

# PLM SHOULD BE THE FIRST TOOL REACHED FOR WHEN TARIFFS SHIFT

The current tariff environment is unlike any we have seen in the past generation. Detailed plans and vendor allocations built to take advantage of low and no tariff opportunities are being disrupted. Costs negotiated to meet IMUs suddenly no longer meet those targets, sometimes with goods already in transit. While there is little that can be done in the short term but react, we can, and should, use PLM to inform on what the impact is and what options exist to mitigate in the current and future seasons.

*“Utilizing the data and functionality available in PLM enables organizations to employ a fact-based approach to proactively develop sourcing strategies”*

While not all PLM implementations will allow you to take full advantage of the tactics below, a subset should be available to all:

## 1. Understand your exposure

- Line plan level reporting allows companies to see what the potential impact is to IMU and can be compared against plans and targets
- Reporting can also be structured to see the categories/programs that are most impacted in order to prioritize the areas where alternate sourcing strategies should be explored

## 2. See how the new duties manifest on products

- Quickly re-calculate estimated landed costs using seasonal duty tables to see product and colorway level impact to current and future seasons without disrupting past season data

## 3. Evaluate your options

- Vendor and factory libraries that capture capacity information can be leveraged to understand what opportunities there are in your sourcing base to shift allocations

## 4. Pull the levers

- Evaluate alternative allocation scenarios utilizing reporting to see the impact of the shift to cost/IMU for a product, or across a range of products
- Model ocean vs air freight scenarios, as sourcing shifts may require changes in ship mode in order to meet calendar deadlines
- In addition to COO scenarios, model other duty reduction strategies including taking advantage of first sale opportunities as well as breaking out non-dutiable cost components, where applicable

Executing in-season shifts in allocation is never easy but depending on your company's specific situation, there can be significant financial implications to tariff increases that warrant the need for it. Utilizing the data and functionality available in PLM enables organizations to employ a fact-based approach to proactively develop sourcing strategies that can be acted upon with confidence to mitigate the impact of tariffs and protect your bottom line.

Want to learn more?

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