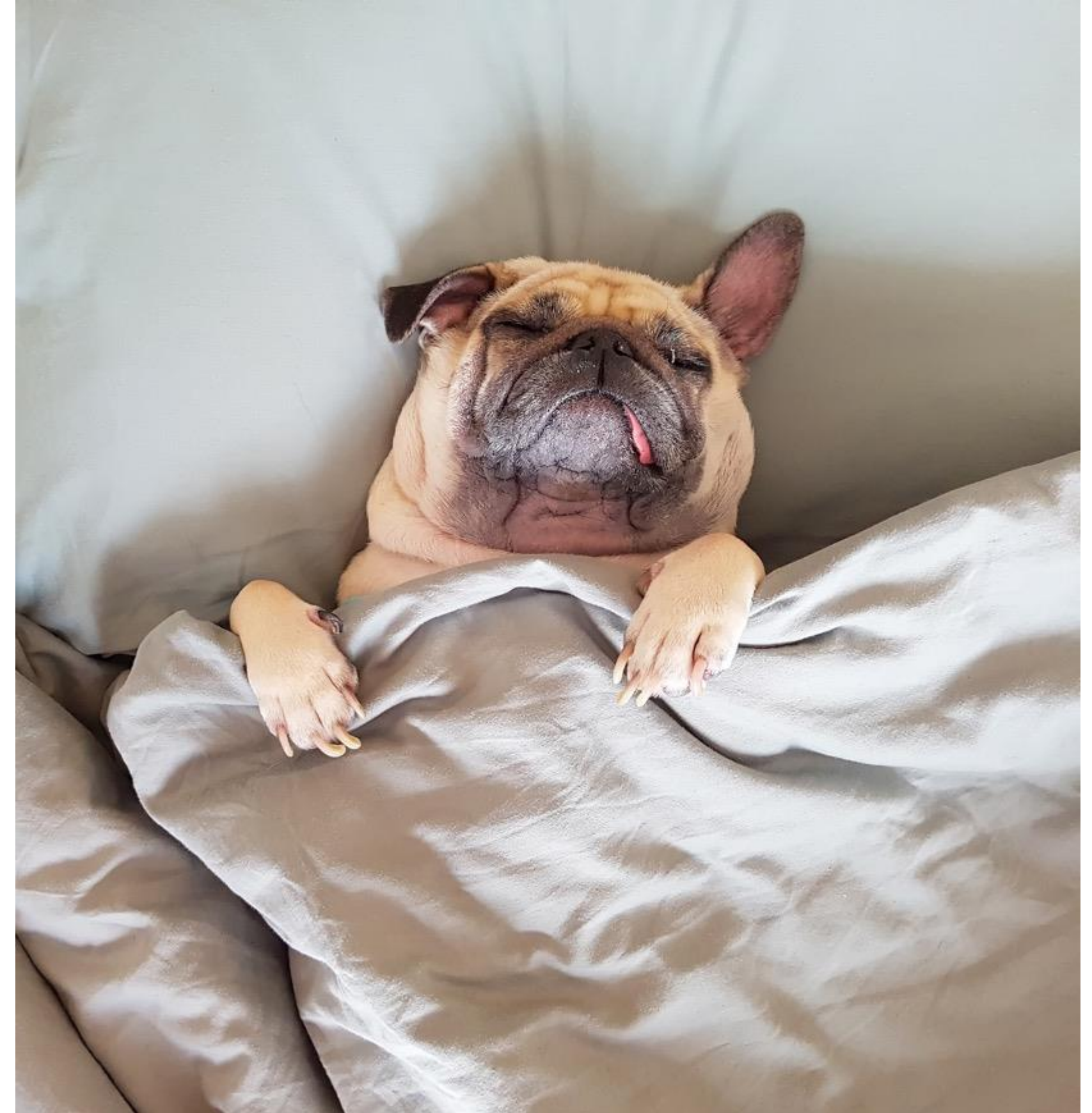
Face facts: Being responsible for compliance in a company is a lot like being the U.S. Navy.

You are a global force for good...and you are expected to be everywhere at any given time.



→ Open lines of communication

- You can't be everywhere all the time (pretty sure I would need a nap at some point)
- That is where open lines of communication with other groups comes in—combined with knowledge and approachability

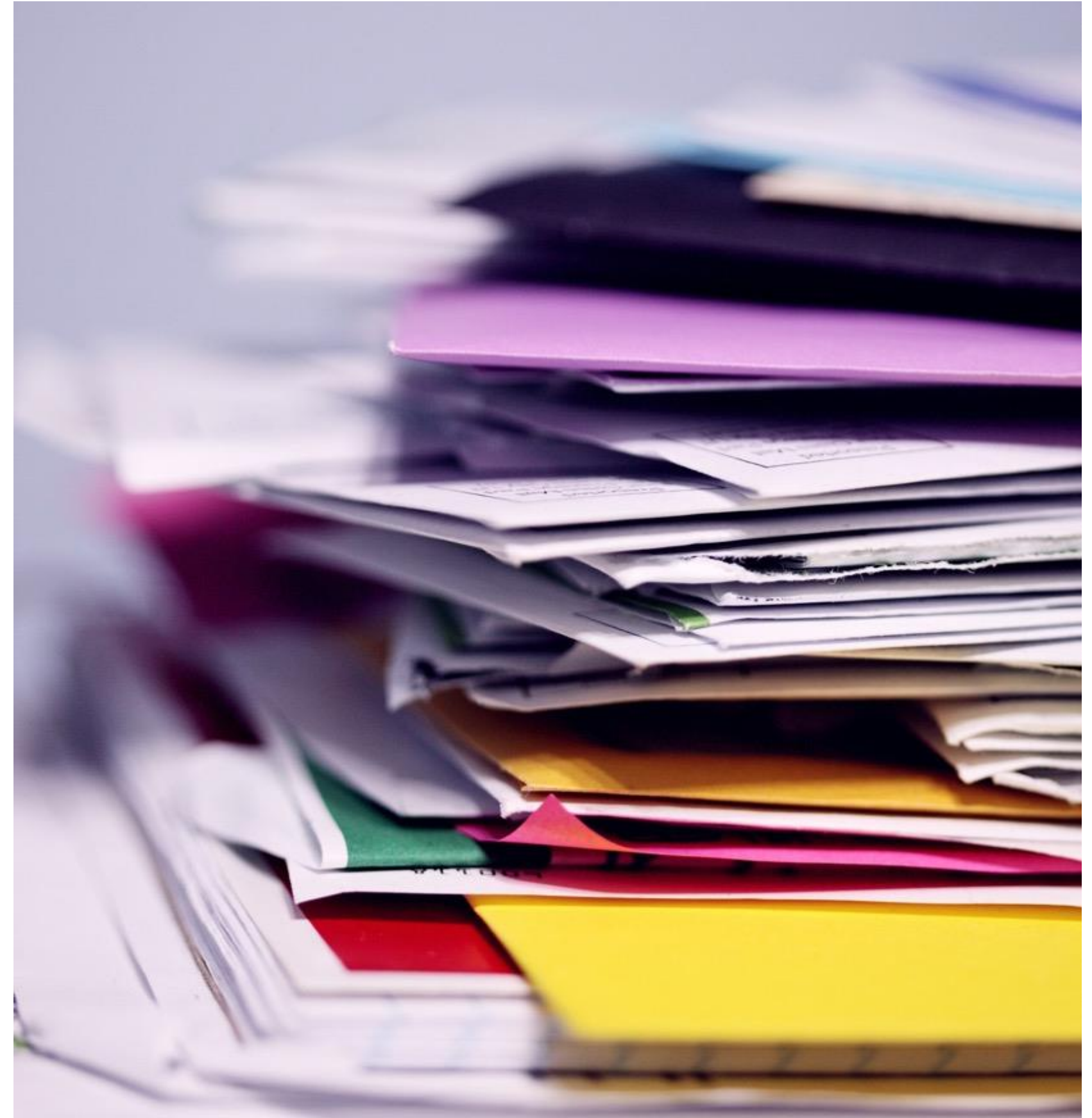


→ Open lines of communication

- **Think about key groups you need to be linked with**
 - Procurement
 - Engineering
 - Customer service
 - Research and development
 - Sales
 - Logistics/transportation
 - Receiving
- **Ask yourself**
 - Are you in constant communication with them?
 - Are they on the lookout?
 - Is there a go-to person in those areas?
 - Can they freely come to you?
 - Do they engage you?
 - Do they have written instructions?

→ The three P's: Policies, procedures, and process

- Without manuals with documented policies and procedures across all areas of the organization, you have already lost the game
- The manual(s) do not need to be overly complex, but they should be customized to fit the way your organization does business
- Please do not get a generic manual and substitute your company's name (it will not end well)



→ The three P's: Policies, procedures, and process

- **What key topics should be included in the manual?**
 - Executive statement of support
 - Record retention
 - Classification process (including binding rulings), HTS, Sched B, ECCN
 - Valuation (import and export)
 - How do you handle Denied Party Screening
 - Use of Free Trade Agreements or Chapter 98
 - Reporting of overage, shortages, damages (OS&Ds) a.k.a your receiving process
 - How you generate commercial documents, what kind and what format from vendors
 - How you handle country of origin determination and markings (both products you make and receive)
 - How you conduct audits, handle key process indicators (KPIs), share with providers (internal and external), and take corrective actions
 - Training, not just internally—but also for compliance, this is especially important as regulations change

→ The three P's: Policies, procedures, and process

- What should be included in each section/policy/procedure/process?
 - Background: Why is this specific area important? The regulation
 - The risk to the company and individuals if this is not done
 - Who owns the process and who is responsible
 - What the policy is
 - Any special terms or definitions (including acronyms and internal names)
 - Lay out the actual procedure (R.A.C.I.)
 - Highlight any associated forms, documents, etc. that are required
 - Change log—who, what, when



→ It's not just about enforcing the regulations

- Simply enforcing regulations is not fun
- Compliance can absolutely have a positive financial impact on a company
 - Flush out inefficiencies
 - Take advantage of special trade programs
 - Learn total landed costs
 - Avoid costs



→ **Global compliance teams**

**Think globally,
act locally,
panic internally**

→ Global compliance teams

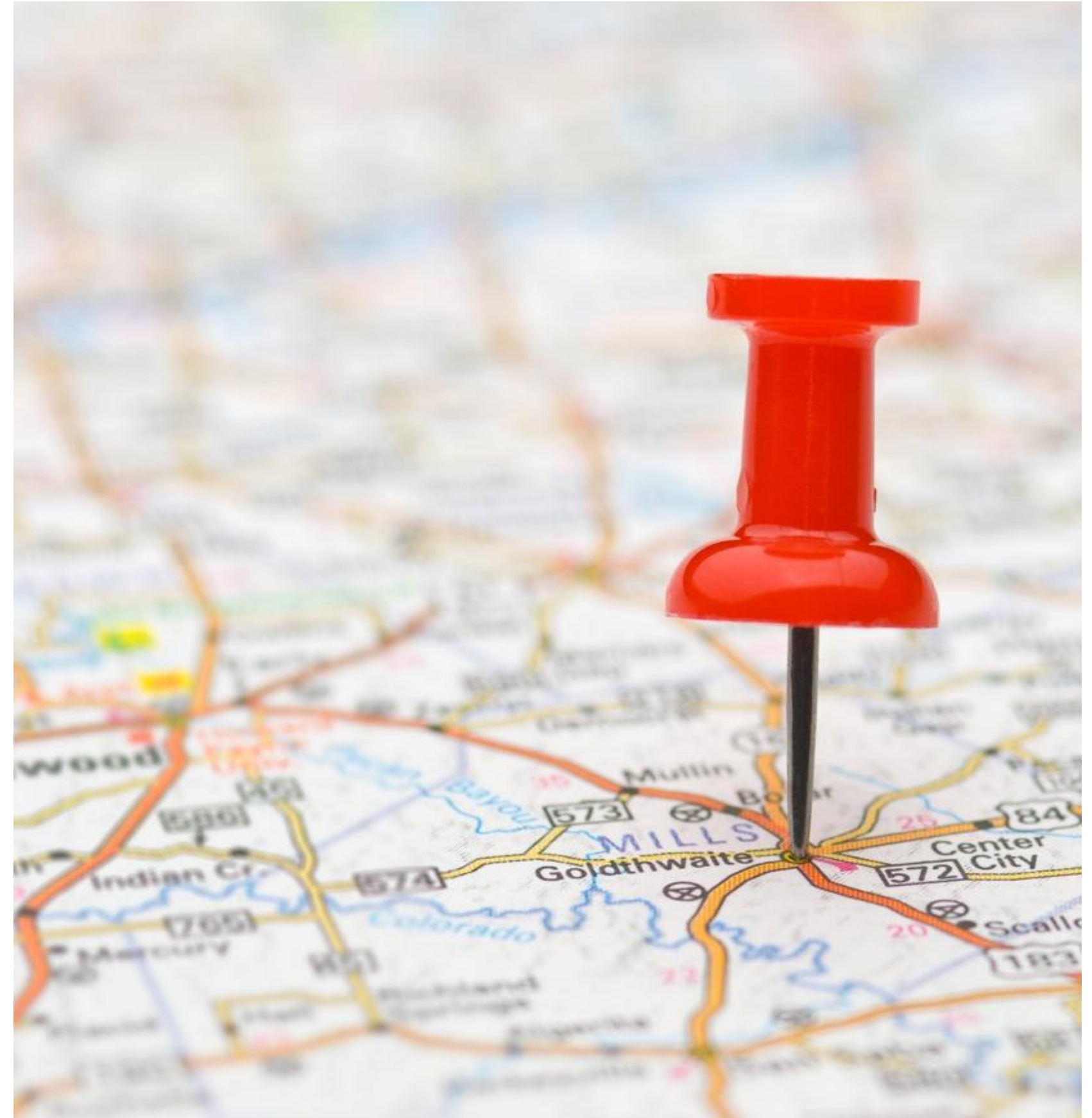
You need to think about this organizational structure from a practical standpoint

- Time zones
- Language barriers
- “Facilitating” activities



→ Global compliance teams

- It is OK to have a “centralized” compliance structure, however local representation is critical
- “Regional” compliance—maybe
- Take a look at your supply chain and map it out
- See where your volumes/issues are and resource accordingly
- May not need a dedicated person in every region or country—could be part of a job.
- However, if they do not directly report to compliance then make compliance part of their objective, (at a minimum dotted line into you), and you should have input into their reviews and goals



→ Some final thoughts...

- You need to get support from up top
- To be successful, you can't do this on your own
- The right person, with the right personality is critical
- Don't be stingy with information—educate
- Open communication across the organization is key
- The 3 P's: Policies, Procedures, and Process
- There is more to life than just regulations
- Think globally, but act locally



→ Legal disclaimer

This presentation and any materials discussed herein are for informational purposes only and do not constitute legal advice. You should always independently check the related Code of Federal Regulations (CFR) and, if needed, consult with the applicable Federal Agency (e.g. CBP) and/or external counsel where any question or doubt exists.

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Thank You

