

A Compliant Strategy Absorbs the Shock

Our client is a manufacturer of a patented material, used mainly in clothing and footwear, for high performance shock absorption. It has applications in a host of industries such as sports, motorcycling, personal protection and electronics.

Scenario

The client requested a Health Check because of concerns about potential risks due to the recent rapid growth of the business. The product itself is revolutionary with unique characteristics that make it flexible and comfortable but rigid under shock. With licencing and patent issues to consider, we conducted a Health Check audit and reviewed all areas of operations from the movement of raw materials in Europe to the manufacturing process in China.

Orders were then placed from the Hong Kong warehouse for worldwide distribution to a wide range of clients, most in the sports clothing sector. The product protects the individual from impact with applications in sports including skiing, snow-boarding and running. It also has a military application as body armour.

Issues

There were long delays and problems in getting shipments cleared through Customs into China. The client was unaware that this process meant they should not be paying VAT which saved them almost 20% in cost. We improved the clearance process using our knowledge of Customs in China and ensured that products were correctly classified with correct pricing shown on the invoices as well as controlling the export process from China. We were also able to give them key information about ITAR regulations in respect of their business with the Military.

Result

The client's business has grown enormously and is extremely successful. We continue to maintain close compliance checks in the UK and China where we employ a team of experts in customs and compliance.

