

CASE STUDY

# The Financial Benefits of a Smart Import Strategy

## The Customer

As a multinational food<sup>1</sup> company operating in a very competitive priced based market for raw consumables, cost management was critical.

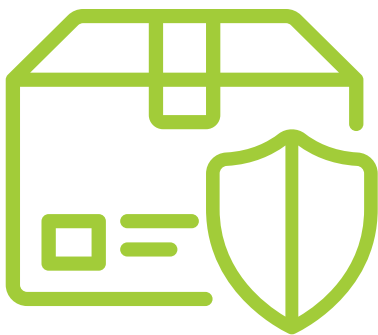
## The Challenge

The company wanted to shift its primary production location from domestic to overseas while retaining its margins. They also needed to continue to provide a quality product at a competitive price to their US customer base. The challenge was understanding and mitigating the implications of duties and taxes. Over the last ten years, their main competitor had successfully imported its supply and competed with them on price, but they didn't know how to do it.

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*The problem was that duties and taxes would consume all the advantages to importing and force the company to raise its price to the customer.*

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## The Journey

First, the company conducted market research and competitive research to understand what their competitors were doing. They completed cost analyses of the current situation and of the potential savings that overseas production could create. Despite all the benefits that were possible, their compliance team couldn't identify a solution. The problem was that duties and taxes would consume all the advantages to importing and force the company to raise its price to the customer.

## The Discovery

So, they reached out to contacts in their market, and one customer recommended Clutch Global Logistics. Clutch is a well-known US Customs Broker that specializes in food, ingredient, and flavoring imports and FDA clearances. The referral was made and the challenge presented.

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*1. At the request of the customer, their name and industry must remain confidential so that they can protect the competitive advantage they have created.*



import taxes decreased by  
**80% annually**



saved **6¢ for**  
**every dollar**  
of product

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**We Manage the Experience.**

Our goal is for you to have an  
experience worth referring.

## The Solution

The Clutch Global team worked together with the customer to identify the root issues and savings necessary to increase the company's competitiveness. After careful study, Clutch Global identified two key solutions. The first action was to resolve the duty amount. After careful planning and preparation, the Clutch Global team filed a binding ruling with US Customs and obtained official approval to utilize a duty-free HTS Code. Success! Now the product could be imported from the production country duty-free. The next step was to lower taxes. By redesigning the supply chain to support bulk importation, import taxes decreased by 80% annually.

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## The Implementation

In less than three weeks, both solutions were fully implemented overseas and in the US. All suppliers were advised to amend their shipping schedules and update their shipping documents with the new HTS code information. The customer's ERP system was updated with the HTS information. Clutch Global added the information to its system for use with the company's import entries. With the groundwork laid, the company was ready to transition their production to its overseas facility.

## The Results

The duty-free classification the company secured saved them **0.06** for every dollar of product they imported (they import millions per year). Additionally, their tax savings in the first year alone was in the mid-five digits. The company is now competitive on price with its main opposition — and in many cases, their price is lower. Clutch Global's solution has allowed the company to secure more of the US market, offer a lower price to its customers, increase its overall profit margin, and its annual profits on the product by millions.