

Business Process Analysis

EXPORT OF MAIZE FROM LAOS

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Agenda

- I. Introduction to BPA process
- II. Actual finding for Export of maize from Laos
- III. Bottleneck
- IV. Preliminary recommendation development

I. Introduction to BPA process

I. Scope setting

II. Data collection and process documentation

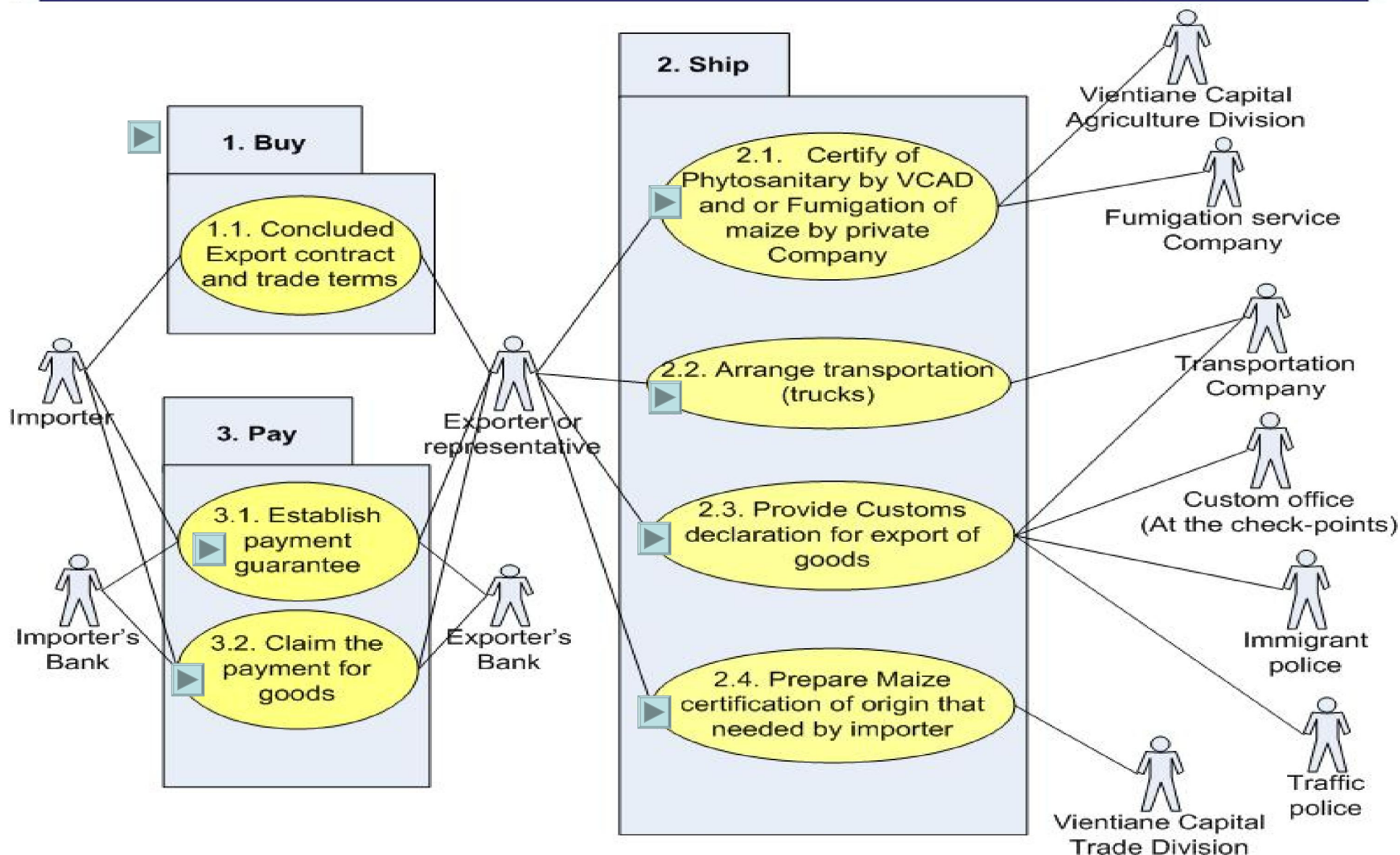
- q Interview who involved into the process
- q Gathered all concern procedures and documents required
- q Related rules and regulation

III. Process analysis

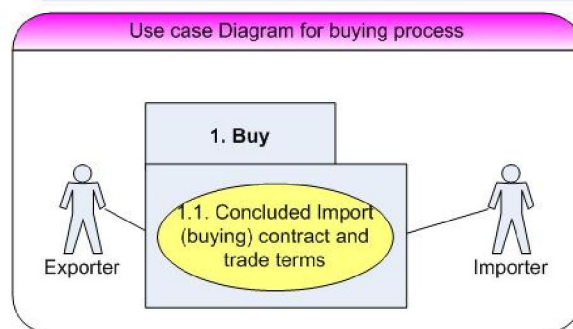
- q Identify bottlenecks
- q Examine what causes them, and
- q develop measurable and quantitative process indicators (e.g. the number of steps, time and costs required to fulfill those processes)

Recommendation development – Determine how to eliminate each bottleneck and prioritize improvement actions

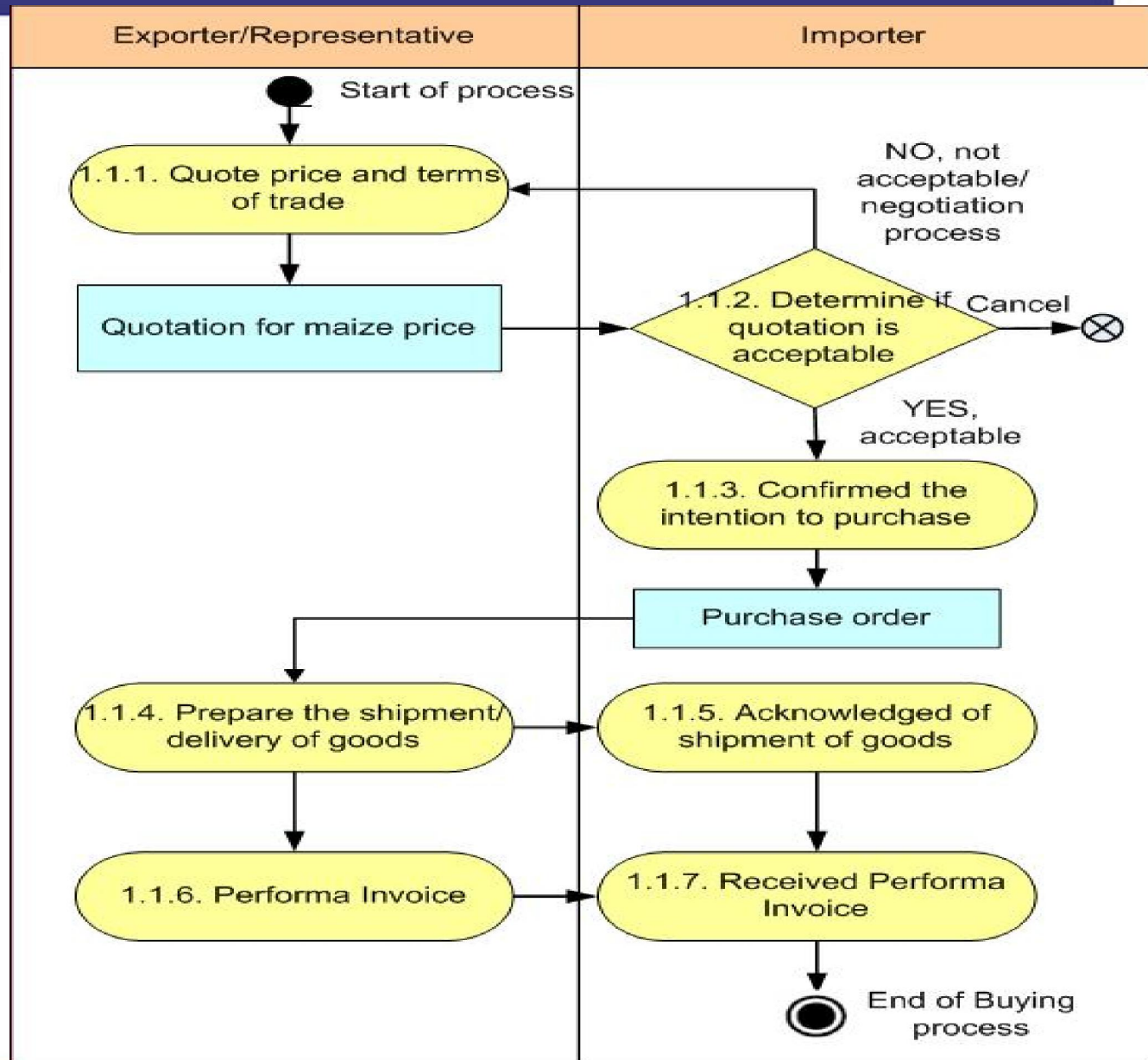
Integrated Use Case Diagram for Export of maize



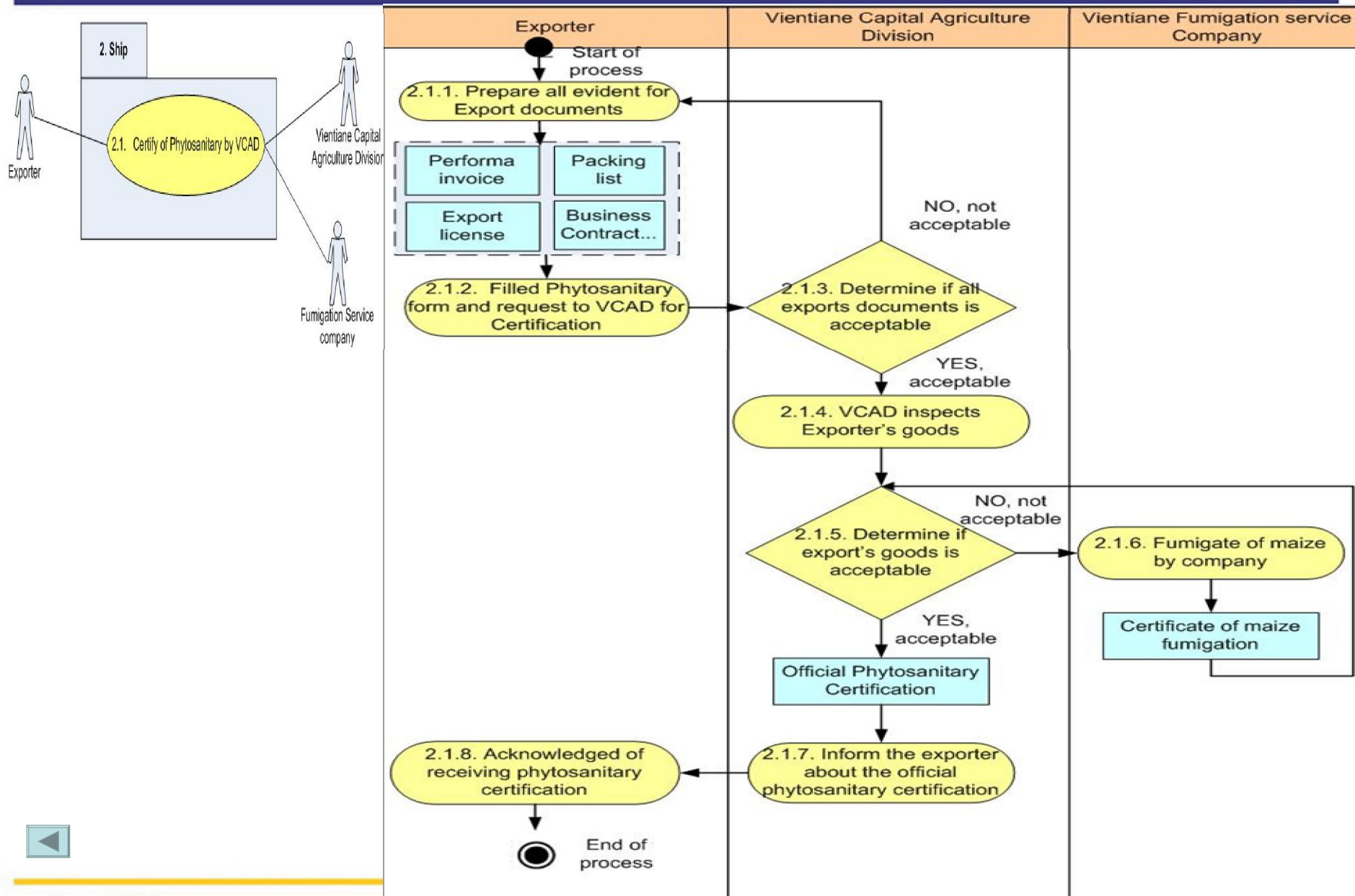
Business area 1-BUY (Export)



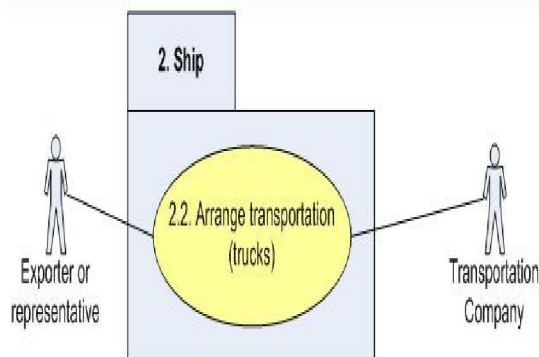
1.1. Concluded import buying contract and trade terms



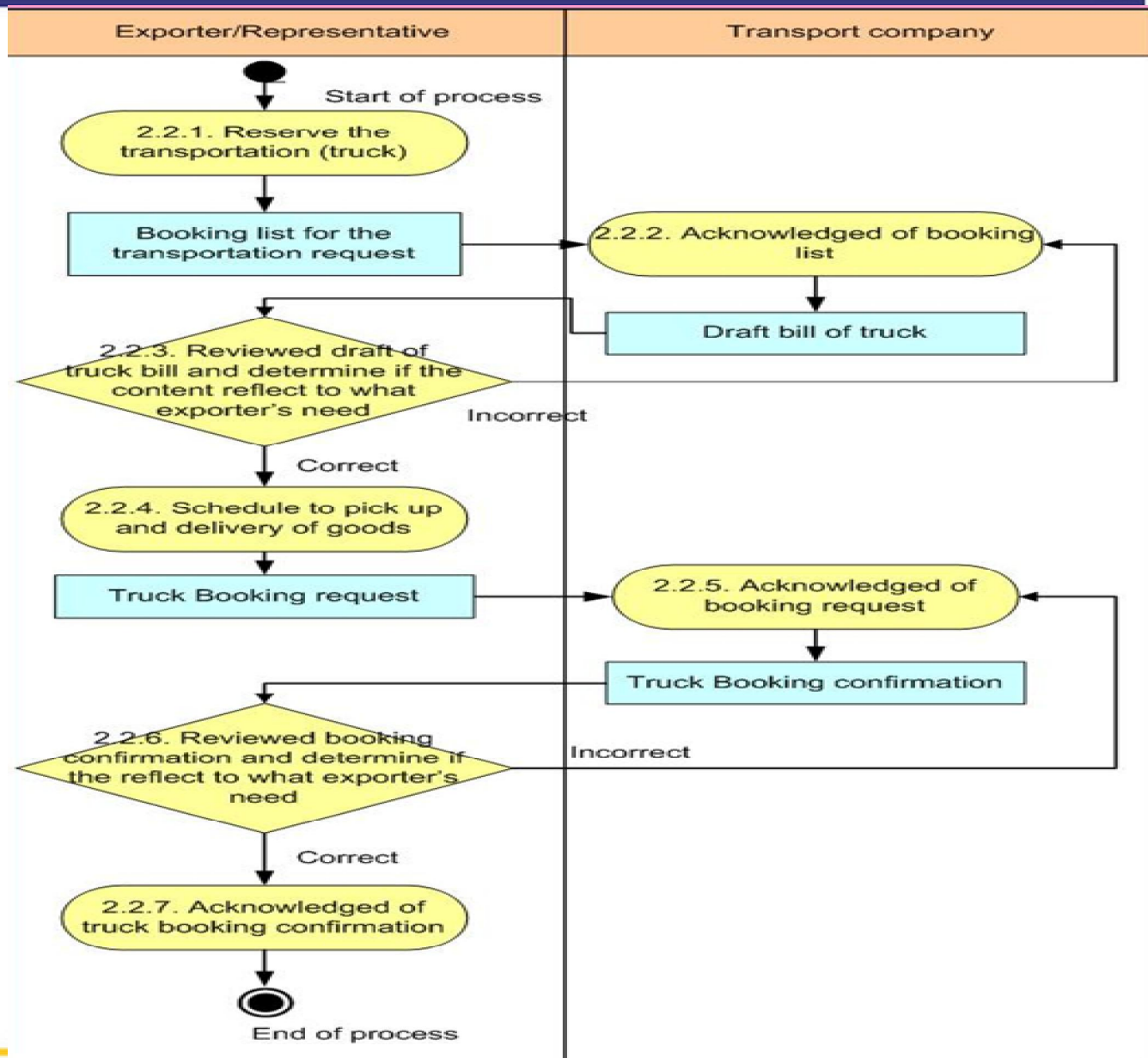
Business area 2-Ship—2.1. Phytosanitary and fumigation



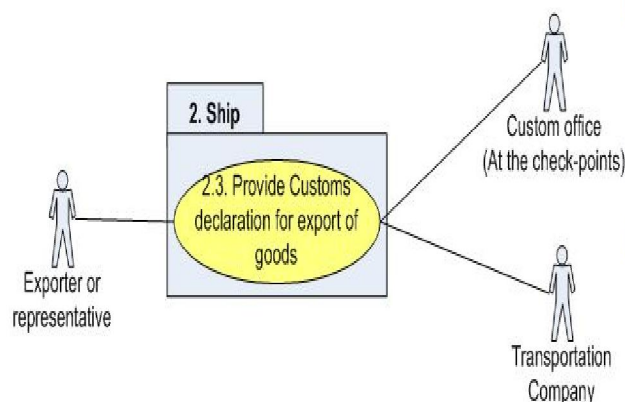
Business area 2-Ship—2.2. Arrange transportation



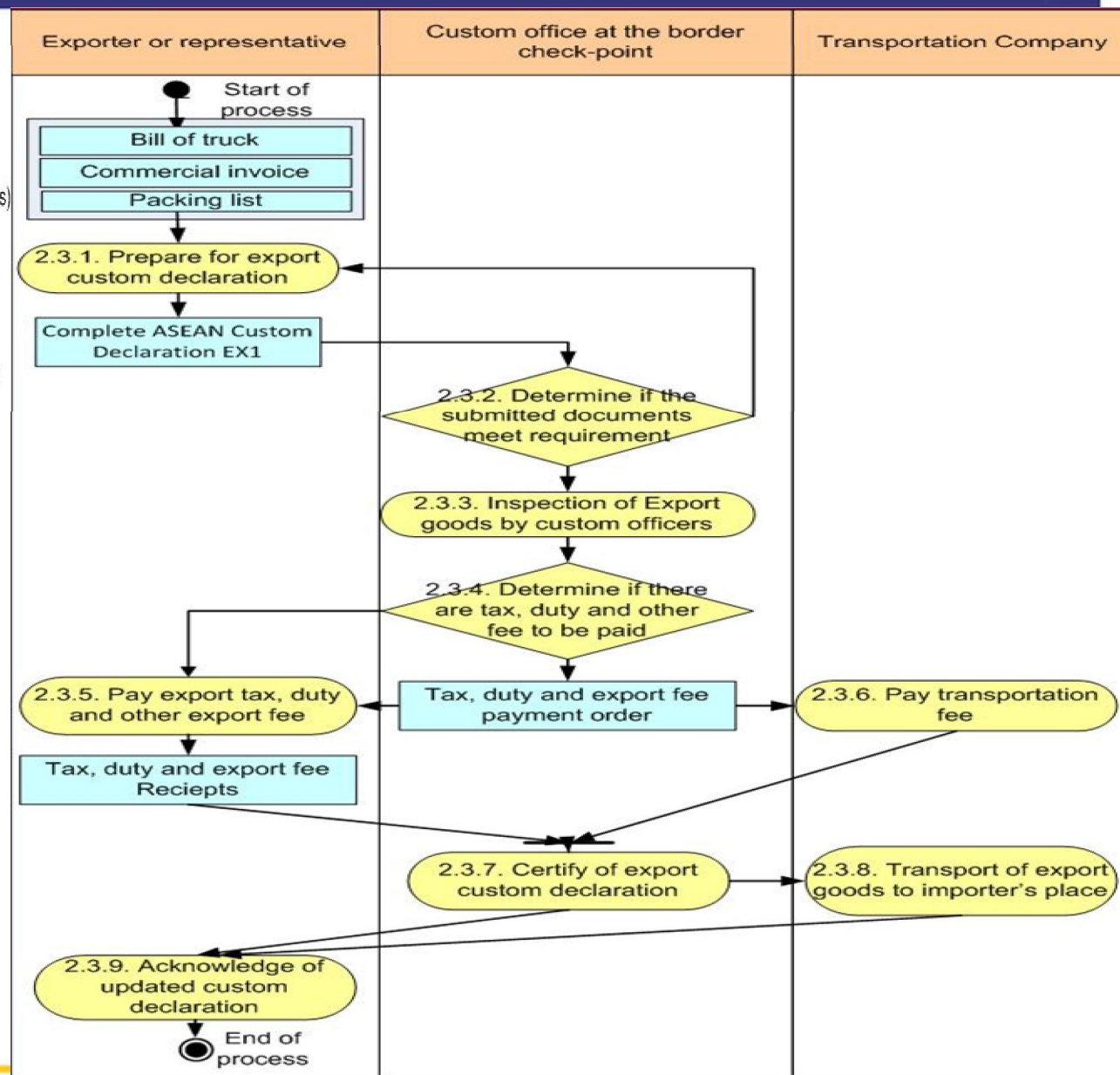
2.2. Arrange transportation (trucks)



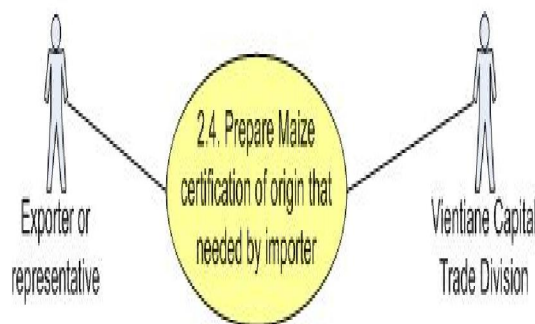
Business area 2-Ship—2.3.



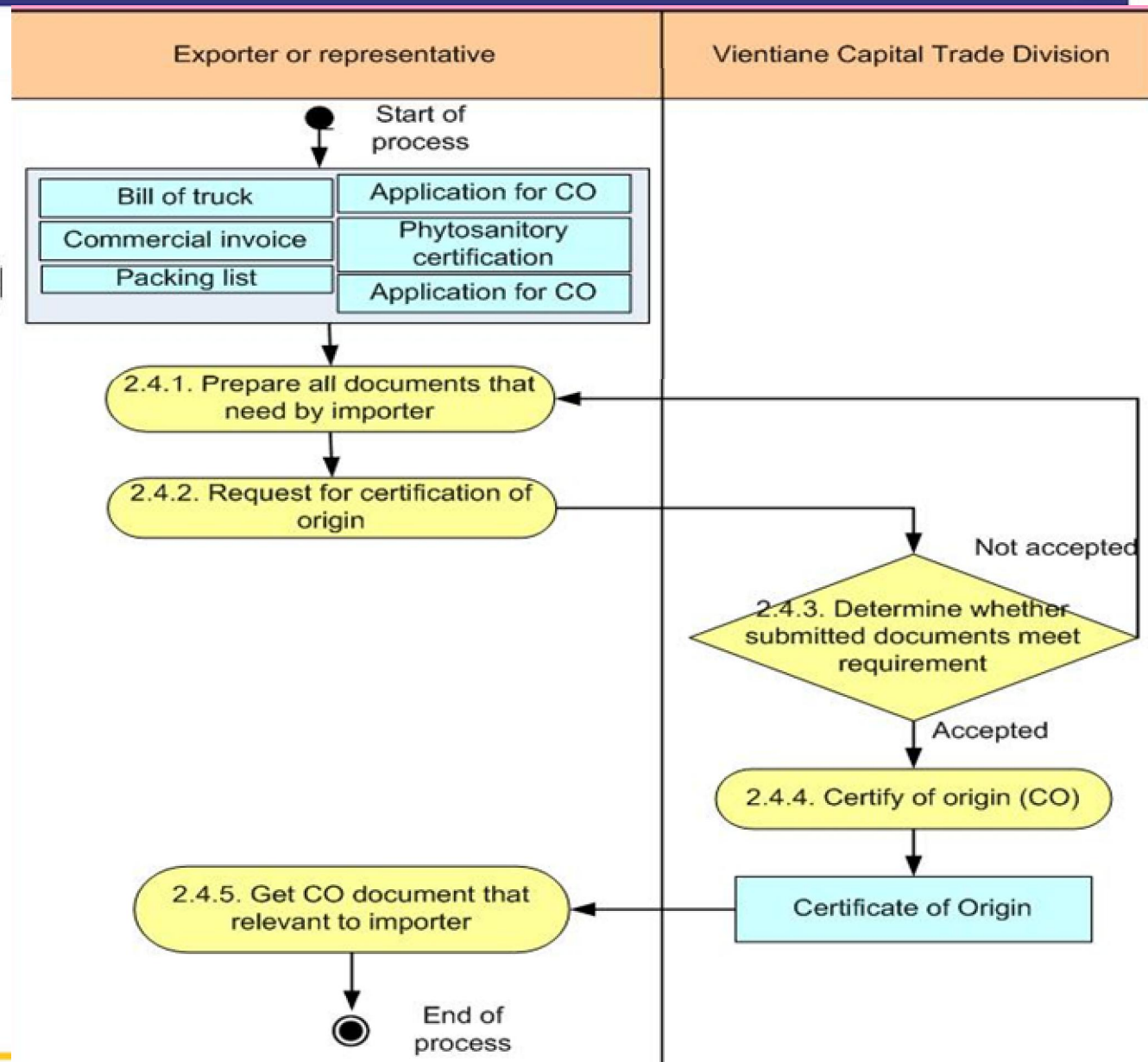
2.3. Provide custom declaration for export of goods (Maize)



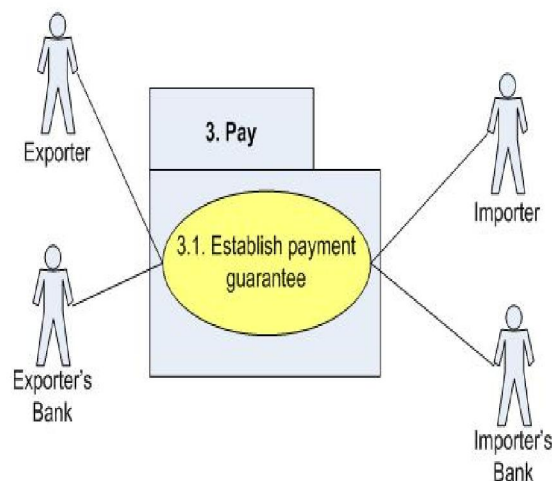
Business area 2-Ship—2.4.



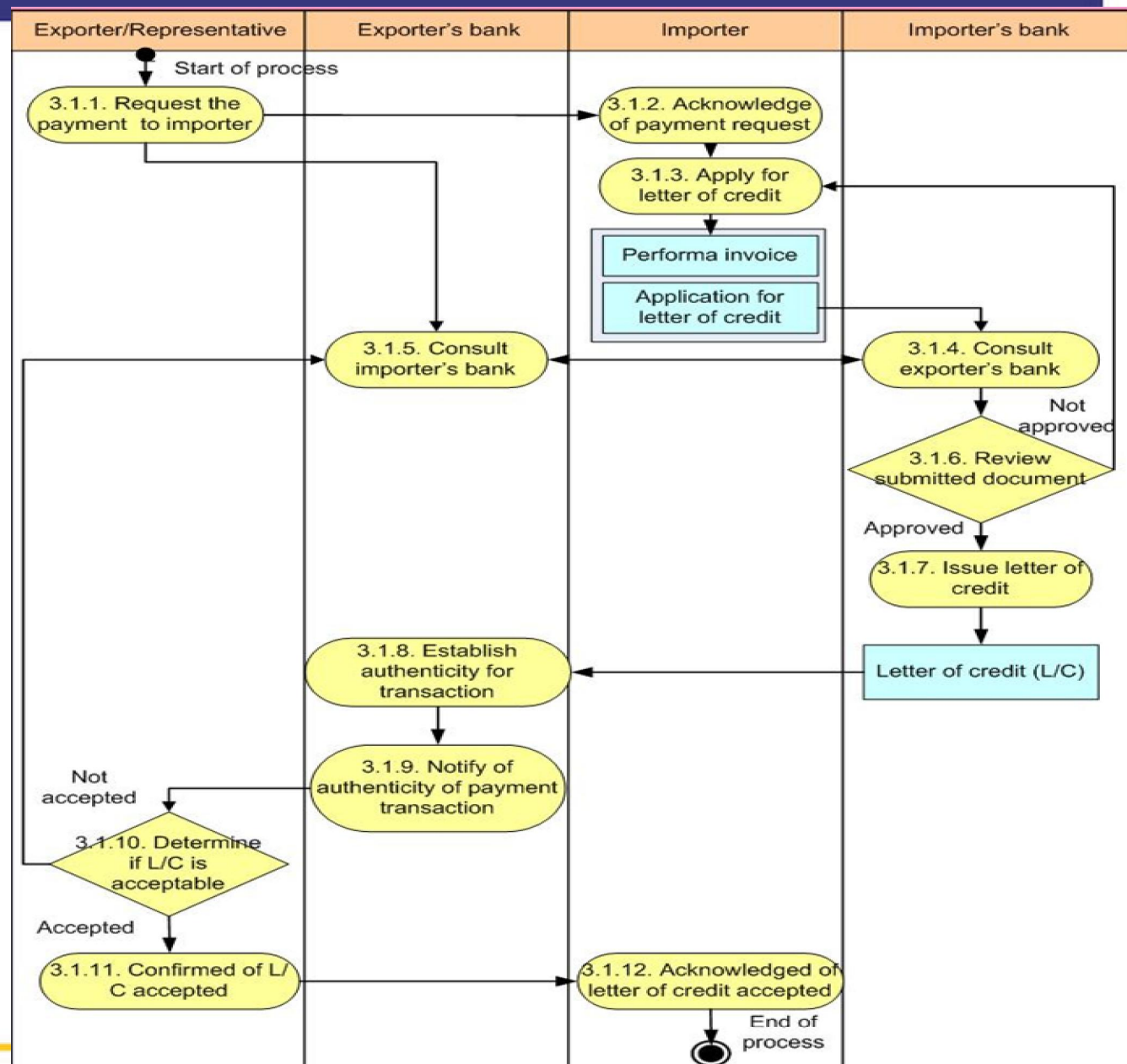
2.4. Prepare maize's certification of origin that needed by importer



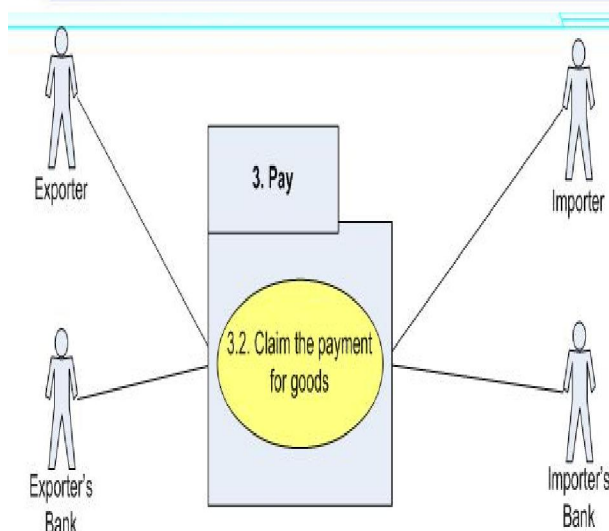
Business area 3-PAY—3.1.



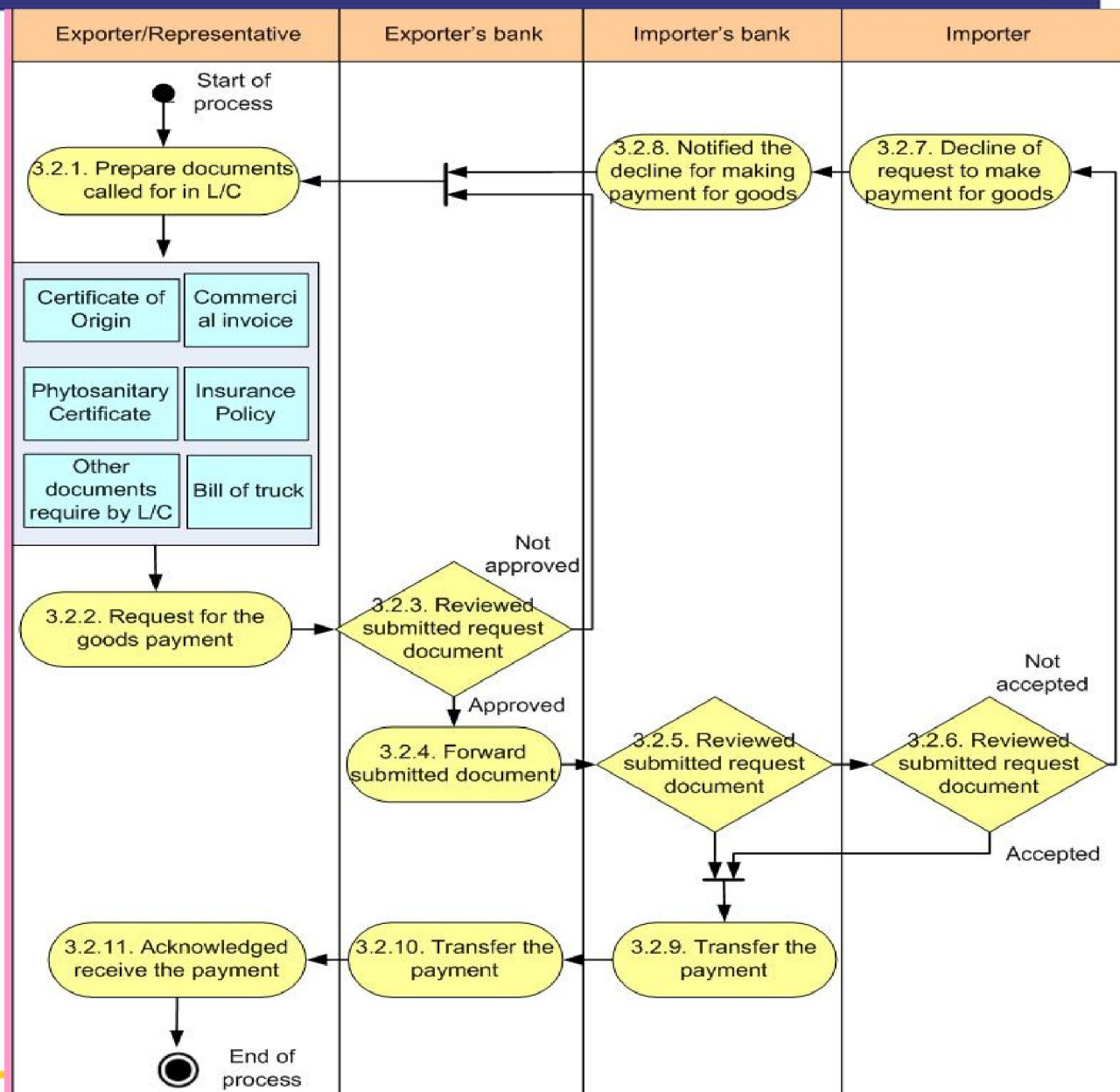
3.1. Establish payment guarantee



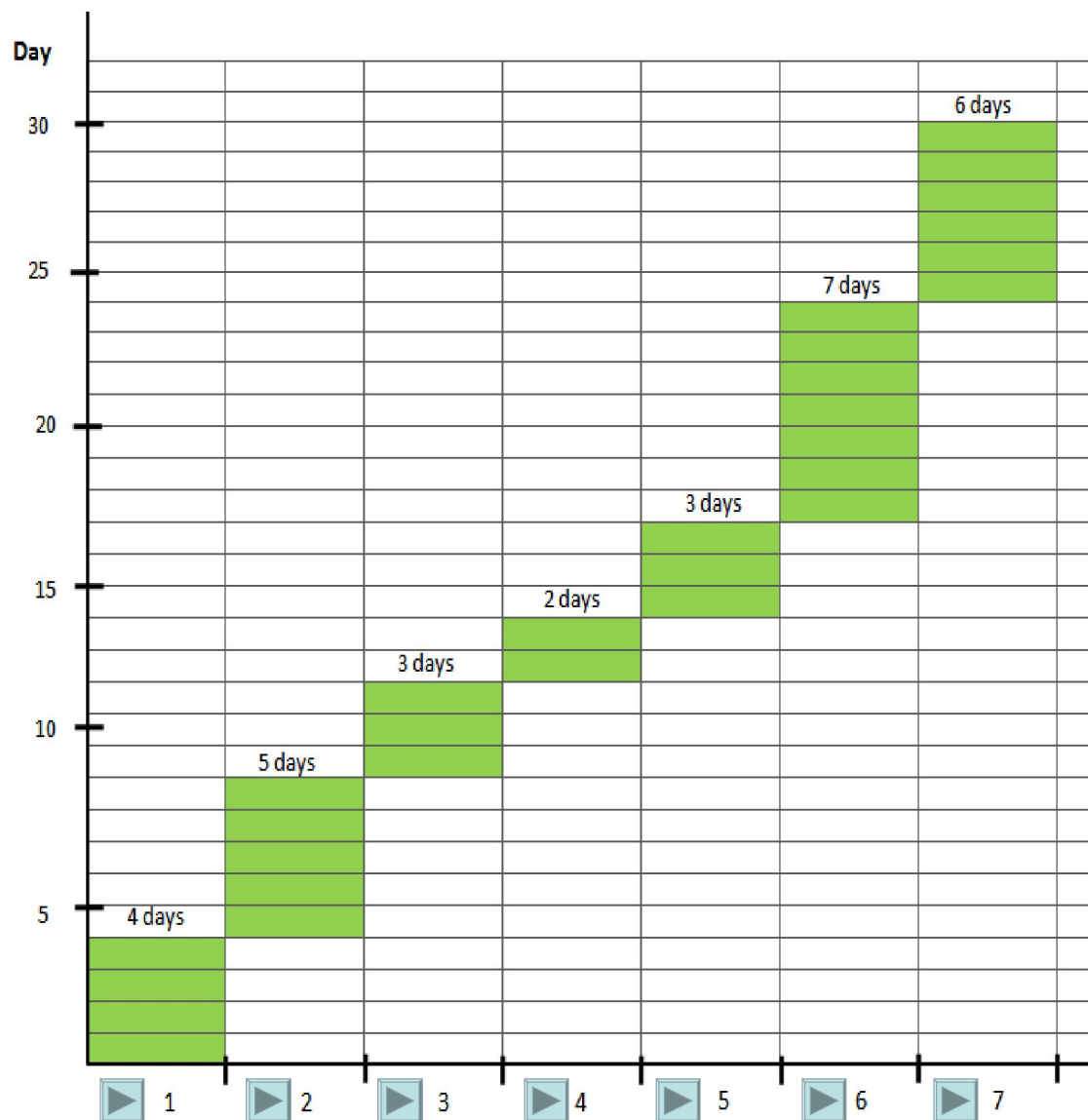
Business area 3-PAY—3.2.



3.2. Claim the payment for goods (maize export)



Time Procedure Chart for Export




Export Procedures

1. Concluded export (buying) contract and trade terms
2. Certify of Phytosanitary by VCAD
3. Arrange transportation (trucks)
4. Provide Customs declaration for export of goods
5. Prepare Maize certification of origin that needed by importer
6. Establish payment guarantee
7. Claim the payment for goods


Time spent for Activity 1.1. (1) Conclude contract

Task/Activity (Export of Maize Case)	Optimistic Time (day)	Most-Likely Time (day)	Pessimistic Time (day)	Estimated Time (day)
1.1. Concluded export (buying) contract and trade terms				4
1.1.1. Quote price and terms of trade	0.5	0.5	1	0.58
1.1.2. Determine if quotation is acceptable	0.5	0.5	1	0.58
1.1.3. Confirmed the intention to purchase	0.5	0.5	1	0.58
1.1.4. Prepare the shipment/delivery of goods	1	1	2	1.17
1.1.5. Acknowledged of shipment of goods	0.5	0.5	0.5	0.50
1.1.6. Performa Invoice	0.5	0.5	0.5	0.50
1.1.7. Received Performa Invoice	0.5	0.5	0.5	0.50


Time--Activity 2.1. (2) Certify of Phytosanitary

2.1. Certify of Phytosanitary by VCAD 				5
2.1.1. Prepare all evident for Export documents	0.5	0.5	0.5	0.50
2.1.2. Filled Phytosanitary form and request to VCAD for Certification	0.2	0.2	0.2	0.20
2.1.3. Determine if all exports documents is acceptable	0.5	0.5	0.5	0.50
2.1.4. VCAD inspects Exporter's goods	1	1	2	1.17
2.1.5. Determine if export's goods is acceptable	0.5	0.5	0.5	0.50
2.1.6. Fumigate of maize by company	1	1	2	1.17
2.1.7. Inform the exporter about the official phytosanitary certification	0.5	0.5	0.5	0.50
2.1.8. Acknowledged of receiving phytosanitary certification	0.2	0.2	0.2	0.20


Time --Activity 2.2. (3) Arrange transportation

2.2. Arrange transportation (trucks) 				3
2.2.1. Reserve the transportation (truck)	1	1	2	1.17
2.2.2. Acknowledged of booking list	0.5	0.5	0.5	0.50
2.2.3. Reviewed draft of truck bill and determine if the content reflect to what exporter's need	0.5	0.5	0.5	0.50
2.2.4. Schedule to pick up and delivery of goods	0.5	0.5	0.5	0.50
2.2.5. Acknowledged of booking request	0.2	0.2	0.2	0.20
2.2.6. Reviewed booking confirmation and determine if the reflect to what exporter's need	0.2	0.2	0.2	0.20
2.2.7. Acknowledged of truck booking confirmation	0.2	0.2	0.2	0.20


Time -- Activity 2.3. (4) Provide Customs declaration

2.3. Provide Customs declaration for export of goods 				2
2.3.1. Prepare for export custom declaration	0.2	0.2	0.2	0.20
2.3.2. Determine if the submitted documents meet requirement	0.2	0.2	0.2	0.20
2.3.3. Inspection of Export goods by custom officers	0.2	0.2	0.2	0.20
2.3.4. Determine if there are tax, duty and other fee to be paid	0.2	0.2	0.2	0.20
2.3.5. Pay export tax, duty and other export fee	0.2	0.2	0.2	0.20
2.3.6. Pay transportation fee				
2.3.7. Certify of export custom declaration	0.2	0.2	0.2	0.20
2.3.8. Transport of export goods to importer's place	0.5	0.5	0.5	0.50
2.3.9. Acknowledge of updated custom declaration	0.2	0.2	0.2	0.20


Time -- Activity 2.4. (5) Pay import tax and Submit receipt

2.4. Prepare Maize certification of origin that needed by importer 				3
2.4.1. Prepare all documents that need by importer	1	1	1	1.00
2.4.2. Request for certification of origin	0.5	0.5	0.5	0.50
2.4.3. Determine whether submitted documents meet requirement	0.5	0.5	0.5	0.50
2.4.4. Certify of origin (CO)	0.5	0.5	0.5	0.50
2.4.5. Get CO document that relevant to importer	0.2	0.2	0.2	0.20

Time -- Activity 3.1. : (6) Establish payment guarantee

3.1. Establish payment guarantee 				7
3.1.1. Request the payment to importer	0.5	0.5	0.5	0.50
3.1.2. Acknowledge of payment request	0.5	0.5	0.5	0.50
3.1.3. Apply for letter of credit	1	1	1	1.00
3.1.4. Consult exporter's bank	0.5	0.5	0.5	0.50
3.1.5. Consult importer's bank	0.5	0.5	0.5	0.50
3.1.6. Review submitted document	1	1	1	1.00
3.1.7. Issue letter of credit	0.5	0.5	0.5	0.50
3.1.8. Establish authenticity for transaction	0.5	0.5	0.5	0.50
3.1.9. Notify of authenticity of payment transaction	0.5	0.5	0.5	0.50
3.1.10. Determine if L/C is acceptable	0.5	0.5	0.5	0.50
3.1.11. Confirmed of L/C accepted	0.5	0.5	0.5	0.50
3.1.12. Acknowledged of letter of credit accepted	0.5	0.5	0.5	0.50

Time – Activity 3.2.: (7) Claim the payment for goods

3.2. Claim the payment for goods				6
3.2.1. Prepare documents called for in L/C	0.5	0.5	0.5	0.50
3.2.2. Request for the goods payment	0.5	0.5	0.5	0.50
3.2.3. Reviewed submitted request document	0.5	0.5	0.5	0.50
3.2.4. Forward submitted document	0.5	0.5	0.5	0.50
3.2.5. Reviewed submitted request document	0.5	0.5	0.5	0.50
3.2.6. Reviewed submitted request document	0.5	0.5	0.5	0.50
3.2.7. Decline of request to make payment for goods				
3.2.8. Notified the decline for making payment for goods				
3.2.9. Transfer the payment	1	1	1	1.00
3.2.10. Transfer the payment	1	1	1	1.00
3.2.11. Acknowledged receive the payment	0.5	0.5	0.5	0.50

Cost of exporting process

Cost	LAK	USD	%
Total	3,486,600	438	100.00%
Voluntary expenditure	1,410,000	177	40.44%
Actual official paid	2,076,600	260	59.56%

This estimation calculated for one transaction only
(Exch. Rate: 7,966 LAK/1USD)

Cost of exporting process

Task/Activity (Export of maize Case)	Voluntary paying of cost, LAK	Officially paying cost, LAK	Total, LAK	Total, USD
Request for Phytosanitary Certification		10,000	10,000	1
Certify of Phytosanitary for maize exporting		200,000	200,000	25
<i>Site visit by Vientiane Capital Agriculture Division</i>	900,000		900,000	113
<i>(if meet all terms) Issue the Phytosanitary certificate to Exporter</i>		200,000	200,000	25
<i>Fumigate of maize by Fumigation Company</i>		796,600	796,600	100
Obtain trucks insurances for export of maize		500,000	500,000	63

Cost of exporting process

Task/Activity (Export of maize Case)	Voluntary paying of cost, LAK	Officially paying cost, LAK	Total, LAK	Total, USD
Declare of Export documents to custom office at the border point for approval		20,000	20,000	3
Approve of Export documents by head of border port		20,000	20,000	3
Complete ASEAN Custom Declaration EX1		200,000	200,000	25
Inspect of export goods by custom inspector at the checked point	250,000	30,000	280,000	35
Get certification of origin from Vientiane Capital Industry and Trade		100,000	100,000	13
Get pay from import representative	260,000		260,000	33
Total time estimated (day)	1,410,000	2,076,600	3,486,600	438
%	40.44	59.56	100	

III. Bottlenecks identified (1)

(1) the time for traveling from one to another place as well as from the company's site or exporter's site to the relevant offices such as to Vientiane Capital Agriculture Division and from exporter's site to the fumigation company that spend some time and the exporter must appoint their staff to contact those offices by face to face and spent some time;

III. Bottlenecks identified (2)

(2) The time for preparing another documents that relevant to another forthcoming steps also take sometimes; giving for example, during the phytosanitary certification stage by Vientiane Quarantine Office; the next step of fumigation will take place, the time for preparing of relevant documents for this certification also take sometimes.

III. Bottlenecks identified (3)

(3) The process of certifying of origin (CO) for maize exporting also found that it will take sometimes, and all information as well as the relevant documents must be prepared in advanced that would add more additional task to the exporter;

(4) Moreover, the process of paying by import's representative also take sometimes

IV. Preliminary Recommendations

Mode	No. of Main Actions (Existing)	No. of Sub- Actions (existing)	Expected No. of Main Actions (Future)	Expected No. of Sub- Actions (Future)	Expected No. of reduced Actions	Expected No. of reduced Actions (%)
Export of maize out by using road transportation	7	59	6	56	1	14.28 %

it is recommend that the process should consider reduce into 6 key mains actions with 56 sub actions for export of maize

IV. Recommendations for improvement

1. the process should consider reducing the duplicated process as well as in the sub action should consider reduce from 7 down to 6 main actions or about 14.28% faster; giving for example, the certifying of origin (CO) can be done simultaneously with the phytosanitary certification process. The Site visit can be invited Vientiane Capital Trade Division to accompany the team and will make the process shorter;
2. Phytosanitary process could be decentralized with local Agriculture Division staff visiting the site, reducing time significantly and report of site inspection can be sent online to all concerned parties;

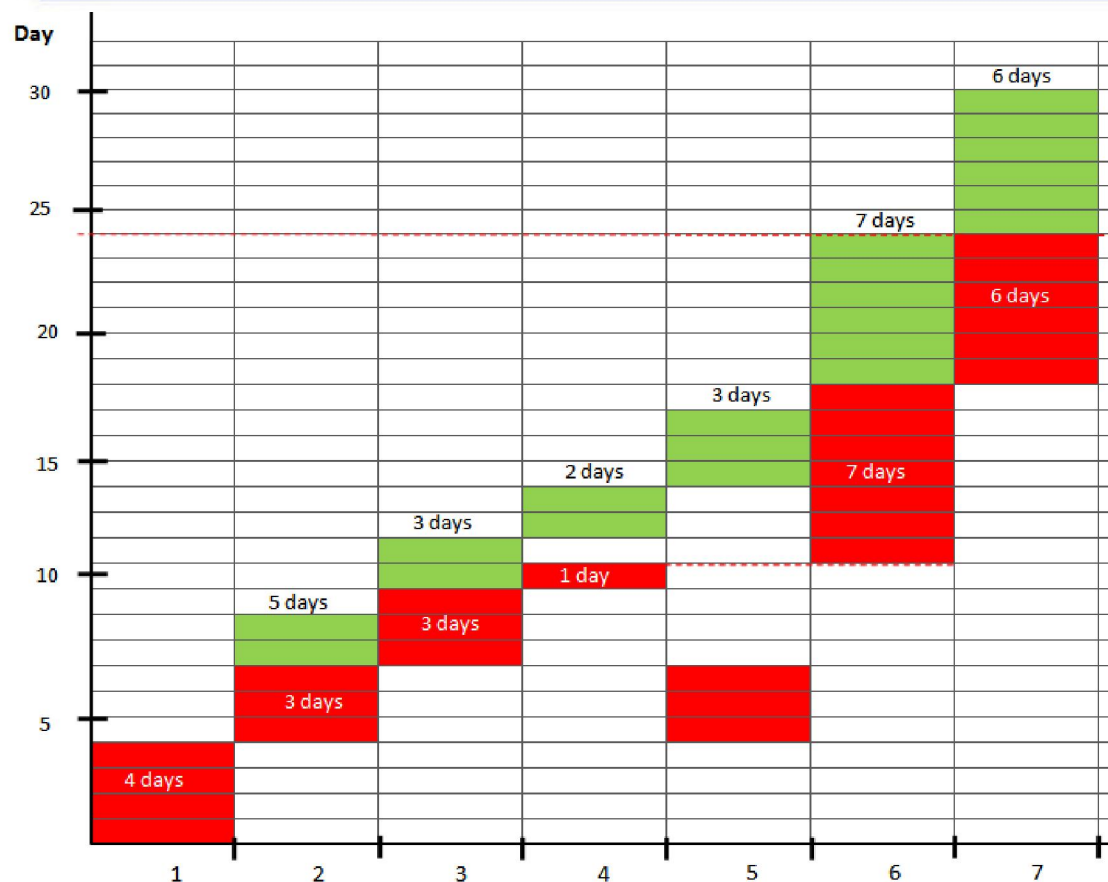
IV. Recommendations for improvement

3. Further develop of online paperless automatic system should also take into consideration in order to simplify the business process and reduce the time for traveling by human from place to another places;

giving for example, after the exporter getting the phytosanitary certification from Vientiane Capital Agricultural Quarantine office, and after VCAD keyed in all certified phytosanitary report data into the computerize online system, the Vientiane Capital Trade Division can access to such information and issue certification of original respectively;

4. Another simplified step of bill of trucks documents arrangement can be part of transportation company's services and such steps can be simultaneously carried out at the same time of trucks arrangement;

Propose simplify time procedure for animal feed into Laos



the time for exporting of maize can be simplified and shortened from 30 days downed to 24 days or 6 days earlier or 20% faster than existing process see time chart

Export Procedures	No. Day	Proposed reduction No. Day
1. Concluded export (buying) contract and trade terms	4	4
2. Certify of Phytosanitary by VCAD	5	3
3. Arrange transportation (trucks)	3	3
4. Provide Customs declaration for export of goods	2	1
5. Prepare Maize certification of origin that needed by importer	3	Same time with 2
6. Establish payment guarantee	7	7
7. Claim the payment for goods	6	6
	30	24



"Cooperation that Counts"



Thank you

