

Business Process Analysis

IMPORT OF ANIMAL FEED INTO LAOS

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Agenda

- I. Introduction to BPA process
- II. Actual finding for import of animal feed
- III. Bottleneck
- IV. Preliminary recommendation development

I. Introduction to BPA process

I. Scope setting

II. Data collection and process documentation

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

III. Process analysis

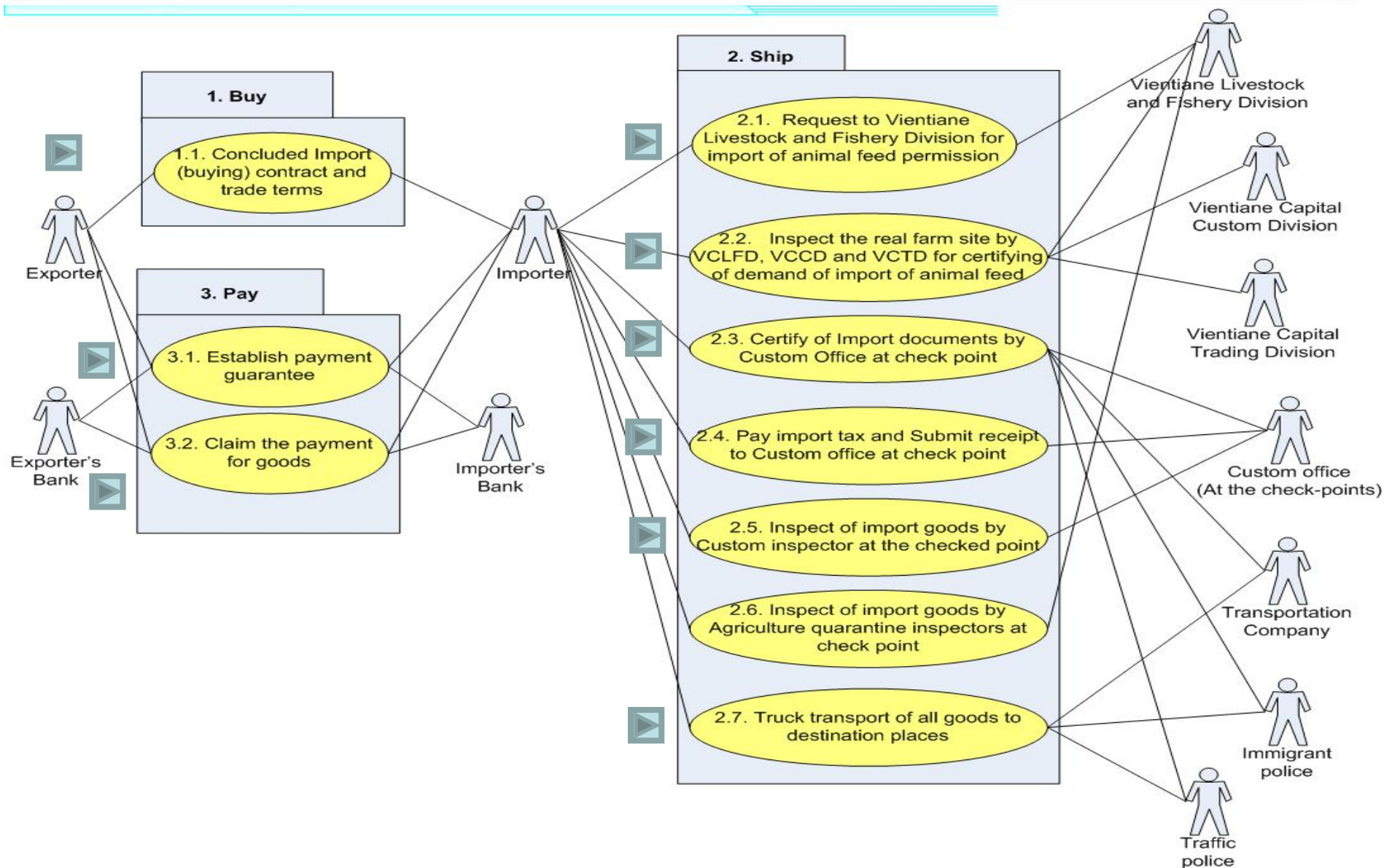
- ☐ Identify bottlenecks
- ☐ Examine what causes them, and
- ☐ develop measurable and quantitative process indicators (e.g. the number of steps, time and costs required to fulfill those processes)

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

II. Actual Finding (Scoping)

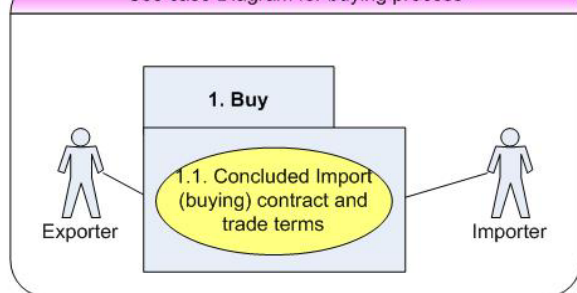
- ❑ Informants and sources of data to be gathered
- ❑ Import of animal feed from Thailand to Laos
- ❑ Export of maize to Thailand,
- ❑ through land transportation (trucks cross Lao-Thai check point)

Integrated Use Case Diagram for import of animal feed



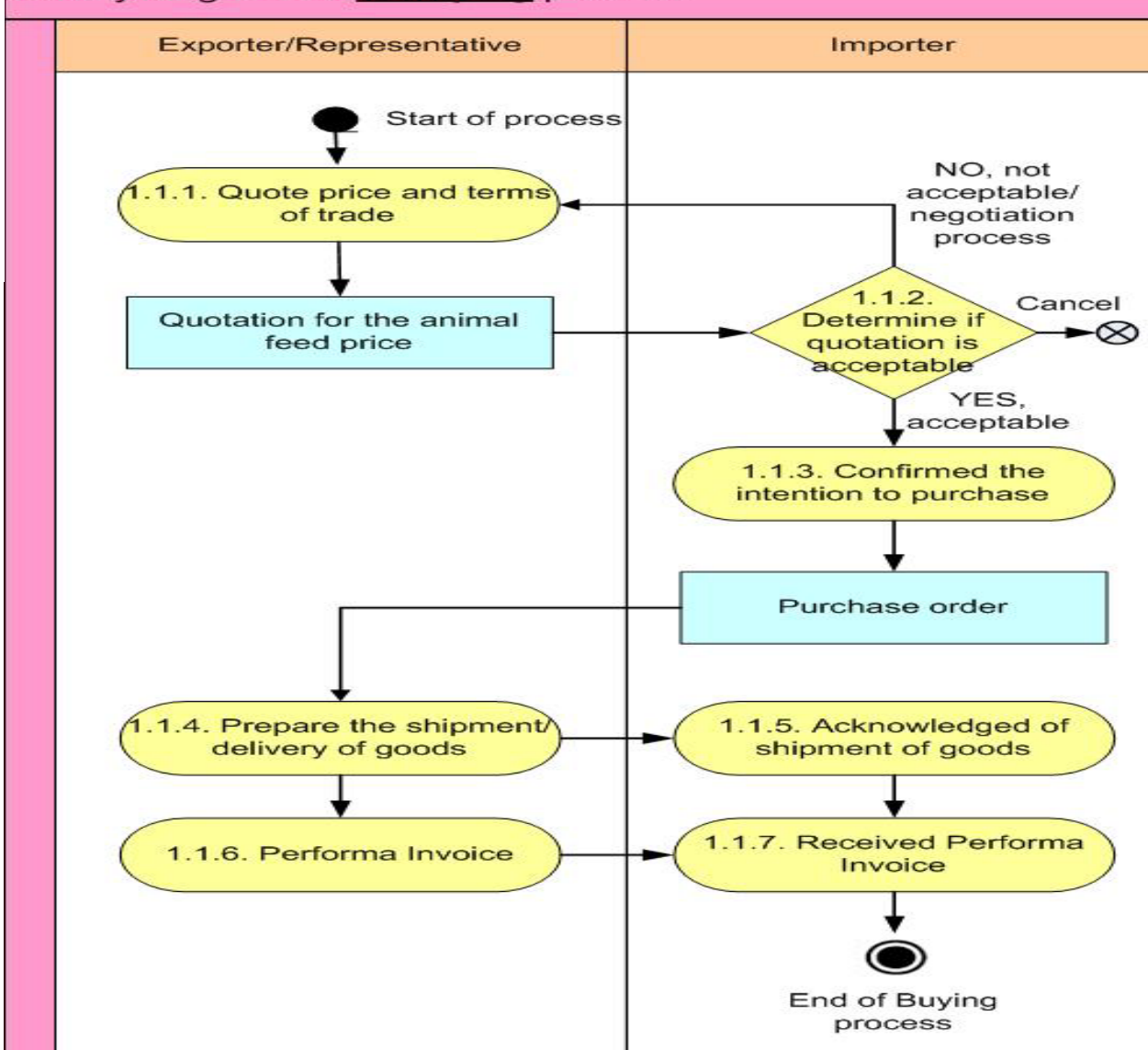
Business area 1-BUY

Use case Diagram for buying process

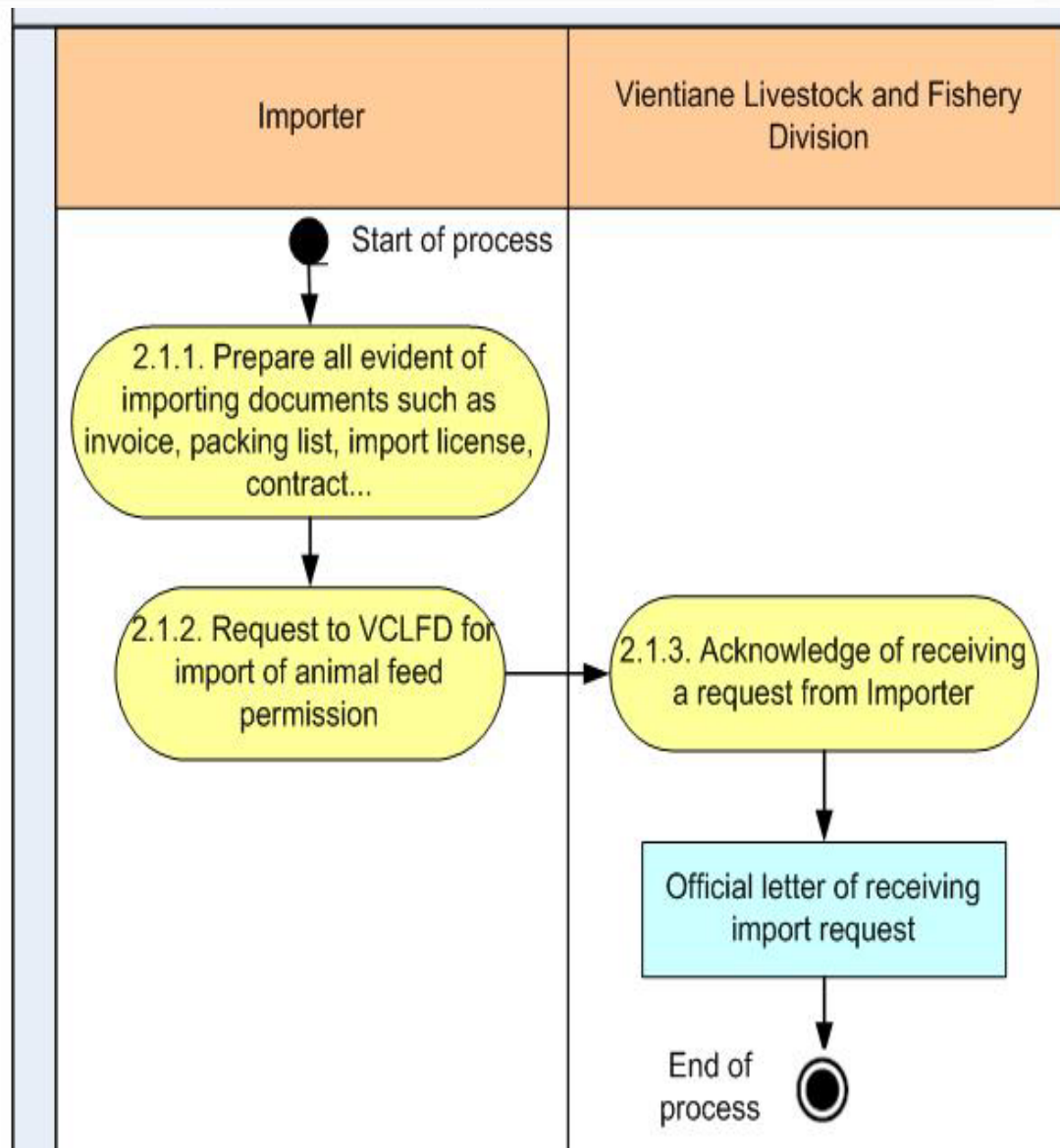
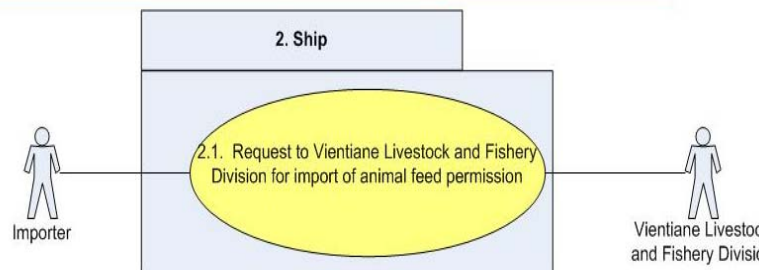


1.1. Concluded import buying contract and trade terms

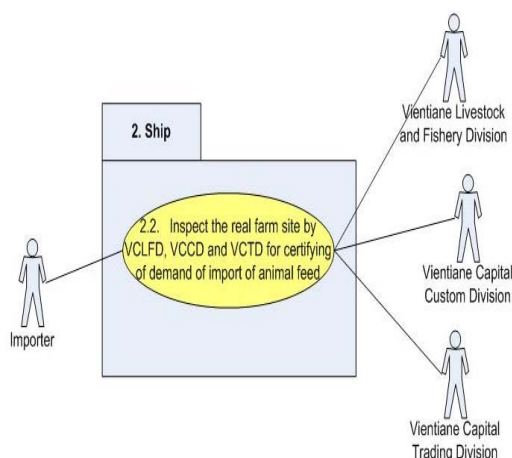
Activity diagram for **1. Buying** process



Business area 2-Ship—2.1. Request import permission

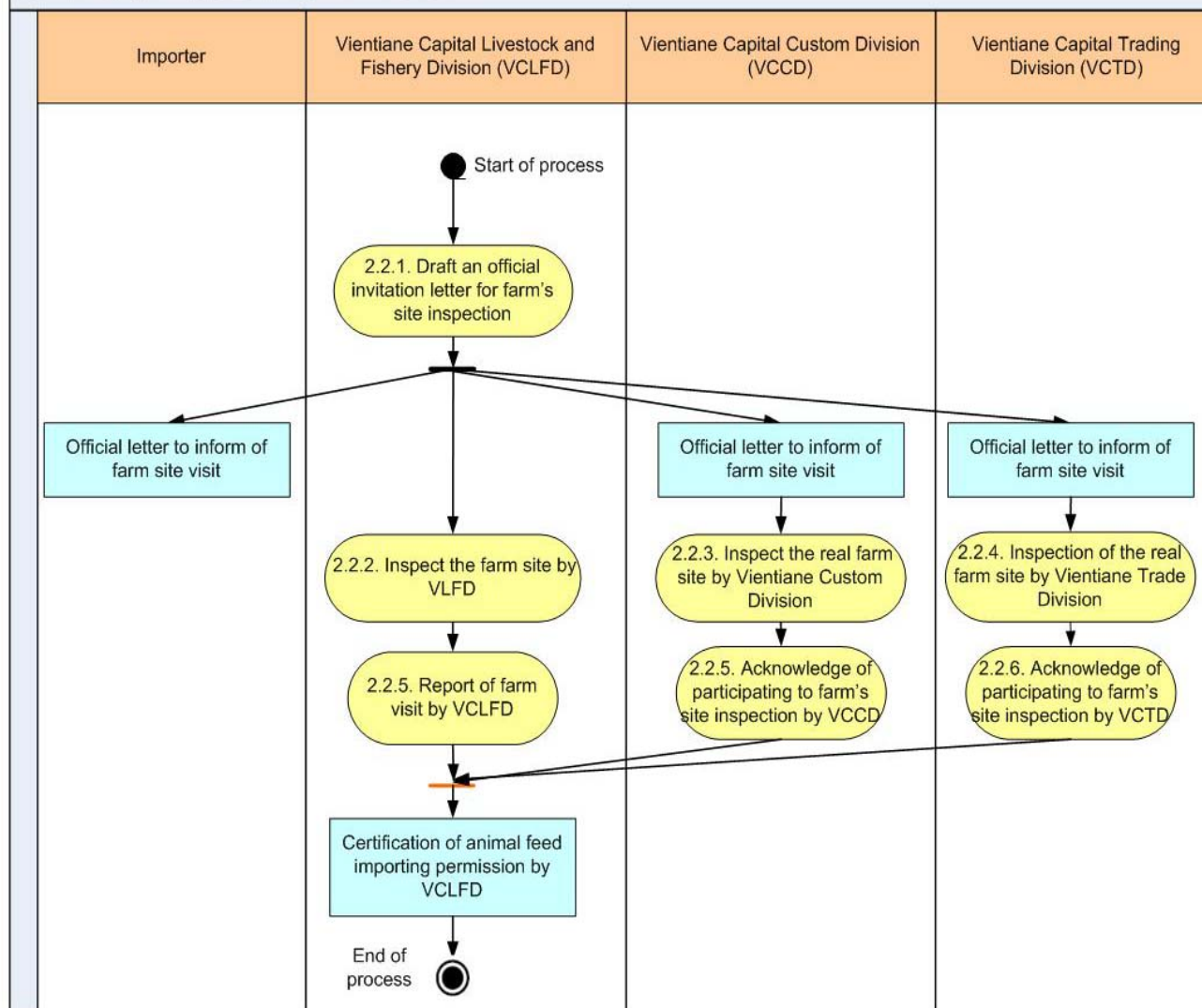


Business area 2-Ship—2.2. Request import permission

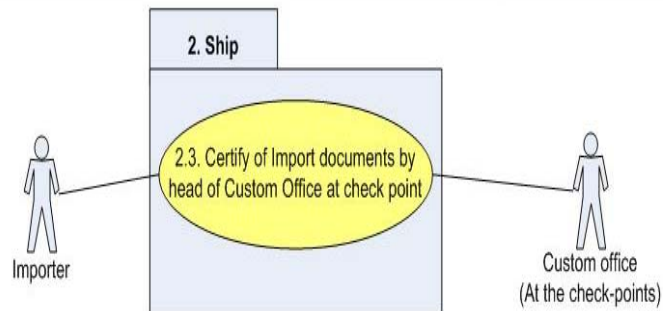


2.2. Farm's site visit for certifying of animal feed need by VCLFD, VCTD and VCCD

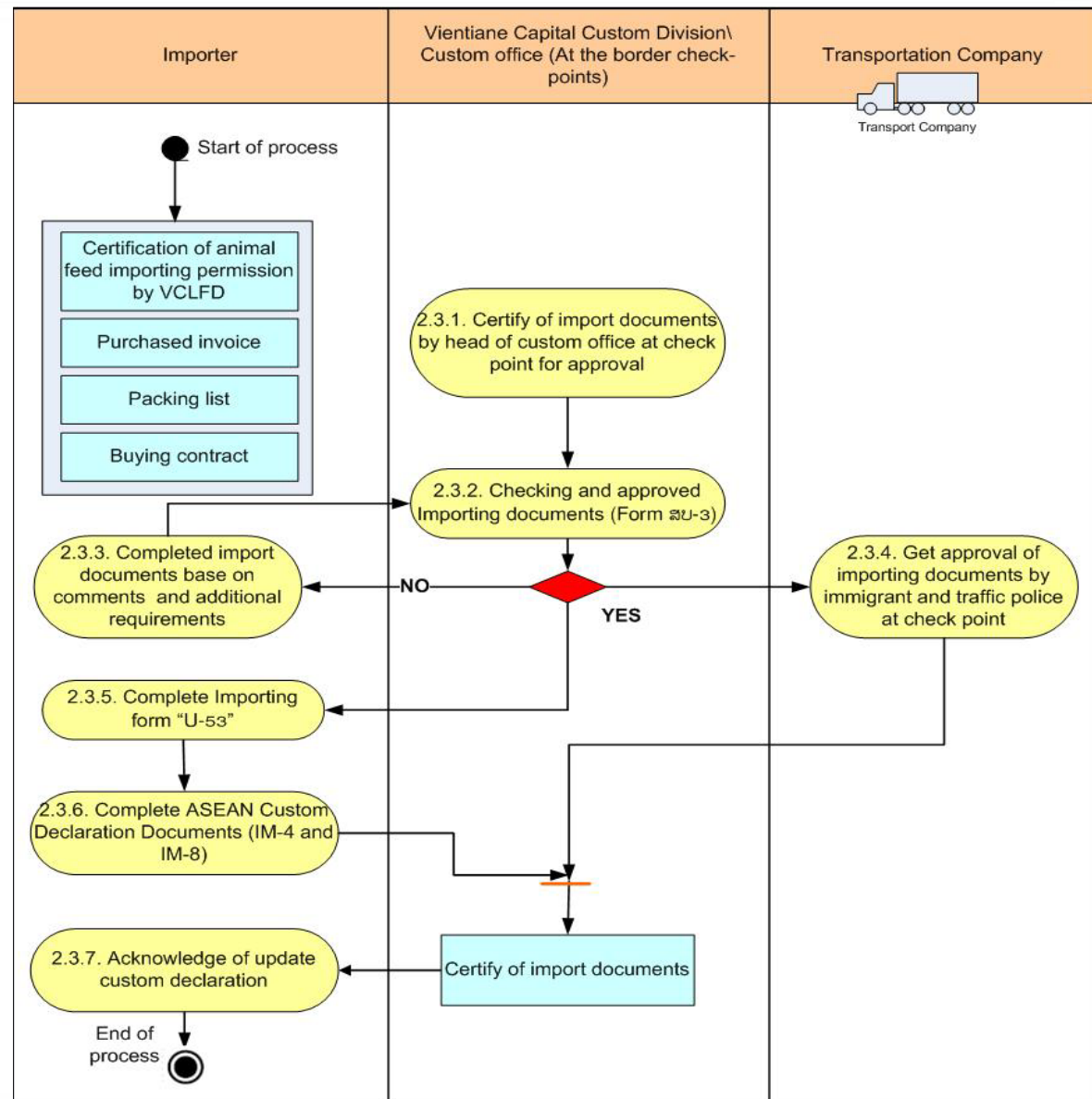
Activities diagram for Business process Area 2.2.



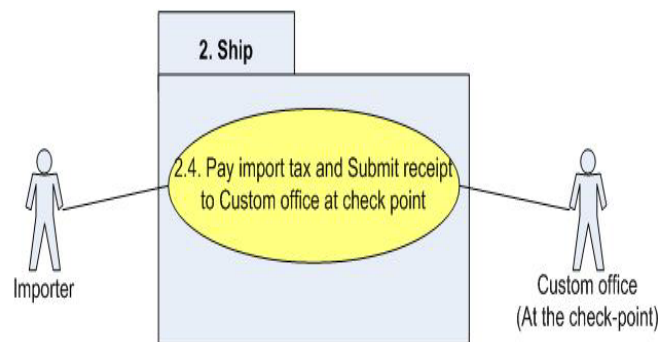
Business area 2-Ship—2.3.



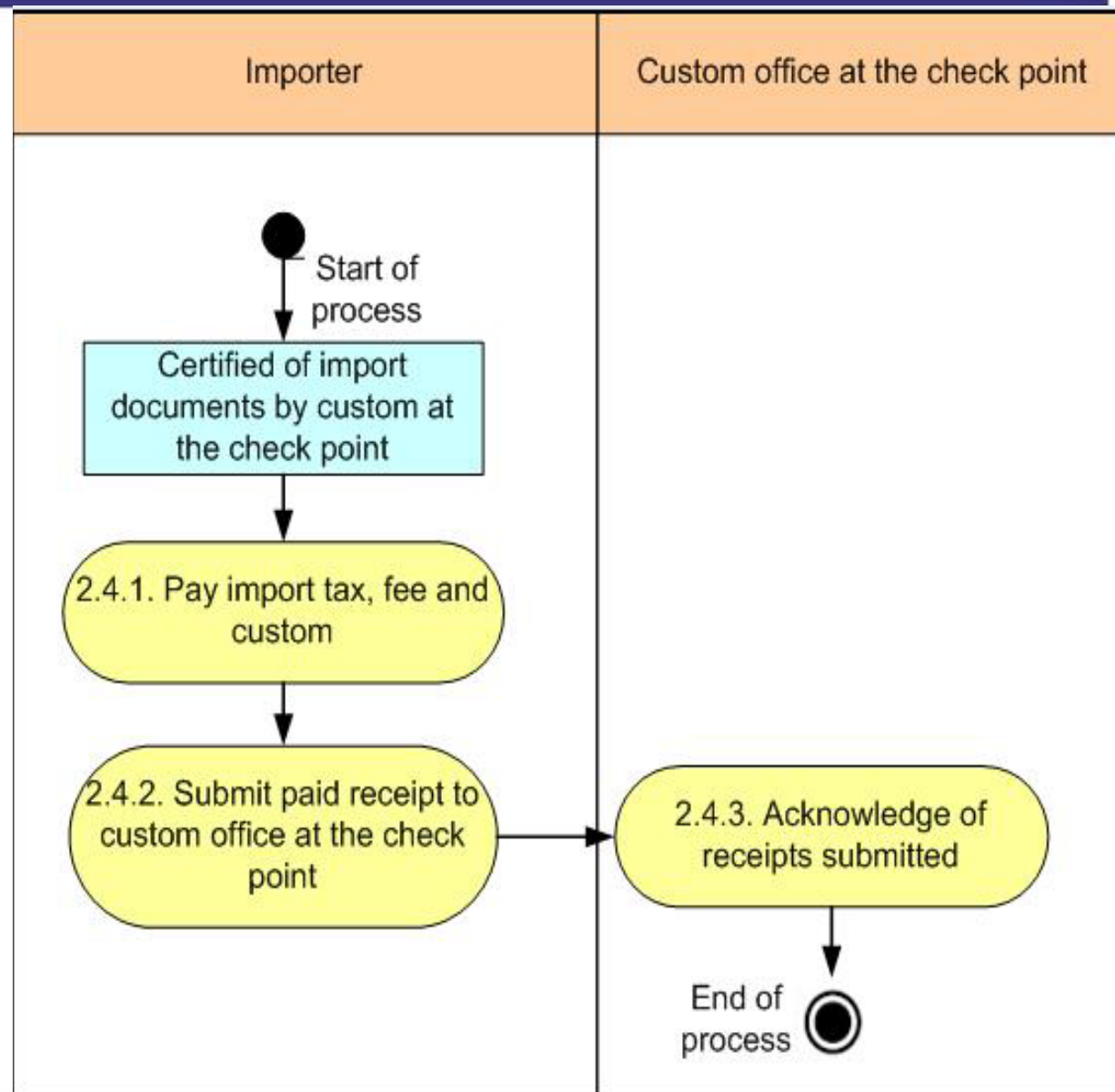
2.3. Certify of import documents by custom office at the check point



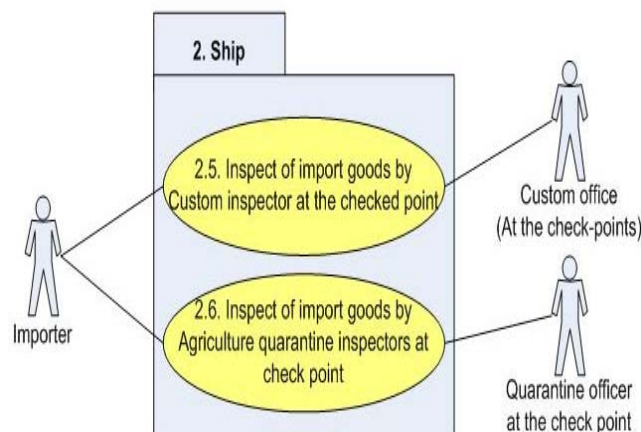
Business area 2-Ship—2.4.



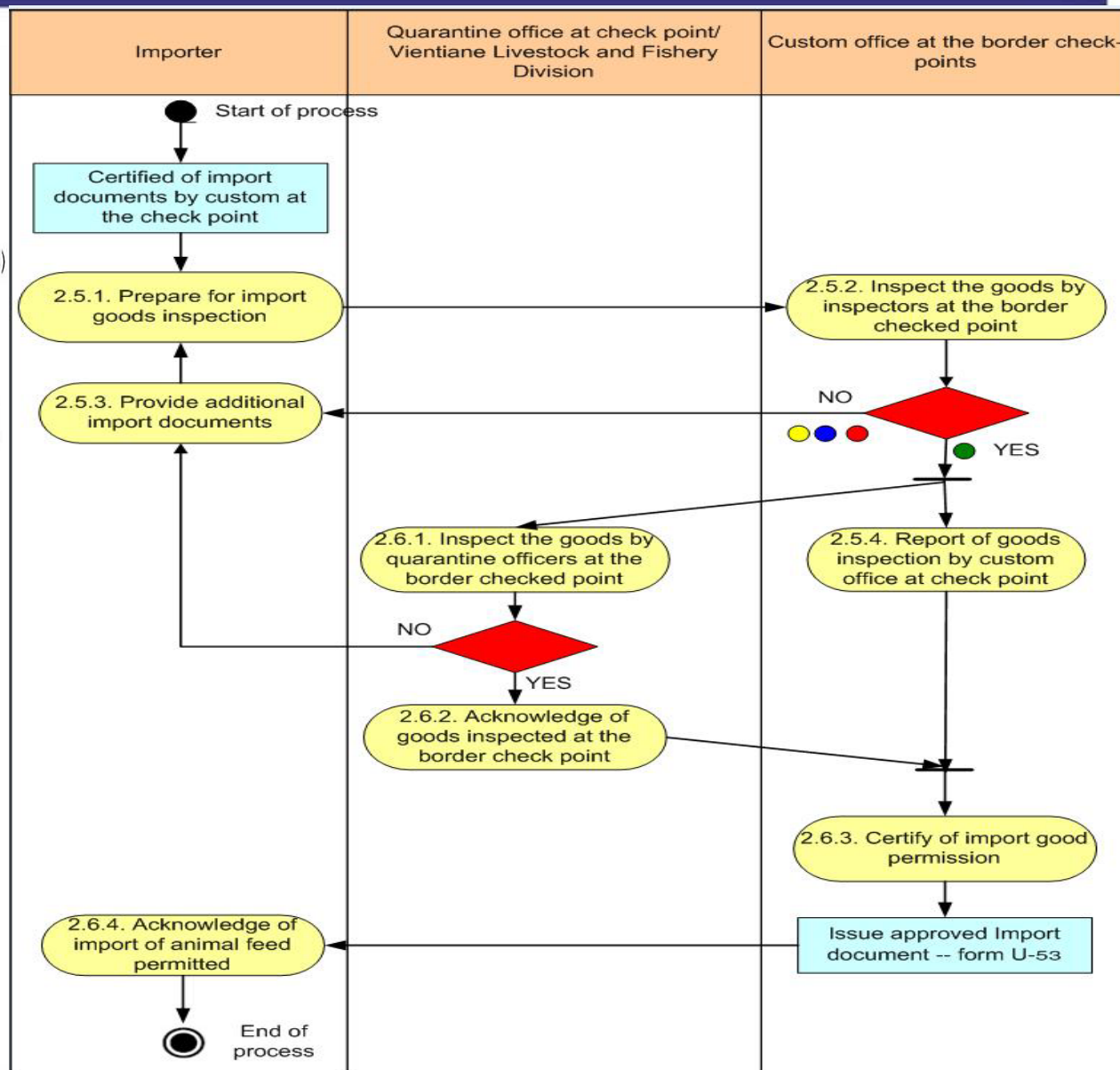
2.4. Pay import tax and Submit receipt to Custom office at check point



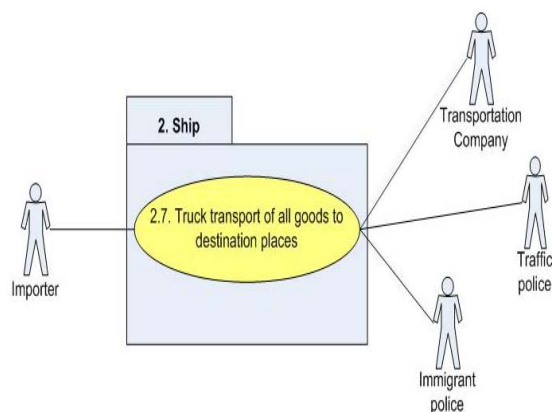
Business area 2-Ship—2.5. and 2.6.



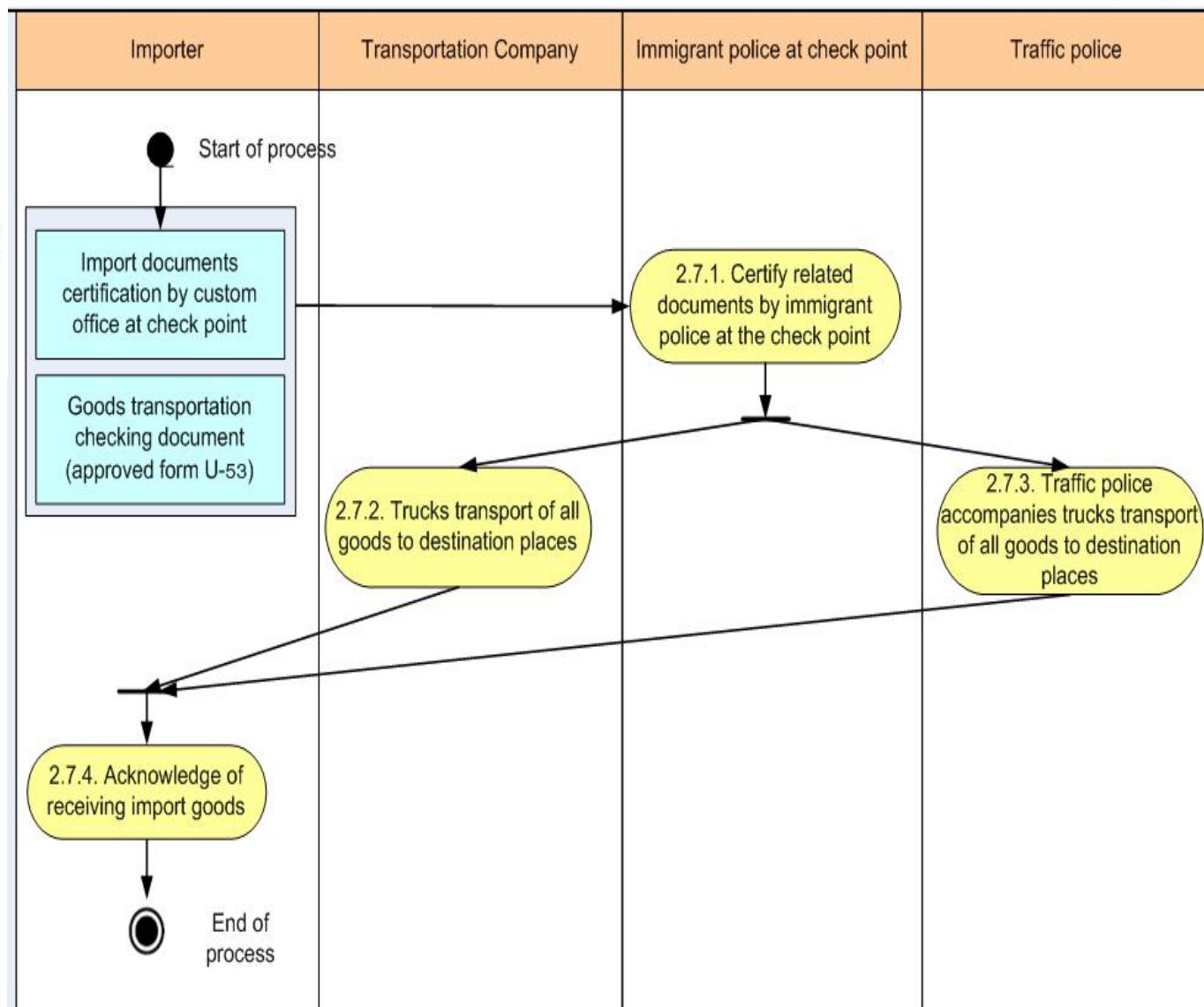
2.5. & 2.6. Import goods inspection by Custom and quarantine offices at check point



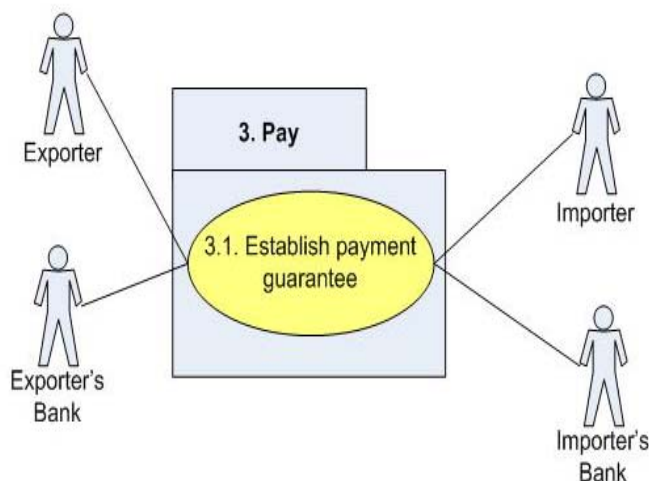
Business area 2-Ship—2.7.



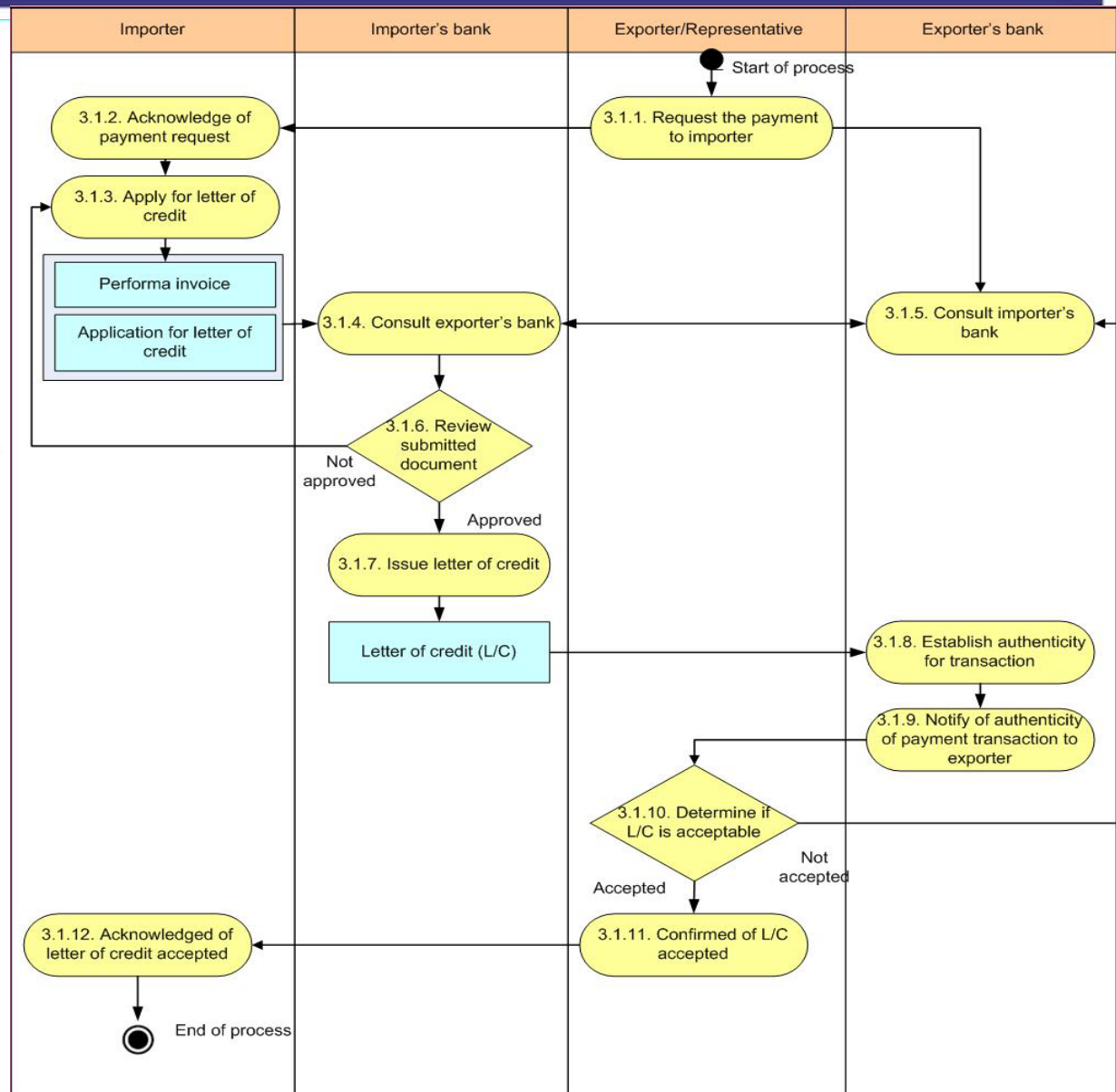
2.7. Trucks transport of import goods to importer's place



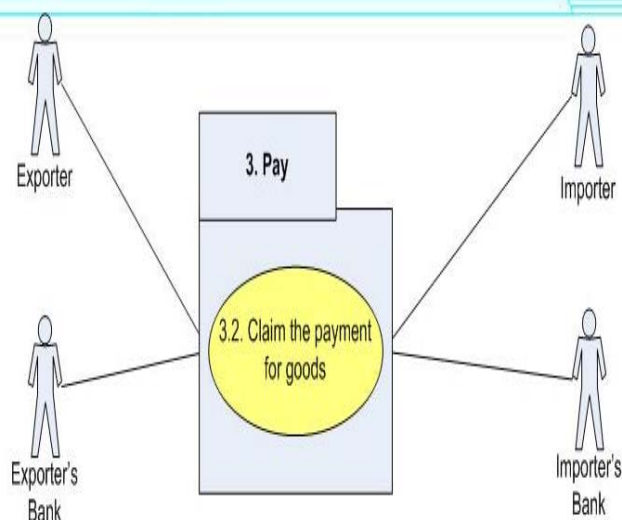
Business area 3-PAY—3.1.



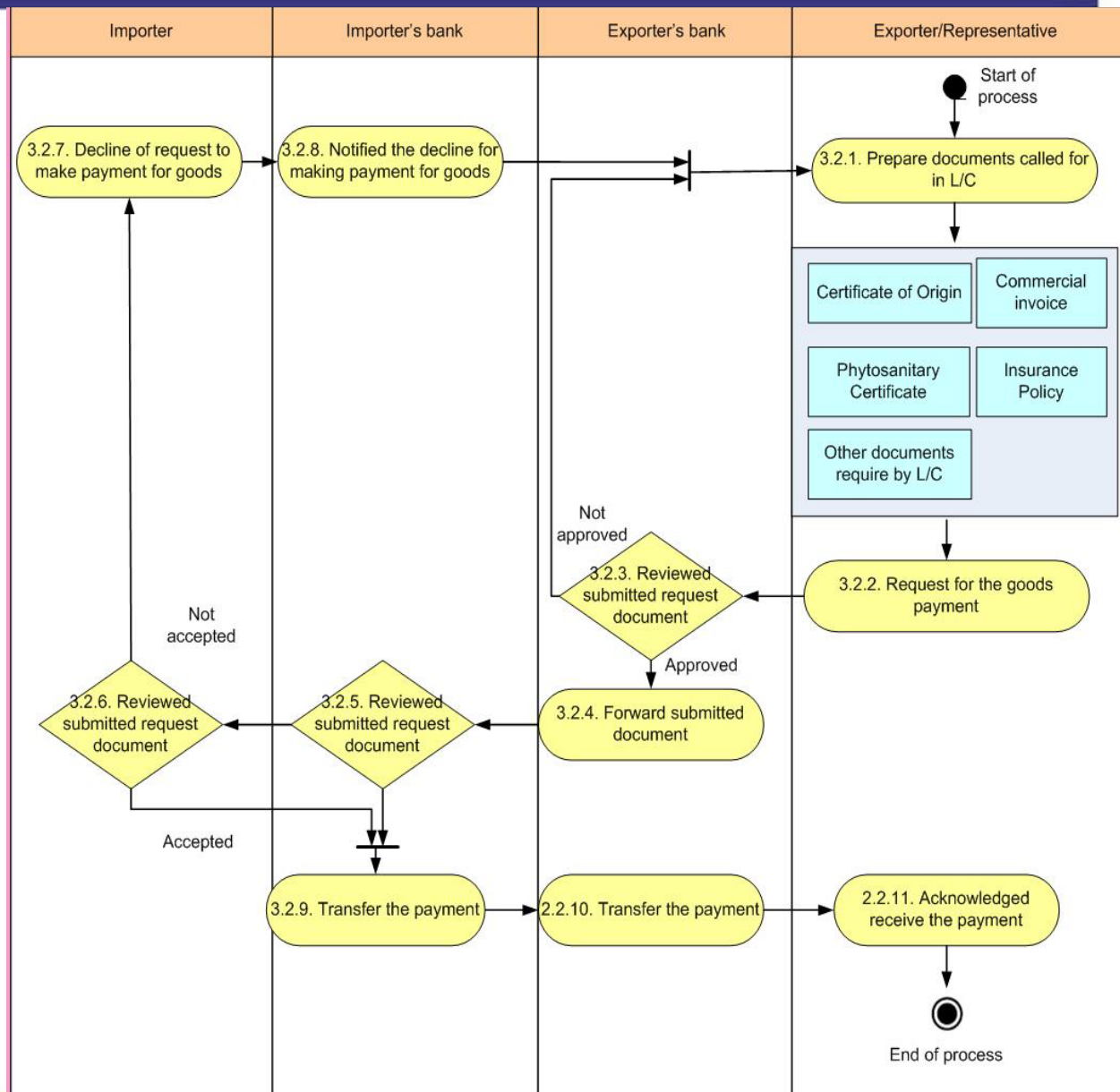
3.1. Establish payment guarantee



Business area 3-PAY—3.2.

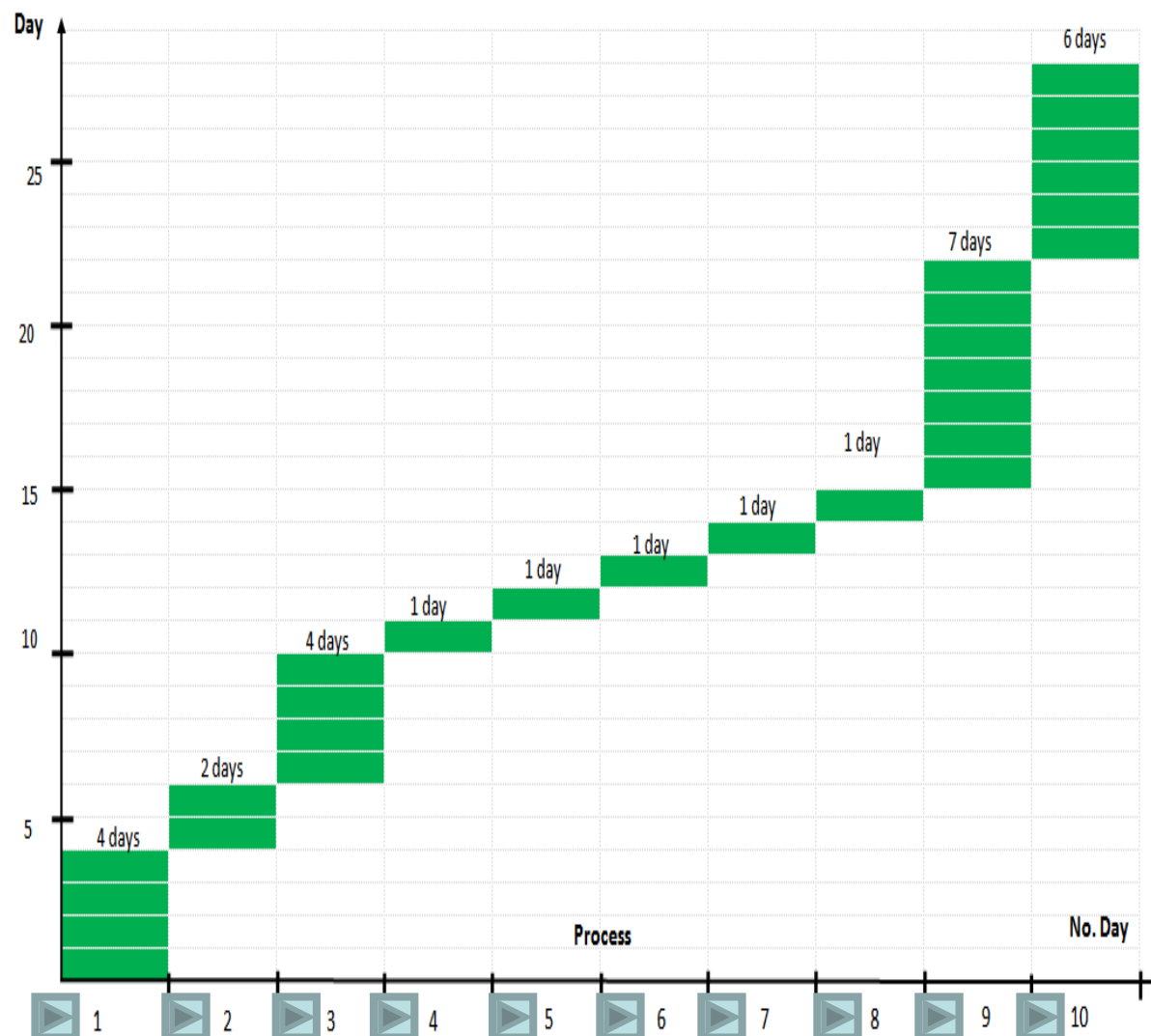


3.2. Claim the payment for goods (animal feed)



Time Procedure Chart for import

Drawing a Time-Procedure Chart for import of animal feed into Laos




1. Concluded Import (buying) contract and trade terms
2. Request to Vientiane Livestock and Fishery Division for import of animal feed permission
3. Inspect the real farm site by VCLFD, VCCD and VCTD for certifying of demand of import of animal feed
4. Certify of Import documents by head of Custom Office at check point
5. Pay import tax and Submit receipt to Custom office at check point
6. Inspect of import goods by Custom inspector at the checked point
7. Inspect of import goods by Agriculture quarantine inspectors at check point
8. Truck transport of all goods to destination places
9. Establish payment guarantee
10. Claim the payment for goods


Time spent for Activity 1.1. (1) Conclude contract

 Task/Activity	Optimistic Time (day)	Most-Likely Time (day)	Pessimistic Time (day)	Estimated Time (day)
(Import of animal feed Case)				
1.1. Concluded Import (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) Request to VCLFD

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
2.1. Request to Vientiane Livestock and Fishery Division for import of animal feed permission				2
2.1.1. Prepare all evident of importing documents such as invoice, packing list, import license, contract...	0.5	0.5	1	0.58
2.1.2. Request to VCLFD for import of animal feed permission	0.5	0.5	0.5	0.50
2.1.3. Acknowledge of receiving a request from Importer	0.5	0.5	1	0.58


Time --Activity 2.2. (3) Inspect the real farm site

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
2.2. Inspect the real farm site by VCLFD, VCCD and VCTD for certifying of demand of import of animal feed				4
2.2.1. Draft an official invitation letter for farm's site inspection	0.5	0.5	1	0.58
2.2.2. Inspect the farm site by VLFD	0.5	0.5	1	0.58
2.2.3. Inspect the real farm site by Vientiane Custom Division				0.00
2.2.4. Inspect of the real farm site by Vientiane Trade Division				0.00
2.2.5. Report of farm visit by VCLFD	1	2	2	1.83
2.2.6. Acknowledge of participating to farm's site inspection by VCCD	0.5	0.5	1	0.58
2.2.7. Acknowledge of participating to farm's site inspection by VCTD	0.5	0.5	1	0.58


Time -- Activity 2.3. (4) Import documents Certification

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
2.3. Certify of Import documents by head of Custom Office at check point				1
2.3.1. Certify of import documents by head of custom office at check point for approval	0.3	0.3	0.5	0.33
2.3.2. Checking and approved Importing documents (Form ສບ-3)	0.1	0.1	0.1	0.10
2.3.3. Completed import documents base on comments and additional requirements	0.2	0.2	0.2	0.20
2.3.4. Get approval of importing documents by immigrant and traffic police at check point	0.2	0.2	0.2	0.20
2.3.5. Complete Importing form “U-53”	0.2	0.2	0.2	0.20
2.3.6. Complete ASEAN Custom Declaration Documents (IM-4 and IM-8)	0.2	0.2	0.2	0.20
2.3.7. Acknowledge of update custom declaration	0.2	0.2	0.2	0.20


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

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
2.4. Pay import tax and Submit receipt to Custom office at check point				1
2.4.1. Pay import tax, fee and custom	0.5	0.5	0.5	0.50
2.4.2. Submit paid receipt to custom office at the check point	0.5	0.5	0.5	0.50
2.4.3. Acknowledge of receipts submitted	0	0	0	0.00


Time -- Activity 2.5. and 2.6. (6&7) Inspection of goods

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
2.5. Inspect of import goods by Custom inspector at the checked point				1
2.5.1. Prepare for import goods inspection	0.5	0.5	0.5	0.50
2.5.2. Inspect the goods by inspectors at the border checked point	0.5	0.5	0.5	0.50
2.5.3. Provide additional import documents				0.00
2.5.4. Report of goods inspection by custom office at check point	0.2	0.2	0.5	0.25
2.6. Inspect of import goods by Agriculture quarantine inspectors at check point				1
2.6.1. Inspect the goods by quarantine officers at the border checked point	0.5	0.5	0.5	0.50
2.6.2. Acknowledge of goods inspected at the border check point	0.2	0.2	0.2	0.20
2.6.3. Certify of import good permission	0.5	0.5	0.5	0.50
2.6.4. Acknowledge of import of animal feed permitted	0.2	0.2	0.2	0.20


Time – Activity 2.7. (8) transport all goods to destination

 Task/Activity	Optimistic Time (day)	Most- Likely Time	Pessimistic Time (day)	Estimated Time (day)
2.7. Truck transport of all goods to destination places				1
2.7.1. Certify related documents by immigrant police at the check point	0.5	0.5	0.5	0.50
2.7.2. Trucks transport of all goods to destination places	0.5	0.5	0.5	0.50
2.7.3. Traffic police accompanies trucks transport of all goods to destination places	--	--	--	--
2.7.4. Acknowledge of receiving import goods	--	--	--	--

Time – Activity 3.1. (9) Establish payment guarantee

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
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 by importer	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 to exporter	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. (10) Claim for payment

 Task/Activity	Optimistic Time (day)	Most-Likely Time	Pessimistic Time (day)	Estimated Time (day)
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
2.2.10. Transfer the payment	1	1	1	1.00
2.2.11. Acknowledged receive the payment	0.5	0.5	0.5	0.50

Cost of importing process

Cost	LAK	USD	%
Total	3,779,800	474	100.00%
Voluntary expenditure	780,000	98	20.61%
Actual official paid	2,999,800	376	79.36%

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

Cost of importing process

Task/Activity (Import of animal feed Case)	Voluntary paying of cost, LAK	Officially paying cost, LAK	Total, LAK	Total, USD
Visit farm by Vientiane Livestock and Fishery Division, custom Division and Trade Division for demand of import of animal feed		200,000	200,000	25
Certify of farm's animal feed demand for importing		2,389,800	2,389,800	300
Declare of import documents to custom office at the border point for approval		5,000	5,000	1
<i>Approve of import documents by head of check point</i>	260,000		260,000	33
<i>Checking and approved Importing documents (// // // -3)</i>		100,000	100,000	13
<i>Complete ASEAN Custom Declaration Documents (IM-8)</i>		5,000	5,000	1
<i>Complete Importing form “// 53”</i>		30,000	30,000	4

Cost of importing process

Task/Activity	Voluntary	Officially	Total, LAK	Total, USD
(Import of animal feed Case)	paying of cost, LAK	paying cost, LAK		
<i>Pay to the immigrant police</i>		20,000	20,000	3
<i>Pay to traffic police.</i>		20,000	20,000	3
Pay import tax, fee and custom to treasury office;		130,000	130,000	16
Inspect of import goods by custom inspector at the checked point	260,000		260,000	33
<i>Issue goods transportation checking document (approved form № 53)</i>		30,000	30,000	4
<i>Issue animal feed goods checking by Agriculture Quarantine Officers (Charge per truck)</i>	260,000		260,000	33
Trucks transport all goods to destination places		70,000	70,000	9
Total time estimated (day)	780,000	2,999,800	3,779,800	474
%	20.64	79.36	100	

III. Bottlenecks identified (1)

1. Time spent for traveling by three governmental agencies is redundant since it holds trade/import license;
2. it was spent much of time travel from importer's office to VCAF Division as well as to the VCLF Division and at the same time travel for sending the official request to the VCCD and VCTD Division for joint visit the proposed importer/farm who request for importing of animal feed for their businesses and found that the time consume for traveling was taken some day delay;
3. On the other hand, the time availability by targeted above described officers who will join the farm site visit also sometime busy and could not join the mission

III. Bottlenecks identified (2)

4. The traffic police's involvements with approval of some documents are inadequate to the importing process too. Giving for example, the traffic police sometime following the goods to the warehouse are also entirely redundant step;

5. Inspection of all the consignments by Customs and Quarantine officers is another bottleneck and causes delays; because of both agencies were inspected the consignments individually/separately; therefore, the voluntary payment by importers to smoothly facilitate the inspection process also consider as big expenses for them

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 (%)
Import of animal feed by road transportation	10	59	9	55	1	10.00 %

it is recommend that the process should consider reduce into 9 key mains actions with 55 sub actions

IV. Recommendations for improvement

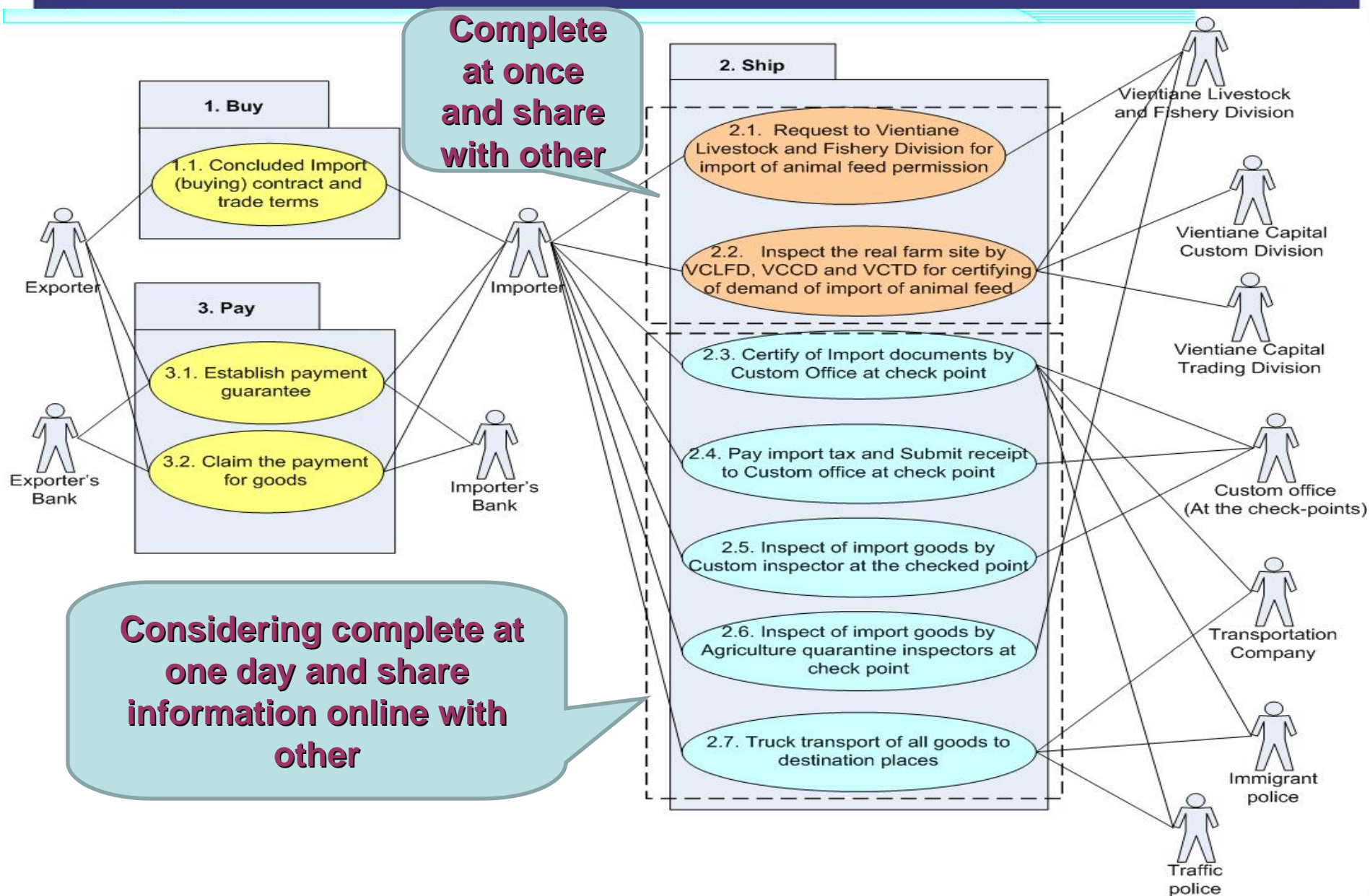
- 1. the accompanying by the Vientiane Capital Trade Division during the site visit should be reduced and the brief of importer/farm's site visit for acknowledgement should be distributed; in this concerned the arrangement for site visit will be shortening and simple;**
- 2. the further develop of online paperless automatic system should also take into consideration in order to simplify the business process. In this regard, the ASYCUDA online programme (software) should be provided or installed to all import-export companies that allow them to online and prepare paying tax, fee and custom in advance; consequently the business process for import of animal feed product into Laos will be shorter;**
- 3. On the other hand, the logistics at the check-point such as printers and set of computers must be increased in order to serve many importers at once time;**

IV. Recommendations for improvement

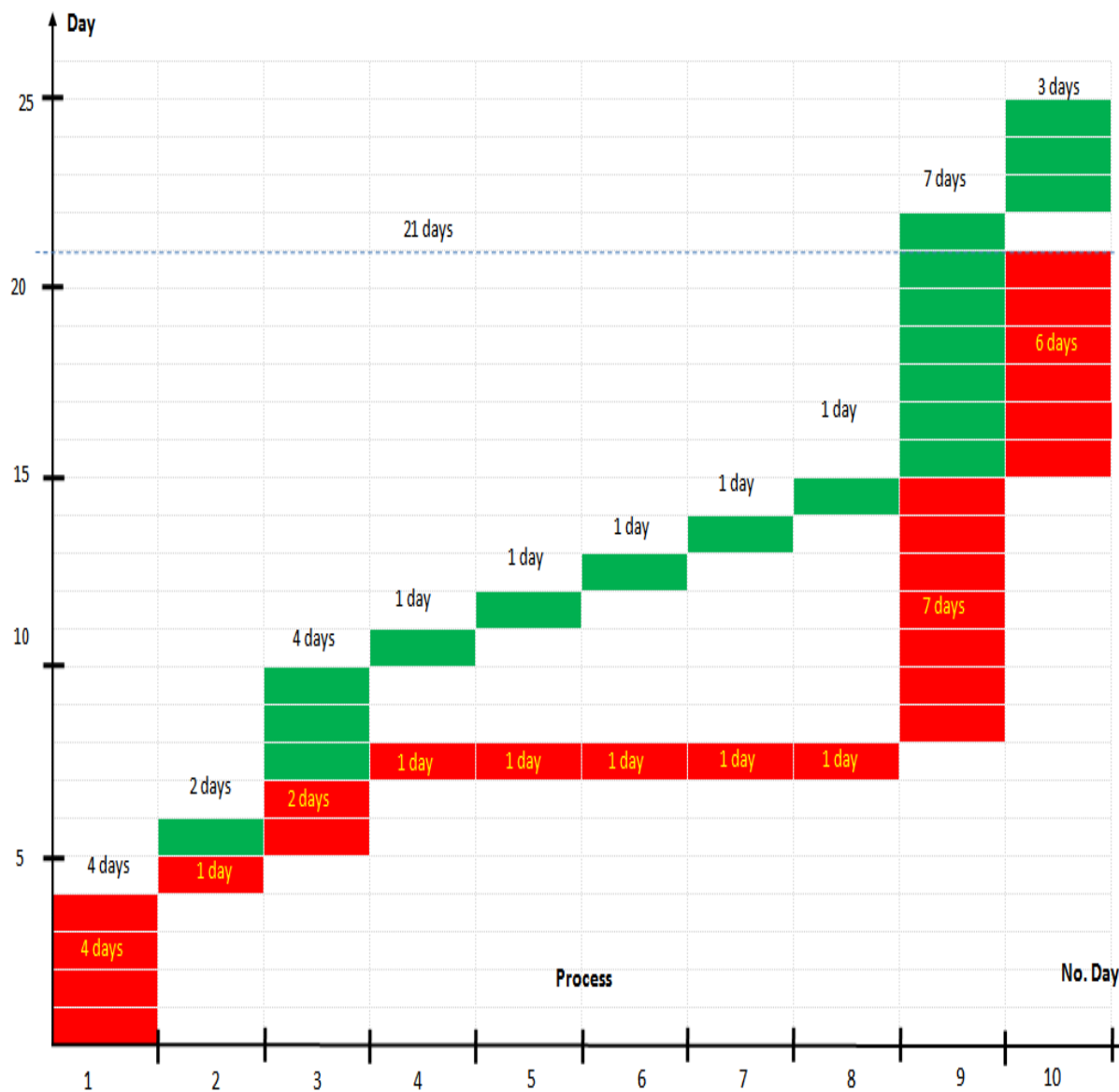
4. At the checked point the inspection of importing goods by custom unit and agricultural quarantine team can be organized as once time, it is mean that, both agencies can be accompanied for inspection of animal feed products/goods together; and the report of inspection can be simplified into one single set of report form that consist of the following main finding such as:

1. custom declaration,
2. goods inspection,
3. certification of animal feed products in terms of quarantine rule and technical procedures, and
4. transport of goods to destination and all of this processes are possibly completed within one working day that more economical for the importer;

IV. Recommendation for simplifying of importing process



Propose simplify time procedure for animal feed into Laos



1. Concluded Import (buying) contract and trade terms
2. Request to Vientiane Livestock and Fishery Division for import of animal feed permission
3. Inspect the real farm site by VCLFD, VCCD and VCTD for certifying of demand of import of animal feed
4. Certify of Import documents by head of Custom Office at check point
5. Pay import tax and Submit receipt to Custom office at check point
6. Inspect of import goods by Custom inspector at the checked point
7. Inspect of import goods by Agriculture quarantine inspectors at check point
8. Truck transport of all goods to destination places
9. Establish payment guarantee
10. Claim the payment for goods

Proposed reducing of time spent for import

Mode	Existing Usage Time (day)	Expected Usage Time (day)	Expected Reduced Time (day)	Expected Reduced Time (%)
Import of animal feed by road transportation	29	21	8	27.59 %

The time for importing of animal feed products into Laos can be simplified and shortened from 29 days downed to 21 days (8 days earlier or about 27.59% faster than existing process



"Cooperation that Counts"



Thank you

