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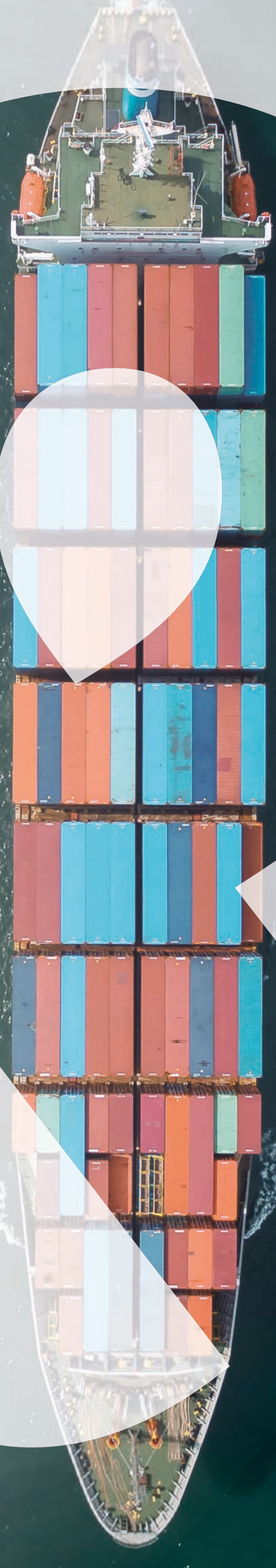
Maximizing import and export opportunities

Navigating global ecosystems with balanced capabilities



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INTRODUCTION

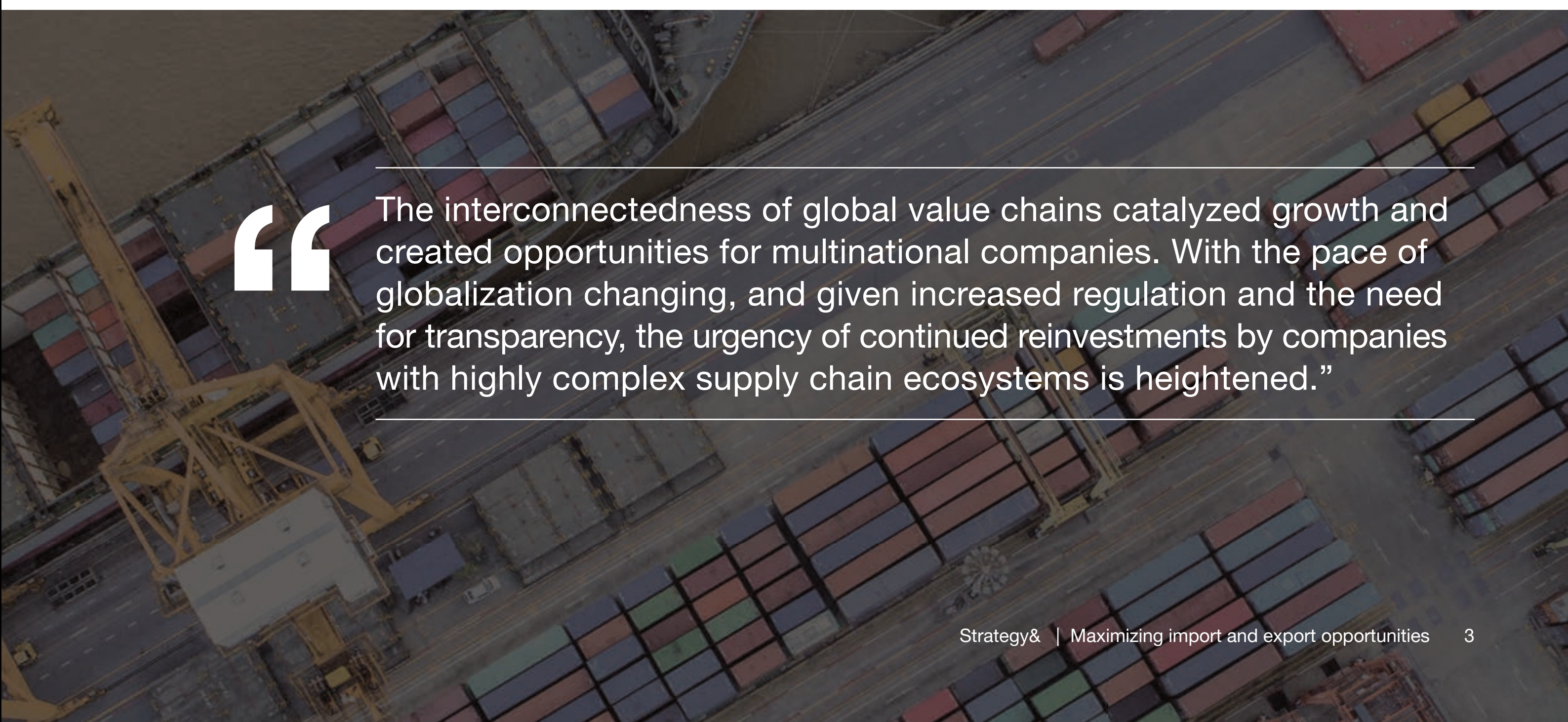
Supply chain resilience has become one of the biggest boardroom topics in recent years. A global pandemic, the resulting bullwhip effect, congested ports, and talent wars created chaos for many operations leaders. Just when companies thought turbulent times were over, continued geopolitical uncertainty and fluctuating interest rates have further challenged supply chain risk management practices.

A recent PwC Digital Trends in Supply Chain survey[1] highlighted that 83% of operations executives generally agreed that existing processes and systems adequately manage supply chain risk, but 86% also stated that their company should invest more in technology to identify, track, and measure supply chain risk. This indicates that existing capabilities may not be enough to future-proof a supply chain organization.

As supply chains evolve their identity from a cost-center function to an orchestrator of enterprise value management, leading companies are doubling down on resilience-focused investments to strengthen existing supply chain capabilities and incubate new ones.

The interconnectedness of global value chains catalyzed growth and created opportunities for multinational companies. With the pace of globalization changing, and given increased regulation and the need for transparency, the urgency of continued reinvestments by companies with highly complex supply chain ecosystems is heightened. Against this background, this report provides a point of view, informed by program experience and research, on how organizations can prepare their import-export function for the unpredictable yet cyclical nature of the global trade market – and determine what model best suits them.

1 https://www.pwc.com/us/en/services/consulting/business-transformation/digital-supply-chain-survey.html



“The interconnectedness of global value chains catalyzed growth and created opportunities for multinational companies. With the pace of globalization changing, and given increased regulation and the need for transparency, the urgency of continued reinvestments by companies with highly complex supply chain ecosystems is heightened.”

SECTION 1: GLOBAL TRENDS IN IMPORT-EXPORT

Import-export complexity is increasing with fluctuating global trends

Import-export (IE) is the trade in products, commodities, and information across sovereign borders with a commercial objective. The associated international logistics and customs clearance operations are integral components of managing the global value chains in consumer-packaged goods, pharmaceuticals, retail, and many other industries. *Exhibit 1* shows four external pressures that have increased the complexity of international trade over the past 2–5 years and put strains on import-export operations.

EXHIBIT 1

Summary of key external factors that have impacted import-export operations

1

Volatile transportation rates[1]

Although rates have dropped recently, 2022 ocean freight rates on some lanes grew by 4-5 times compared to pre-pandemic levels

2

Trade regulations[2]

Increase in regulations on movements of specific goods, e.g., 400+ FTAs in 1980-2022

3

Digitization

According to PwC's Digital Trends in Supply Chain survey, **over 50% of executives** are leveraging supply chain tools and technologies to drive growth and reduce costs

4

Climate responsibilities

Over two thousand CEOs told PwC they expect an impact to their supply chain over the next 12 months due to climate change, particularly a hit to supply chain costs

Source: 1. "Unlocking the Hidden Potential of Import Export Operations", February 2023; 2. WTO

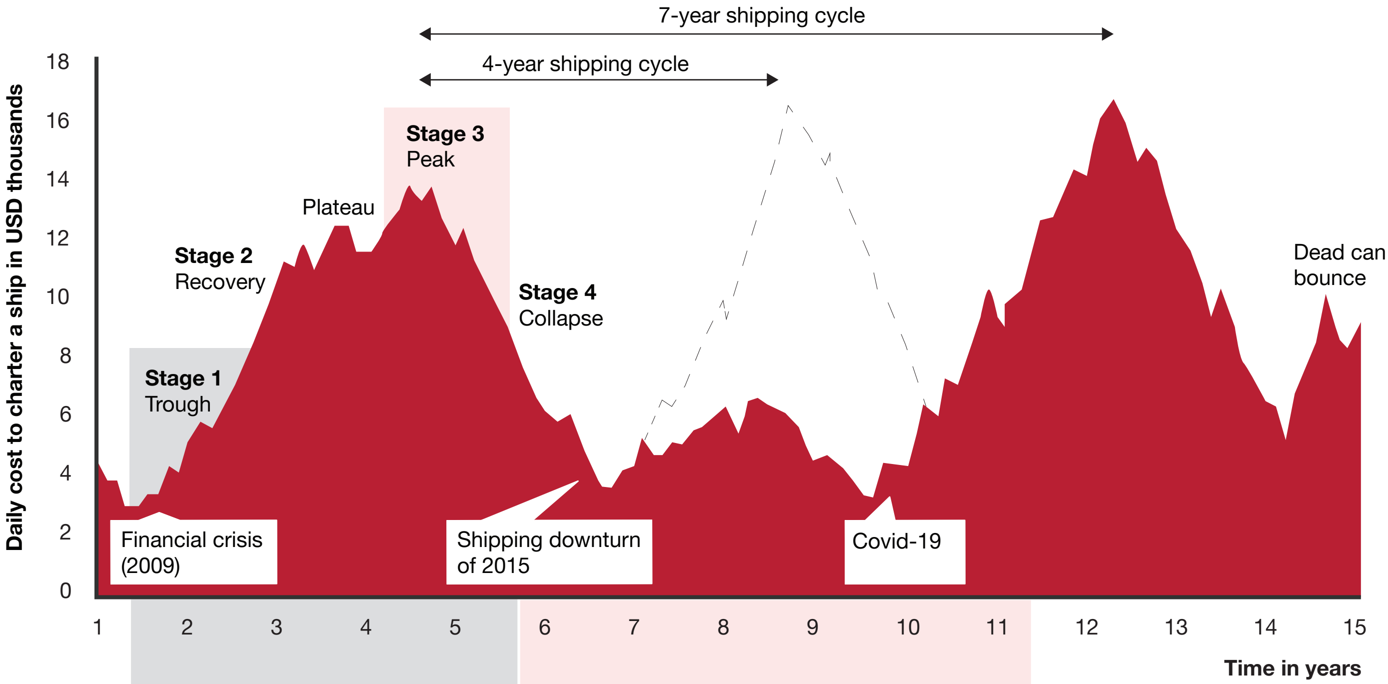
Volatile transportation rates

Although IE transportation rates regularly rise and fall in a cyclical nature, transportation rates have been extremely volatile and unpredictable in the last three years, impacting the ability of organizations to plan appropriately within cost and service parameters. Some contributing factors include:

- Maritime choke points with significant shipment volumes pose a substantial risk of congestion inflating pricing, such as the Suez Canal (narrowest point: 55 m, 19k ships in 2020), Panama Canal (narrowest point: 150 m, 13k ships in 2020), Strait of Malacca (narrowest point: 2.7 km, 100k ships in 2020)

- The interdependence of logistics across industries was exposed during the COVID-19 pandemic, with subsequent vaccine accessibility impacting transportation capacity

EXHIBIT 2
Stages of cargo shipping market cycle



Characteristics of trough

- Freight near operating costs
- Old ship prices fall to scrap
- Little ordering (usually)
- Many demolition sales
- Banks reluctant to lend
- Market sentiment pessimistic

Characteristics of peak

- Freight over 3 x OPEX
- 5-year-old ship costs same as newbuilding
- Heavy ordering (usually)
- Few demolition sales
- Banks keen to lend
- Market sentiment implausibly positive

Source: Vortexa, New York Maritime College, University of Singapore, Advances in Maritime Logistics and Supply Chain Systems

- Labor shortages of around 60,000 truck drivers in the US in 2022–2023 led to idle trucks and a spike in shipment costs
- Increased blank sailings, whereby shipping companies cancel scheduled sailings due to reduced post-pandemic demand, shipment delays, and shortages in stores
- Towards the end of 2022, economic uncertainty and decreasing consumer confidence resulted in declining transportation rates

In this context, businesses operating in the IE market need to be prepared for fluctuations in transportation, as rates will likely continue to be cyclical. IE functions may need to consider refreshing supply chain risk management capabilities to prepare and proactively plan to reduce the impact on their bottom line.

Trade regulations

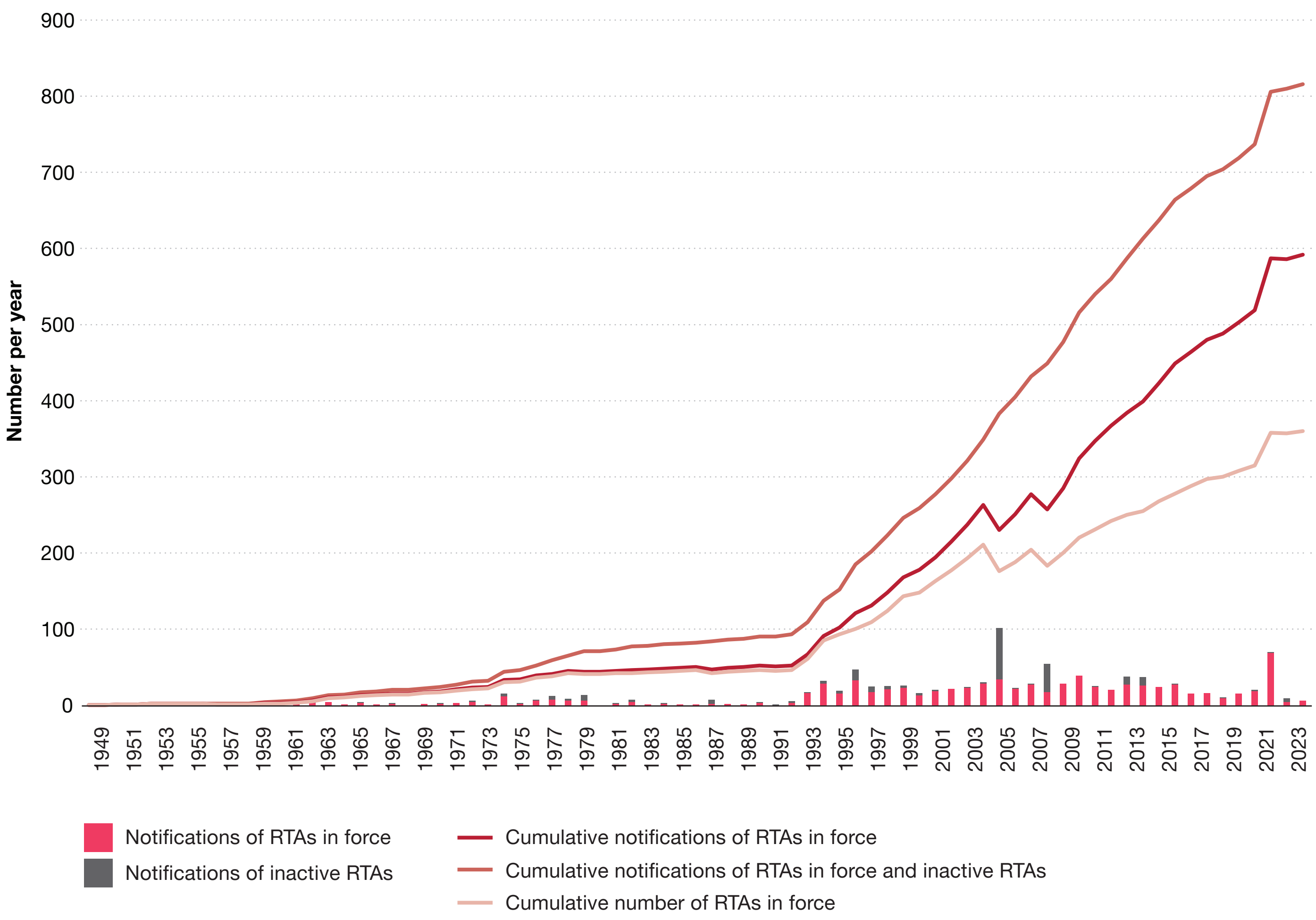
Since the turn of the millennium, geopolitical volatility has caused a significant increase in trade regulations to manage cross-border trade activity. The implications of this increase are twofold: On the one hand, trade enabling agreements reduce the costs of sourcing from specific countries or regions, while on the other hand trade restricting agreements increase the costs of sourcing from specific countries or ban trade flows completely. Recent examples of rising regulatory constraints include:

- Regional Trade Agreements (RTA) / Free Trade Agreements (FTA) and Free Trade Zones (FTZ) (*see Exhibit 3, next page*): While these schemes allow companies to source and trade more effectively duties-wise, they often entail an increase in paperwork, reporting, and compliance checks, with the risk of fines being imposed if standards are not fully met.
- At the same time, trade is hindered by an increasing number of restrictions imposed by authorities on specific goods and countries:
  - The European Union has introduced regulations such as the General Data Protection Regulation (GDPR) and the Conflict Minerals Regulation, which impose restrictions on the import and export of certain products
  - The U.S. implemented a range of sanctions on countries such as Iran, Russia, and North Korea, which have restricted trade in certain goods and services
  - Canada removed “Most Favored Nation” status from goods originating in Russia and Belarus, and proposed a new tax on luxury vehicles that would apply to imports
  - Recent amendments to Mexican customs regulations created challenges for Mexican companies with IMMEX programs

For both trade enabling and restricting regulations, companies would gain from actively managing their IE. For restricting regulations, it is important to keep track of banned products or countries, to avoid fines or trade bans. For enabling regulations, an IE function would help optimize trade routes to lock in potential cost reductions.

EXHIBIT 3

Evolution of regional trade agreements in the world, 1948–2022



Source: WTO

We have seen some organizations flip the script back to regionalization to provide control over part of their supply in the event of disruption. In fact, over 25% of supply chain leaders stated they plan to reduce reliance on outsourcing, up from less than 20% the year before. In PwC's 2023 Global Sourcing survey[2] 40% of respondents prefer to not source more than 25% of total imports from a single country.

In this fast-changing sourcing context, businesses operating in the IE market need to be capable of understanding changing regulations and restrictions to continue trading effectively and resiliently.

2 PwC Global Sourcing Survey (2023)

Digitization

Supply chain digitization is not a new concept or investment need – pagers or beepers providing shipment notifications have been replaced with mobile notifications. However, the evolution and maturity of the digital supply chain have varied across industries and regions. In an era where consumers and partners rely on near-real-time information, capital investment in digitization remains a primary enabler to accelerate reinvention and create competitive advantage. Instead of trying to recreate the years before the pandemic, leaders recognize that digital investments remain critical to the growth journey of any business operation. As noted in the PwC 2023 Digital Trends in Supply Chain survey[3], companies largely agree (89%) that when investments are made in digitization, supply chain resilience benefits are realized.

We have seen evidence of digital supply chains delivering higher value. PwC's Digital Champions Study[4] highlighted that companies which lead the way in supply chain digital transformations succeed in realizing higher productivity and revenue growth compared to others. These 'digital champions' also typically see ROI faster than 'digital novices.' In the realm of import-export, cross-functional digitization opens up opportunities to proactively identify risk and reduce the time to recover from disruptions. Common examples include:

- Electronic documentation management, supporting customs applications
- Automated product classification and compliance checking
- Forward-looking customs and trade regulation risk insights
- Track-and-trace solutions for a real-time pulse on shipments
- AI-driven cross-mode route optimization

As risk and resilience become more important for trade, domestic and international, businesses operating in the IE market need to carefully weigh the potential benefits and risks of new technologies and may need to invest in broader enterprise-wide efforts to manage workforce skill transformation, cybersecurity, and cloud reinvention in order to transform faster. There are opportunities for multinational companies to explore private-public strategic investment models that will further strengthen long-term value realization and create competitive advantage.

3 https://www.pwc.com/us/en/services/consulting/business-transformation/digital-supply-chain-survey.html
4 https://www.pwc.com/gx/en/industries/industrial-manufacturing/digital-supply-chain/digital-champions-2025.html

EXHIBIT 4

Top executives responses to their investment in supply chain technology to manage risk and resilience

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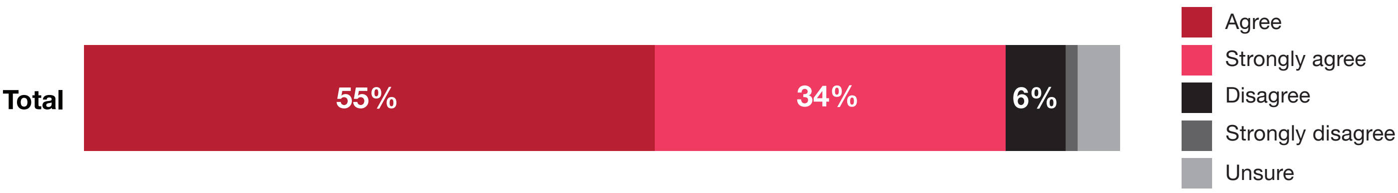
Question

To what extent do you agree or disagree that your **investments in technologies** to improve supply chain resilience have been effective?



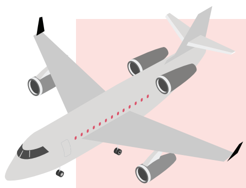
Source: PwC 2023 Digital Trends in Supply Chain Survey: base of 305

Climate responsibility

A recent Global Investor survey[5] highlighted that although 81% of investors will tolerate a decrease in profitability in exchange for climate and societal sustainability, the tolerance of reduced profitability would only be 1% or less. With customers urging companies to evolve while maintaining price and convenience considerations, and against a backdrop of regulatory changes driving progress in climate responsibility, the imperative to bridge the gap between reality and aspirations is intensifying. Companies face increasing expectations that they will embrace broader climate responsibility, reaching beyond their organizational borders to address Scope 3 impact with suppliers and customers. In this context, optimizing international transportation emerges as a crucial lever for addressing these needs while making an impact on decarbonization goals and cutting emissions. *Exhibit 5* displays the current contribution of international trade to global carbon emissions, as well as its expected emissions in 2050.

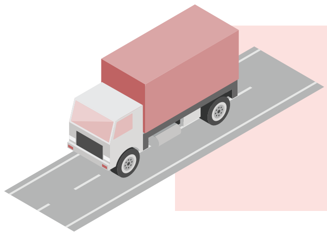
EXHIBIT 5

Contribution of international trade to global carbon emissions



0.41%
of global emissions

Air freight emitted an annual estimate **155 million tons of CO_2**

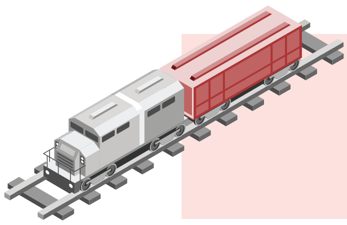


5.8%
of global emissions

Road freight emitted an annual estimate **2,200 million tons of CO_2**

1.73%
of global emissions

Sea freight emitted an annual estimate **657 million tons of CO_2**



0.45%
of global emissions

Rail freight emitted an annual estimate **170 million tons of CO_2**

Source: ITF Transport Outlook 2021, The International Transport Forum

5 https://www.pwc.com/gx/en/global-investor-survey/PwC-Global-Investor-Survey-2022.pdf

Changing consumer preferences and evolving manufacturing needs have significant implications for international trade, influencing the flow of freight. Consequently, there has been a rise in more frequent but smaller freight shipments, leading to a decrease in fully-loaded containers, an increase in empty return trips, and a growing demand for fast and energy-intensive transportation like air freight. Unfortunately, the freight transport industry heavily depends on fossil fuels for propulsion and remains far from achieving a transition to cleaner energy sources. As a result, decarbonizing this sector poses one of the most challenging tasks. An import-export capability can help minimize carbon emissions and evolve the net zero baseline beyond the internal value chain. Common tactics for initiating this include creating an end-to-end value chain view of community impact, partnering with next-generation solution vendors to reinvent the sustainability infrastructure, and consolidating routes with greater cross-mode discipline.

Heightened climate responsibility also poses various compliance risks for companies:

- Duties like CBAM in Europe (a carbon tax imposed on shipments from outside Europe) incentivize companies to monitor and optimize their trade routes

- Border restrictions on environmentally-damaging imports, such as a ban in Europe on imports that contribute to deforestation, create trade barriers as a result

- Reporting, such as that under the CSRD, requires increasingly detailed information from companies to demonstrate their compliance with climate targets. This information partly sits within import-export processes: operational transparency and intelligence is needed for reporting

Increasing climate responsibility pushes companies to keep track of trade routes, in order to provide for incurred taxes. Developing an import-export capability can prove instrumental in facilitating this tracking.

Process complexity and internal pain points are choking IE supply chains

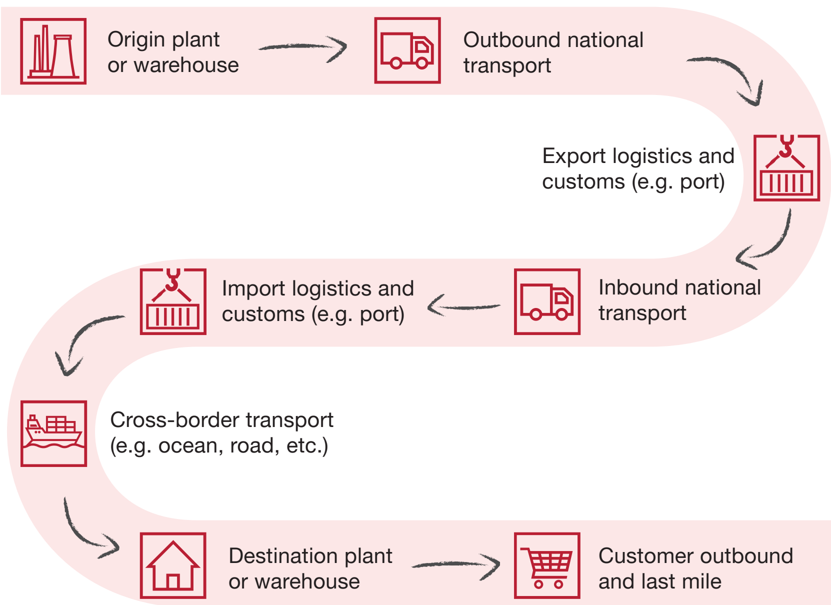
The import-export value chain

The import-export process is a multifaceted and intricate undertaking that involves various stages and stakeholders. *Exhibit 6* below provides a simplified 'order-to-shelf' view encompassing typical components of the import-export process.

In this view, we start the journey post-sourcing and product development, as a product's IE journey begins at the origin plant or warehouse, where goods are prepared for outbound national transport. From there, the products move through trusted export logistics companies who support compliance with customs procedures to complete shipment across an international border. Upon arrival, the goods undergo import logistics and customs clearance before being transported inland through inbound national transport. Finally, the products reach their destination plant or warehouse and eventually make their way to retail outlets.

EXHIBIT 6

Import-export product flow



Complexity drivers

Changing regulatory needs and restrictions
(e.g., required licenses, documentations, filings, sign-offs, approvals, packaging, specifications, etc.)

Multiple internal handoffs between functions and regions
(e.g., procurement/ sourcing, manufacturing, warehouse, transport, sales, finance, etc.)

Varied maturity and relationships with ecosystem partners
(e.g., vendors, country customs, custom brokers, ports, freight forwarders, carriers, third-party logistics providers)

Fragmented cross-functional stakeholder interactions on IE processes
(e.g., tax, control, finance, supply chain, procurement, R&D, sales, marketing, IT)

Source: Strategy& analysis

The process is much more complex and intricate than the visualization suggests. Some examples of additional activities include:

- Multiple internal handoffs between various functions and regions within an organization, requiring seamless coordination and communication
- A large portion of the activities are co-owned by tax, control, and finance functions, who play a critical role to ensure compliance and efficiency throughout the process, and other functions are major users of import-export, such as engineering, marketing, R&D, planning, and more
- The involvement of numerous external partners further adds to complexity. These include vendors, country customs authorities, and freight forwarders
- Depending on where the product is moving from and to, countries have varying degrees of regulations and restrictions requiring organizations to stay up-to-date on multiple licenses and documentations

These complexity drivers, and the reliance on the broader ecosystem of import-export service partners, necessitate careful planning, execution, and expert management of the processes.

As described in a recent PwC study[6] on 'quadratic' companies, top companies participate in these complex business ecosystems to work through joint-value creation and develop privileged insights spanning beyond their organizational boundary. *Exhibit 7, next page,* illustrates this interconnectedness and the dependency on an organization's business, operating, and technology model. Those who continue to win and create a bigger competitive advantage also continue to invest in these three models, enabling a greater flow of trust, improved value propositions, and reduced friction or 'transactional costs'.

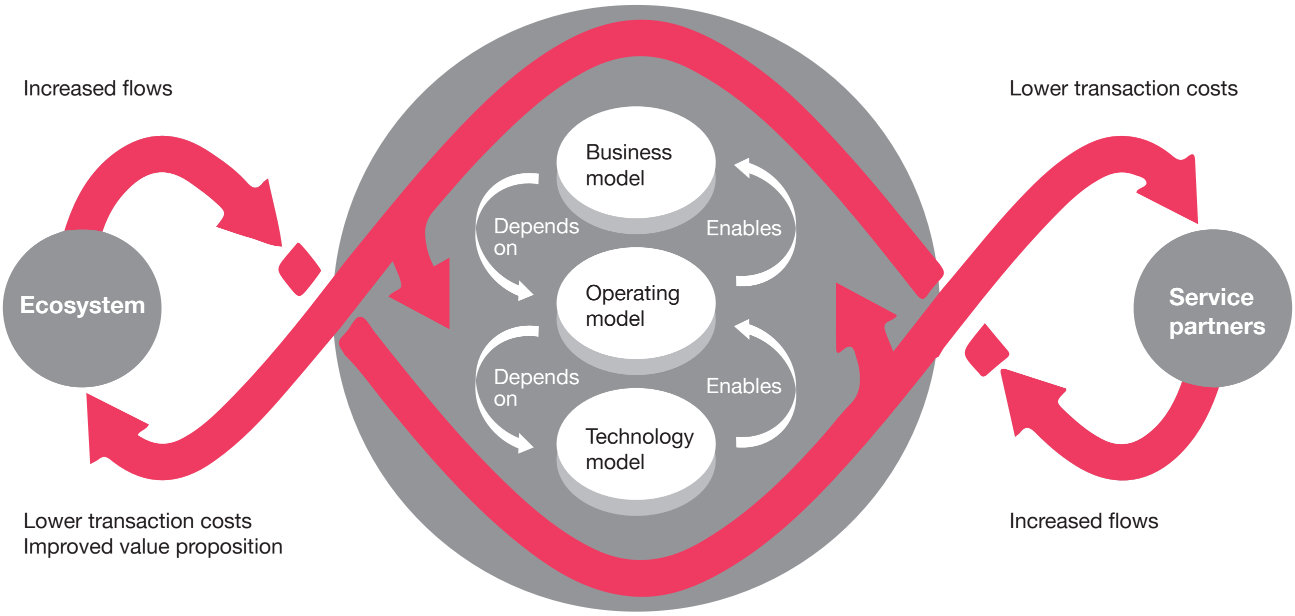
Leading companies continue to accelerate development of their technology model through investments in emerging technologies. By increasing transparency and facilitating collaboration, it enables a cross-functional operating model to work and efficiently execute against the business strategy. These models depend on each other to ensure a balance between execution consistency, agility, and setting the right behaviors for optimal value creation.

6 https://www.pwc.com/gx/en/issues/transformation/accelerating-performance-in-a-winner-takes-most-world.html

"Leading companies continue to accelerate development of their technology model through investments in emerging technologies. By increasing transparency and facilitating collaboration, it enables a cross-functional operating model to work and efficiently execute against the business strategy."

EXHIBIT 7

Interdependency between a company's business, operating, and technology models



Source: PwC publication: Accelerating Performance in a winner takes most world

While this internal transition from firefighting to collaborative capability-building may take time, companies can set about making inroads in improving connectedness with their partners and the broader ecosystem. In the context of IE, some interim examples include:

- Setting up improved supplier relationship engagement models to gain trust and be the 'customer of choice'
- Implement consistent ways to measure services from partners, with baseline evaluation tools that track cost and performance
- Co-invest in market intelligence with niche partners that can help scale in growth markets

Companies are slowly beginning to think through the strategy behind their import-export processes. The complexity of the import-export process and the entire ecosystem makes it challenging to optimize operations in a straightforward manner. That, paired with the reliance on service partners, requires clear communications, accountability, and expectation-setting. Without this, the import-export process can give rise to significant pain points such as increased landed costs, compromised service levels, reduced customer satisfaction, and more. Import-export requires active management that, once unlocked, can be a powerful asset for operational efficiency, improved financial performance, and enhanced customer satisfaction.

Strategic needs and capability maturity dictate which IE management approach to adopt

Based on recent PwC project experience in consumer goods, pharma, and retail industries, we see multinational companies taking distinct approaches to managing their import-export operations. We put these strategic approaches into three buckets: externalized, synchronized, or integrated. All three approaches present opportunities to unlock value, depending on the maturity and the objectives of capability reinvention.

EXHIBIT 8

Three approaches to import-export

Externalized

Pragmatic approach mainly driven by day-to-day business needs and mostly executed/supported by external parties

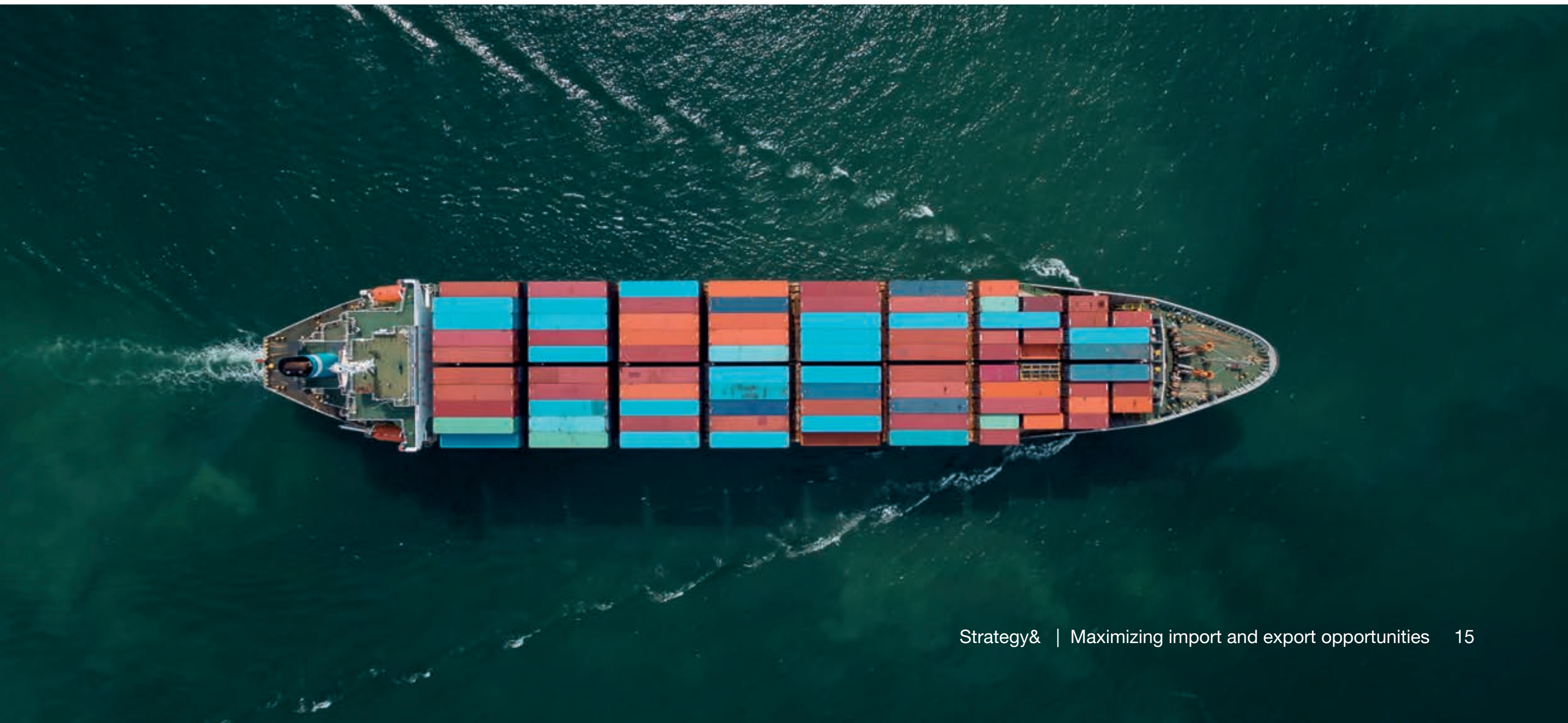
Synchronized

Deliberate methodology to optimize the IE function for costs and make international trade flows compliant

Integrated

IE function as a competitive advantage through end-to-end supply chain optimization to generate bottom- and top-line benefits

Source: Strategy& analysis



Ultimately the choice approach depends on the company's intent and its maturity across the foundational building blocks of IE capabilities. We grouped these building blocks into the following areas:

1. **Import-export operations strategy:** The long-term operational vision aligned with, or even required to meet, the company's broader strategic agenda

2. **International logistics and trade excellence:** The ability to efficiently, effectively, and sustainably move goods and information across physical and digital borders

3. **Third-party partner ecosystem and network:** The trusted relationships with third parties that have compatible expertise, assets, and values

4. **Operational transparency and intelligence:** The ability to have granular visibility on the location, status, risks, and overall health of a shipment across the operational ecosystem

5. **Performance oversight and control:** The level of accessible insight on internal and third-party commercial and operational performance

While the five capability building blocks address the complexities of import-export in varying ways, the specifics behind these evolve with the chosen import-export approach over time, in line with the company's intent and strategic agenda.

EXHIBIT 9

Three approaches to import-export and their underlying capabilities

	Externalized	Synchronized	Integrated
1 Import-export operations strategy	Primary reliance on external expertise managing international trade flows	Focus on building the capability to ensure compliance and optimize costs for critical trade flows	Deliberate pursuit of building competitive advantages from IE e.g., provision of IE services beyond internal scope
2 International logistics and trade excellence	Third parties are trusted with driving trade excellence instead of building expertise in house to handle modest trade volumes	Optimized and standardized critical processes, with third parties providing transactional support as needed	Processes seamlessly integrated up- and downstream with the business to support service level and efficiency optimizations
3 Third-party partner ecosystem and network	Partners selected on an as-needed basis for specific trade flows, with organized controls on a local level	Standardized approach to when and how third parties are contracted, ensuring cost optimization and compliance	Network of partners with complementary expertise and roles to optimize the supply chain beyond internal processes
4 Operational transparency and intelligence	Third parties provide transparency and visibility on flows of goods and services as requested	Real-time visibility on the status of moving goods for relevant trade flows, consolidated from internal and external data sources	Differentiated capabilities to conduct predictive simulations and risk management decision support
5 Performance oversight and control	Measurement and monitoring primarily leverages information provided by third party	Standardized scorecards and improvement insights focused on internal and third party performance	Performance analytics and scenario modeling based on internal-, third party-, and market data

Source: Strategy& analysis

Below, we provide an in-depth explanation of each approach, including a description of typical companies that we have seen adopt the approach, based on research and project experience.

1. Externalized approach

The ‘externalized approach’ is typically adopted when the planning and execution of IE operations, along with ownership, is optimized in local markets. Companies that we have seen adopt this approach are either regional or global players with modest international trade flows and most IE expertise sitting with various internal functions (i.e., supply chain and finance) or with external transport providers and brokers. The approach handles irregular border entries on a case-by-case basis while keeping costs and risks in check. The externalized approach leverages third-party capabilities (3PLs, 4PLs, customs brokers, etc.) to run activities and daily tasks. We see many of these companies focusing on low- and medium-value shipments, as the downside risk of adverse events (e.g., delayed deliveries or shipments stuck at customs) is limited. The externalized approach can come with some drawbacks: reliance on suppliers can weaken the company’s resilience and agility if not thoughtfully designed, and may reduce the company’s leverage in negotiations. The externalized approach leaves less room for a strategic mindset and vision. However, when IE is not a company’s strategic investment area, taking the externalized approach will guarantee adequate operations while keeping investments in check. In saying that, this approach usually works and is effective for medium-sized companies with the above-mentioned characteristics, as it has low complexity and a lower level of sustained investments.

Case Study 1 (Externalized approach):

Company description	Publicly-owned apparel company with more than US$20bn. in annual revenue with an operational base in 40 countries, and a selling footprint across 160+ countries.
Scope and approach to import-export operations	Prime example of a company optimized for globalization, leveraging its center of gravity for sourcing in the east, and product selling hubs across tied to select locations that ensure quality and brand goals.
Rationale and problem to solve	• Outsource large portions of complex IE processes and focus internal resources on core capabilities • Leverage external network of specialized expertise to focus on service and quality
Benefits and outcomes	• Information flows typically generated with external partners and optimized internally to manage visibility and service needs • Sufficient capability to identify, select, and manage third-party partners • Adherence to product standards with good balance of internal vs. external audit and regulatory capabilities

2. Synchronized approach

The ‘synchronized approach’ provides companies with a purposeful IE methodology to make the function both cost-optimizing and compliance-ready. The approach allows proactive trade management to curb (potentially substantial) additional costs, as well as leveraging of global volumes during third-party negotiations for better prices and SLAs. The synchronized approach is typically found effective in mid- to largesized multinational companies. While the companies adopting this approach may vary in IE maturity, they intertwine commercial strategies and product mixes to optimize their specific supply chain. The IE functions within these companies do not operate in a silo; there are established handover points across functions, with well-defined responsibilities. Businesses with a synchronized approach focus on continuously improving their IE process excellence and effective third-party management to obtain visibility, allowing costs to be optimized and compliance liabilities minimized. It thrives on businesses operating with a lean mindset across functions, with minimal duplicated work to limit these potential losses. Operations are supported by (near) real-time operational transparency and performance visibility through KPI scorecards. However, the synchronized approach can come with some drawbacks. Businesses are still exposed to sizable liabilities and financial losses, so it is critical to review the approach against priority areas like high-value products, strategic customers, or stable market segments.

Case Study 2 (Synchronized approach):

Company description	Publicly-traded consumer packaged goods company with more than US$80bn. in annual revenue and products sold across 180+ countries.
Scope and approach to import-export operations	Operates with a globally-led, locally optimized operational network with dedication to quality, efficiency, and speed to market.
Rationale and problem to solve	• Balance between IE processes to actively control and IE processes to leverage suppliers and standardization • Adoption of supply chain-based technology to increase shipment visibility and provide comprehensive tracking • Long-term partnerships with select supply chain partners, chosen based on purpose, expertise, and capability investments
Benefits and outcomes	• Swift response to market demands, stockouts minimized, and inventory levels optimized, ultimately enhancing customer satisfaction • Ability to proactively understand local and cross-market regulatory and compliance needs, allowing the company to better manage third parties and service assurance

3. Integrated approach

The ‘integrated approach’ is typically suitable for companies that evolve to or require a fully-optimized IE capability due to their product mix, supply chain complexity, geopolitical involvement, and other internal/external factors. The approach intentionally drives a commercial competitive advantage with processes that are seamlessly integrated, both up- and downstream. Predictive operational and performance insights thereby allow for thorough operational risk mitigation and performance control. The approach is typically adopted by businesses that internationally ship either high volumes or high-value products. Its thorough operational risk management prevents severe penalties for delays and damages, that are otherwise serious for the businesses. The integrated approach and corresponding operating costs position the firm’s IE services as a competitive advantage, allowing them to be offered beyond the internal supply chain to suppliers, peers, and clients. The integrated approach requires companies to be cross-functional in nature, leveraging control tower technologies to ensure connection and agility to changes in the market. It requires high-functioning data and technology to run effectively. All data and technology are centralized and harmonized to ensure automatic consolidation of relevant data in (near) real-time dashboards for product status, estimated ETAs, FTAs, and compliance risks. While we see less ability to seek leverage with suppliers and the marketplace than in the synchronized approach, the integrated approach can leverage internal capabilities and scale through centralized procurement.

Case Study 3 (Integrated approach):

Company description	Publicly-traded luxury car company with more than US$150bn. in annual revenue.
Scope and approach to import-export operations	Complex, interconnected, cross-sector alignment of priorities, processes, and capability investments to support the next evolution of operational resilience and performance.
Rationale and problem to solve	• Consistent and shared view of insourced vs. outsourced functional capabilities across regions • Predictive capabilities to track market and demand trends to stay on top of potential disruptions • Dedicated focus on multi-tier network collaboration with a strategic pool of operations partners, advisors, and specialists for the global product portfolio
Benefits and outcomes	• Utilize in-house expertise to purposefully develop strategies that drive commercial growth and consistently build competitive advantage across markets • First to gain access to and sustain the capabilities of specialized resources, technologies, relationships

In essence, investments and internal efforts increase while the benefits unlocked evolve when moving from an externalized to an integrated approach. Companies with an externalized approach can deliver international flows in compliance and at cost, with only limited investments needed. The synchronized approach yields cost benefits as companies leverage the scale of their trade flows. The integrated approach provides companies with a competitive advantage that could result in top line benefits. The optimal choice from these approaches hinges on a company’s specific characteristics and strategic agenda.

“There is no right or wrong approach, but a dedicated and intentional focus is needed to assess how existing capabilities fit with internal enterprise objectives and those of the strategic partners. As the postpandemic firefighting effort dissipates, companies should use this time to figure out what is the most relevant play for them.”

CONCLUSION

Developing a future-fit and resilient import-export capability is critical in preparing for the inevitable fluctuations in global trade cycles

With the changing landscape and evolution of globalization, multinational companies are facing a blend of cyclical challenges and opportunities. Continuing to connect supply and demand in a highly competitive market requires companies to be nimble, adaptable, and relevant. As summarized in this article, investing in the right capabilities has become a critical imperative in navigating the complexities of the partnership ecosystem and global marketplace.

There is no right or wrong approach, but a dedicated and intentional focus is needed to assess how existing capabilities fit with internal enterprise objectives and those of the strategic partners. As the post-pandemic firefighting effort dissipates, companies should use this time to figure out what is the most relevant play for them, based on considering the following questions:

- What is the scope of our customs, trade, and international logistics footprint today, and how do we see this changing based on our future portfolio, growth, and strategic aspirations?

- How do our operating philosophy, problems to solve, and business tolerances differ across markets and sectors?

- How can we integrate this IE approach into our existing operations capabilities, and what does the resulting operating approach look like in terms of structure, processes, tools and governance?

- Which areas can help us accelerate value realization by redesigning IE operations?

- What investments are a must now, and how are we set up to evolve these capabilities against our enterprise transformation roadmap?

Ultimately, maintaining compliance is non-negotiable, and not having the right product in front of the consumer is not sustainable. With continued uncertainty in the macroeconomic climate, those who are better placed to understand vulnerabilities in their operational ecosystem and invest wisely will be more likely to seize the opportunity, while navigating the challenges that lie ahead.

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