

# **Benchmarking Global Trade Practices: IBM's Perspective**

**Kurt Rotter  
IBM Trade Compliance Group  
Boulder, CO**



**Alan Kohlscheen  
Import Compliance Office**

# Initial Objectives

- 1990
- Importation was a common process regulated by law
- Efficiency was a key issue:
  - Cost
  - Time
  - Quality
- We thought we were good at it, but were we?

# Inter-firm Comparisons

- Others were asking the same questions
- A first attempt
  - 7 participants
  - No apparent competitors
  - Inability to define the common process
  - Reticence to disclose quantitative data
- Outcome: Nothing meaningful

# The Second Attempt

- Penn State, the neutral party
  - Detailed process mapping
  - Overcame the data disclosure issues
- First benefit:
  - Self discovery from completing the questionnaire
- Second benefit:
  - We were good, but not the best
  - What metrics were truly important

# Import Processes Benchmarking: Overall Performance Results

Factor	a	b	c	d	e	f	g
<b>Cost rank</b>							
% of value	7	6	4	5	2	3	1
Entry lines	2	6	nr	4	3	6	1
Entries	1	6	2	5	4	7	3
<b>Service</b>	2	nr	nr	4	1	5	3
<b>Quality</b>	nr	4	6	3	2	1	5
nr = 4							
<b>TOTAL</b>	16	26	20	21	12	21	13
<b>RANK</b>	3	7	4	5	1	6	2

# Using the Output

- Output: rankings and ratios
- Internal functional uses:
  - Part of our quality improvement process
  - Redefining our own metrics
  - Better seeing of opportunities and threats
- Briefing senior management
  - Investing in import processes
  - Explaining how well we are performing

# Evolving the Process

- Relative performance → sharing best practices within the group
- Best practices within the group → practices external to the group
  - Customs and Border Protection
  - Software providers
- One-on-one exchanges with individual consortium members

# Would IBM Do This Again?

- In a word, YES
- We learned a lot about ourselves
- We learned a lot about others
- The process has evolved with both our business and the global environment