

PROCUREMENT IN THE CROSSHAIRS

# A Tactical Guide for CPOs to Navigate Tariff Uncertainty with Confidence

SpendHQ

# Introduction

From the desk of **SpendHQ** — the procurement intelligence platform trusted by 500+ global brands.

As global trade tensions rise and tariff regimes shift with little notice, procurement leaders find themselves in a precarious balancing act: protecting the bottom line with incomplete data, while enabling the business to move fast. At SpendHQ, we work with CPOs and procurement teams on the front lines of these challenges. This guide distills that experience into one purpose-built playbook: how to act today—even when your data isn't perfect.

## Contents

What's Happening: Tariffs, Uncertainty, and a Data Gap	3
Navigate Uncertainty with Confidence — Even When the Data Isn't Perfect	4
Financial Resilience: Why Supplier Health Is the Missing Piece in Tariff Readiness	5
Insights from the Front Lines	5
Integrated Intelligence with SpendHQ	5
A Procurement Action Plan for Tariff Turbulence	6
How to Implement in an Imperfect World	7
Final Word: Don't Wait. Lead.	8

# What's Happening: Tariffs, Uncertainty, and a Data Gap

Tariffs are reshaping global supply chains—again. But few procurement teams are truly ready. **The problem?** Most organizations lack the structured data needed to understand their exposure. Despite using advanced platforms like SpendHQ that support tariff dashboards, visibility into tariff impacts require robust core data inputs like:



Country of Origin (not supplier HQ)



HTS/Customs Codes



Incoterms



Detailed Product Specifications



Standard Cost or Budget Rates



Supplier Financial Health Ratings

That's why, today, even the best dashboards may be based on assumptions rather than truth—creating false confidence that can derail decision making.

## Real World Signals

### >> Chipotle Mexican Grill

Chipotle Mexican Grill has diversified sourcing beyond Mexico into Colombia, Peru, and the Dominican Republic to mitigate avocado and tomato tariff risks. Avocados from Mexico account for approximately 50% of their supply, and new duties could add an estimated 60 bps to cost of sales if enacted.

### >> Samsung and LG

Samsung and LG are publicly evaluating shifting TV and appliance production from Mexico back to the U.S. plants to avoid looming North American tariffs.

The quick adjustment highlighted in each of these examples hinges on an organization's ability to access accurate, structured data—like country of origin, incoterms, and supplier health ratings. Using a [procurement intelligence platform like SpendHQ](#) brings an important layer of transparency and agility that is critical in these uncertain times.

# Navigate Uncertainty with Confidence — Even When the Data Isn't Perfect

In a shifting tariff landscape, transparency is your strongest asset. Your stakeholders don't expect perfection—but they do expect clarity and intent.

## Build Trust While Staying Agile

1

### Lead with Transparency

Structured data like Country of Origin and HTS codes are critical for meaningful insights. If your team is still gathering inputs, communicate your data maturity with confidence—not apology.

2

### Clarify What Matters

Supplier headquarters is not a proxy for Country of Origin. A U.S. supplier may be shipping goods from China. That nuance can make or break tariff analysis.

3

### Ask with Intention

Requesting detailed data—like Country of Origin, Incoterms, and SKU-level product classifications—signals to your partners that you're thinking strategically. Let them know how this information directly informs business decisions.

Today, even leading companies are navigating partial data. What separates the leaders is how clearly they communicate risk and act decisively.

For example, on its Q4 earnings call, Chipotle's CFO, Adam Rymer, shared that potential tariffs could increase cost of sales by 60bps—even though just 2% of their inputs are at risk. That kind of clarity comes from knowing your exposure at the SKU and supplier level.

## Financial Resilience: Why Supplier Health Is the Missing Piece in Tariff Readiness

In today's tariff-driven procurement environment, **where a supplier operates** is only part of the equation. **How financially resilient they are** can make or break your supply chain strategy.

Financial distress often reveals itself too late—when a supplier fails to deliver, renegotiates terms under duress, or exits the market altogether. With cost structures under pressure and tariffs tightening margins, procurement leaders must go beyond geographical exposure and proactively evaluate supplier viability. That's where **supplier financial health ratings** come into play.

## Integrated Intelligence with SpendHQ

SpendHQ integrates **RapidRatings' Financial Health Ratings** directly into its supplier risk modules—bringing powerful foresight into a single, centralized platform. With this intelligence, you can:

- » Prioritize suppliers not just by cost or location, but by resilience
- » Stress-test your supply base against evolving tariff scenarios
- » Avoid disruption by identifying fragile suppliers before they break

As procurement leaders build their tariff mitigation plans, incorporating **financial stability** into sourcing strategies isn't optional—it's essential.

## Insights from the Front Lines

*New analysis from SpendHQ integration partner RapidRatings* reveals the hidden vulnerabilities created by tariffs:

- » A universal 10% tariff plus 145% on Chinese goods resulted in a **46% increase** in high-risk and very high-risk classifications for public companies and a staggering **92% increase** for private companies.
- » Under reciprocal tariff scenarios, high-risk classifications jumped **57% for public companies** and **111% for private**
- » Supplier **Financial Health Ratings (FHRs)** dropped by an average of:

**6.1**

points under initial tariffs for public companies

**7.4**

points under reciprocal tariffs

**13-15.7**

points for private companies

- » **Cash conversion cycles** among middle-market suppliers have lengthened from **54 to 77 days** since 2019—signaling cash flow strain.

These metrics aren't just data points—they're early warning signals. The earlier procurement teams can see them, the more options they have to de-risk.

# A Procurement Action Plan for Tariff Turbulence

Even with gaps in data, you can still lead. Here's your tactical playbook:

## Supplier Data Mobilization

- Request Material (SKU) Country of Origin and HTS Codes from key suppliers
- Clarify Incoterms to understand cost and risk ownership.

## Cost Risk Assessment

- Ask category managers to list the top 80% of international suppliers by spend.
- Estimate financial exposure using current tariff scenarios.

## Strategic Supplier Engagement

- Flag suppliers in countries facing high tariffs and initiate strategic discussions
  - » Discuss pricing actions that will absorb all or part of the tariff expense
  - » If tariffs cannot be mitigated with pricing action, understand if the supplier will be transitioning production from current Country of Origin (COO) to a COO with lower tariffs
- If incumbent supplier discussions do not yield a viable outcome, broaden the supplier search beyond local alternatives to include those operating in countries with more favorable tariff structures. Southeast Asia and India, in particular, are increasingly attractive due to active production shifts and cost advantages—even with modest tariffs—compared to domestic manufacturing.

## Agile Operating Mode

- Move fast. You don't need perfect dashboards to make smart, proactive moves.
- Scenario plan for multiple tariff possibilities—and have fallback suppliers ready.

**Automotive Production Shifts:** GM ramped up truck output at its Indiana plant, while Stellantis idled two Mexico plants to preserve U.S. manufacturing and avoid 25% auto tariffs. Ford and Stellantis also increased consumer incentives to offset potential sticker shock.

# How to Implement in an Imperfect World

## Best-in-Class Teams Balance Speed and Precision

### **Set Expectations Internally**

Make it clear that today's actions are based on best available data—but that the data is improving.

### **Phase Your Dashboards**

Start with critical fields (Country of Origin, HTS) and iterate as more inputs become available.

### **Monitor Reshoring Indicators**

Track Samsung and LG's potential U.S. reshoring plans and Levi's 28-country agile supply strategy to manage tariffs without broad markups.

### **Engage Cross Functionally**

Procurement doesn't solve this alone. Collaborate with finance, legal, and logistics on risk adjusted decision making.

### **Develop Dashboards to Track and Report on Progress**

Track spend categories where tariff risks have been mitigated vs. where the organization is still working to identify a plan.

Summarize when the tariff mitigation plans will go into effect, by spend category, so business partners understand how long the organization will need to pay tariffs prior to new supply options being viable.

# Final Word: Don't Wait. Lead.

You don't need perfect information to make the right moves—but you do need a plan. As tariff policies evolve at breakneck speed, the procurement function has a rare opportunity to lead from the front with clarity, speed, and resilience.

## Start here:

- 1 Gather what data you can.**
- 2 Flag high risk suppliers.**
- 3 Align with finance and operations on impact scenarios.**
- 4 Act now—refine as you go.**

## Spotlight: GM & Stellantis Production Moves



### Situation

Indiana plant ramp up,  
Mexico plant idling



### Dual Strategy

Adjust production  
footprint + increase  
incentives



### Lesson

Scenario plans must  
cover both sourcing and  
downstream pricing tactics

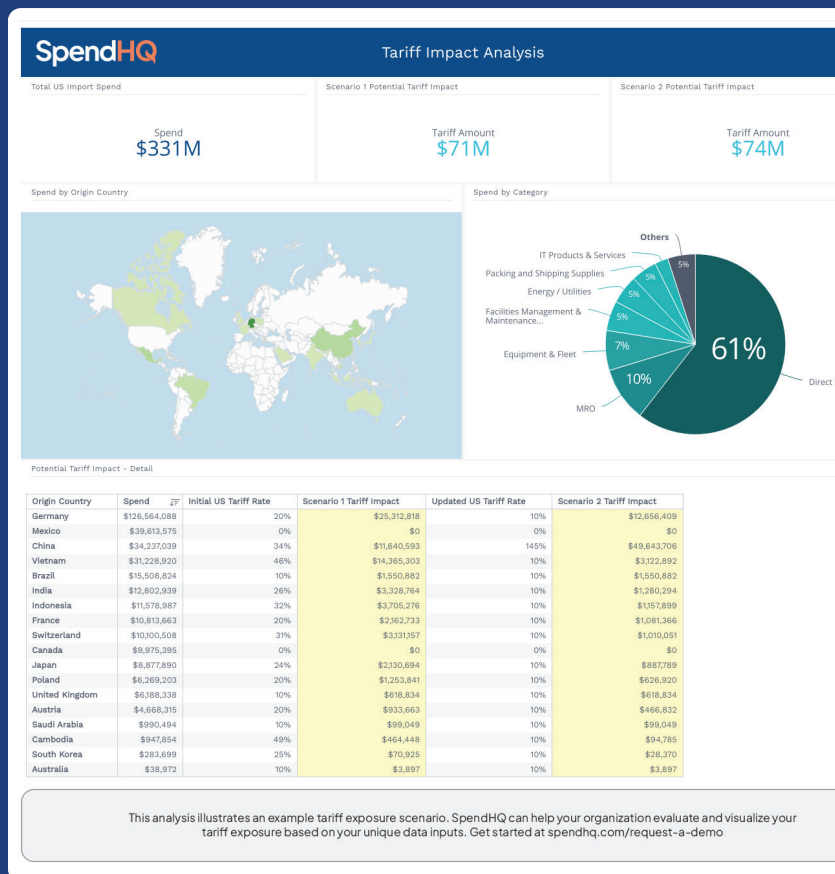
**Connect with our team to talk about how we can help you navigate what's next.**



SpendHQ's Tariff Impact Analysis dashboard is a specialized feature within its platform that helps procurement teams assess and quantify the financial exposure related to tariffs across their supplier base.

The dashboard helps global organizations:

- » Quantify the total financial impact of tariffs across 3rd party expenditures based on your organization's unique data inputs.
- » Identify tariff exposure by business unit, category, supplier, and other dimensions to assess impacts to specific areas of the organization.
- » Enable procurement teams to develop tariff mitigation strategies by providing visibility to which spend categories and suppliers will result in the largest tariff expenses if preventative steps are not taken.



**Connect with our team to talk about how we can help you navigate what's next.**

SpendHQ delivers unmatched visibility into supplier performance and risk. By integrating insights from partners like RapidRatings, we enhance our ability to proactively identify financial vulnerabilities before they impact your business. The result: a smarter, more resilient procurement strategy—built on SpendHQ's trusted platform and enriched with industry-leading financial risk intelligence.

**Let's Talk**

Attribution:

1. Chipotle sourcing diversification and cost impact <https://www.foodbusinessnews.net/articles/27708-chipotle-diversifying-sourcing-amid-tariff-talk>
2. Automotive production shifts: <https://www.cbsnews.com/news/trump-auto-tariffs-gm-ford-stellantis-car-prices>
3. NRF import decline forecast and retailer price pressure <https://www.reuters.com/business/us-imports-set-fall-20-second-half-2025-trump-tariffs-nrf-forecast-shows-2025-04-09>
4. GM/Stellantis production adjustments <https://www.cbsnews.com/news/trump-auto-tariffs-gm-ford-stellantis-car-prices>
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