

Navigating the New Tariff Landscape

Strategic Imperatives for
CPOs in 2025





The New Tariff Reality

How Global Sourcing Has Changed Overnight

1

Tariffs are driving up costs across global supply chains.

2

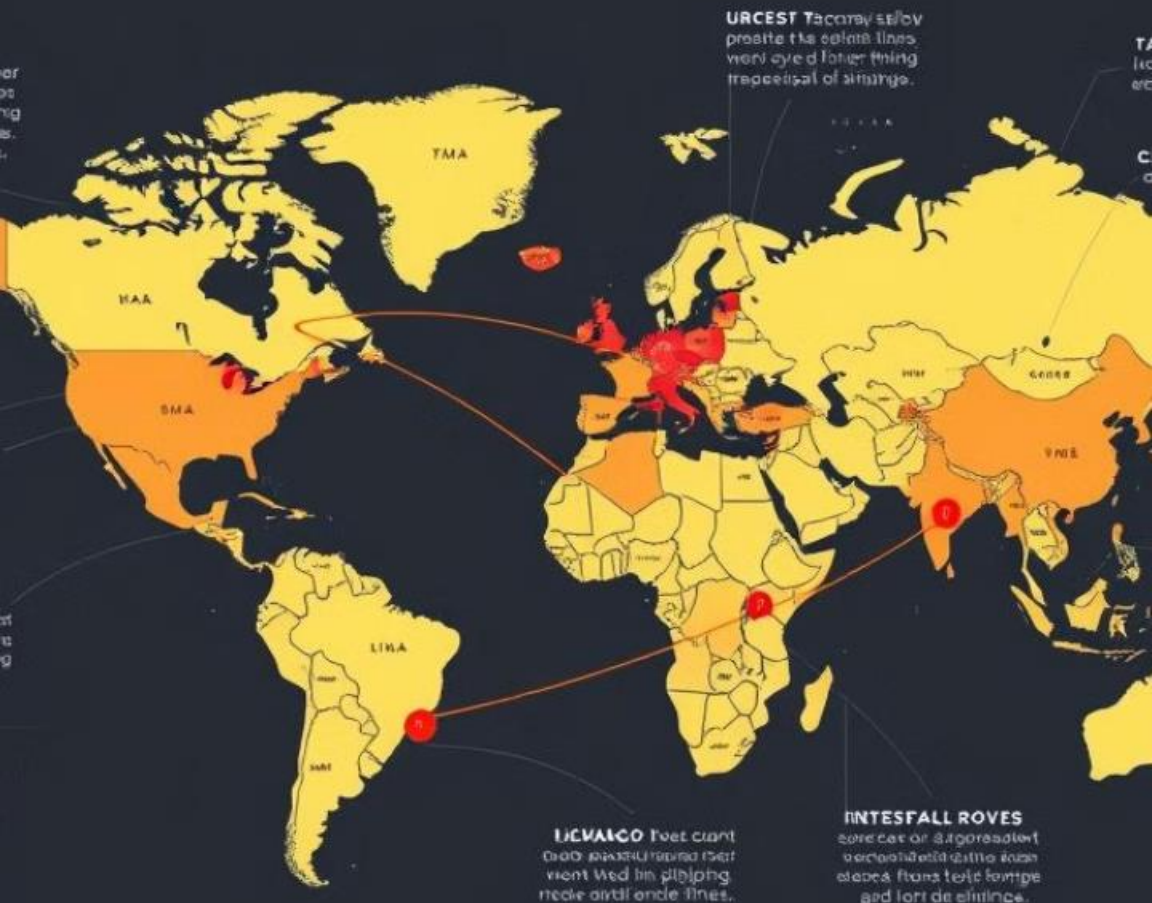
Suppliers are passing increased costs downstream, creating ripple effects.

3

Forecasting landed costs is now highly uncertain.

4

Procurement must adapt to shifting trade policies rapidly.





Impact Assessment: Beyond the Balance Sheet

15-25%

Supplier Base

Directly affected by tariffs

30-40%

Supply Chain Costs

Hit by secondary impacts

30%

Documentation Overhead

Increase in compliance burdens

Faster decision-making is now critical to maintain cost control.





Short-Term Imperatives (0-6 Months)



Conduct tariff impact analysis across all supplier tiers.



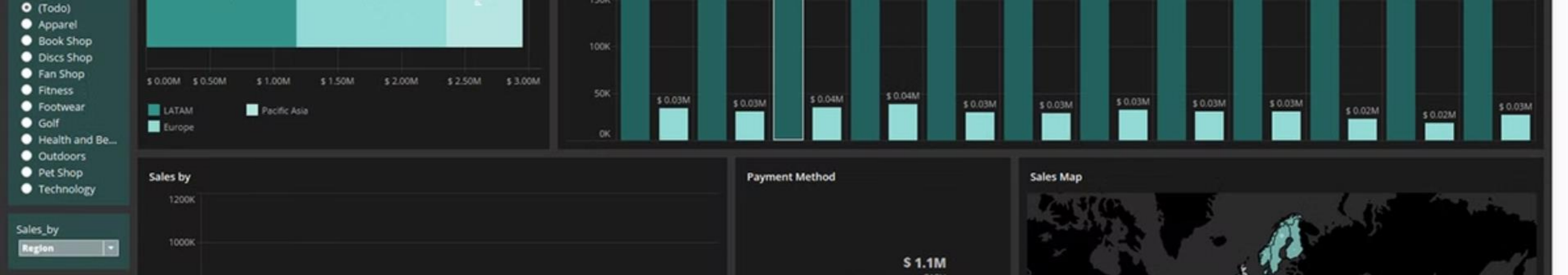
Negotiate burden-sharing agreements with key suppliers.



Accelerate nearshoring for high-tariff categories.



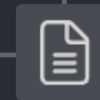
Review contract terms for flexibility in trade policy shifts.



🔧 Mid-Term Strategy (6-18 Months)

📌 Develop multi-sourcing contingencies across trade zones.

📄 Build dedicated trade compliance capabilities in procurement.





📄 Invest in supply chain mapping tech for better visibility.


⚙️ Explore tariff engineering opportunities to optimize classifications.




Long-Term Positioning (18+ Months)

 Regionalize supply chains to reduce tariff exposure.

 Evaluate vertical integration for strategic components.

 Collaborate with R&D to redesign products using alternative materials.

 Develop scenario-based sourcing strategies for policy adaptability.



Decision-Making Framework

Absorb, Pass, or Restructure?



Strategic importance

Does this category impact competitive advantage?



Policy persistence

Is this a long-term or short-term tariff?



Substitutability

Are viable alternatives available?



Transition complexity

What are the barriers to switching suppliers?




Cost exposure


How much of your total spend is impacted?


The CPO's Elevated Mandate

From Tactical to Strategic Leadership

 Develop trade policy intelligence for proactive decision-making.

 Build dynamic scenario planning for agile sourcing strategies.

 Strengthen cross-functional collaboration with finance & legal teams.

 Elevate procurement's role in board-level risk management discussions.

