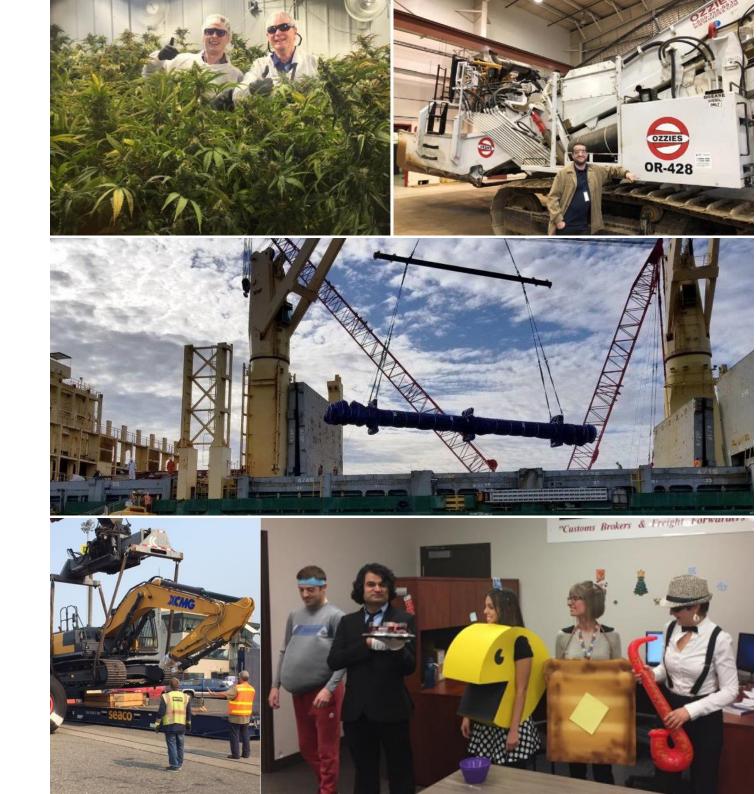


10 Common Logistics Mistakes

Hosted by Sam Woods

About JORI Logistics

- Founded in 1992
- Offices in Calgary, Houston, Cebu City and Almaty
- Canadian and U.S. Customs Broker
- Global Freight Forwarder
- 50+ Employees
- Who is Sam Woods?



OUR MISSION

Make international logistics and customs compliance a <u>competitive advantage</u> for importers and exporters, by providing the most compelling customer experience possible.

Logistics as a Competitive Advantage

what	what is amazon's competitive advantage							
All	News	Images	Shopping	Videos	More	Settings	Tools	
A la a ut	1 700 000	r_{0}						

About 1,700,000 results (0.70 seconds)

Logistics. **Amazon** has built warehouses around the world, is buying airplanes, has invested in robotics, and has made logistics a priority. ... Fulfillment by **Amazon** is now over a billion dollars in revenue. **Amazon** has a significant **competitive advantage** in terms of being able to ship fast and cheap.

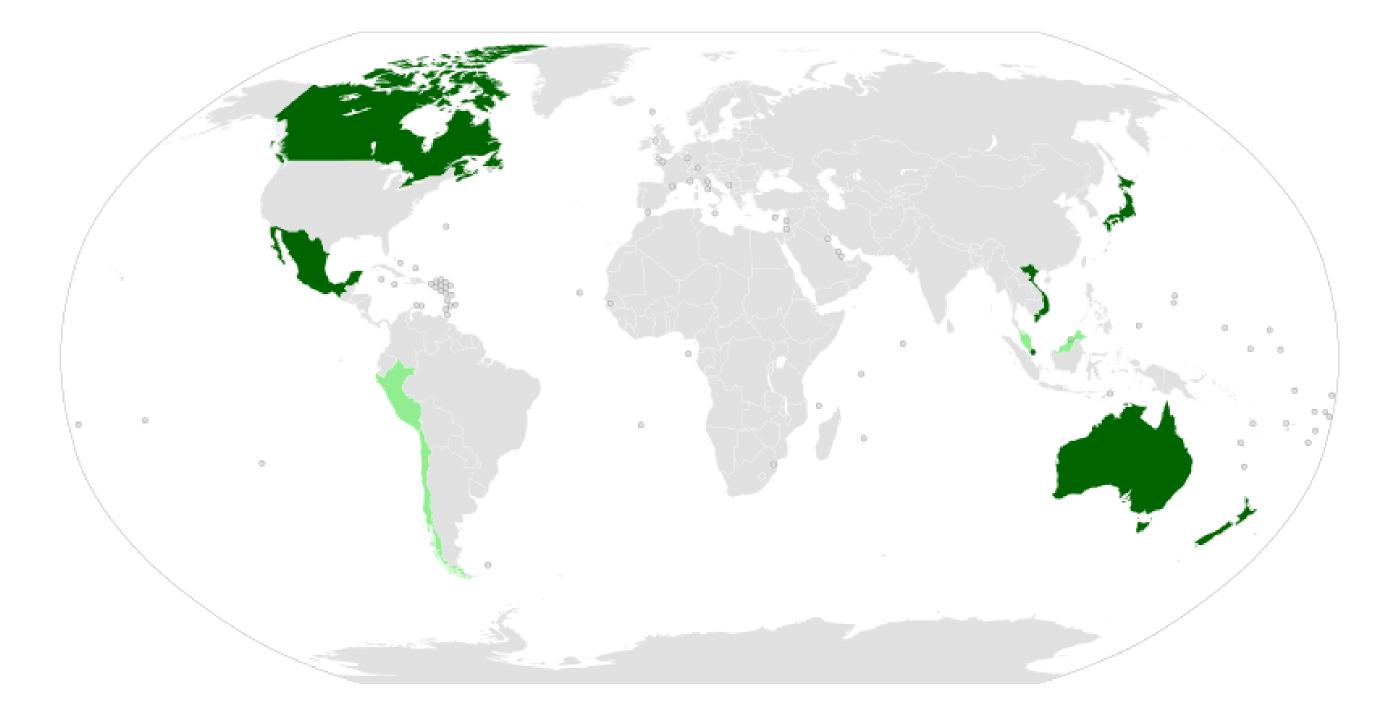
What is Amazon's sustainable competitive advantage(s)? - Quora https://www.quora.com/What-is-Amazons-sustainable-competitive-advantage-s



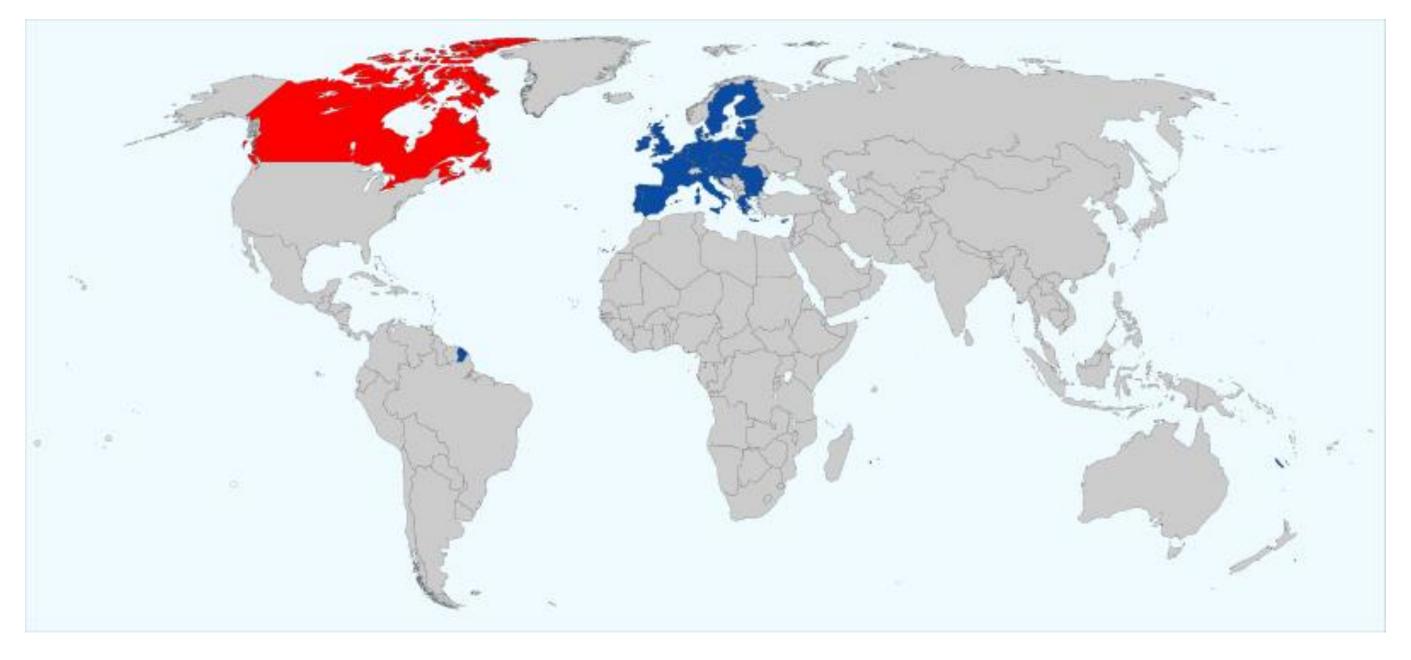
Do you have a growth or status quo mindset?



Mistake #1: You're paying too much in duties and taxes to the government



December 30th, 2018

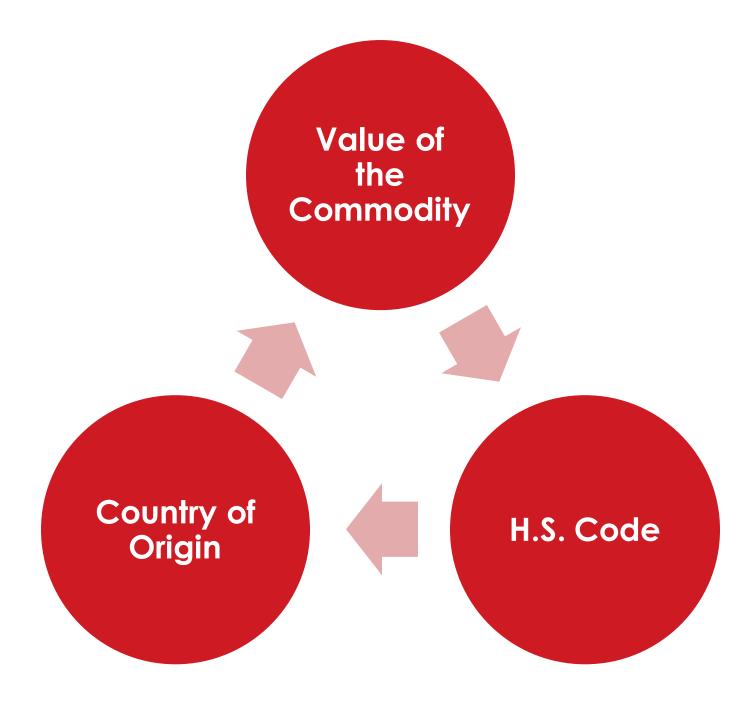


September 21st, 2017

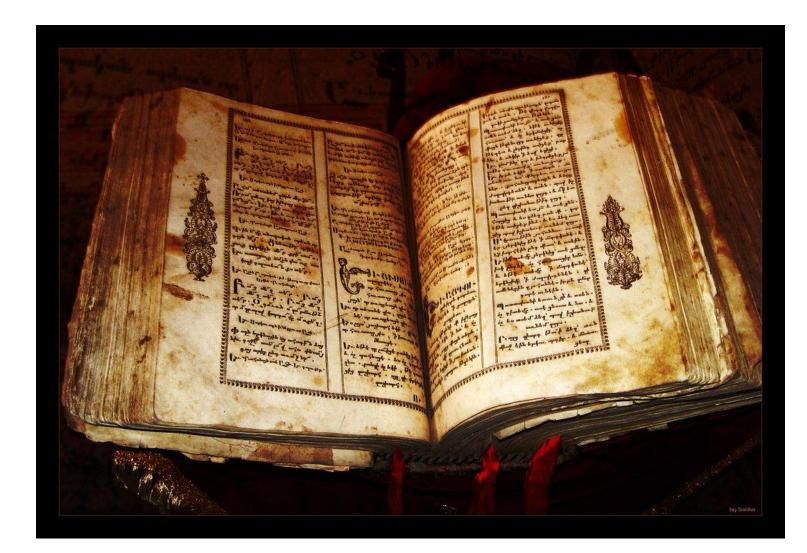


July 1st, 2020

Import duty is a tax collected on imports and some exports by a country's customs authorities. Depending on the context, import duty may also be known as a customs duty, tariff, import tax or import tariff.



How much duty do I have to pay?



Canada Customs Tariff

62.03 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).

-Suits:

6203.11.00 00 - - Of wool or fine animal hair

NMB

18%

LDCT, UST, MT, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT, CEUT, UAT, CPTPT: Free AUT: 13.5% NZT: 13.5%

62.03	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).			
	-Suits:			
6203.11.00 00)Of wool or fine animal hair	NMB	18%	LDCT, UST, MT, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT, CEUT, UAT, CPTPT: Free AUT: 13.5% NZT: 13.5%

Issued January 1, 2019

62 - 4

CUSTOMS TARIFF - SCHEDULE

Tariff Item SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
6203.12.00 00Of synt	hetic fibres	NMB	18%	LDCT, UST, MT, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT, CEUT, UAT, CPTPT: Free AUT: 12.5% NZT: 12.5%
6203.19Of othe	r textile materials			
6203.19.10 00Of cot	on or of artificial fibres	NMB	17%	LDCT, UST, MT, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT, CEUT, UAT: Free CPTPT: 8.5%

Example of the impact

Description	H.S. Code	Country of Origin	Duty Rate	Commodity Value	Applicable Duty
Men's Wool Suit	6203.11.00.00	India	18%	\$50,000	\$9,000
Men's Wool Suit	6203.11.00.00	Mexico	0%	\$50,000	\$O
Men's Cotton Suit	6203.19.10.00	India	17%	\$50,000	\$8,500

It applies to exporters as well...

Same example: U.S. Customs Tariff

6203		Men's or boys' suits, ensembles, suit-type jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear):			
		Suits:			
6203.11		Of wool or fine animal hair:			
		Containing 30 percent or more by weight of silk or silk waste:			
<mark>6203</mark> .11.15	00	Of worsted wool fabric, made of wool yarn having an average fiber diameter of 18.5 microns or less (443)	No. kg	7.5% <u>/</u>	Free (AU, BH, CA, CL, CO, IL, JO, KR, MA, MX, OM, P, PA, PE, S, SG)
<mark>6203</mark> .11.30	00	Other (443)	No. kg	7.5% <u>/</u>	Free (AU, BH, CA, CL, CO, IL, JO, KR, MA, MX, OM, P. PA,

<mark>6203</mark> .19		Of other textile materials:			
<mark>6203</mark> .19.10		Of cotton		13.2% <u>/</u>	Free (AU, BH, CA, CL, CO, IL, JO, KR, MA, MX, OM, P, PA, PE, S, SG)
	10	Jackets imported as parts of suits (333)	doz. kg		
	20	Trousers, breeches and shorts imported as parts of suits (347)	doz. kg		
	30	Waistcoats imported as parts of suits (359)	doz. <u>kg</u>		
		Of artificial fibers:			

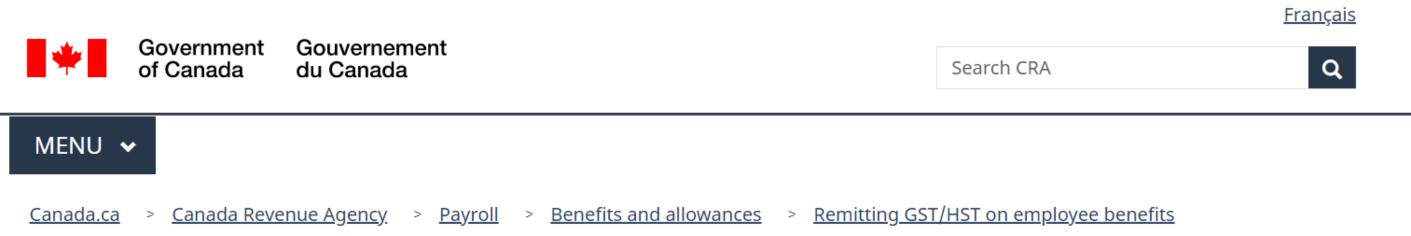
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In Summary

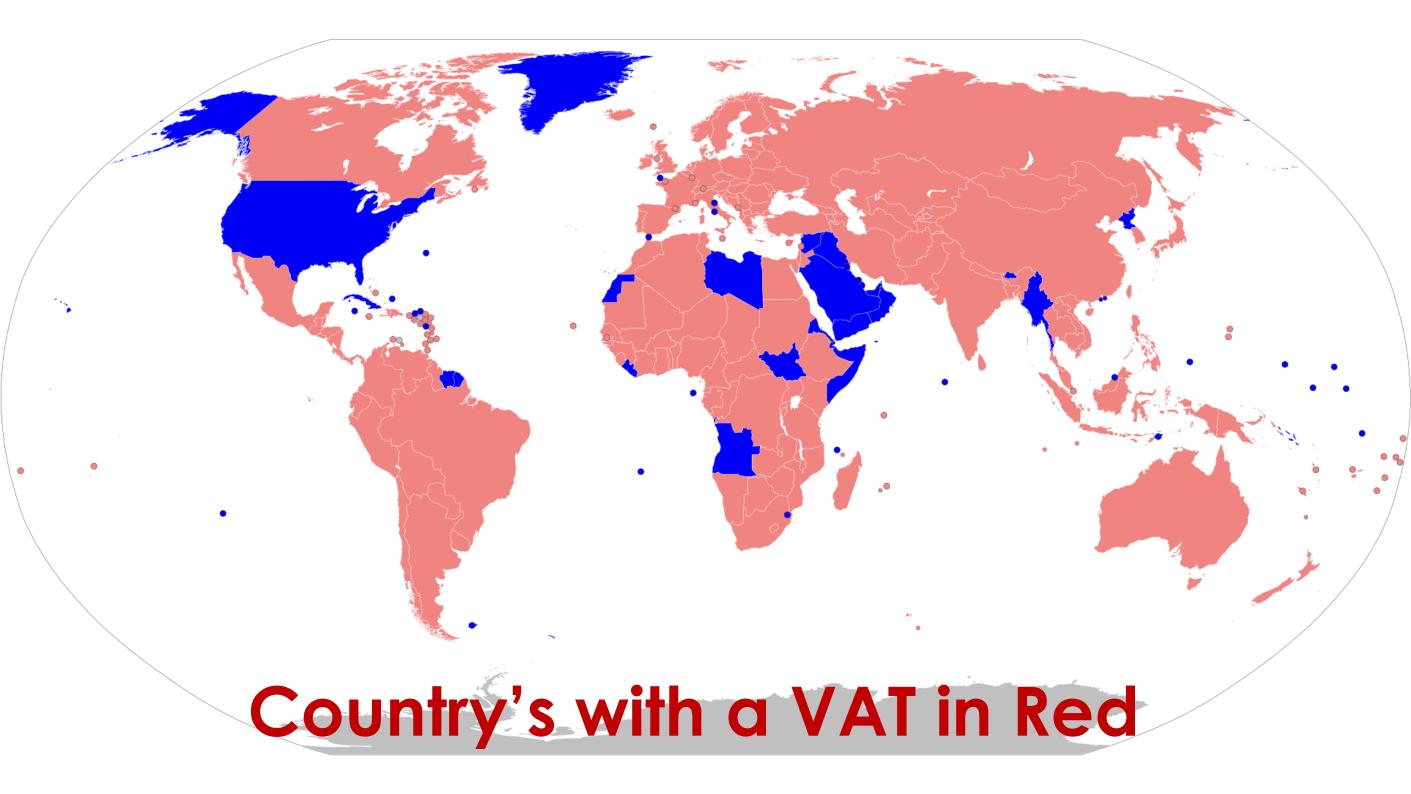
- 1. Know the H.S. codes of the products you are importing and exporting
- 2. Know the duty rate of the product you are importing or exporting
- 3. Use free trade agreements from a strategic and a tactical level
- 4. Claim back **overpaid duties** on past imports and exports

Mistake #1B: You're an exporter and you're paying foreign VAT



Input tax credits (ITCs)

As a registrant, you can claim an ITC to recover the GST/HST paid or payable on the purchases and operating expenses related to your commercial activities.





Import VAT - Canada

Commodity Name	Country of Origin		5% GST Payable upon Importation
CNC Machine	Mexico	\$50,000	\$2,500

- **If you are a GST registrant in Canada, you will be refunded this \$2,500 though the input tax credit
- **If you are not a GST registrant in Canada, you will not be refunded the \$2,500

Import VAT - Mexico



Commodity Name	Country of Origin		16% VAT Payable upon Importation
CNC Machine	Canada	\$50,000	\$8,000

- **If you are a VAT registrant in Mexico, you will be refunded this \$8,000 though the input tax credit
- **If you are not a VAT registrant in Canada, you will not be refunded the \$8,000



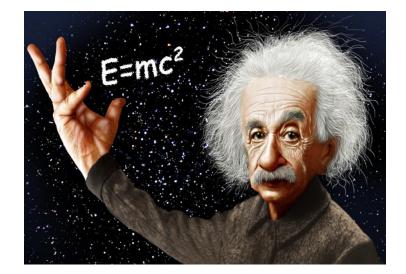
Import VAT – U.S.A

Commodity Name	Country of Origin	Purchase Value	0% VAT Payable upon Importation
CNC Machine	Canada	\$50,000	\$0

**As a nonresident importer you will pay no VAT on this shipment going into the U.S.A Mistake #2: You believe that you don't have the time or resources to turn logistics and customs compliance into a competitive advantage for your business



The Logistics Formula



<u>Competitive Advantage</u> = Logistics Competence + Strong Logistics Partnerships

It takes a long time to become an expert in logistics and customs compliance; however with a couple days of training, you can because **competent in logistics



JORI University

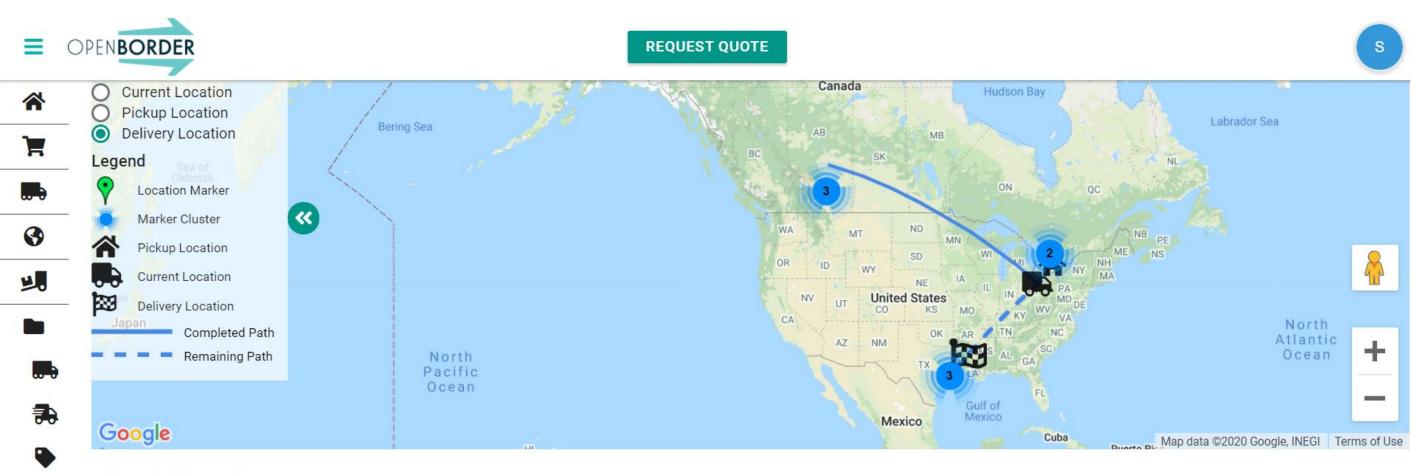


Develop Logistics Competence

0:00 / 1:28

23 (

Mistake #3: You're using a good carrier, for the wrong type of shipment. This is costing you money on individual shipments Carriers (trucking companies, courier companies, ocean lines, airlines etc.)have niches based on the type of cargo, and the geographic area of the shipment.



Recent Shipments

2=

:2:	Shipment ID 🛛 📼	Confirmation # 🔤	Status 📼	PQ # 📼	Carrier Name 📼	Pick Up 📼	Delivery 📼	Pickup Date 📼	Expected
	Q	Q	(All) -	Q	Q	Q	Q	۹	Q
\mathbf{O}	<u>OB2008110001</u>		Unconfirmed		ABF Freight - Standard	Kingwood, TX	Calgary, AB	Aug 19, 2020	Aug 26, 2
	())								

TIME & LOCATION

Pickup Date Time * 10/26/2020	~ 🖬		
Pickup *			
JORI Logistics , 200 Kellington Dr N Ap	ot 8105, Kingwood, TX	✓ ▼	Kingwood TX 77339 US
Delivery *			
JORI International Ltd., 10 - 1323 44 A	VE NE, Calgary, AB	✓ •	Calgary AB T2E 6L5 CA
PO #	Invoice Currency *		
NA	CAD	•	

SHIPMENT DETAILS

Handling Units

Telete selected											
	Description 1	Packing Type	Length (in)	Width (in)	Height (in)	Qty	Weight per Handling Unit (lb)	Freight Class	NMFC Code	Sub Code	DG
	Nuts and Bolts	Pallet	48	40	48	1	500	50			

CARRIER DETAILS

Name	Service	Estimated Delivery Date	Base Charge	Surcharge	Accessorials	Other	Tax	Total ↑
DAILA ROSS	Standard	Oct 25, 2020	\$209.84	\$21.45	No Costs	\$6.76	\$0	CAD \$238.05
YRC.	Standard	Oct 23, 2020	\$229.96	\$47.37	No Costs	\$0	\$0	CAD \$277.33
PRECE	Guaranteed Standard by 5 p.m	Oct 23, 2020	\$229.96	\$56.84	No Costs	\$45.99	\$0	CAD \$332.79
ABF. Freight	Standard	Oct 26, 2020	\$277.30	\$57.68	No Costs	\$19.62	\$0	CAD \$354.60
YRC.	Accelerated	Oct 23, 2020	\$229.96	\$61.3	No Costs	\$67.63	\$0	CAD \$358.89
ABF. Freight	Guaranteed Delivery by: 26-Oct2020 by 5:00 p.m.	Oct 26, 2020	\$277.30	\$180.24	No Costs	\$19.62	\$0	CAD \$477.16
	Guaranteed Delivery by: 26-Oct2020 by 12:00 p.m.	Oct 26, 2020	\$277.30	\$225.98	No Costs	\$19.62	\$0	CAD \$522.90
	Guaranteed Delivery by: 23-Oct2020 by 5:00 p.m.	Oct 23, 2020	\$277.30	\$443.09	No Costs	\$19.62	\$0	CAD \$740.01
Forward Air	Standard	Oct 26, 2020	\$700.64	\$126.12	No Costs	\$0	\$0	CAD \$826.76
ABF. Freight	Guaranteed Delivery by: 22-Oct2020 by 5:00 p.m.	Oct 22, 2020	\$277.30	\$741.59	No Costs	\$19.62	\$0	CAD \$1,038.51
FedEx.	International Priority® Freight	Oct 20, 2020	\$1,526.87	\$109.16	No Costs	\$0	\$0	CAD \$1,636.03
FedEx.	International Economy® Freight	Oct 21, 2020	\$3,492.64	\$128.82	No Costs	\$0	\$0	CAD \$3,621.46

TIME & LOCATION				
Pickup Date Time *				
	Image: A start and a start			
10/19/2020	V 🗉			
Pickup *				
JORI Logistics , 200 Kellington Dr N Apt 8105, Kingwood, TX		🗸 👻	Kingwood TX 77339 US	
				i ingito ca in the cost co
Delivery *				
JORI International Ltd., 10 - 1323 44 AVE	E NE, Calgary, AB		✓ •	Calgary AB T2E 6L5 CA
PO #		Invoice Currency *		
NA		CAD	•	

SHIPMENT DETAILS

Handling Units

DELETE SELECTED											
Description		Packing Type	Length (in)	Width (in)	Height (in)	Qty	Weight per Handling Unit (lb)	Freight Class	NMFC Code	Sub Code	DG
Plasma TV		Pallet	48	40	48	1	500	250			
Total: 500 (lb)											

CARRIER DETAILS

Name	Service	Estimated Delivery Date	Base Charge	Surcharge	Accessorials	Other	Tax	Total ↑
Forward Air	Standard	Oct 26, 2020	\$700.64	\$126.12	No Costs	\$0	\$0	CAD \$826.76
YRC	Standard	Oct 23, 2020	\$970.21	\$199.86	No Costs	\$0	\$0	CAD \$1,170.07
DATA ROSS	Standard	Oct 25, 2020	\$1,116.49	\$111.21	No Costs	\$6.76	\$0	CAD \$1,234.46
ABF. Freight	Standard	Oct 26, 2020	\$1,103.91	\$229.6	No Costs	\$19.62	\$0	CAD \$1,353.13
YRC	Guaranteed Standard by 5 p.m	Oct 23, 2020	\$970.21	\$239.83	No Costs	\$194.04	\$0	CAD \$1,404.08
YRC	Accelerated	Oct 23, 2020	\$970.21	\$249.83	No Costs	\$242.55	\$0	CAD \$1,462.59
FedEx.	International Priority® Freight	Oct 20, 2020	\$1,526.87	\$109.16	No Costs	\$0	\$0	CAD \$1,636.03
ABF. Freight	Guaranteed Delivery by: 26-Oct2020 by 5:00 p.m.	Oct 26, 2020	\$1,103.91	\$629.66	No Costs	\$19.62	\$0	CAD \$1,753.19
ABF. Freight	Guaranteed Delivery by: 26-Oct2020 by 12:00 p.m.	Oct 26, 2020	\$1,103.91	\$803.01	No Costs	\$19.62	\$0	CAD \$1,926.54
ABF. Freight	Guaranteed Delivery by: 23-Oct2020 by 5:00 p.m.	Oct 23, 2020	\$1,103.91	\$892.51	No Costs	\$19.62	\$0	CAD \$2,016.04
ABF. Freight	Guaranteed Delivery by: 22-Oct2020 by 5:00 p.m.	Oct 22, 2020	\$1,103.91	\$1191.01	No Costs	\$19.62	\$0	CAD \$2,314.54
FedEx.	International Economy® Freight	Oct 21, 2020	\$3,492.64	\$128.82	No Costs	\$0	\$0	CAD \$3,621.46

TIME & LOCATION

Pickup Date Time * 10/26/2020										
Pickup *										
Rogers Centre, 1 Blue Jays Way, Toronto, ON		~ -	Toront	o ON M5V 1J1 C	A					
Delivery *										
JORI International Ltd., 10 - 1323 44 AVE NE, Calgary, AB		 ✓ 	Calgar	y AB T2E 6L5 CA	A					
P0 #	Invoice Currency *									
NA	CAD	~								
SHIPMENT DETAILS										^
Handling Units										
TELETE SELECTED								ADD HANL	LING UNIT	
Description			Ţ	Packing Type	Length (in)	Width (in)	Height (in)	Qty	Weight per Handling Unit (lb)	DG
Nuts and Bolts				Pallet	48	40	48	1	500	

CARRIER DETAILS

Name	Service	Estimated Delivery Date	Base Charge	Surcharge	Accessorials	Other	Tax	Total ↑
FASTFRATE	Intermodal Road/Rail		\$108.05	\$31.87	No Costs	\$0	\$7	CAD \$146.92
YEC	Standard	Oct 23, 2020	\$156.28	\$15.47	No Costs	\$0	\$8.59	CAD \$180.34
DATA 2055	Standard		\$179.94	\$21.41	No Costs	\$0	\$10.07	CAD \$211.42
FASTFRATE	Express Road		\$165.28	\$61.98	No Costs	\$0	\$11.36	CAD \$238.62
VEC	Fast as Flite	Oct 23, 2020	\$234.41	\$23.21	No Costs	\$0	\$12.88	CAD \$270.50
FedEx.	1Day® Freight	Oct 20, 2020	\$3,273.52	\$188.23	No Costs	\$0	\$173.09	CAD \$3,634.84

EDIT SHIPMENT

CONTINUE

You must choose the **right carrier**, for the **right type of shipment** to save costs per shipment. It applies to **all modes of transportation**

Ocean freight – Shanghai to Calgary

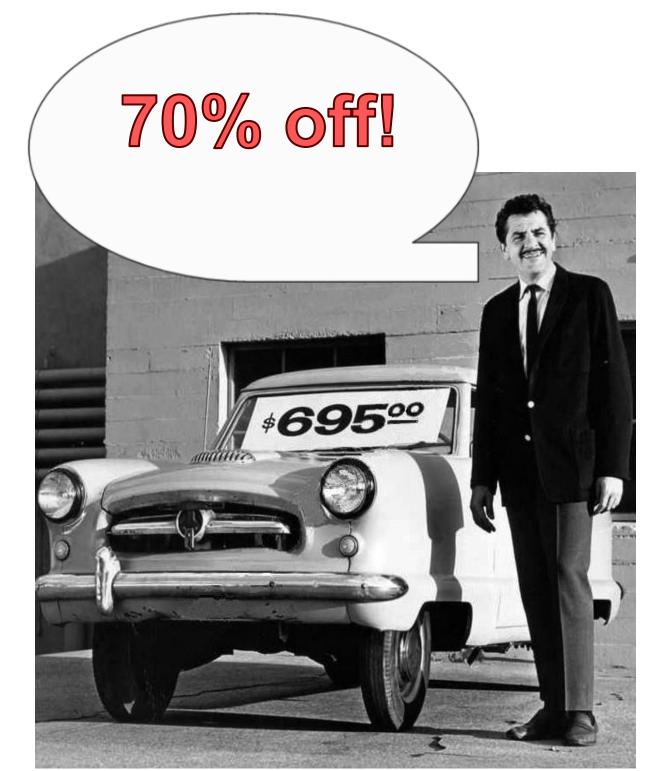
POL	Destination 🗸	T/S	ETD	т/т 🗸	20GP 💂	40GP 💂	40HC 🚽	45HC 👻	CARRIE	Effective Date 🔻	Expiry Da'
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC	MON/SAT		1887	2187	2187	2706	APL	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC	MON/SAT		1982	2462	2462		HAPAG	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Prince Rupert, BC	SAT		1982	2462	2462		HAPAG	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC	MON/SAT		2062	2562	2562		HAPAG	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Prince Rupert, BC	SAT		2062	2562	2562		HAPAG	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC	THU/SAT		2136	2495	2495	3147	нмм	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC	TUE		2425	2685	2685		COSCO	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC			2482	2917	2917		SML	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Prince Rupert, BC	MON/TUE		2515	2785	2785		COSCO	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC			NA	2437	2437		YML	1-Mar	14-Mar
Shanghai	Calgary, AB/Edmonon,AB	Vancouver, BC/Prince	e Rupert, BC						CMA	1-Mar	14-Mar

Ocean freight – Shanghai to Toronto

POL	Destination	T/S	ETD 👻	т/т 🗸	20GP 🖵	40GP 👻	40HC 👻	45HC	CARRIE	Effective Date 🔻	Expiry Da'
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC	MON/SAT		2342	2912	2912		HAPAG	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC	SAT		2382	2962	2962		HAPAG	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC	MON/SAT		2422	3012	3012		HAPAG	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC	MON/SAT		2436	2987	2987	3566	APL	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC	TUE		2436	2987	2987	3566	APL	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC	SAT		2462	3062	3062		HAPAG	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC			2482	2917	2917		SML	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC	THU/SAT		2614	3046	3046	4098	нмм	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC			2620	2927	2927		YML	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC			2733	3033	3033		YML	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC	MON/TUE		2885	3185	3185		COSCO	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC							MSC	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Prince Rupert, BC							MSC	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC							ZIM	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Vancouver, BC/Prince	e Rupert, BC						CMA	1-Mar	14-Mar
Shanghai	Toronto, ON/Montreal, QC	Montreal, QC							MSK	1-Mar	14-Mar

Mistake #4: You are using the wrong carrier, with a great "pricing discount

	Carrier A	Carrier B	Difference
Base Rate	1,300	900	400
Discount	70%	60%	10%
Final Price	390	360	30



Mistake #5: Not designing your product with shipping in mind

35k – 70k



2k - 8k

40' ocean container



Can it fit in a standard sea can?

Can it be loaded onto a passenger aircraft? Or is it too wide?



1000 kgs shipment: 1k – 6k



1000 kgs shipment: 5k – 25k

Can it fit on a standard flatbed truck?





Full load: 2 – 80k

Full load: 2 – 8k

Mistake #6: You're relying too much on one courier company for international shipments

Courier Carriers vs. Standard Carriers









AIR CANADA

FeelEx.

Freight













Courier service vs. courier company

- 1. Shipments <u>under</u> 150lbs can be moved for very good prices and service levels on a **courier service**
- Shipments <u>over</u> 150lbs should be quoted using a non-courier service. This means getting quotes from multiple standard carriers.
- 3. You should be using <u>multiple courier</u> companies if you have freight going to different destinations

Courier Companies

- Don't confuse "courier service" with "courier companies"
- 2. Courier companies typically have customs brokerage and freight forwarding divisions
- 3. Ask your freight forwarding company if they can resell courier services as part of their service offerings
- 4. Generally you'll get more hands-on service with a smaller freight forwarding company that is reselling courier services





" Nobody ever got fired for buying IBM* * Or promoted either

This is a recognized phenomenon, epitomized by the traditional axiom of purchasing agents that "nobody ever got fired for buying IBM equipment". The aim is to have IT departments buy software they know to be technically inferior because upper management is more likely to recognize the brand.

Mistake #7: You don't have a strong plan in place for low probability, high consequence logistics events



Potential Problem

Solution

Lost, damaged or missing cargo

• Make sure you have a shipment insurance plan

Customs audits and inspections

• The import or exporter of record must take accountability. <u>The government</u> <u>DOES NOT care about your sob story</u>

Transportation delays

• Ship happens

- Transportation authority strikes
- Changes in freight capacity (specifically air / ocean) which may cause your shipment to be delayed
- Carrier insolvencies
- Weather
- Equipment break downs
- Loading / unloading issues

• Make sure you are import and export customs compliant

- Stay informed and plan accordingly
- Plan for delays
- Understand the important of transit time
- Use reliable carriers
- Use reliable partners
- Hope is not a sustainable long term strategy

Mistake #8: You have a belief that a small customs broker or freight forwarder can't compete on price and can't provide global logistics solutions



" Nobody ever got fired for buying IBM* * Or promoted either



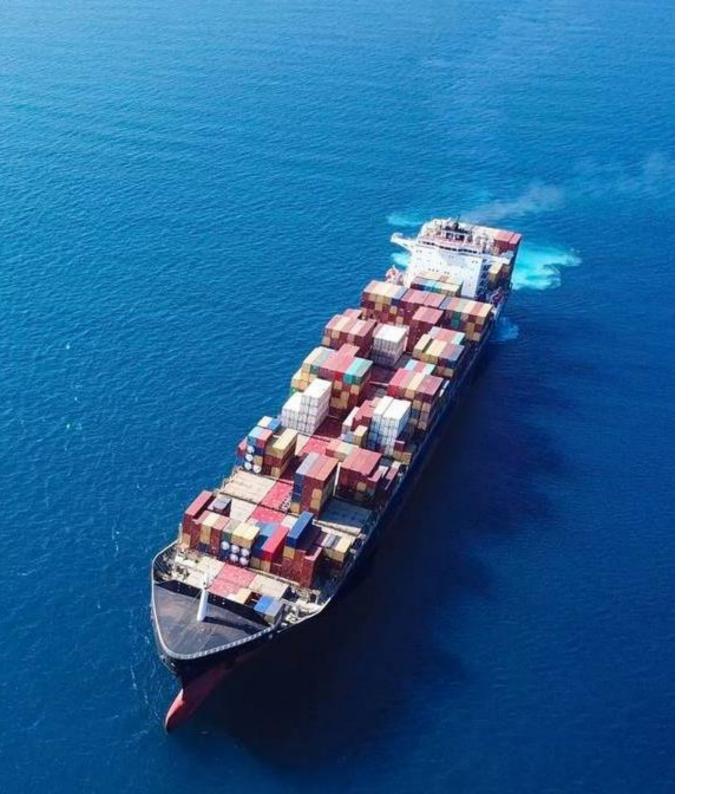
Mistake #9: You are working with a customs broker and freight forwarder that you are not on a first-name basis with

Customs brokers and freight forwarders are not hot shot lawyers

- Build a relationship and ask questions without a fear of being charged (be reasonable)
- Hold your customs broker and freight forwarder accountable. They should not be charging you consulting fees for their own mistakes
- Have a point of contact that will go the extra mile because they know you and "it's personal"
- Have a point of contact that thinks strategically and day-to-day
- Anyone can move freight from point A to point B. Who do you want to work with during a challenging or critical shipment?



Mistake #10: You are not "in control" of your freight



Control of my freight?

- Buyers take responsibility for the transportation and logistics on <u>import</u> <u>shipments</u> instead of leaving it in the vendors hands
- Sellers take responsibility for the transportation and logistics on <u>export</u> <u>shipments</u> instead of pushing this responsibility on to customers.

Why should I control my freight as an exporter?

Jeff Mindset

- As an exporter you want to be easy to buy from
- You can reach clients in different markets if you have logistics competence
- Preparing the shipment takes time. You may as well make money at this by marking up the shipping costs





Why should I control my freight as an importer?

Warren Mindset

- Better pricing
- Control over transit times
- Someone to yell at if a shipment is delayed or late
- You are in control of the insurance claim for lost or damaged freight
- Better record with Canada or U.S. customs

BUT...I don't want to create more work for my team...

Importers

- Save time by working directly with a logistics company, rather than working with your vendor's logistics company
- Save time by knowing all your costs upfront and not getting dinged with extra fees
- When you vendor arranges the freight is it to your door? Or do you have to arrange customs and "last mile" delivery

Exporters

- Save time by working with the logistics company of your choice, not the one your customer picked
- Get paid for the work your shipping / receiving department does, by marking up the cost of freight
- How much time does your team spend handling transportation issues that are our of their scope, but they do anyways to keep the customer happy?

Thank you!

https://www.jorilogistics.com/jori-university/