

# *International Trade Compliance Response Time*

*Edgar J. Tabales  
Engineering Management  
Hector J. Cruzado  
Graduate School  
Polytechnic University of Puerto Rico*

---

**Abstract** — *The objective of this project was to increase the overall performance of the International Trade Compliance (ITC) department in Collins Aerospace and to reduce the average time it takes to close a classification request. Improvement opportunities were identified for both parts involved in the classification process, the requestor or business unit and the classifier from the ITC department by performing a Process Improvement Plan. After the plan was implemented, the turnback rate and the average classification time was significantly reduced.*

**Key Terms** — *Process Improvement Plan, ITC, Business Unit, Classifier*

units inside Collins Puerto Rico, to many other business units in United States, and to some international locations. Because it is a new department, there are some improvements opportunities, one of them being reducing the time it takes to complete a classification process.

The main objective of this project was to improve the classification time of the International Trade Compliance department. To achieve this objective, improvements on the request procedure and on the classification process were implemented by performing a Process Improvement plan that helped identified opportunities of improvements and better practices.

## **INTRODUCTION**

The International Trade Compliance (ITC) or Global Trade is a division of Raytheon Technologies that is responsible of assigning export jurisdiction and classification to any technical data, commodity, or software within the aerospace industry. The regulations that control the aerospace industries consider as exportation any transfer of commodities, information that contains technical data or technologies with any non-US person. These exportations can be physical, electronic, or verbal. That's why all information within the aerospace industry must be classified before it can be exported. The classifications assigned by the ITC department will determine the regulations and restrictions that will apply to the exportation to prevent exportation to countries that may have embargos, sanctions, or restrictions to certain materials.

Collins Aerospace, a branch of Raytheon Technologies, has opened an ITC department in Collins Puerto Rico, located in the municipality of Santa Isabel. The department is currently bringing jurisdiction and classification services to business

## **LITERATURE REVIEW**

### **Process Improvement**

A process improvement plan is a proactive, well-documented technique to find the inefficient processes within your existing operations. Existing business processes are identified, analyzed, and then improved [1]. Simply put, it entails examining the organization and determining how to improve things by applying lean techniques to reduces waste and processes that do not add value to the process stream. The process improvement plan consists of six steps [2]:

- **Recognize:** Pinpoint the most critical areas that needs and/or can be improved.
- **Analyze & Identify:** Identify the source of the problem
- **Re-design:** Appropriate solutions and ideas are created.
- **Implement:** Identify all parts involve assigning correct goals and roles to each part.
- **Communicate:** Collect feedback from all involved parts.

- Monitor & Review: Analyze the new process and look for continuous improvement.

### **Delays in Classification Process**

Delays in the classification process could happen for two major reasons. The first reason is the quality of the classification request received in the ITC department. Examples of this are lack of information and not following the process stream to create a request. Things like this could result in turnback or forced a classifier to request more information before completing a request. The second reason is not having a standard procedure on how to process a classification request which many times leads to unnecessary procedures and spending time doing research on the wrong regulations.

Too often processes are relied on as if they were somehow perfect and cannot be touched. That type of thinking is what will quickly send a project off track and possibly cause it to fail [3].

Complacency has no place in project management. Constantly analyzing the processes is the best way to reach a successful end. How to improve processes is through a technique called process improvement. Implementing what has been learned through process improvement is done by creating a process improvement plan [3].

## **METHODOLOGY**

As it was discussed before, this project was a Process Improvement and it was performed by following the six steps of the process improvement plan.

### **Recognize**

During this step, the two most significant reasons for delays in the process were identified as the quality of the request and the procedure of the classifier. Most common mistakes in the requests were identified as lack of information, requests for technical data without the commodity being classified, and not including the aircraft model or part number related to the technical data or classification request. It was also identified that the

lack of a standard operation procedure was delaying the classification process. The classification process can vary and required different kinds of research depending on the jurisdiction of the item in question. In many cases, research was being done in regulations that didn't applied to that item. For this reason, it was very important to identify the lack of a standard procedure to reduce the classification process time.

A request submitted the wrong way can result in a turnback that can turn a 15 minutes classification process into one day of delay to complete the classification.

### **Analyze & Identify**

After analyzing causes for the delays, it was identified that the quality of the request received is affecting the time it takes to complete a request. The source of the quality issues with the request are lack of information when a request is received, and unclassified commodities when requesting technical data classification that end up in turnback or rejections. Additionally, the ITC team is working without a standard on how to process a request that many times result in unnecessary steps

Business units were submitting requests as they were doing it before, using the services of ITC which have different rules. Having multiple business units submitting requests with different standards was resulting in a lot of turnback.

### **Re-design**

After collecting all necessary data, it was possible to identify all necessary information required for a classification request. Information required includes all part numbers mentioned in the request. Also, the aircraft related to the classification has to be included in the request and the commodity related to the classification must be classified prior the technical data. With that information, a standard request form has been created where the requestor must include those part number regarding the request and it specifies to the requestor that the commodity must be classified, otherwise it must be submitted for classification

and then the technical data can be submitted for classification. All business units will have to follow the same directions and complete the same standard request form.

Improvement regarding the procedure of the ITC team to complete a classification were analyzed and a standard procedure was established. This new procedure includes a series of steps where the classifier first must verify that all required information has been completed in the request. Then, the classifier can proceed if there is any technical data in the request. After that, if technical data has been identified, the classifier must look up for the classification of the commodity related to the request to determine if the classification will be governed by the Export Administration Regulation (EAR) or by the International Traffic in Arms Regulations (ITAR). After identifying what regulation will cover the request, the applicable classification can be identified in the ITAR or the EAR regulations [4]. Additionally, after all classifications are completed, a rational must be given. Therefore, a template with rational for all classification codes have been created where classifier only has to edit the part number helping to reduce some additional time.

### **Implement**

The implementation was divided between changes with the business units and a second part that will work with the internal ITC team. To implement the new changes, business units were trained on how to submit a proper request and it was explained to them why it has to be that way to make sure they understood the changes and to align goals. The ITC team was given the standard procedure on how to process a request and re-trained.

### **Communicate**

Communication will be very important for this plan to work. Specially communication between business units and the ITC department. Business units have been submitting requests for a long time, so resistance is expected. That's why

communication must be constant, and feedback should be requested at least once a week

### **Monitor and Review**

Finally, an assessment to identify if the classification time has changed should be performed. Data must be collected and reviewed to determine if implementations has created any changes. Also, data will continue to be collected to identify future improvements.

### **CONCLUSION**

The results of having implemented the improvement plan has been seen already and is expected to continue improving over time as more data is collected. Business units showed a little resistance at the beginning, as it was expected, specially because there are multiple business units with different procedures. But with constant communication and feedback, it was possible to align business units and ITC goals.

Prior to implementing changes, the turnback rate due to lack of information was 40% of the total turnback's. Now it has decrease to 15%. Turnback due to unclassified commodities was 35% of total turnback and it has decreased to 10%. Those two areas were the ones affecting the classification time the most.

Also, the standard procedure for the classifiers has helped decrease the classification time of a request that has been submitted correctly following all instructions from an average of 25-30 minutes to 15 -20 minutes. As mentioned before, it is expected that, as business units gets more used to the request form and classifiers gain more experience, time decrease even more.

### **REFERENCES**

- [1] A. Renaud, "Manufacturing Transformation Group," 6 August 2020. [Online]. Available: <https://www.cmc-consultants.com/blog/setting-up-a-step-by-step-process-improvement-plan-in-your-factory#:~:text=A%20process%20improvement%20plan%20is,how%20you%20might%20improve%20things>

- [2] "Task Manager," 22 June 2020. [Online]. Available: <https://www.ntaskmanager.com/blog/process-improvement-plan/>
- [3] L. Ariel, "Project Manager," 28 April 2020. [Online]. Available: <https://www.projectmanager.com/blog/process-improvement-plan>
- [4] T. Raynolds, "Export Solutions," 28 March 2018. [Online]. Available: <https://www.exportsolutionsinc.com/resources/blog/itar-vs-ear-difference/>