­­



## INTERNATIONAL SUPPLY CHAIN MANAGEMENT



## SUPPLY CHAIN MANAGEMENT

The success of your company on the global arena depends on the cohesion, the strength and resilience of each link of your supply chain. Coordinating the flow of materials, information, and finance through each of the components in the supply chain, involves many challenges.

### **FREIGHT FORWARDER**

There are mile-long lists of freight forwarders who all claim to be better than the next. It can be very difficult to assess which one will handle best the complexity of your global expansion.

Whatever you decide to choose to carry your goods across borders, the main criteria should always focus on the freight forwarder’s experience, the network of global agents they are interacting with, their range of services, their credentials and certification and finally, their level of customer service.

As a general rule, the cheapest forwarders are not the best at solving all the problems that can happen with your cargo.

|  |
| --- |
|  |

***Explain your transportation strategy and the reasons behind your choice of freight forwarder***

### **COSTS**

Keeping transportation costs under control is always a key component of international trade. The challenges you have to face are broad:

* Cost of fuel
* Increasing complexities of tracking technologies
* Increased demands from customers regarding timing, tracking, delivery…
* Freight billing
* Many more

|  |
| --- |
|  |

***Do you have a strategy to lower your transportation costs in view of your increased international expansion?***

### **COMMUNICATION**

Having an efficient supply chain requires a team that works well together, has good synergy and a certain chemistry that achieves results. That team includes internal staff but also outside partners. Building a better team, better technology, and better processes to improve communication is critical to your successful expansion.

|  |
| --- |
|  |

***What are the processes you have in place to maximize communication between all the people involved with your supply chain?***

## E-COMMERCE

At the end of 2019 (according to data from [Statista](https://www.statista.com/study/10653/e-commerce-worldwide-statista-dossier/)) the global ecommerce market sales reached $3.5 trillion and represented 14% of the total share of global retail sales. This data predicts that by the end of 2020, global ecommerce sales will reach $4.2 trillion and make up 16% of total retail sales.

For many companies who have not yet exported, e-commerce can be a great way to start your global journey.

However, if e-commerce forms part of your expansion plans, domestically or internationally, you need to have a strong strategy in place.

### **E-COMMERCE MARKETING**

#### **Pricing**

E-commerce shoppers tend to hunt for deals, creating the temptation to lower prices to increase potential sales. Whichever you decide to price your products/services, be very careful not to undermine your distributors, to set target margins and not to undermine the value of your brand. Like in normal distribution, e-commerce requires a clear pricing strategy.

 ***Describe your e-commerce pricing strategy, including payment methods***

|  |
| --- |
|  |

#### **Marketing**

Whether you decide to have loyalty programs, subscriptions, customer support tools or any other tactic to enhance customer experience, you must have a clear path to create market awareness and client retention for your e-commerce platform.

#### **Site speed and Design**

All evidence show that slow websites lose orders to fast websites. In fact, 47% of customers expect any website page to download in 2 seconds or less and 40% will leave the website after waiting for 3 seconds. The data is ever more severe for customers using mobile devices.

***What are the technical and marketing steps you have taken or are planning to push your e-commerce sales?***

|  |
| --- |
|  |

### **E-COMMERCE LOGISTICS**

#### **Product returns**

Depending on the type of product you sell and the type of customers you sell to, you could have lots of returns which can turn into headaches. In facts, for some products the return rate for e-commerce sales can be as high 50% over normal after the holidays.

You need to track your return rate and have a clear understanding on how returns affects your bottom line (you need to take into account the cost of restocking, lost or damaged good or return shipping if you paid for it).

 ***Explain your return policy and cost to your overall margins.***

|  |
| --- |
|  |

#### **Distribution Centres & Stock control**

One of the downsides of e-commerce is the large amount of stock you have to keep, especially if you are in the retail sector and sell to other markets which need different packaging, languages, pack sizes…. Increasing your exports means the number of SKUs, transactions, countries and marketplaces will increase accordingly. Inventory management can become extremely complex and require strict control of various techniques.

Further to inventory control, exporting gives you a choice of location using specialized distribution centres, either in Canada or abroad. These mega e-fulfilment centres are basically large warehousing facilities specializing in picking, packing, stock control and dispatching of products sold through e-commerce. Would they be a good solution for your company?

 ***How do you currently manage your inventory and distribution? Will exports impact current process?***

|  |
| --- |
|  |

### **FINANCES**

#### **Sales tax**

Keeping up with where you owe sales tax is a nightmare for e-commerce sellers especially those who use organizations like Amazon. Consider that in the US alone, Amazon has more than 90 fulfillment centers in more than 25 states! This means that if Amazon transfers some of your products to another state, you are suddenly obligated to collect and remit sales tax for sales made to residents of that state.

***Describe the processes you have in place to keep track of sales tax and ensure compliance with foreign jurisdiction?***

|  |
| --- |
|  |

#### **Fulfilment centres fees**

Fees charged by large organizations like Amazon will become a big part of your P&L. They include sales commission fees (6-20% depending on the category), FBA fees (depends on the size of the item, how long the inventory sits at the distribution centre…) and advertising costs. Those will reduce your margins drastically, possibly making your e-commerce strategy nonviable.

|  |
| --- |
|  |

***Assess the share of fees paid to fulfillment centres as part of your overall pricing strategy***

#### **Transaction volumes**

Should your e-commerce sales become successful, you fill face the challenge of having to deal with lots of small transactions with lots of data points. The multiplication of SKUs and volumes could create a challenge for your accounting system. One potential solution is to batch transactions on a weekly/monthly basis.

|  |
| --- |
|  |

***Describe the measures your accounting system has to manage the increased volume of transactions?***

### **SECURITY**

Of the many technical issues linked to e-commerce, data security is probably one of the most difficult to control.

#### **On-line Security Verification**

For all you know, all the information given by a prospective client could be false. There are software solutions that can identify fraudulent attempts through identity verification by using multi-layered authentication for fraud control, including electronic identity verification, SSN verification, instant authentication, and identity checks.

Be aware that you may not need your customers’ identity, but you do need to verify their age for adult content or products.

#### **Data Confidentiality**

Selling through e-commerce instantly makes your company the guardian of your clients’ confidential data. Should you suffer a security breach, you are exposing not only your clients’ data but your own company door to liability.

***Describe the steps have you taken to ensure the security of your e-commerce activities***

|  |
| --- |
|  |