

# Global Supply Chain Tariffs

## What is your risk exposure?

Changes in trade policy are affecting the rate of duty on thousands of goods as new legislation is considered. This is having profound impact on companies' P&L, with potential to cause additional margin erosion and supply chain disruptions. Our timeline guides you through a managed approach to assessing the changes and offsetting the impact while optimizing alignment to your supply base.

### Learn More

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### 1. May-June 2018



#### Assess

**Build your team, complete an assessment, and develop a comprehensive approach.**

First, understand where and to what extent your supply chain is affected – countries, suppliers, items, product margins, and strategic options.

#### Understand Scale of Impact:

- Define organizational initiative leadership team
- Educate your organization on the changes that have and are planned to occur: Secs. 232 and 301, and other trade negotiations (e.g., NAFTA)
- Correlate regions of focus and commodities affected back to your organization's supply chain
- Document potential impact on margin and other risks
- Complete a deep-dive review into areas of greatest risk and financial impact

### 2. June-July 2018



#### Strategize

**Narrow your strategy to address areas of greatest exposure to ensure impact is minimized.**

Timelines to react are tight and timelines to implement supply base change can be long. It is critical that you narrow your focus to areas of the greatest impact.

#### Align Stakeholders to Execute:

- What are the areas of greatest risk and impact?
- What strategies can be leveraged to address them?
  - Optimize Harmonized Tariff Schedule class and/or apply for exemptions
  - Move supply source to other best cost country (BCC)
  - Bring manufacturing in-house
  - Re-engineer, value analysis, and value engineering
  - Customer segmentation and raise prices
  - Use multiple sources to mitigate market volatility
- Finalize strategies, a prioritized plan, resources required, and governance

### 3. July-November 2018



#### Execute

**Execute a managed approach to driving action.**

The resulting strategy will be multifaceted and must be center-led to ensure solutions are effective, risk is managed, and roadblocks are addressed quickly.

#### Understand Scale of Impact:

- Develop mitigations for key strategy risks
- Align the organization to support change management
- Drive the "heavy lifting" required while managing unintended impacts
- Implement processes and metrics to sustain benefits

### 4. November 2018 and Beyond



#### Optimize

**Revisit areas of impact that were not the immediate priority to drive further supply improvement.**

As you executed your strategies, it is likely that you uncovered opportunities to further optimize. Now is the time to drive action to achieve the next level of benefit.

#### Continuous Improvement:

- Address "round two" areas where the impact is material
- Put a plan in place to execute on future improvement opportunities