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BUSINESS GUIDE

Navigating Global Trade: 3 Insights for Leaders

Global trade is evolving fast. Operations, finance, and HR leaders must rethink their playbook to stay ahead. Here's where to start.

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Navigating Global Trade: 3 Insights for Leaders

Global trade is evolving fast. Operations, finance, and HR leaders must rethink their playbook to stay ahead. Here's where to start.

Almost all companies are grappling with the rapidly shifting dynamics of global trade, requiring them to rethink how they manage their supply chains, model different market scenarios, and even how they plan and develop their workforces.

The main benefits of global trade are well understood: Businesses and consumers gain access to a wider variety of goods at lower prices, stimulating economic growth while fostering competition and innovation.

However, this interconnectedness also means that disruptions in one part of the world can impact a company's entire supply chain—and, by extension, its financial stability.

The following explores three main ways that operations, finance, and HR leaders, supported by the latest technologies, can help their companies navigate the increasing complexity and risks of global trade.

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CHAPTER 1

Supply Chain Management: Can We See the Big Picture?

Corporate supply chains are at the center of global trade, serving as the backbone for the movement of raw materials, components, and finished goods across borders.

Today, however, a dizzying array of disruptive forces has put those supply chains—and the company decision-makers who rely on them—under intense strain. New and expanded tariffs can make once-profitable trade routes unsustainable. Geopolitical tensions can restrict access to key suppliers and markets. Labor strikes and shortages can disrupt or even shut down manufacturing and distribution. Changing trade regulations can add new layers to the existing complexity.

Keeping on top of and responding to the rapid shifts in global trade can overwhelm even the largest organizations. No wonder business leaders are scrambling to make their supply chains more automated, adaptable, and aligned with the latest data.

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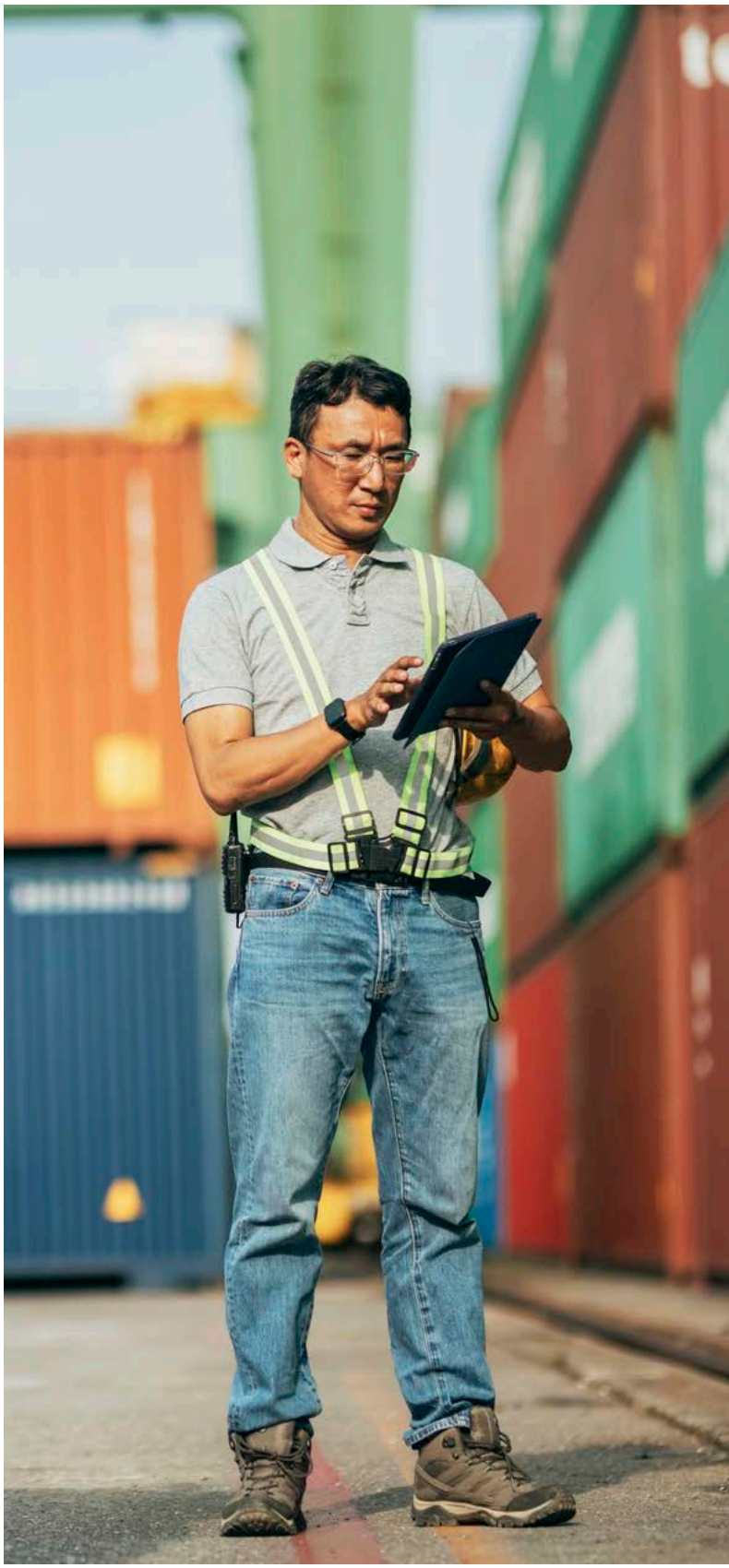
One of the most vital tools for corporate supply chain and operations professionals is a centralized Enterprise Resource Planning (ERP) system. Such applications, especially those that update regularly, can help automate paperwork required to address compliance with trade regulations. They can also suggest cost-cutting measures—even amid rising tariffs—and help avoid pricey delays and unnecessary risk exposure.

Additionally, ERP systems can help:

- Centralize regulatory compliance to keep up with changing rules and simplify reporting, documentation, and audits to help reduce the risk of penalties. For example, to simplify compliance checks, suppliers can upload product catalogs and classification data for their shipments, while brokers can download, update, or view product-related regulations for prompt and accurate customs filings.
- Provide updated information on different countries' tariffs and export controls. Note that these ever-changing measures don't just apply to manufactured goods such as autos, steel, chemicals, and oil. Increasingly, they also apply to the cross-border trade of online banking, telecommunications, streaming, and other digital services.
- Identify tariff exemptions, duty deferrals, and subsidies within bilateral and multilateral trade agreements and other trade incentive programs. For example, programs such as duty drawback, inward processing, bonded warehouses, and free trade zones can reduce or eliminate customs duties on imported materials or exported products under certain conditions. National governments sometimes offer tax breaks and subsidies to companies in specific industries to locate their manufacturing and other operations in their countries.

- Manage payments, obtain letters of credit, and document trade deal financing.
- Provide customers with more accurate estimates of lead times and landed costs—i.e., the total cost of a product from the factory floor to the end consumer. For example, with simulation environments in transportation and global trade management systems, users can compare landed costs of equivalent goods from two different countries. These comparisons can help the user select the lowest cost and/or fastest option, and they can provide more accurate lead time estimates based on country of origin.
- Classify products and describe the contents of shipments to minimize delays and protect priority cargo. For example, companies can use a unified transportation and global trade management system to monitor the movements of high-value shipped goods such as heavy machinery, luxury handbags, and works of art. Businesses can receive security alerts via sensors on these shipments to help prevent theft.

Deeper analyses of your operational data and rendered in configurable dashboards, can also help operations leaders identify key trends; review metrics such as on-time shipments, customs clearance times, and documentation accuracy against business targets; and figure out ways to improve the efficiency of their companies' trade processes.



CHAPTER 2

Scenario Modeling: What Are Our Different Options?

The dynamics of global trade are not only complex, but they're also hard to predict. Forecasting approaches based solely on historical data analyses are no longer viable.

Enter scenario modeling, a robust software tool that helps finance and operations teams model multiple "what if?" scenarios. Such tools are particularly useful in modeling different trade and tariff impacts and how organizations should prepare for each one.

Scenario modeling is typically based on Monte Carlo simulations, which model the probability of numerous outcomes occurring given multiple variables. Such modeling can be hugely valuable when there is a high degree of uncertainty in assumptions.

Monte Carlo simulations are particularly important in the context of global trade, given that regulations, tariffs, labor availability, economic conditions, political regimes, and myriad other factors are constantly changing. These simulations can help procurement teams determine whether—and to what extent—they need to change up their suppliers, shift where they source raw materials and components, and model alternate means of transportation. Such analyses could even indicate a need to relocate manufacturing and other operations (more on that later).

The first steps in scenario modeling involve defining the scope, issues, and time horizon, then defining the most important drivers for your organization. In a global trade context, these include risk mitigation, cost control, supply chain stability, and timely product delivery. Organizations need to collect and analyze lots of data from internal and external sources, now with the help of AI, to support their key assumptions.

Then it's time to develop different global trade scenarios. Try to keep it relatively simple. The number of scenarios you model will depend upon your organization's data and patterns, but it's important to identify which ones are most important to you.

Organizations need to test their global trade scenarios, identifying how they will affect sales, cash flow, costs, capital expenditures, production, inventory levels—and ultimately, profitability. They should also continue to monitor and adjust the plan regularly in response to actual events.

CHAPTER 3

Strategic Workforce Planning: Do We Have the Right People?

When modeling global trade scenarios, companies have to consider whether they already employ or will be able to attract a sufficiently skilled workforce to support any proposed operational changes. This is the main goal of strategic workforce planning, a process that corporate finance and operations teams can manage via sophisticated enterprise performance management (EPM) and human capital management (HCM) applications.

Consider the following real-world example:

Semiconductor companies based in the United States and abroad are considering whether to move some of their manufacturing operations to the US, prompted by incentives built into the CHIPS for America program instituted by the US government.

A key requirement for companies that apply is to "demonstrate appropriate investments and commitments to recruit, train, hire, retain, and upskill" a proficient workforce. Workforce development planning is considered so vital to the program that the National Institute of Standards and Technology devotes a 96-page guide to those requirements.

As with any major workforce planning initiative, the guidance set out by the CHIPS Program Office covers areas such as assessing workforce needs and recruiting and training the right experts (in this case, engineering, lean manufacturing, construction, coding, robotics, quality control, etc.). This planning must also account for associated salaries and wages, benefits, federal labor laws, and union collective bargaining agreements.

Finance and operations teams can use EPM-based workforce planning tools to translate long-term corporate strategies into actionable execution plans, supported by the right skills and headcount, that can deliver a sufficient return on investment. For example, a company considering whether to build or use an existing factory in another country can chart out personnel costs by job code and education levels, assessing those and other variables against local demographics. It can also analyze the full range of employee costs, going beyond salary to factor in benefits, taxes, and other considerations.

Such EPM tools complement the HCM applications that HR organizations use on the front lines to recruit, onboard, develop, and retain key employees.

In fact, workforce planning tools can help finance and HR teams collaborate more closely. For example, skills data managed within HCM systems can help companies understand the competencies they already have versus those they need in order to identify the gaps. Armed with this insight, teams can connect within planning cycles to determine the best path forward.

And when finance, operations, and HR teams work from one data model that underlies their applications—enhanced by AI-powered insights and recommendations—they can make key decisions with confidence, at the pace the business demands. For example, these tools may reveal a strong correlation between a decline in on-time shipments and the prevalence of unplanned shift changes, prompting a recommended action to readjust schedules to improve performance.

CHAPTER 4

NetSuite

The following applications can help companies manage their global trade processes and initiatives more efficiently, while improving their decision-making.

Finance

Scenario Modeling, part of the NetSuite Enterprise Performance Management solution, helps finance and operations teams quickly model and compare multiple business scenarios, such as shifts in demand, pricing, or cost structures, to guide smarter, faster decision-making. With scenario modeling, business leaders can better understand how strategic decisions may impact cash flow, inventory levels, costs, profitability, and resource allocation.

Strategic Workforce Planning, also part of NetSuite EPM, helps organizations align their staffing plans with broader business strategies and new initiatives. It helps finance and HR teams to assess future headcount and skill requirements, estimate costs, and identify risks, supporting informed workforce decisions.

Supply Chain

NetSuite Advanced Inventory, paired with Total Landed Costs Templates, available as part of the **Supply Chain Management SuiteApp** provide businesses visibility into total landed costs, enabling them to make informed decisions about how to respond and the downstream impacts of those decisions. NetSuite Advanced Procurement vendor management capability provides businesses visibility into what, how much, when, and from where items are being acquired so that businesses can proactively manage the supply chain and safeguard profitability.

Human Resources

NetSuite SuitePeople Workforce Management delivers a single solution to streamline shift scheduling, capture time and attendance across the workforce, and calculate wages. Labor forecasting capabilities help manage labor needs. Shift scheduling allows managers to use a combination of forecasts, employee schedule templates, and labor deployment models to optimize the workforce.

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