



How to address the persistent skills gap in global trade management

Executive summary

A major paradigm shift is changing the skillset needed to be an effective global trade professional, and this shift is happening so rapidly that many companies are not prepared. As a result, companies all over the world are finding it difficult to fill key global trade management positions at a time when these roles are more important than ever.

Two main factors are driving this shift.

One is that the regulatory, business, and geopolitical environment in which global trade practitioners must operate has become so complex and volatile that the demands of the job have increased accordingly.

The other major driver is technology. The complexity and volatility of modern supply chain operations have made it virtually impossible for a single person or small team to keep up without the help of technologies specifically designed for global trade management. Customs compliance, screening for sanctions and denied parties, monitoring regulatory changes, conducting trade-lane analysis, managing free-trade agreements (FTAs), foreign-trade zones (FTZs), and transportation logistics — all of these responsibilities and more now require a variety of software solutions and people who are trained to use them.

Difficulty filling key roles

The confluence of these two trends has created a need in global trade for talent with an increasingly diverse range of business and technical skills.

A recent Thomson Reuters Institute (TRI) Global Trade Report stated: “...the increasingly data-intensive nature of global trade management has put a premium on recruiting people who have strong technical skills, whereas trade management jobs themselves also require broad knowledge of global politics and economics, a deep understanding of regional regulatory requirements and legal policies, as well as excellent project management skills and a keen grasp of the more strategic, business-related aspects of trade management.”

That’s a lot to ask of one person. And as it turns out, there aren’t many people in the world with these types of credentials who want to be global trade managers.

How pervasive is the problem?

In the same TRI report, global trade professionals from around the world were asked whether they have plans for new roles with their global trade functions, and more than half (53%) said yes. Furthermore, 37% of companies worldwide said they are considering outsourcing to fill these skills gaps because they cannot find the talent they need in the open job market.

Working toward a solution

The core of the issue is that technology has become so integral to trade operations, so fast, that companies have been caught in a triple-bind when it comes to attracting and developing global-trade talent:

1. Companies can't remain compliant and competitive if they don't upgrade their technology;
2. Companies are reluctant to invest in new technology without the right people to monitor and manage it;
3. Without the lure of state-of-the-art trade technology as part of the job package, companies are finding it difficult to attract people with the experience, ambition, and desire to do these difficult jobs.

To address the talent issue, then, companies must understand that they are going to have a growing problem if they cannot simultaneously upskill their people and upgrade their technology. The two go hand in hand.

Software can't configure itself to address a company's specific industry, product(s), and risk-tolerance parameters — it requires people who understand both the company's needs and the technology being used. Skilled people are also needed to interpret the data a software solution provides, and to communicate the meaning and value of the results to leaders who are making strategic business decisions.

Global trade: How has it changed?

First, let's acknowledge that a career as a global trade professional has always had its challenges. Global trade compliance departments are notoriously under-resourced and tend to be viewed as a cost center, largely because the department's strategic value is often underrated or ignored.

In the past, global trade managers spent most of their time on the compliance obligations necessary to import and export goods as quickly as possible. Decisions about supply chain sourcing and logistics were primarily driven by labor and transport costs (the cheaper the better) and speed to market. On the global stage, international trade regulations were relatively stable and most political conflicts were regional in nature. And within the company, global trade departments were siloed entities that interacted with other departments only as needed.

All that has changed. For large multinational companies and even some mid-sized international companies, the global trade department now operates as a communications and data hub between virtually all departments in the organization. Sales, marketing, research and development, engineering, finance, operations, procurement, legal, and logistics — all have information that the global trade department needs, and vice-versa. All of that information is now transferred through cloud-based systems that provide complete supply chain visibility across every business unit, regardless of its geographical location.

This holistic, birds-eye view of an organization's overall operations is one of the reasons C-suite executives are now so interested in what global trade managers have to say about the company's larger business strategy. If growth through acquisition is under consideration, for example, global trade managers are armed with a wealth of information — about trade regions, legal hurdles, suppliers, and logistics, etc.— that could figure heavily in the company's decision-making.

Generative AI and new trade technology

Another tectonic shift **over the past twenty years, the entire global infrastructure for trade has moved toward digitalization and automation.** As governments around the world develop new systems and regulations to leverage new trade technologies, companies must upgrade their systems as well. Companies that do so aren't simply prepared to comply with new trade policies and procedures around the world; they are also poised to make the most of opportunities created by integrated data systems, such as the efficiencies and cost savings available through the strategic use of Free Trade Agreements (FTAs) Foreign-Trade Zones (FTZs), and other special trade programs.

Generative AI will play a crucial role in streamlining trade compliance processes. By automating tasks such as generating trade documents like import/export declarations, certificates of origin, invoices, and packing lists, generative AI will reduce the time and resources required for trade compliance documentation. This automation not only speeds up the process but also minimizes errors, resulting in significant time and cost savings.

Finally, the spectrum of advanced technologies that a modern global trade professional must oversee and understand extends to virtually every part of the business. For example, advances in manufacturing automation and robotics can raise supply chain questions about where to produce goods based on access to resources rather than labor costs. Automated document processing pushes goods through customs faster and is essential for tracking. And new logistics technologies can determine the fastest, cheapest, and most reliable transportation options in real time.

Every day, all day, these, and other interrelated systems are humming away, making modern global trade possible — and it is the global trade manager's job to stay on top of it all.

Different skills are needed

If technological know-how was the only additional skill required of a global trade professional, hiring for such positions would be relatively easy. But today's logistics, procurement, and supply chain specialists need a much more diverse range of skills in order to do their jobs. Communication and leadership skills, legal knowledge, data analysis, business acumen, and problem-solving abilities are all part of the professional toolkit now, as is the ability to advise senior leadership on the organization's larger business strategies.

In a previous TRI survey, trade executives were asked what skills are needed for effective global trade management and, when hiring, what they viewed as the biggest skills gaps. In general, respondents said key roles are difficult to fill because they combine the need for specialized skills in the areas of compliance, regulatory knowledge, and technical adeptness with softer skills in the areas of communication, leadership, and business acumen — topped off with practical experience in project and financial management.

The previous report confirmed that the skills needed for effective global trade management today fall into these three basic categories:

Business skills

- **Communication and leadership:** Global trade managers no longer operate in their own silo; they interact with other department heads and advise senior leadership on a variety of issues related to the organization's larger business strategy.
- **Business acumen:** Awareness and understanding of a company's overall business goals are essential because trade specialists are now expected to provide guidance and insight to senior executives, and to participate in frequent conversations about strategy and priorities.
- **Problem-solving:** Nothing new here. In many ways, "problem solver" is the catch-all job description of an international trade manager. When things don't go as planned, which is often the case, it's their job to come up with workarounds and contingency plans.
- **Cross-cultural awareness:** The increasingly diverse nature of global trade requires a nuanced understanding of different countries and cultures to anticipate legal conflicts, navigate trade regulations, and manage cross-border supply chain issues.

Management skills

- **Leadership:** Organizing, staffing, managing, mentoring, and motivating a team are the day-to-day duties of leadership, and are integral to the effectiveness of any global trade department.
- **Finance:** Trade managers are involved in budgeting, procurement, calculating duty fees, and any number of other activities that involve cost-containment and financial acuity.
- **Project management:** Almost by definition, a global trade manager's job involves keeping track of hundreds of moving parts and making sure that every piece of the compliance puzzle is done correctly, on time, every time.
- **Logistics:** All modes of transport — by sea, truck, air, or rail — need to operate reliably, every day, without fail. Among other things, that means knowing all the electronic "paperwork" for shipments and terms of sale.

Technical skills and knowledge

Legal, regulatory, and compliance: The legal and regulatory landscape for global trade is a minefield of unilateral, bilateral, regional, and multilateral rules, regulations, laws, and agreements that requires a great deal of specialized knowledge to navigate. It's not enough just to understand the rules, either — GTM professionals must also be able to proactively monitor, interpret, and anticipate upcoming regulatory changes before they go into effect.

Source: 2022 State of the Corporate Tax Department, Thomson Reuters

Information technology and automation: Depending on the size and technological sophistication of the company, global trade managers are either already using various types of trade technology or pursuing and overseeing technological advancements toward an integrated, cloud-based system. Furthermore, in the *TRI Global Trade Report 2023*, 59% are actively introducing technology for the many problems they face.

Data analytics: Using technology to gain visibility of the supply chain yields a great deal of useful data — data that can be helpful in assessing cost-effectiveness, trade-route efficiencies, transportation logistics, and other key metrics. Scenario planning, supply chain stress-testing, risk assessment, and competitive intelligence are also increasingly important parts of the job.

Technology: The game-changer

While it's true that business leadership and management responsibilities have expanded for trade professionals in recent years, the real game-changer has been the expanded use of technology into almost every aspect of global trade, improving compliance, efficiency, and overall effectiveness.

In multinational supply chains, everything from procurement and shipment tracking to warehousing, logistics, and distribution is managed using global trade software. The same goes for import/export compliance, customs, denied-persons and sanctions screening, cross-border transactions, and myriad other functions related to supply chain visibility, not to mention sustainability, security, cost modeling, etc.

For companies that want to position themselves for growth and stay ahead of the competition, it's not enough to have the right technological mechanisms and tools in place — these need to be paired with skilled people who are trained to optimize the powerful capabilities such systems and tools can provide.

This combination of superior tools and skilled talent is the key to maximizing the many competitive advantages that a state-of-the-art global trade system can unlock.

With and without GTM software: A comparison

For example, consider two shoe companies that source materials from China, manufacture the shoes in Vietnam, and sell them in the U.S. The difference: Company A is still trying to manage its supply chain without the help of global trade software, while Company B is using a state-of-the-art global trade management (GTM) system.

Situation One: It has come to the attention of both companies that certain materials used in their shoes may violate the U.S.'s Uyghur Forced Labor Prevention Act, which prohibits the import of goods made with forced labor. In response, Company A tries contacting its Chinese suppliers via email and phone, but no one can — or wants to — give them a straight answer. They're stuck. With no viable alternatives, their strategy is to play dumb and hope no one else can find an answer either.

Meanwhile, Company B's GTM software has already provided them with tools for conducting risk-based analyses of their supply chain, including comprehensive questionnaires sent to all suppliers up-stream of the original purchase decision. Based on their responses, Company B recognizes that this supplier is indeed suspected of utilizing forced labor. Fortunately, the company has already gamed out a series of scenario-planning exercises with its GTM software, so it knows there are three compliant suppliers in Vietnam that have the additional advantage of being closer to their manufacturing plant. After checking for price, quality, service capabilities, and **ESG compliance**, Company B contracts with the new supplier, provides all the necessary specs for its shoe materials via the cloud, and cuts ties with its old supplier.

Situation Two: When importing its shoes into the U.S., Company A pays import duties on every shipment, but demand for its shoes has slowed due to a social media campaign condemning its sourcing practices, so it suddenly has too much inventory and also needs to pay for extra storage somewhere.

Company B, on the other hand, has arranged for warehousing in the U.S. through a **Foreign-Trade Zone (FTZ)**. In an FTZ, storage is cheaper, no import duties are due until the shoes ship out of the FTZ and enter the U.S. market, and the company realizes additional savings on the merchandise processing fee (MPF) by submitting entries on a weekly basis. Strategically, Company B also uses other FTZs around the country to move and store shoes for export outside the U.S. duty-free.

The GTM advantage

The differences are stark. None of what Company B was able to accomplish in the above scenario would be possible without the help of GTM software. And these capabilities are how a modern global trade management system gives companies a significant competitive edge.

The “edge,” in this context, is an integrated, cloud-based system that provides total supply chain transparency and a powerful set of risk-management tools. This transparency, along with the right tools and data, enables companies to view and manage their operations holistically, from end to end, which in turn gives them the power to move beyond a reactive, put-out-the-fire mentality to one of calm, proactive, strategic control.

In day-to-day operations, for example, a **Denied Party Screening (DPS) solution** can automatically scan and detect individual names, organizations, countries, and other entities contained on U.S. and international watch lists. It is possible to conduct such searches manually, but there are more than 700 DPS lists, so a comprehensive search is impractical. Plus, manual searches require an exact name match, whereas DPS software uses machine learning “fuzzy logic” to identify possible misspellings, which expands the search criteria and makes it much less likely for a bad actor to slip through the cracks.

Using and managing **Free Trade Agreements (FTAs)** is another area where software helps considerably. FTAs can save a company money on duties, taxes, and fees, but ensuring that all vendors in the supply chain are FTA compliant is difficult to manage manually, and allowing software to do compliance calculations significantly reduces a company's overall risk.

GTM software provides these and many other capabilities, which, when combined, gives companies that have invested in such systems a significant competitive advantage over those that haven't.

A technological roadmap

Now, however, the universe of companies engaged in international import/export activity is split 50/50 between companies that have integrated and deployed a GTM system and those that haven't or are in the early stages of adoption.

For those at the lower end of the curve, the priorities should be clear. *Any company that wants to grow in this era of volatile geopolitical tensions and dynamic, ever-changing regulatory environments needs to have a modern global trade management system in place before expanding into uncharted territories.* There is simply too much that can go wrong, and without such a system it is difficult (if not impossible) to compete with a company that does enjoy the GTM advantage.

Fortunately, it isn't necessary to do everything at once. GTM technology can be implemented in stages, depending on the level the company has reached in its technological development and its long-range business goals.

However, if a company wants to take full advantage of GTM software's capabilities but doesn't yet have the technology to do so, the company itself needs to develop an enterprise-wide technological roadmap. A detailed plan, that is, for how the company is going to evolve technologically, and how each department — including global trade — fits into that larger, more sophisticated technological picture.

Every company's roadmap is different, of course, but going through the process is essential for companies that want to grow and compete internationally.

At the moment, however, multinational companies need a lot of purple squirrels. And if they can't find them in the usual places, they need to look elsewhere or find ways to create them.

Finding the purple squirrels

So, to create an effective modern multinational global trade department, it's necessary to find people who are proficient in all or most of the areas of business management and technology pertinent to the profession, then pair them with state-of-the-art GTM software and allow/encourage them to perform to the best of their abilities.

The Catch-22 the global trade profession faces is that it is difficult to obtain the necessary knowledge and experience without spending several years on the job, and it is hard to get such jobs without the specialized knowledge and experience required. Throw in the growing need for people with technical and business acumen, and the search for acceptable job candidates starts looking like a hunt for the proverbial "purple squirrel"— a creature that is said to exist, but no one has ever seen.

Where is the talent?

In a previous survey, global-trade executives were asked where they currently look for experienced talent. More than half said they hire people with trade and supply chain experience away from other companies. Customs brokers and logistics services providers were another source of candidates, albeit ones that must be trained in other aspects of the business. About half (46%) also said that Big Four accounting and consulting firms were a promising pool of skilled talent, due primarily to the growing importance in the profession of technical skills, data analytics, and strategic cost-control.

Companies looking for global-trade talent don't just hire people away from other companies, they also seek candidates with government agency experience, such as the U.S. Customs and Border Protection, or HM Revenue & Customs. At both multinationals and government agencies, however, large numbers of experienced people are retiring. This means that both sides of the regulatory landscape, government and corporate, are scrambling to find experienced people in a shrinking pool of talent, so competition is fierce.

More than half (57%) of the respondents in the previous survey also cited colleges and universities as a frequent hunting ground for new hires. However, few colleges or universities have dedicated degree programs for global trade. In most cases, global trade is addressed in individual courses or certificate programs. And even at business schools that have global trade management programs, the courses tend to be heavy on theory and general principles and light on the growing technical side of the business.

Still, despite all of these apparent sources of talent, almost half (45%) of the companies surveyed in the previous report said that outsourcing was their only option left to fill certain skills gaps. And it's not hard to see why. The average global trade manager in the U.S. makes less than \$100,000, so when a company plans to hire someone from a law, consulting or accounting firm, salary negotiations are likely to be a factor.

Solutions: Short term and long term

There is no magic solution to this talent dilemma. However, there are short- and long-term strategies that global trade professionals and the companies who employ them can pursue to ensure a more robust pipeline of talent in the future.

Short term

In the short term, companies should realize that fully qualified global trade professionals with the trifecta of business acumen, regulatory knowledge, and technical skills are few and far between — so they must be developed.

In practice, that means one of three things:

1. Hiring people with the desired business skills and regulatory knowledge, then training them on the technological side of things;
2. Hiring people with technical skills and directing the bulk of their training toward the business, management, and regulatory side;
3. Identifying skills gaps in existing personnel and working to fill them.

Short term (continued)

In other words, if the perfect job candidate can't be found, prioritize what's important to the company and work toward filling the gaps.

This is where online classes, certification programs, university courses, and in-house training can be helpful. By taking some targeted courses, it's even possible to take someone who has general business experience and technical skills, and an interest in international trade to a level where they can be trained on a company's own systems and start to contribute.

Trade associations such as the American Association of Exporters and Importers (AAEI), the International Compliance Professionals Association (ICPA), and National Customs Brokers & Forwarders Association of America (NCBFAA), and the World Customs Association (WCO) offer courses, seminars, or certification programs that are recognized by the trade. Private organizations also offer training courses. For example, at SYNERGY, the conference for corporate professionals from Thomson Reuters, attendees can take global-trade sessions that carry CCS and CES credits from NCBFAA. Unfortunately, there is no single, universally recognized certification program for global trade professionals, and efforts to create one have thus far been unsuccessful.

In the short term then, multinational companies would serve themselves better by establishing a technological roadmap, improving their technical training, taking full advantage of outside resources, and committing as many in-house resources as possible toward developing global trade professionals who have a well-rounded, more holistic view of the business's needs and goals.

Long term

Over the long term, as individual companies strive to improve their GTM capabilities and attract and develop quality talent, a great deal can also be accomplished if global trade professionals can find ways to work together and with other institutions to share and develop their collective knowledge.

For example, professional trade associations should consider working much more closely with colleges and universities to create courses and degree programs aimed at educating graduates about real-world opportunities in global trade and the business/technical skills needed to thrive in the profession.

Admittedly, past efforts at engaging academia have not gained much traction, but the economic environment for colleges and universities has changed in the past few years. Business certification programs are an attractive source of new revenue for many business schools, and the idea of partnering more closely with businesses in the surrounding area has become more popular, especially at community colleges. Law schools, too, may be fertile ground for developing fruitful professional partnerships.

People already in the profession should also consider finding more ways to share their knowledge through in-person conferences, online discussions, informal get-togethers, and any other possible means. After all, networking isn't just about building personal connections, it also serves to broaden and strengthen professional communities of like-minded people with common interests.

Such a project could take many years, but these efforts in tandem with ongoing corporate training and the gradual accumulation of on-the-job experience will help ensure that the next generation of global trade professionals is prepared to meet the myriad challenges of the future.

Conclusion

The rapidly changing business and technical demands of the global trade profession have created a situation where there aren't enough people coming through the usual talent pipelines to fill key trade-management roles at multinational corporations around the world. To address this skills gap, individual companies and associated trade institutions need to work together to develop a better system for educating, recruiting, training, and mentoring talent that can do these important jobs.

What skills does this new breed of global trade professional need to develop? The list is long, but it involves having excellent communication, leadership, and business skills; possessing deep legal knowledge of compliance, regulatory, and jurisdictional matters; demonstrating a broad spectrum of cultural and political awareness; and having industry experience with information technology and automation.

At the same time, companies involved in international trade are operating in an environment that is increasingly digitized and automated, so implementing a modern GTM system to manage it all has become almost mandatory. Even an automated software system cannot do everything by itself, though, so companies need people who understand how to use these systems and how to get the most out of the powerful tools such systems provide.

To address this combination of needs, companies should be simultaneously investing in training to fill individual skills gaps and in upgrading their technology to remain competitive in their respective industries.

The mistake many companies make is in thinking that a larger investment in global trade technology will yield savings through a need for fewer people on the global trade department payroll. Automated technology can save a great deal of time on routine tasks that are time-consuming for a human being, it's true, but most global trade departments are chronically understaffed and overworked to begin with, so any time-saving technologies that fall into their hands will only shift the load, not lighten it. The savings will come, just in other ways, through intelligent and strategic use of the technology itself.

After all, the point of better trade technology is to gain greater visibility and understanding of the supply chain. The technology generates information and allows trade professionals once bogged down by resource limitations to spend more of their time analyzing trade data, identifying previously unrecognized sources of risk, future-proofing their supply chains, and strategizing how to create more efficient, resilient systems that better position their companies for growth and prosperity.

In short, pairing the right technology with the right people is key to addressing the global trade profession's growing skills gap. One can't exist without the other. And it is through this symbiotic relationship between trade talent and technology that companies can evolve their global-trade function to meet the considerable business challenges to come.

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