Efficiencies In Your Canadian Supply Chain

Time to Tweak your Canadian Supply Chain?

Whether Canadian deliveries are 3 percent of your transportation spend or 30 percent, most companies are overdue for a review of their Canadian supply chain. When it comes to finding a logistics partner to manage U.S./Canadian shipments, there is no match for experience. Here are a few considerations:

- **Experience.** How long has the provider been operating in the Canadian market, and how willing are they to share a list of their customers?
- **Customs Expertise.** What type of expertise does the firm offer for managing the customs process? Is the process managed internally or outsourced to a third-party customs broker? Is the logistics provider a participant in any U.S./Canadian trusted trade programs?
- **Canadian Distribution Network.** What happens to your shipment when it reaches the Canadian border? Does the logistics provider have its own network in place to ensure a seamless delivery throughout Canada, or are shipments offloaded to a third party?
- **Flexibility.** Can the provider offer the services that fit your specific needs, or will you be required to adjust your needs to fit what the provider can offer?
- **Scope of Service.** Can the provider offer comprehensive solutions for all logistics needs, or are businesses required to settle for a rigid "one size fits all" service option?
- **Innovation.** Is the logistics partner willing to take the time to understand your business needs and customize a solution for you, or will you be given an "off the shelf" take-it or leave-it solution?
- **Customer Service.** Does the provider place a high value on customer satisfaction, and will you have a person to contact should a last-minute adjustment be necessary or should a mistake or emergency arise?

Doing business in Canada is not the same as doing business in the United States.

Canada customs documentation, bilingual labeling, packaging requirements, ITAR (International Traffic in Arms Regulations), and Canadian federal and provincial sales tax accounting can be surprisingly challenging.

Once you have identified the most qualified logistics provider, your next step is to perform a top-to-bottom audit of current practices.

- **Your Shipping Solution Should Meet Your Business Needs.** Today there is a shipping solution to meet virtually every need. Shipments headed to Canada's major urban centers can find multiple options ranging from critical/expedited, to next day by a certain time, to less urgent ground options.
- **Consolidation is King.** Combining smaller shipments into one larger unit can be a tremendous source of savings – placing multiple orders in the same carton, banding multiple cartons together, palletizing shipments, or using a full truck. Consolidation can reduce freight costs by as much as 10 percent.

- **Route Optimization.** Among the many positive contributions technology has made to the freight/logistics industry, the concept of route optimization has been among the most beneficial. Route optimization software helps companies better manage their distribution networks through the use of advanced algorithms.
- **Accessorial Charges.** Accessorial charges are line items that appear on a freight bill that many businesses choose to accept at face value without taking the time to delve deeper.

A logistics provider with Canadian expertise can ensure a hassle-free border crossing and also help minimize associated costs. Various programs and processes are available to minimize duty obligations but a shipper must know about these opportunities. A business must either commit internal resources to tracking U.S./Canadian border programs or enlist the services of a qualified logistics expert.

  - Duty Drawback. U.S. businesses may be entitled to a refund of up to 99 percent of import duties paid on products that are subsequently exported. The refund is called a “duty drawback” and qualified businesses apply through U.S. Customs and Border Protection.
  - Tariff Classification. Every product entering the United States must bear a 10-digit identifying code as found in the Harmonized Tariff Schedule of the United States (HTS), which is maintained by the U.S. International Trade Commission. The HTS includes more than 17,000 different product classifications, and code assignments can vary based on slight product variations.

- **North American Free Trade Agreement (NAFTA).** A key NAFTA provision is the elimination of tariffs on virtually all originating goods traveling between the U.S, Canada, and Mexico. But determining whether or not a product fits within NAFTA’s terms for “origination” can be tricky.
- **Trusted Trade Programs.** The United States, Canada, and Mexico administer programs that grant expedited clearance to qualified participants. To qualify, a logistics or transportation provider must apply and undergo a rigorous screening process.
- **Non-Resident Importer Program.** This is a program that allows U.S. businesses to compete “on a level playing field” in the Canadian market. U.S. businesses can act as “importer of record” and charge Canadian customers a landed cost at time of purchase.

Returns Management

Product returns, which can account for as much as 9 percent of a traditional retailer’s sales or as much as 30 percent for eCommerce retailers, have received increased attention. Retailers are realizing that since 80 percent of returned products are not damaged, there is resale potential. Consumers and businesses are both demanding seamless, efficient, and low-cost returns policies.

Integral to a business’s returns policy is a well-planned and customized management process. Detailed planning ensures a process that is economically efficient and satisfies both the business’s needs and customer preferences.

To learn more about these and other supply chain innovations, visit www.purolatorinternational.com/whitepapers to download Purolator International’s white paper: *Improve Service and Manage Costs: Efficiencies In Your Canadian Supply Chain.*