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Moderator questions in Bold, Respondents in Regular text.

KEY: **Unable to decipher** = (inaudible + timecode), **Phonetic spelling** (ph) + timecode), **Missed word** = (mw + timecode), **Talking over each other** = (talking over each other + timecode).

Enda McKeever: Good morning, the subject we're covering today is how to optimise logistics and supply chain. I'm Enda McKeever and along with my colleague, Bryan Abram, we're part of the supply chain solutions team at Invest NI. So, we're, we're a team of experienced supply chain professionals and basically what we do is we help business develop their supply chain function to enhance value, you know, over a three step process. Step one would be scope the issue and I suppose align with the company on the areas of focus. Step two then would be to develop the plans. There is a step three which we support, I suppose the company taking on a key, key worker, or someone focused on a particular project and that, that is something that a lot of our clients have used in the past. Okay, so during this webinar, you will get an overview of the role of logistics within the supply chain, just why you would measure the performance, an important part of the process and how to identify opportunities, implement cost savings. So, the use of technology and then market access, customs, Incoterms and any upcoming challenges for logistics. So, that's a general view of what we're covering here this morning. So, the, what is the role of the, the purpose of logistics? So, it's very simple, it's about the, the flow of material as seamlessly as possible from supplier to customer. Efficient, timely and connected, quite often companies who have got their eyes to the customer don't really give this, say, the, the care and attention that it requires and this quite often can be considered an opportunity lost for people who have given this out to third parties and they incur additional costs as a result of that.

So, what we want to, I suppose deal with during this presentation are the opportunities are there for you and your company, if you take a different approach to this. So, a few basic definitions here, so we'll just-, logistics is an integral part of the supply chain, so logistics management is just a component that holds the supply chain together. So again, I mentioned there the word seamlessly. It's about making a connective end-to-end supplier to customer. It deals with the efficient forward and reverse flow of goods, services and related information from that point of origin to the point of consumption according to the needs and, and pace with your customer's demands. The goal of logistics is to meet the customer's requirements in a timely, cost effective manner. So again, timeliness is very important to that and that, that's one of the major challenges of the process. Many companies provide logistics services to manufacturers, retailers and other industries with a, a large need to try transport goods, so that's something that you could choose to-, you offload to a third party, for sure. Some of these logistics, logistics providers will do the full range of the infrastructure from, basically from the jet planes and trucks to warehouses and software, while others will specialise in one or two elements of that process. So, just to explain the difference between logistics and the supply chain management I suppose firstly. Logistics management is an important component of supply chain management, SCM, and the terms are sometimes interchangeable, right? However logistics focuses particularly on the materials handling and management, managing the movement of finished products as efficiently as possible.

Terms inbound logistics, outbound logistics and the reverse logistics are commonly used to explain that. On the supply chain that encompasses a much broader range of supply chain planning activities, these include demand management, sales and operations planning and supply chain execution, including strategic sourcing and transport management. So, sometimes I suppose you could-, the term, terms are interchangeable, but a good example is transport management can sit in either area. So, understanding logistics in, in the business, the importance of logistics is particularly clear when examining the business supply chain. So, when a business logistics or the individual process involved in transporting and storing goods managed holistically. So, that overview by management as one unified system, some of the components that function as part of that unified system include the internal teams and the third party contractors that handle forecasting and planning, transportation, order processing, customer satisfaction, services and warehousing. So, typically where manufacturing plants may handle certain processes themselves, but then outsource the other processes to outside entities, to third party suppliers. So, in the work of logistics, inventory is a limited value until it is positioned at the right time and the right location to support the ownership, the transfer of value creation. If a firm does not consistently satisfy time and location requirements, then there's nothing to sell. So, that material needs to be available to the point of consumption when required. So, the Just in Time principle.

For a supply chain to realise the maximum strategic benefit from logistics, the full range of functional work must be integrated. Decisions in one functional area will impact the cost of the other. So again, that word we've used, holistic view of it. So, rather than a sub-optimisation in one part of the process, then there's this interrelationship of functions, challenges as a successful implementation of an integrative logistics management. So, this, just let's examine this a little further. So, there's five areas of logistics work we're dealing with purely here. The, the integrative work related to these function areas. Creates the capabilities needed to achieve logistical value. So, dealing firstly with order processing. The importance of accurate information to achieve superior logistic performance has historically been under appreciated. So, good information is absolutely fundamental to this. The benefits of fast information exchange is directly related to work balance and the key objective is to balance key components of the logistics systems, okay? So, then dealing with the warehousing and specifically the warehousing management, this is part of a business logistics system that stores products at and between point of origin and the point of consumption. So, it includes the physical warehouse and inventory organisation. So, it's the inbound receiving of the new stock, the outbound packing and dispatching stock and possible kitting, warehouse management can assist to identify major and improved performance. Warehouse management, automation for accuracy and efficiency, you know? Identifies obsolescence, shelf life cycle, counts and inventory accuracy.

So, let's make a use of a system there to help support the process, so it gives you your eyes to your process. So, within the warehouse, materials handling, there's an important activity, products must be received, moved, stored, sorted and assembled to meet the customer order requirements. So, the direct labour and capital invested in MHE is a significant element of global logistics cost. So, when performed in an inferior manner of material handling, defects can result in substantial product damage. So, an important element is the receipt, the processing and the disposal of returns and the damaged inventory. Typically called reverse logistics. So, and I suppose my experience of this has quite often unplanned and creates the element of surprise within the store's environment, but has to be dealt with nonetheless. Okay, some of the other aspects here, so dealing with the inventory, the inventory requirements of a firm are directly linked to a facility network and then desired customer service, suppose the objective of an inventory strategy, strategy and strategic desired customer service with the minimum inventory commitments. So, it's all about, again, right quantity, right time. Excessive inventories may compensate for deficiencies and basic design of a logistics system, but they will ultimately result in higher than necessary total logistics cost. The goal is to achieve maximum inventory turns simply and that's the right amount of material, turning out material over as rapidly and as quickly as possible. And the transport and network and just a little more in this in detail. So, typically the-, this is the largest expenditure and logistics possibly in the region of 60% of your overall cost. So, today a wide range of transportation choices are be able to support supply chain logistics.

The most fundamental choice is between using for hire carriers or other firms. So, operative fleet on a combination of both, or a combination of both. These factors are fundamental to the transportation performance. So, some, some parts of that are cost and fuel for example, there's approximately 30% of that transport cost. Speed, consistency and reliability are the things that are key, key aspects of that. Just briefly on the facility network then, and I say, this is the most in the sense, the eyes to the process, the, the software and the, the, the network connection that you, you know, require to give you that visibility and that control. So, typically this can be warehouse management system, WMS, or, you know, or ERP, an enterprise resource planning tool. And just track and trace. So, some elements of that. So, dealing just with that, I suppose that area of 16% of cost in transport planning. So, good transport planning can reduce those costs and so review of the system process. So, a lot of what you do today with your facility, you've taken for granted as a service that you call on your couriers to deliver. And with the eyes to the customer, as a process, quite often gets neglected, but remains an area of considerable opportunity. So, reviewing of existing processes have not been reviewed in recent years, or maybe never reviewed can also reduce the cost of services and improve performance. Any reduction of transport cost directly improves the profit margin of course, you know? Questions, question or challenge on usual or unexplained costs that you may see. So again, quite often this is an area that's neglected, you may have an agreed price or an agreed rate. So, it's a matter of comparing the agreed rate versus the actual cost on the invoice.

So again, that's part of the due diligence of managing the process. So, automation and robotics is a-, very much a, a, a growing field and areas, an area that companies quite often will look to to drive efficiencies. And depending on your scale and, and I guess if you're Amazon it's very high in terms of automation but a lot of the companies that maybe are on this webinar are ones that are of a smaller, more modest nature and then it's about a return on investment. But automation and robotics and manufacturing, using machines obviously to carry out heavy, hazardous or repetitive tasks, you know, and you may look at it as a method to-, as a bonus to improve the quality of what people, people are doing within, within your processes. Warehouse management system, WMS, supporting a movement and traceability of inventory on its own will not provide full benefit but me, I would take it along with an ERP system and operational documented processes, these, these, these can work well and generally are considered a prerequisite to a good system. Supply chain management, simple, repetitive tasks like vending machines dispensing low value consumables is a growing trend within companies and people will use that for example, for dispensing of, of cutting tools, abrasive type tools or PPE within a facility and it helps to reduce the, the, the burden on the, the internal team. And quite-, when implemented can be quite often very successful. The use of the automated unmanned vehicles, they're-, we used to call them the HEVs, and companies like Amazon and so on, UPS, DHL, are obviously on a scale in terms of investment and-, can be considered really where return can warrant it, but in most cases, requires a lot of volume.

Both within a warehouse environment and the last mile delivery are areas where this can be applied. Conveyor systems and robotics certainly for distribution, again, another area. Automation has clear bonuses in terms of productivity and also quite often in terms of the job satisfaction for employees, taking a lot of that repetitive type activity away. So, some things to think about there, or to consider. Just want to deal with the, first of all, the-, from the management perspective, the importance of measuring performance. Just my experience is that if you measure it, it tends to get managed and very much the measurement provides the, the health check on the process. It's something that if it's done consistently and it's done in conjunction with that third party can be very much part of a healthy agreement. Maybe set out in terms of a service level agreement with the-, with the supplier. So, so when we track performance, it gives us an early warning sign to react to take action and avoid a major failure to the business.

Our best practice helps to protect the business, so, strongly recommend that you pick the right measures for you and that you try those consistently. We're measuring performance, we can also give recognition. Where people are performing well, again, it's great to say to them, 'Look, very happy with what we're getting here' and-, so, that's an encouragement to them to continue and develop that relationship with you. Ultimately, they've taken the correct action or using continuous improvement tools, we can drive efficiency and reduce our costs. So, as previously stated, warehouse management can assist to identify and improve performance. Warehouse management automation for accuracy and efficiency. Identify obsolescence, shelf life, cycle counts and inventory accuracy. Some thoughts-, some thoughts there for you to consider. So, it's just-, here, these are typical examples of what you might consider as, as, as key, key metrics, something for, kind of, (inaudible 16.13) metrics measurement and I'm sure a number of people on the line today are already doing and using the measurement process but typical examples of key process indicators are on time delivery, picks per hour, space utilisation, inventory record accuracy. OTIF which is not on this slide but it's on time and in full is one that's used quite commonly out there, so that's-, obviously, the title's a clue to it about the two-, the two things that are most important to you, you get exactly what you order and that it comes in time. Just simply remember if we measure it, we will manage to create the opportunity to review and improve and recognise, you know. That part of an overall governance of any supplier or supply chain management, governance process would involve meetings on review and recognition on a timely basis. So, it's-, the one thing there I wanted to include to highlight here is most importantly, make it visible to your team, you know? That's part of the engagement, that they, they see that as important as part of that process. So, it's a, a key part of that.

Okay, so then, just in the manufacturing industry, just my own experience here, remember the last slide we talked about most important, make it visible to the team. This is more generally discuss and engage, employees are more likely to take ownership of their work. The tendency within the logistics and the warehousing and the transport is that it's a static type environment. It's absolutely not. It should not be regarded as such, you know? It's an area just in the same way that an operational area would be, that it can be used for continuous improvement. That continuous improvement has best come with the help and support of the team and quite often directed by the team. That's where engagement is very important, an important part of any process development. So, so, employee engagement is critical for creating also a safe working environment in manufacturing industry, and so, engaged employees are likely to follow safe procedures. I suppose in recent weeks, we've seen many examples of, I suppose, particularly within our clients that are struggling to retain employees, particularly employees of the right experience and skill, so hence-, one of, I suppose, ways to mitigate that high turnover is to engage your employees and work with them and get the best out of-, out of them and, and by extension, they, they will find their work more rewarding and productive, you know? So, an engaged employee is the key to building a successful business, you know, so. Just a few stats on that, the (inaudible 19.09) talk about the 85% of global employees are not engaged and the Western world is even higher in that at 90%, so, that's an untapped resource is just trying to make the best use of the people that you have, and give them the opportunities to fully engage with the business.

This here's a typical scorecard that, that, you know, that we've used in the past and it will be useful. You can see pretty simple, you see the elements that have been measured and using the-, you know, a red and green type dashboard, so, it can be used to, to-, (mw 19.53) the right conversation with your logistics management, your clients or your business would use. This practice will be beneficial (inaudible 20.01) to drive a recognition of actionable-, on actionable to drive improvement. So, by using a simple traffic light system, we can quickly hone in on the areas that are maybe not performant to-, for your expectations and also to, to recognise where they are, you know, and-, so, that's a bit of reinforcement as well, so. Then (inaudible 20.24) business methodology that aims to maximise customer value while eliminating outdated and redundant practice and activity. So, that's about applying cost savings and logistics, so it optimises-, it tends to optimise the supply chain operations, it reduces waste, it enhances productivity. It creates an efficient flow of material and-, so, that, at the end of the day, is the ultimate objective. So, we'll look here at the logistics efficiency. Okay, so, on efficiency, logistics efficiency measures how effective goods and services are simply moved from A to B but it encompasses all aspects of the delivery process. It seems simple but it engages with a lot of-, lot of moving parts and it includes loading and unloading, route optimisation, inventory management and a lot more than that. So, those are the-, those are the key things to consider, that there's, there's complexity in this process. So, an efficient logistics management plan can help to reduce those costs and maximise profits. So, there was the comment I made earlier about that untapped opportunity. Quite often, that's been, you know, left to others to, to, to handle and manage and some cost opportunity loss also. It can give a business a competitive edge and also, an important area that should drive continuous improvement.

So, some of the-, some of the aspects to think about it in improving your logistics efficiency. So, create and manage-, to create and manage a highly efficient logistic system requires careful planning and execution, understand the customer needs, tracking performance in real time, maintain an accurate inventory, utilise and optimise routes and continuous improvements to reduce the cost, okay? I'm going to hand over to Bryan and he will develop some of those discussions.

Bryan Abram: Thanks, Enda. Thank you very much. We're now going to look at market access, along with customs, Incoterms and the upcoming challenges for logistics, which are quite vast in, in the next few months in relation to some of the, the, the changes that are going to happen and some of the legislation that's going to be brought in place. So, Northern Ireland, first and foremost, is a-, is a special-, we are in a special position. We're in a unique position in the entire world in having privileged access not just to the UK home market, which is the fifth largest in the world, but also the EU single market. This has been made possible owing to the Windsor Framework and what is the Windsor Framework? On Monday 27th February 2023, the UK government reacted-, or sorry, reached an agreement in principle with the EU aiming at addressing post-Brexit problems with the-, with the Northern Ireland protocol. This agreement, known as the Windsor Framework, replaces the Northern Ireland protocol, providing a new legal and UK constitutional framework that delivers free-flowing trade in goods between Great Britain and Northern Ireland through a new scheme called UKIMS which will be shortened to IMS in the future. An overview of the Windsor Framework can be seen in 'Export.org.uk' and as, as some things are changing in relation to policy etc., in the next, next six months, it's a good idea to keep up to date with some of the changes that are happening there. Some of the main changes, I'm going to talk through but, you know, things can change quite rapidly.

So, the UKIMS, UK Internal Market Scheme. So, this new UKIMS is an enhanced and expanded trust-, trusted trader scheme which will replace the existing-, the existing UK trader scheme. UKIMS will continue to enable registered traders to move goods from Great Britain to Northern Ireland, in line with existing not at risk arrangements. UKIMS is now open for registration and you can apply online at 'www.gov.uk/UKIMS'. Once you are authorised, business will be able to declare goods not at risk. If they are-, if they are brought into NI for sale or final use by end consumers in the UKIMS system. However, this will be renamed the SPIMM at some point in time later this year. Within the process, we have what is commonly known as the green lane and red lane when moving goods from GB to NI. As said previously, NI remains part of the UK's internal market. Under the Windsor Framework, the need for customs declarations has changed. A new internal market system which is that UKIMS was established comprising of goods for use or sale in Northern Ireland and it will travel via the green lane. So, if any of your goods qualify under this lane, it's a straightforward process of going through the green lane. We have internal market scheme built upon the established UK Trader Scheme, UKTS and underpinned by the existing Trader Support Service, the TSS. The application criteria expanded by removing the requirement for businesses to have premises in NI. That's a major change that was part of the Windsor Framework. Turnover threshold increased from 500,000 to two million and increasing new exemptions on the turnover threshold to include goods used in animal feed, healthcare, construction and not for profit sectors. Basically, an expansion of that green lane in order to allow more goods to go through that particular channel. When moving goods from NI to GB, what we have is we have qualifying goods. Again, 'www.gov.uk' to understand what goods are qualifying because they're, they're vast and, and therefore, you know, to-, if you have any particular business, you can check there from the point of view if, if your goods qualify. If they are in free circulation in NI before your-, before you transport them to GB.

So, if your goods were in, in free circulation as you brought them in through GB, they would also qualify. For food and animal feed goods, they will need to be dispatched from a registered NI food and food establishment to avoid SPS checks. Now, anyone within that sector will be well versed on this because this is-, this is not new. This is something that's been, has been there previously. But also, from the point of view of some of the-, some of the changes, some of them are minor but at the same time, the people in that business will understand what the-, what the checks entail. For goods processed in NI, they'll still qualify if all the components were in free circulation in the UK. So, if you have goods in the UK that you've brought into NI for manufacturing, they'll still qualify. For goods that started their journey in the EU and come to GB through NI, you should make sure you comply with customs, export requirements and your home base and your home member state. If your goods are valued below €3,000, you can choose whether to declare these for export in your home member state or HMRC. Now, I would say that in relation to some of the companies that are involved in declarations and with import duties etc, etc, some of the larger companies have had people dedicated that will look after this element of, of the business. For some of the smaller companies, you know, it can be quite complicated from the point of view of, of what qualifies, what doesn't and, and any other change that is happening. So, this is the time where I would say to reach out, you know, from the point of view of, of getting clarity to get some support in, in relation to this, you know, we are-, we are there to actually support this and as it changes quite frequently and could change even further going through the year, we keep up to date with that, we keep very much up to date with that and then from the point of view of if you reach out to us, we can-, we can certainly help in these areas and have done in the last few months.

So, before you move goods, if you're moving goods between NI and non-EU countries, including GB, first of all, NI and non-EU countries, you may need an EORI number starting XI. An EORI number is an Economic Operator Registration and Identification. Basically, an importer, an exporter identification number and again, 'www.gov.uk' will give advice on applications on how to proceed. I, I would say that a large-, a very large percentage of companies within NI will have an EORI number already in place. NI and GB are bringing goods into NI from outside the UK. You can sign up for the free trade support service, TSS. Again, it's very common. A lot of companies already have registered through the TSS scheme.

Bryan Abram: And if you're not using TSS, you can get someone to deal with customs for you. So, some of the freight forwarders, freight forwarders that are available, they, they, this is what they do on a, a daily basis, and, and supporting local business to, to process that certification and authorisation. If you're bringing goods into NI make sure the right tariff is applied to the goods you're, you're bringing in. I, I've seen a recent example where the, the wrong commodity code was being used, and a duty was being paid when it really didn't need to. So, 4% of the-, of the-, a 4% cost that was being applied, didn't really need to. So, it's, it's worth checking and making sure that you have the right descriptions. If you import goods regularly, you can apply for a duty deferment account, or delay paying most customs charges, which, which allows better cash-flow for, for the business, and I said, you will need the correct commodity codes for the goods, to make sure your declaration or possible other measures are correct. For goods moving-, before you move goods between NI and the EU, inform HMRC to identify that you are trading under the Windsor Framework. You will ned to add a XI before your, your UK VAT number, which is, basically, the EORI number, it's your VAT umber with a prefix. So, XI before you, you know-, XI for one region and GB for the other. Sales of goods from NI to consumers in the EU, EU, VAT can be processed via the One Stop Shop, and that's the One Stop Shop OSS Union scheme. Again, it's just to improve cash-flow. If you import eligible low-value goods into NI, and have registered for the VAT import One Stop Shop, in the U, EU, register the IOSS number with HMRC.

So, it's good practice from the point of view of making sire that you have-, yes, you may have registered in a-, in a-, in another region, but make sure HMRC are aware-, always aware of what you're doing. Customs is another element of, you know, the, the TCA, which is the Trade and Cooperation Agreement, and it's a free trade agreement reached between the EU and the UK. It provides tariff-free access for goods from Great Britain to EU, subject to conditions in the, the TCA. TCA provisions relating to services apply to GB and Northern Ireland, and we will-, the, the TCA was agreed 30th December 2020, but it only entered into force on 1st May 2021, and again, something that's just, it's legislation out there that needs to be adhered to, and now we'll-, now we'll look at the, the agreements between NI and, and non-EU countries, including GB. So, the rest of the world goods, in other words, can be sold from NI and GB, or EU, without further customs processes or tariffs. Northern Ireland remains in the UK custom territory, and therefore, accesses UK, UK trade agreements, of which we'll talk about some of them, in a moment, but most EU trade agreements have been transitioned to the new UK third trade agreements. The UK-, the UK have trade agreements with the likes of Australia, New Zealand, Mexico, Chile, Morocco, Singapore, Turkey, Ukraine, and approximately twenty other countries that they're negotiating with at, at this current time, and, and that list of companies changes on a regular basis, because of the ongoing negotiations. The, the CPTPP, that's a further partnership. it's the Comprehensive and Progressive Trans Pacific Partnership, and we're going to look at that in a wee bit more detail now.

So, the CPTPP is a free trade agreement between Japan, Malaysia, Vietnam, Australia, Singapore, Brunei, New Zealand, Canada, Mexico, Peru, and Chile. It's one of the biggest trading blocks in the world, and it'll be worth 15% of global GDP, once the UK joins. So, it's quite vast and extensive. The UK is the first European country to join the agreement and the largest economy after Japan. So, there's a lot of moment that's happened and-, in recent months, in relation to trade agreements and, and, as I said, it will be ongoing, and it's, you know, it's just a, a matter of if you're exporting to a global market, it's just one of those things that you just-, you just need to keep checking, from the point of view of, of what applies or what may not apply, depending on what region you're actually exporting to, and of course, if you're exporting then, you're gonna be looking at Incoterms. So, we wanna finish off by looking at some Incoterms, because as we build trade, as we're building trade, we need to understand the responsibly of each party. As we-, you know, from a-, from packaging and export formalities, to import duties, taxes and delivery charges to final-, at final destination. So, it's important that we understand who's responsible for what and to give that clarity. There's, there's four division, there's four groups. Group E is, basically, the departure, which covers a, a very common-, very common term of ex works. This term represents the, the seller's minimum obligation, as the seller only has to make the goods available at it's location.

So, if I'm selling goods from Northern Ireland, I just have to make them available and it's up to the customer to come and collect them. The seller doesn't even load the goods, to be honest, but in a lot of cases, we do it because it's, it's just a-, it's convenient, from the point of view of getting it off our site, but the seller does not load the goods on, on the collecting, collecting vehicle and does not clear the goods for export. That's probably the most important part, the seller-, the seller does not clear the goods for export. The buyer bears all the cost for transportation, export and import duties, and cargo insurance, as well as, as the risks, and that's the risks of bringing the goods into their final destination. The buyer also carries all customs formalities. So, on some occasions, and we've seen it in recent years, especially through the time of Brexit, some UK suppliers were basically selling everything ex works, because-, and they left it up to companies in Northern Ireland to, to go and collect their goods, and organise that collection, because the, the suppliers, there was-, there was just, you know, too much red tape, in their eyes, and from that perspective of-, it was more convenient for them to apply ex works. It made it more difficult for, for Northern Ireland businesses, but that's part of the, the, the various buyers (ph 37.25) that's been broken down in the past-, the past six months. Under Group F, which is a separate group, FCA, so free carrier at a stated place, another common term in which the seller delivers the goods to the carrier and clears the goods for export. At this stage, the buyer takes all the costs and risks, FCA is the most commonly used Incoterm, and it's used in approximately 40% of all international shipments.

FCA is one of the most favourable terms for the buyer who wants to have control over costs at origin and international transportation through a nominated freight forwarder. I would also add, at this point, that FCA at a named location, such as Belfast Port, for example, it's actually very beneficial from the point of view of controlling the, the goods leaving your facility and the transfer of the goods, because it means then there's not a build-up of inventory at, at the-, at your facility. So, it helps you control-, helps you to control the, the value of finished goods in inventory, which is important, because, you know, that-, depending on the company, that can be very, very expensive, to hold up inventory in that manner. Group C, it's called CFR cost and freight. The seller arranges transportation and pays the goods to be paid to the final port of destination. The seller is responsible for clearing the goods for export. As the risk of the-, as the-, as the risk of loss, loss of or damage to the goods passes to the buyer when the goods are loaded onboard the vessel, the buyer is responsible for procuring and paying for the cargo insurance. The buyer is responsible-, is responsible for all, all importer formalities. This term can only be used for ocean and inland, inland waterway transportation, and it's very-, it's very similar to-, CFR's very similar to CIAF, which CFR, cost and freight, CIAF is cost, instance and freight. The only difference in the two of them is actually in the, the insurance. Group D is more on, on carriage. It's-, so, it's DAP is delivered at place. So, basically, the, the seller pays for carriage to the (mw 39.47) place and destination, and assumes all-, a lot of responsibility and risk.

The buyer is responsible for all costs related to import clearance. Unloading is the responsibility of the buyer, and DDP is very similar, it's delivered duty paid. So, all of-, all of-, the same as DAP, only with the duty, duty paid as well, but with, with Incoterms, it's only one element, and it's very important we get it right because of the complications it can bring, and the ownership that the-, the ownership and the element of risk that's involved. So, therefore, whenever international shipments are being organised, it's very, very important that we have this clarity to understand who is responsible for what. So, there's an element of risk and who is responsible-, who is responsible for, for what element. So, they sell-, basically, in this, this table, you will see the, the seller's obligations are in green, and the buyer's obligation is, is, is blue, and along the way, you will see the, the transfer of risk points. So, it's very important that we understand who is the risk-, who has the risk of loss of these transfers. You can see here ex works. It, it, it transfers at the, the seller's facility, up top, and therefore, a lot of the risk is, is transferred to the, the customer, and as, as you move down, the more responsibility you take on as a-, as a seller, then you take on more responsibility, but you take on the risks. So, therefore, it's very important that the elements are costed appropriately. You know, so, from the point of view of, if you're gonna sell in relation to DAP, for example, down, down near the bottom, then that's delivered at a place, therefore, you're gonna be arranging everything from the facility, right the whole way through to the-, to the buyer's destination, up to the buyer's-, the buyer's destination.

So, you must factor in some cost there, from the point of view of, if you're gonna take on that responsibility, that's okay when all goes well, but if something goes wrong, you have taken that risk. You need the understanding of that risk, and therefore, you need to be looking at some sort of margin in there, from the point of view of protecting your business. A, a common misconception, misconception, buyers make the-, that buyers make when the seller pays the cost of freight is assuming that the seller takes on all the risk of loss, until the goods have been delivered to the named place of destination or to the port specified on the waybill or bill of lading. When using CFR, CIF, CPT, or CIP, risk transfers to the buyer when the goods are handed over to the carrier at origin, which could be when the goods are loaded onto the first truck. So, there's-, as long as you make yourself familiar with all the, the various terms, and also, from the point of view of the risk, then you know that you're, you're, you're, you're making improvements from the point of view of understanding who, who has the responsibility. So, we're gonna now look at risk in relation to knowing where the risk of loss, or the risk of loss transfers on the graph, and also, the customs-, who is responsible for the customs agreed declarations and costs.

They're the two takeaways from the point of view of, of Incoterms, and if you understand both of them, then you're in a better position to make-, to make the, the decisions for your business. Ongoing challenges, I would highlight two in relation to CSDDD, it's the Corporate Sustainability Due Diligence Directive, and, and the other is the EUDR, which is the European Union Deforestation Regulation. CSDDD relates to or applies to non-EU companies within 100-, with €150 million net turnover per year generated in the EU, and it's very similar to another scheme, which is CSRD, and we'll, we'll just look at that in a minute, but the EUDR is, is something that is, is very-, it's very fresh, but it is, from December 30th this year, or 30th June next year for micro or small businesses, it will be prohibited to place irrelevant products in the EU market or export them from the EU. They are going to look at the commodity codes soon, because depending on what commodities you deal in, then this-, and the size of your business, this could impact you. So, we'll look at that in, in some detail, but the, the CSDDD, if we look at the CSDDD and what that relates to, from the point of view of CSRD, there's, there's some similarities, in relation to that. So, the CSDDD, it's a-, it's a global reach, from the point of view of it's, it's all corporate sustainability, and CSRD is on the right-hand side where you can see the focus on the EU companies, compared to CSDDD, which is a global directive. They, they both reflect the EU's focus on sustainability, with its goal of the European Green Deal to become a, a climate-neutral society by 2050.

If you haven't heard of, you know, CSDDD or CSRD, you, you soon will but it is-, there is a, a-, the culture that's-, we're trying to change across businesses in relation to sustainability is, is very real, whether it's carbon footprint, etc, but it's something that there's going to be more, more information and more legislation in, in the-, in the coming months. Again, a very changing environment but there's a lot of-, lot of high-level directives at this moment in time and as the-, as agreements become more transparent and, and that trickles down through to the businesses, we're gonna see a lot of movement in relation to sustainability and directives. So, with the EUDR, the commodity codes on the right-hand side there, you'll see the, the seven commodity codes. It is European Union Deforestation Regulation. Basically its non-compliance precludes access to and export from the EU, so from 30th December 2024 or 30th Jan 2025 for micro small business, as we said, it will be prohibited to place relevant products on the EU market, or export them from the EU unless they are deforestation-free or just in accordance with the relevant legislation of the country of production and covered by a due diligence statement indicating no more than a negligible (ph 47.03) risk of non-, non-compliance.

There are seven commodity codes but I would also say as well, within the commodity codes, there, there's a vast array of products, so it really does need further investigation from the point of view of the, the products that you deal with and checking the commodity codes to make sure that they are either-, you know, you can avoid the, the legislation or, from the point of view of completing that due diligence statement, that basically covers where your product comes from, what region you purchased it in and also from the point of view of is it compliant? The, the on-going challenges even without legislation, there's, there's some challenges that we see ahead in relation to logistics. Certainly while logistics plays a crucial role in the global economy, it's not without its challenges and some of these challenges that we'll see in the logistics industry are, you know, traffic congestion. You know, in urban areas traffic congestion can significantly delay deliveries, impacting the efficiency of the entire supply chain. On some occasions, I've seen actually logistics companies move to a night shift delivery service into other-, their suppliers and into other facilities because there, there's less congestion. Environmental concerns. The transportation sector is a significant contributor to greenhouse gas emissions.

You know, this ties into sustainability again but efforts are underway to make logistics more environmentally friendly but it's still a pressing issue. And especially if you look at the-, you know, if you look at the development from electric vehicles, etc, and, you know, even from electric buses that we see on the roads today, you know, the, the maximum in the-, in the industry, six hours to-, you know, the batteries are, are the, the concern but six hours of activity of a bus, if you transfer that before it needs recharged, you transfer that to large HGV (ph 49.15) vehicles then, you know, six hours, it's just not-, it's just not doable. So, there's, there's a-, there's massive challenges from the point of view of how the business will go and what direction that will take in the future. Global supply chain disruptions. Well, we've seen, you know, natural disasters, political unrest, pandemics. They all can disrupt global supply chains, leading to delays and shortage. And what we do in relation to supply chain and risk management of our suppliers and have a Plan B, you know, for-, it's, it's hard to see-, it's hard to see what, what the next big issue's going to be but there will be a next big issue so it's how you protect your business from the point of view of alternative sources, etc, to protect that business. Labour shortages, we touched on this earlier that, you know, finding skilled labour in the logistics industry can be a challenge.

I know by speaking to different clients, the, the hardship there is with, with getting skilled forklift drivers or, or even a, a forklift driver who has a licence and has maybe been away from the business for a few years, but those people are just so hard to, to get. So, that's why we do, you know, talk about efficiency within, within our teams, from the point of view of, of trying to get that better output. From the point of view of, of businesses who want to grow, trying to get efficiencies within that team or, or within, within that sector, so that we can actually do more by putting in the right whether it's training, processes, software or from the point of view of, of, of just, you know, let's do all that before we start adding people for the sake of adding people and we don't address the processes and gain the efficiency, which is the first, first and foremost thing we should be-, we should be trying to do. Security risks. Theft and tampering are security risks that logistics companies must contend with. Technology is being used to address these issues with track and trace, etc, but I, I've examples of container shipments going to South America and goods being taken out.

You know, container doors are sealed but container doors can be removed and, you know, we had-, we had product there that was actually taken out of the containers so there, there is-, any, any issues that there may be with security risks and material not getting from that A into B and not being delivered to B, that has major impacts from the point of view of, A, credibility, B, the, the service and, and, secondly, reliability. So, those, those issues are, are something that, you know, we've seen in past and there are gonna be challenges no doubt going forward. So, and finally before I-, before I-, before I hand you back to Enda, just ask yourself from the point of view do you have logistics services that are fully integrated with your business? Maybe yes, maybe no but that's just-, you know, from the point of view of-, just analyse that from the point of view that do they integrate with the other departments? That's-, because that's very-, that's very important. Do you currently measure the performance of your logistics functions? So, your function-, you know, your logistics functions that are day in, day in, day out. You know, as, as they, you know, are, are performing, are you actually measuring to see how they're performing? Therefore, you know, when you measure that and you review that, do you have the opportunity to improve? And have you a structured process in place to manage logistics?

These, these are all questions that you can take away from the point of view of just asking those questions and, and certainly we're here to help from the point of view of getting any further clarity. So, at this point I'm gonna hand you back to Enda and thanks very much for listening.

Enda McKeever: Great, thanks, Bryan. As I suppose you have just understood from what Bryan was taking you through, there's, there's a lot of detail in this and-, what's-, again, Bryan's made the point about the team. The team exists really to support our, our clients, our customers and please feel free to make contact with us. We're, we're only too happy to support various projects out there and see if we can drive some improvements in your processes. The details are-, just go to the website on website for Invest NI and you'll, you'll see the, the link or else make contact through, you know, through, through any of the client executives that support your business so we're very, very happy to get involved and hopefully develop some opportunities for you to, to reduce costs and get better value from your process, so thanks for your time and we'll, we'll open this to a series of questions, okay? Thank you. So, folks, just dealing with a few questions that have come in here and, as you're well aware from the presentation, a very broad field so the questions represent that as well. Just maybe Bryan if you'd take this first one, it's asking for advice on how we can avoid periods of impossible demand for receiving material into our stores and avoid the heavy burden, sometimes impossible processing of materials, so maybe your thoughts on that one please.

Bryan Abram: Yeah, thanks Enda. Good question. I've seen this, you know, quite recently where the-, that demand is putting pressure at the, the coal-face. We, we, we like to call that from the point of view of the storage and the receiving area. But if we-, if we-, if we think of that receiving area and the process being-, I like to compare it as being the conductor and the-, and the rest of the warehouse processing being the orchestra, so the conductor dictates the, the beat or, or rhythm of the flow. To manage the flow, we need to create the music sheet, which is the-, which is the slotting timetable for deliveries, so it's a bit like you've heard turning off the tap and turning on the tap, etc, but the timetable that we're-, that I'm referencing to here is, is created by the stores allocating the slots based on an average time study for processing of the-, of those receipts. So, when you have that slotting process and, and, and you have the timetable in place, then the carrier or supplier books the slots available directly on the system. Now, this could be a simple calendar. I've seen it just yesterday as, as being a calendar. There is slotting systems out there as well but it means then that the-, everything's planned from the point of view of the storage personnel knowing what's coming at them, when it's coming at them and is it do-able? And as long as, as that-, as, as long as that process is adhered to and, and the flow is good, then everything else will, will, will work nicely upstream.

Enda McKeever: Okay, no, thanks Bryan, for that. Just another one here and it's asking more general question, advice on how to reduce freight cost. I suppose I would leave two or three thoughts on that one and, again, we as a team are available to help as you start to, to build your own regiment and discipline around this. But building partnerships with your carriers, of course, be open and transparent in reference to any volume that you have, and the potential benefit for-, you know, by that negotiation. Looking at alternative (inaudible 56.56) routes, consolidation of the benchmark at least annually, you know, but at-, you know, preferably maybe every six months but don't leave it to-, you know, it needs to be revisited continuously and maybe the last thing is ensure the transport connection (ph 57.12) planning and cost of goods at the early stage of any contracts, you know, so you've built it in to your costs so you've got a full understanding of that, okay? So, that's just some thoughts on that again. Where you're working on that side, we're happy to work with you and develop a, a project or a process that can work for your business, okay? Another one here, just maybe again, Bryan, I'd ask you to-, you talked a lot about the Incoterms and, just in your experience, what advice would you give in relation to the use of Incoterms to avoid a build up of inventory due to exports customers delaying the collection of those? He wants just a few thoughts on that.

Bryan Abram: Yeah, a, a real-life experience from my perspective here, and sometimes the customer will insist you use exports and, and it's, it's having that, that, that decision from the point of view of, yeah, exports is an-, is an option but also through negotiation, it can be worked out it's very similar to the FCA. And this can-, this could be used as an alternative but-, and that gives both parties that level of control of the desire. But the, the preference is for the term FCA to a designated port of export, i.e. FCA Belfast Port, so that allows you then to take the goods off your premises, transfer the inventory to the, the customer and it gets-, it gets the goods moving. Otherwise what I've seen in the past is inventory builds up and, and then your facility becomes like a warehouse facility for, for your customer 'cause the exports collection just didn't happen on the day that it was supposed to happen and, in my experience, it's-, it could be weeks and sometimes even months before it even takes place. Which in the, the-, the domino effect from that is that the inventory builds up and finished goods inventory can be quite-, you know, from the point of view of, of cost, it can be a serious cost that builds up on, on your books. So, the exports, sometimes it can be avoided but where it could be avoided, it should be avoided and FCA to port, Belfast Port, is a really good example of where you can get the, the goods moving and, and get on that journey.

Enda McKeever: No, thanks, Bryan, for that. Unfortunately, there's a-, there's a few other questions but I'll not-, in the interests of time, I'll not go into but we'll come back to the individuals who-, on a personal level on that. It, it's clear, you know, as you listen to the presentation that there's a lot of detail here and I suppose in some ways, unfortunately, you don't get the chance to go in in great depth but it's a-, as I say, we as a team are available to, to support business here in Northern Ireland and are only too glad to be here, so please feel free to reach out and we've already given you the details of that but just want to finish by thanking you for your time and attention during, during this particular webinar and maybe I'll look forward to some form of contact. Thank you.