

## Help Your Broker Help You

By John D. Goodrich

January, 2011

Too often importers are overly reliant on their customs brokers to manage all of the minute details of the import entry process only to find out later that the regulators hold the importer primarily accountable for any errors the broker makes. The brokerage and forwarding industry bears some of the responsibility in this relationship by perpetuating the idea that they are a "one-stop shop", able to handle all of the steps in the import logistics process from transportation to customs clearance to final delivery.

Customs brokerage and transportation are different business functions independent of one another. It is common and can be beneficial to allow a single company to perform international transportation and handling services, as well as the customs entry. It is not, however, a requirement. An importer that nominates a single provider to perform both customs brokerage and logistics will find that the provider will likely manage the functions separately. This will require the importer to deal with multiple individuals within the provider's organization.

Let's be clear. Customs brokers are not income tax accountants. If they make an error the penalties accrue to you, the importer. While there are some similarities with the tax preparation industry there are more differences. The customs broker is your legal representative. You have given them power of attorney. They are, in essence, you. They can only perform as well as the information you share with them.

What can you do to assist your broker?

- Work with your suppliers to ensure commercial documents are accurate and presented on time.
- Provide your broker with a data base of approved classification numbers.
- Agree to performance expectations, fee structures and dispute resolution in writing.
- Over communicate. Agree to regular meetings as needed to support your business.
- Honor your business obligations by paying them on time and in full.
- Visit the broker's office and observe what they do for you.
- Host your broker at your facility and teach them about your business.
- Trust your broker but verify their work. Hold them accountable to the performance measures you have agreed upon.

The stronger your collaboration with your broker the more compliant your import program will be. The more you understand about the processes they perform on your behalf the more you will be able to help them to help you!