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BUSINESS GUIDE

Data-Driven Tariff Management

A Practical Approach with Tools and Insights

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Data-Driven Tariff Management

A Practical Approach with Tools and Insights

Tariff-driven input cost variability is making it challenging for businesses to make decisions on supply chain management, pricing, investments, and market opportunities. As a result, many leaders are making a range of short-term tactical choices while trying to plot a strategy for an uncertain future.

Companies are also coming to grips with the scope and scale of today's new tariff environment versus what many experienced in 2018, when the United States levied a 25% duty on many goods from China.

“There’s no comparison—the changes we’re seeing today are far more dramatic, comprehensive, and sweeping versus what went on in 2018,” says Dan Gardner, president of Trade Facilitators, a Los Angeles-based consultancy specializing in supply chain management, trade compliance, and logistics.



Choosing the right strategy for your business

There are a range of options to consider anytime input costs take an unexpected jump. Usually, some combination of these will be the right strategy, but the exact mix is highly dependent on the unique circumstances of your business.

Companies can:

- Increase prices for customers.
- Source goods from new, untested suppliers.
- Renegotiate contracts with existing suppliers and contract manufacturers.
- Find cost savings in areas such as logistics and inventory management.
- Reduce margins, at least temporarily.
- Increase domestic sourcing of components and raw materials.
- Increase domestic production.

Let's take a closer look at three of the most common tactics.

1. **Increase prices.** Simply raising prices for customers is the most straightforward way to counter higher tariff costs, but few businesses are positioned to fully maintain margins this way. Higher prices could reduce sales volume and ultimately negate the benefits of a price increase. Competitors may also capitalize on the move.

A [Yale University study](#) estimated that US households could see a \$3,800 loss in purchasing power, on average, under one of the more drastic tariff scenarios. Just as with inflation, buying patterns will typically change to offset at least some of that shortfall.

2. **Supplier renegotiation and diversification.** Renegotiating terms with suppliers can help counter tariff costs. Of course, the more business you do with a supplier, the more leverage you may have when

renegotiating prices. If one seller isn't amenable to renegotiation, others might be willing to pick up your business with more attractive terms.

Diversifying your supplier base is also an option to consider. Some businesses are already working to add new suppliers, evaluating the prospective benefits of purchasing goods from companies in countries differently affected by tariffs, or where shipping costs may be lower. On the downside, such an exercise means spending the resources to conduct due diligence, hammer out specifics and terms, and implement quality control measures. New suppliers also represent new risks.

3. **Reshoring production and sourcing.** Increasing domestic production, inventory holding, and raw material sourcing and adding jobs are prime objectives of US tariff strategy. While many US manufacturers see benefits in reshoring, they also recognize that, depending on the goods in question, reshoring is a complex and capital-intensive initiative that can take years. Tariffs would have to remain in place for the long haul for those reshoring investments to pay off. That's far from predictable, which may make reshoring too risky for suppliers who could find themselves paying higher costs for labor, insurance, real estate, and regulatory compliance—even as tariff rollbacks make offshore outsourcing economically attractive once again.

Turn to data

Given the turbulence, how can businesses find the optimal way forward? Regardless of business model or industry, having the right data, tools, and insights at your fingertips will help you make better, more data-driven decisions.

Devising a tariff strategy requires assessing many complex and fast-changing dynamics. It means aggregating and analyzing data to assess various scenarios and then charting a path forward. That's a tall order for companies that lack the ability to precisely track the landed cost of goods sold, visibility to supply chains, or the tools to perform repeatable scenario analysis.

Given the profound implications new tariffs pose to businesses, a robust and sophisticated ERP system can prove highly valuable.

“Modern cloud technology is indispensable for any company to navigate tariffs as part of its end-to-end business and operations lifecycle, from forecasting and purchase orders to supply chain management, demand planning and forecasting, and understanding your total landed costs.”

Dan Gardner, President, Trade Facilitators

How NetSuite helps you navigate tariffs

NetSuite can help companies navigate today's volatile tariff environment with speed and precision, and it's invaluable for making longer-term strategic decisions if tariffs persist. NetSuite ERP and supply chain management software give companies the visibility and control needed to:

- Understand the total landed cost implications and other input variables of new tariffs.
- Model what-if scenarios of different cost and pricing conditions.
- More effectively manage the supply chain, from procurement to fulfillment.

Total landed cost calculations

Total landed cost is the sum of all costs associated with a product reaching the buyer's destination. Landed cost includes not just tariffs, also known as customs duties, but freight and shipping, production, packaging, currency conversions, brokerage fees, insurance, and other charges.



When acquiring inventory, such as components, raw materials, or finished goods, NetSuite's landed cost functionality provides upfront visibility into what you'll pay. NetSuite automatically allocates costs such as tariffs at the item level or as a percentage of purchase price, improving accuracy and minimizing calculation errors.

As input costs fluctuate, NetSuite provides real-time visibility that helps guide purchasing, pricing, and supply chain decisions, helping to reduce the risk of unprofitable choices.

Learn more on navigating tariffs

Explore NetSuite's four-part webinar series to learn more on how your company can navigate tariffs landscape. [Learn more.](#)

Scenario planning and modeling

NetSuite scenario planning capabilities equip your business to account for a full range of possibilities under any business conditions. Options explored

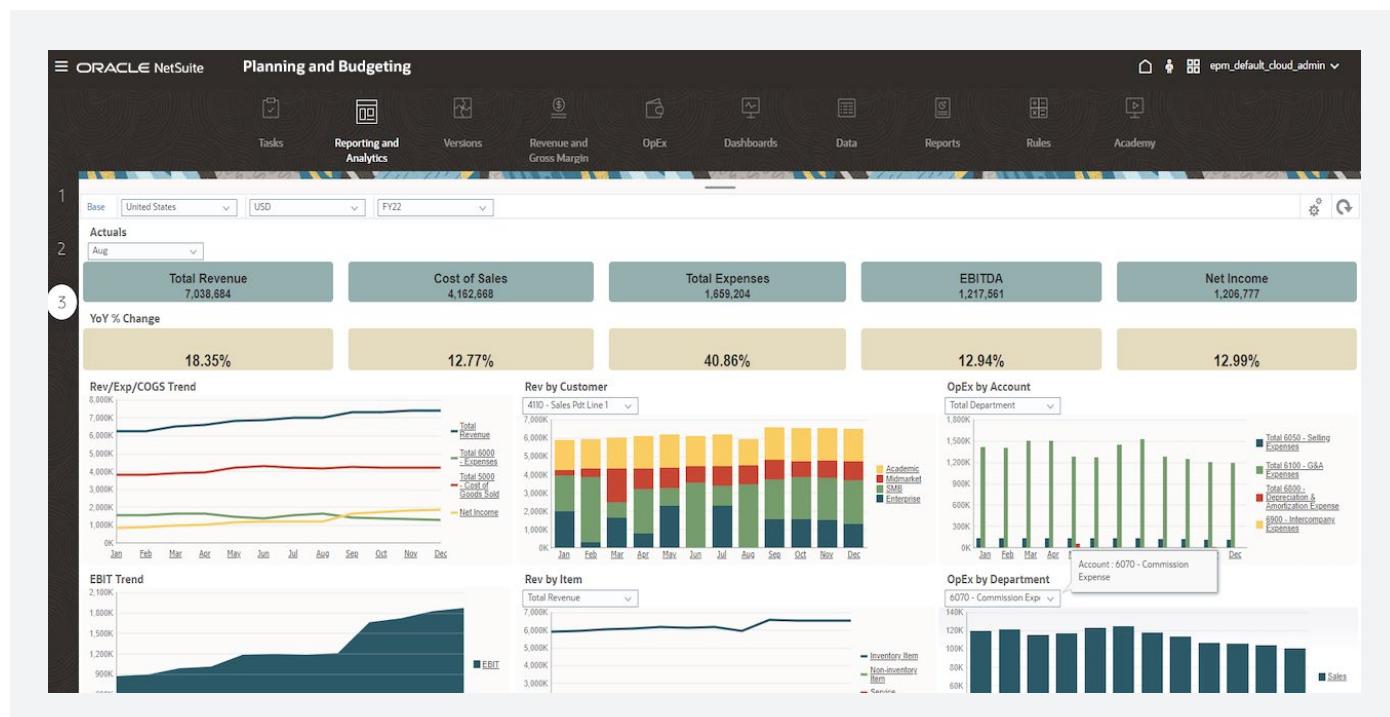
can range from small price increases to diversifying suppliers, exploring new export markets, or shifting production locations.

NetSuite's powerful AI-enabled what-if analysis functionality lets you create, run, and tweak a variety of scenarios to help identify your best options. Real-time scenario planning can help you create pricing, procurement, inventory management, and financial forecasts. Over time, you can track real-world costs and profitability across customers, regions, and products.

Analysis also aids in identifying weaknesses ripe for mitigation. Are you overpurchasing from certain suppliers? Do you need to diversify procurement to reduce risk? Does it make sense to renegotiate International Commercial Terms, known as Incoterms, with some foreign trading partners? NetSuite helps you decide.

Supply chain and vendor management

Flexibility in supply chain management is crucial in a highly variable business climate. Having a solid understanding of your supplier network is key to



NetSuite provides insights and control to help manage tariff challenges.



successfully navigating supply chain challenges presented by changing tariffs and other input costs. Auditing your supply chain can unearth creative ways to lower costs, such as a new warehousing strategy, more efficient fulfillment, or using a lower-cost shipping method.

NetSuite supply chain management delivers visibility into what, how much, when, and from where items are being acquired. Businesses can make informed decisions about how to manage their procurement processes to ensure goods are available when needed, at the best price, tariff implications included.

Vendor management provides scorecards to track supplier performance by specified KPIs, suggesting opportunities to diversify the supplier base.

Demand planning helps predict future inventory needs so that you avoid stockouts or overstocking that drives up costs.

Whether you decide to source materials from a different country, nearshore or reshore operations, or shuffle your supplier lineup, NetSuite gives you leading-edge capabilities to move quickly and confidently.

[Learn more](#)

To learn more about how NetSuite can help you navigate tariff challenges, [reach out to our experts](#).



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