

# Upstream Classification with Purchase Order Comparison

**A large retailer was facing issues with having their Harmonized Tariff Schedule (HTS) product classifications completed in time for declarations to U.S. Customs authorities. As a result, they risked having delays in getting their shipments released into their possession and would spend countless hours on last-minute communication with their broker, Expeditors.**

## OPPORTUNITY

While this importer had traditionally maintained a centralized parts database, it was not tied into the purchase order process at all. Often new products are ordered from suppliers overseas without the compliance team being notified they had new products they needed to classify with an HTS code.

To minimize delays, the retailer would spend countless hours communicating with Expeditors via email and by phone to ensure the broker had all the product classifications necessary to make a proper declaration to U.S. Customs, triggering a shipment release. When the Importer Security Filing (ISF) initiative was rolled out in the U.S., the situation grew even worse, as Customs now required product classifications 24 hours before ocean cargo was loaded at origin, as opposed to just when the shipment was ready to be released at destination. Any late ISF filing could be subject to a fine by U.S. Customs.

## OUR SOLUTION

Expeditors suggested the retailer look at a process called a Purchase Order Comparison. With a PO Comparison, anytime a new or updated PO is issued, it is sent to Trade flow for automatic comparison against the existing parts database.

If a product exists on the PO, but is not found in the Trade flow Product Management Centre, it will automatically be added and placed into a work queue for review by the customer. Since POs are usually issued weeks or months ahead of the time they are shipped to the importer, the PO Comparison process gives the compliance team in charge of entering product classifications (HTS codes) plenty of time to work through the queue. In addition, Trade flow captured the "Last Ship Date" from the purchase order, which represents the end of the ship window the vendor can ship the product. The customer could then sort their queue by the last ship date and target the products they expected to ship soonest.

## RESULTS

By implementing a PO comparison process with their parts database in Trade flow, this retailer moved their product classification further upstream in the supply chain. The result was significant time savings in broker communication and a much more streamlined process for obtaining the release of their shipments.