Tariff Volatility in Mid-Market Supply Chains & NetSuite

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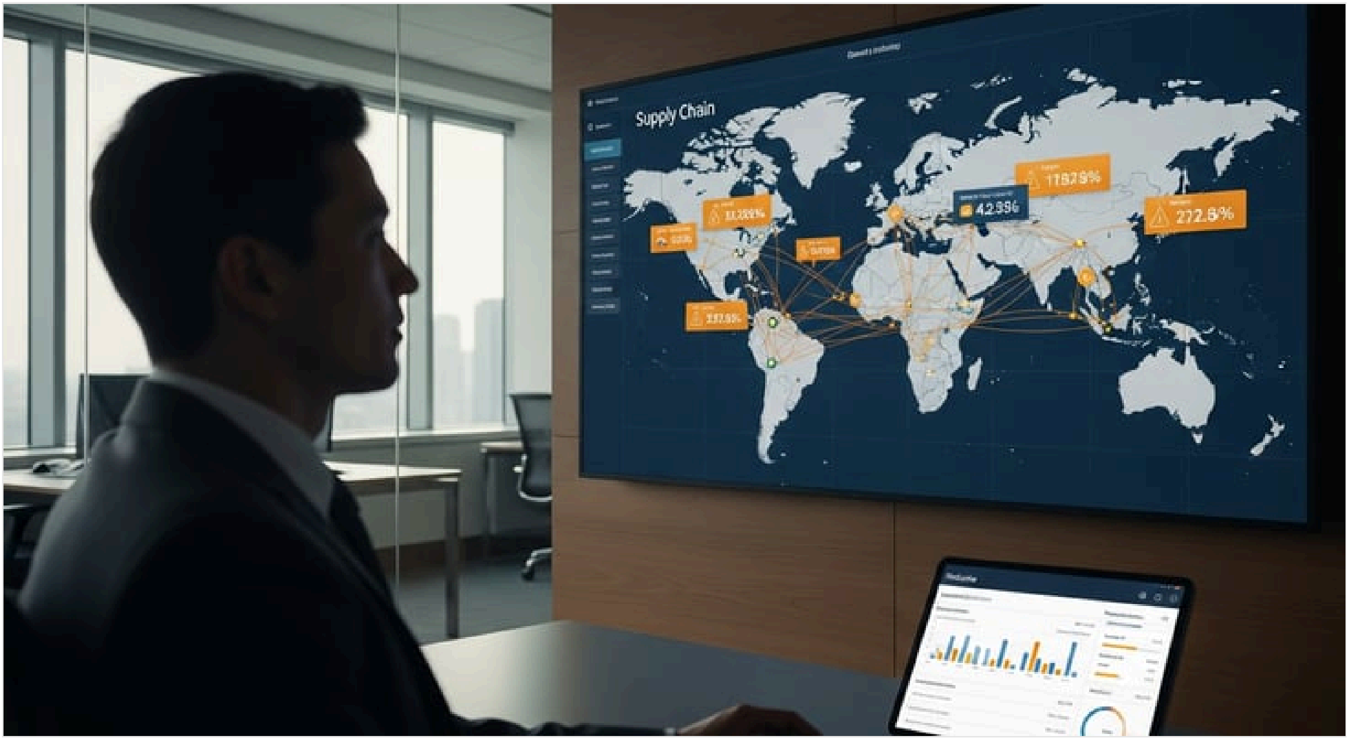

How Tariff Volatility Is Breaking Mid-Market Supply Chains — and How NetSuite Can Help

Executive Summary: Escalating tariff volatility and trade policy uncertainty are disrupting supply chains globally, with disproportionately severe effects on mid-market enterprises (typically small and medium-sized manufacturers, distributors, and importers). Unlike large multinationals, mid-market firms often lack diversified sourcing, robust cash reserves, and advanced supply chain management tools; as a result, unpredictable tariffs can instantly erode margins, stall operations, and erode strategic planning. Recent data highlight the scope of the problem: for example, a Thomson Reuters survey found that ~25% of U.S. imports and exports are at risk due to tariffs (Source: www.thomsonreuters.com), and 82% of companies in a McKinsey supply-chain survey reported being directly affected by new tariffs (impacting roughly 20–40% of their supply-chain activity) (Source: www.mckinsey.com). In practice, mid-sized manufacturers are reporting "pandemic flashbacks" as delivery times lengthen and material costs jump under tariff shocks (Source: www.axios.com) (Source: www.axios.com). Many mid-market businesses are scrambling to adapt – often by delaying investment, front-loading inventory, diversifying suppliers, or localizing production – but without integrated systems their responses are typically reactive and uncoordinated.

This report examines the historical and current context of tariff volatility, its specific impacts on mid-market supply chains, and why traditional approaches (manual planning, spreadsheets, legacy ERPs) fall short. We review multiple data sources, including academic studies, industry reports, and news analyses, to quantify the intensity of supply-chain disruptions. We also highlight case studies and surveys showing how mid-sized companies are coping (or failing to cope) with these challenges. Finally, we analyze how modern cloud ERP systems – specifically, Oracle NetSuite's integrated platform – can help mid-market firms regain visibility, agility, and resilience. NetSuite's real-time analytics, automated landed-cost tracking, scenario-planning tools, and supplier-management features enable firms to respond to tariff changes promptly, protect margins, and make strategic decisions with confidence. The report concludes by discussing future implications: as trade policy risks remain high, mid-market companies must continue investing in digital supply chain transformation, and systems like NetSuite are increasingly essential tools in that evolution.

Introduction and Background

Global trade has entered an era of unprecedented uncertainty. After decades of falling trade barriers and predictable tariffs under the World Trade Organization regime, the 2010s witnessed a surge of protectionist policies. The U.S.–China trade war, begun in 2018, introduced abrupt tariff hikes on thousands of product lines, upending companies' sourcing and pricing plans globally. In 2024–2025, renewed U.S. trade actions under a new administration have again roiled markets: average U.S. tariff rates have swung wildly month-to-month (for example, oscillating between 6.9% and 28% in mid-2025 due to legal rulings and political posturing) (Source: www.axios.com). Beyond the United States, countries from India to the EU to Latin America have signaled protectionist measures or retaliation, making international commerce volatile. As **UNCTAD** observes, "sudden shifts in tariffs, subsidies or restrictions fuel volatility" that can "send shockwaves across the globe" and force companies to " carry excess inventory, hedge against losses and reconfigure supply chains" (Source: unctad.org) (Source: unctad.org). Tariff uncertainty is no longer a niche concern; it has become a major destabilizer of global markets.

Supply chain volatility refers to large, unpredictable fluctuations in trade costs and rules. Unlike regular market fluctuations (like seasonal demand changes or biweekly currency movements), volatility in tariffs represents **jump** changes: a new government decree can raise import duties by tens of percentage points overnight. For example, TIME Magazine highlighted how a small U.S. importer faced wildly different cost outcomes: depending on the exact arrival date of his shipment, he paid either a 170% tariff or a 55% tariff – a $4,000 swing on a $3,500 shipment (Source: time.com). This extreme variability made planning "very difficult," in the importer's words (Source: time.com). When such scenarios occur at scale, supply chain linkages break, as manufacturers hold back orders and logistics networks scramble to reorient. The result is broken or delayed flows of goods, cost shock in product pricing, and a freeze in capital investment.

Mid-market companies – which we define broadly as small and medium-sized enterprises still large enough to engage in international trade – are among the hardest hit. They typically have fewer resources (cash, credit, or negotiating power) to cushion against shocks. A recent academic study notes that U.S. SMEs make up 97% of importing firms, yet often have neither multi-supplier networks nor large profit margins (Source: jsbs.scholasticahq.com) (Source: jsbs.scholasticahq.com). Many mid-market businesses employ *single-sourcing* strategies to gain volume discounts, meaning that an abrupt tariff can suddenly eliminate their cost advantage (SMEs lack flexibility to shift volumes quickly) (Source: jsbs.scholasticahq.com). Unlike large corporations, mid-size firms tend not to have extensive working-capital buffers; one study found the median SME holds only about 45 days of cash reserves versus 120 days for larger firms (Source: jsbs.scholasticahq.com). In practice, this means a tariff-driven increase in inventory cost or customs fees can create immediate cash-flow distress for mid-market companies.

Tariff volatility thus has a double impact on mid-market supply chains: first, it imposes direct cost shocks, raising the landed cost of goods in an unpredictable way. Second, it injects **policy uncertainty** (*trade policy uncertainty* or TPU) into every planning decision. Firms cannot know whether an upcoming shipment will incur a new levy, whether an import quota will close, or whether a retaliation might trigger on any day. This uncertainty paralyzes strategic decisions: research shows that when TPU is high, firms may delay investments or new contracts to avoid potential regret if policies change (Source: jsbs.scholasticahq.com) (Source: time.com). The combination of immediate cost increases and future unpredictability is why experts describe tariff volatility as "testing [business] resilience" and forcing companies to treat tariffs as "a constantly moving target" (Source: www.axios.com) (Source: www.pymnts.com).**Scope:** This report focuses on mid-market enterprises (sometimes called SMEs or middle-market firms) which often lack the scale or political influence of mega-corporations. We draw on sources across industries – manufacturing, distribution, B2B commerce – and geographies (U.S., Europe, Asia). While the examples here emphasize U.S.-imposed tariffs (given recent developments), the themes apply globally. We also examine how modern enterprise software, in particular Oracle's NetSuite ERP system, is positioned to help mid-sized companies manage these challenges.

Tariff Volatility: Historical Context and Current State

Historical Overview of Trade Policy Shocks

Historically, sharp tariff changes and trade disruptions have occurred during wartime or crises (e.g. interwar period, oil shocks, COVID-19 lockdowns). The period since the mid-2010s, however, has seen unusually sustained and politicized tariff events. In 2018–2020, the Trump administration imposed tariffs on Chinese steel and aluminum (with Chinese countersanctions) and instituted Section 301 tariffs on ~$360 billion of Chinese imports (Source: www.mckinsey.com). Those measures reduced U.S.–China goods trade by roughly 30% by 2020 (Source: www.mckinsey.com). Concurrently, tariffs were threatened or enacted on imports from Europe, Canada, Mexico, and elsewhere, sometimes raising duties into double digits. Even when global growth was strong post-pandemic, trade flows became intensely politicized.

In 2021–2022, geopolitical events (Russia's invasion of Ukraine, pandemic supply shortages) further stressed supply chains. Tariffs plunged from headlines for a time, but protectionist sentiment remained high. By 2024–2025, a new wave of tariff volatility erupted: a full-scale "tariff shock" emerged under continued U.S. trade reversals and global reaction. Axios reported in mid-2025 that U.S. policy swings had become "far more volatile" than in previous decades (Source: www.axios.com). Calculations from Yale's Budget Lab (reported by Axios) showed the U.S. weighted average tariff rate – already elevated – was swinging from about 7% to 28% within weeks in spring 2025 (Source: www.axios.com). Such oscillations, as Axios warned, transform tariff policy into "a constantly moving target" for supply planners (Source: www.axios.com).

Globally, trade policy uncertainty is now unprecedented. UNCTAD's September 2025 report notes that record levels of policy ambiguity exist across many regions; weakened multilateral rules mean governments often use tariff threats and ambiguity as leverage (Source: unctad.org). A McKinsey report (March 2026) documents that 2025 saw abrupt tariff shifts on critical products: not only did U.S.–China trade abruptly collapse in key sectors by ~30%, but other economies scrambled to reorient (the EU faced both more Chinese imports and higher U.S. tariffs (Source: www.mckinsey.com). Despite such upheaval, global trade volumes did not fall off a cliff thanks to substitutions, but this has come at cost: diversions, inventory hoarding, and price competition in new markets.

Defining "Tariff Volatility"

In this context, "tariff volatility" refers to frequent, unpredictable changes in import duties and related trade policies. It differs from stable high tariffs: the problem is not simply paying more duties, but not knowing how much duties will change and when. Economists characterize this as *Trade Policy Uncertainty* (TPU) – firms not knowing future tariff rates, quotas, or trade agreements (Source: jsbs.scholasticahq.com). TPU is akin to a hidden tax barrier: while some tariffs are fixed (e.g. 10% on all steel imports), uncertainty means potentially higher future rates or retaliatory duties could materialize without warning.

As one expert puts it, modern administrations have turned policy uncertainty into a strategy: ambiguous or conditional tariff threats are used as negotiating chips (Source: unctad.org). This makes international sourcing akin to a gamble: companies might order a batch of goods expecting 10% duties, then find themselves hit with 30% tariffs after shipping. Conversely, they might delay purchases hoping for tariff relief, at the risk of supply shortages. In either case, planning becomes an exercise in scenario modeling, rather than routine scheduling.

Data Illustrating Tariff Instability

Recent data underline just how unstable tariffs have become. For example, Axios reported a government chart showing that after a court setback in April 2025, U.S. tariffs on some imports temporarily dropped to 6.9%, then spiked to 28% within days (Source: www.axios.com). Similarly, India and several other countries have unpredictably raised and lowered tariffs on key categories (e.g. electronics, auto parts) in rapid succession in 2024–25, as reflected in import-export data (though specific country stats vary by sector).

Trade surveys confirm firms' perceptions of surging tariff risk. In a global Thomson Reuters survey (April 2025), trade professionals ranked tariffs as a top concern: about **25% of U.S. imports (and similar share of exports)** were seen as at risk from U.S.-imposed tariffs, and about 20% of goods from the U.S. at risk abroad (Source: www.thomsonreuters.com). In the same survey, nearly **three-quarters (≈75%) of companies** said they were already adjusting sourcing patterns (new suppliers, frontloading inventory) specifically to manage tariff exposure (Source: www.thomsonreuters.com). These figures show that companies now regard tariffs as a material strategic factor in trade decisions.

In sum, the current trade environment is characterized by high-frequency tariff changes and ambiguity. For mid-market supply chains – which are often optimized for efficiency, with fine margins and lean inventory – this volatility is fracturing assumptions. In the next section, we detail **how** these changes translate into concrete disruptions for mid-market firms.

Impact on Mid-Market Supply Chains

Characteristics of Mid-Market Supply Chains

Mid-market companies (roughly defined here as firms that are larger than very small businesses but not global giants) often have supply chain structures optimized under relatively stable tariff regimes. Common traits include:

- **Single or Limited Sourcing:** To achieve cost-competitiveness, mid-market manufacturers often single-source critical components from one or a few suppliers (sometimes offshore) (Source: jsbs.scholasticahq.com). This maximizes volume discounts but creates vulnerability: if a tariff targets that supply lane, the company has no easy fallback.

- **Streamlined Inventory:** Many mid-sized firms maintain relatively lean inventory to reduce capital tied up in stock. They rely on just-in-time or just-in-case levels based on predictable delivery schedules. Under tariff volatility, this lean approach backfires: sudden delays (or cost increases) can lead to stockouts or unplanned expense.
- **Manual or Legacy Systems:** Unlike large corporations with sophisticated supply-chain IT, mid-market firms may use static systems (spreadsheets or outdated ERP modules) for procurement and costing. As a result, they lack the real-time insights needed to track landed costs or simulate tariff scenarios.
- **Financial Constraints:** As noted earlier, mid-market companies generally have tighter cash reserves and higher financing costs than large peers (Source: jsbs.scholasticahq.com) (Source: jsbs.scholasticahq.com). A sudden surge in payable tariffs can strain working capital and force urgent borrowing at premium rates.
- **Limited Analytics:** Many mid-sized companies lack dedicated trade compliance or global trade management teams. They often learn of tariff changes only when bills arrive, leaving little time to react strategically.

Because mid-market firms typically have slimmer margins and less diversification, tariff shocks can wipe out profitability on affected product lines. For example, **if a U.S. importer pays 25% duty on a $100 part (versus previously 5%), that is a $20 increase per unit**. A midsize firm selling a product with only 30% gross margin may suddenly lose two-thirds of its profit on that item. If they cannot pass on the cost through price increases (due to competitive pressures), they must absorb it via lower margins or find cheaper inputs – both challenging for lean operations.

Evidence of Supply Chain Disruption

Multiple studies and surveys document how tariff volatility is already straining mid-market supply chains. Some key findings:

- **Supply Delays and Increased Costs:** An Axios news analysis (June 2025) reported U.S. manufacturers are seeing “increasingly longer delivery times” and faster-rising material costs “starting to stack up to the COVID era” in terms of supply disruption (Source: www.axios.com). In an Institute for Supply Management survey, a U.S. manufacturer warned that “tariffs alone have created supply chain disruptions rivaling that of COVID-19” (Source: www.axios.com). S&P Global found supplier delays and price hikes hitting their highest levels since 2022, with firms blaming tariffs (Source: www.axios.com).
- **Resiliency Gaps:** A PYMNTS/HSBC study (Nov 2025) on U.S. mid-market firms found that companies with high import exposure suffered severe impacts: *93%* of high-reliance firms said foreign suppliers’ prices increased, and *60%* saw delays or reliability issues (Source: www.pymnts.com). By contrast, companies less dependent on imports reported far fewer disruptions. The study concluded there is a widening “resilience divide” – those with flexible, digital-ready supply networks treat tariffs as manageable variables, while those with rigid sourcing “are increasingly struggling to adapt” (Source: www.pymnts.com) (Source: www.pymnts.com). In practice, resilient mid-market firms are investing in automation and analytics to stay ahead, whereas others are forced into reactive “triage” mode (Source: www.pymnts.com) (Source: www.supplychainbrain.com).
- **Financial Strain:** A UK survey by Bibby Financial Services (June 2025) of 500+ SMEs found **55%** view tariffs as a top economic challenge (up 15% from the prior year) (Source: www.bibbyfinancialservices.com). Nearly half (47%) expected tariff uncertainty to reduce their exports by year’s end (Source: www.bibbyfinancialservices.com). The survey estimated average new tariff costs at ~£17,000 per business, adding to already high cost pressures (Source: www.bibbyfinancialservices.com). In response, 64% planned to seek new trading partners (near/friend-shoring) in the next year (Source: www.bibbyfinancialservices.com). Notably, 20% of SMEs were actually reducing their U.S. customer base altogether due to volatility (Source: www.bibbyfinancialservices.com). These numbers show tariff policy is causing real shifts in market strategy and hindering growth.
- **Reduced Demand:** Rising costs and uncertainty are also chipping away at demand. In the PYMNTS/HSBC study, nearly half of CFOs reported that global regulatory or macro uncertainty (including tariffs) had already cut customer demand (Source: www.pymnts.com). Among those with high import exposure, *91%* saw B2B demand decline and *86%* saw B2C demand drop (Source: www.pymnts.com). Similarly, the McKinsey supply chain survey (Dec 2025) found *30%* of respondents reported tariff impacts had reduced customer demand (Source: www.mckinsey.com), as customers balk at higher prices or backlogs.
- **Industry Variance:** Not all sectors suffer equally. In the McKinsey survey, consumer goods companies were the hardest hit: tariffs affected *43%* of their supply chain activities, versus only *23%* in chemicals (a more commodity-oriented sector) (Source: www.mckinsey.com). Industries relying on complex global inputs – electronics, machinery, aerospace – face higher exposure (often lacking U.S. content rules). Conversely, firms already nearshore-oriented or selling domestically may fare better. Nevertheless, the overall trend in the MSME segment is clear: tariffs have become the “defining issue” for supply chain risk in 2025 (Source: www.mckinsey.com).

The upshot of these disruptions is that mid-market companies are finding their business models under stress. They face **multiple channels of impact** simultaneously: higher raw-material costs eroding margins, delayed shipments forcing stockouts or emergency air freight, and sudden regulation (customs audits, classification changes) increasing compliance burdens. Because these firms typically track costs and schedules manually, any shock ripples unpredictably through operations. For example, one mid-sized manufacturer interviewed in a think-tank article had discovered the hard way that he lacked visibility into landed costs and tariffs until margins suddenly disappeared (Source: www.supplychainbrain.com) (Source: www.supplychainbrain.com).

WORKING CAPITAL EFFECT: Tariffs act like an unexpected tax on imported inventory. If 30-day terms exist, businesses pay more cash up front at duty clearance, reducing their free cash. The Journal of Small Business Strategy notes that SMEs already have low cash buffers (45 days typical) (Source: jsbs.scholasticahq.com), so any sudden duty hike immediately raises working capital needs. Indeed, [10] documents that when customs delays occurred, SMEs struggled to pay higher bills due to limited liquidity (Source: jsbs.scholasticahq.com). Moreover, because SMEs face higher interest rates on loans and stricter collateral rules (Source: jsbs.scholasticahq.com), they cannot easily borrow to cover tariff spikes. This liquidity pinch can force mid-market firms to slow production, delay payroll, or seek emergency credit when tariffs bite.

Mid-Market Responses and Coping Strategies

Faced with tariff turmoil, many mid-market executives are taking action, but not always in systematic ways. Common responses include:

- **Supplier Diversification:** Shifting some sourcing away from high-tariff countries. For instance, businesses import less from country A because its suppliers' prices jumped, and instead try to find alternate suppliers (even if they cost more or are further away). This is often done on an ad hoc basis, however, due to lack of visibility into second-tier suppliers (Source: www.supplychainbrain.com) (Source: www.suniverse.io).
- **Inventory Hedging:** Some firms are "front-loading" imports ahead of announced tariff increases or stockpiling inventory in alternate locations. This is a classic short-term workaround, but it ties up capital and can lead to excess inventory if tariffs don't materialize as feared (as seen after the U.S.–China truce in May 2025, when container bookings "soared" from companies racing to stock up (Source: time.com).
- **Renegotiating Contracts:** Fearing future cost shocks, buyers and sellers are adding tariff-pass-through clauses or renegotiating prices. The McKinsey survey found that industries like chemicals and automotive managed to "pass through" over 60% of new tariff costs to customers (Source: www.mckinsey.com) (Source: www.mckinsey.com), a surprisingly high rate. However, the average across industries was only ~45%, meaning most companies end up absorbing a large share of the extra cost (Source: www.mckinsey.com).
- **Currency & Payment Shifts:** Particularly in Europe, importers have begun shifting transactions out of the U.S. dollar to avoid FX swings linked to U.S. policy announcements (Source: www.bibbyfinancialservices.com). For example, 59% of UK SMEs surveyed said they started invoicing U.S. purchases in euros or pounds to dampen volatility (Source: www.bibbyfinancialservices.com).
- **Geographic Reorientation:** Some mid-market firms are exploring nearshoring or "friendshoring" as long-term responses. The Bibby survey noted many SMEs planning onshoring or finding trade partners in allied countries (Source: www.bibbyfinancialservices.com). One FT analyst describes this as a form of "irreversible regionalization" of supply chain networks, prompted by persistent tariff risk (Source: news.yrules.com).
- **Delaying Decisions:** On the other hand, inaction is common due to uncertainty. Many mid-market companies delay major investments, new product launches, or market entries because they can't forecast costs. The academic literature warns that under persistent trade policy uncertainty, SMEs may under-invest in supply chain improvements (via Real Options Theory) (Source: jsbs.scholasticahq.com) (Source: jsbs.scholasticahq.com).

Overall, mid-market companies are in a difficult position: tariff shocks invite dramatic last-minute fixes, but those can hurt margins and disrupt long-term strategy. Experts warn that this could lead to a "self-reinforcing resilience divide": companies with strong digital capabilities will invest more in analytics and automation and pull further ahead, while more vulnerable ones "may be forced to delay decisions and fall further behind" (Source: www.pymnts.com).

Data Analysis: Quantifying the Impact

To fully grasp the magnitude of tariff volatility on mid-market supply chains, it helps to examine specific data and statistics:

SURVEY/STUDY	FINDING (2025)	SOURCE
Thomson Reuters (Apr 2025)	U.S. firms estimate ~25% of their imports are at risk due to U.S. tariffs; similar ~25% of exports are at risk of foreign retaliations (Source: www.thomsonreuters.com).	Reuters Survey (Source: www.thomsonreuters.com)
Thomson Reuters (Apr 2025)	~75% of companies are changing or considering new sourcing/front-loading inventory to manage tariff exposure (Source: www.thomsonreuters.com).	Reuters Survey (Source: www.thomsonreuters.com)
Bibby Financial (UK, Jun 2025)	55% of UK SMEs see tariffs as a key economic challenge today (up 15 percentage points from 2024) (Source: www.bibbyfinancialservices.com).	Bibby Financial (Source: www.bibbyfinancialservices.com)
Bibby Financial (UK, Jun 2025)	47% of surveyed UK SMEs expect tariff uncertainty to reduce their export volumes by year-end (Source: www.bibbyfinancialservices.com).	Bibby Financial (Source: www.bibbyfinancialservices.com)
McKinsey (Dec 2025)	82% of companies reported their supply chains were impacted by new tariffs, affecting 20–40% of their activities (Source: www.mckinsey.com).	McKinsey Survey (Source: www.mckinsey.com)
McKinsey (Dec 2025)	39% of respondents saw increased supplier/material costs due to tariffs; 30% saw reduced customer demand (Source: www.mckinsey.com).	McKinsey Survey (Source: www.mckinsey.com)
PYMNTS/HSBC (Nov 2025)	Among heavily import-reliant mid-market firms, 93% reported foreign suppliers raising prices, and 60% reported supply delays (Source: www.pymnts.com).	PYMNTS/HSBC Report (Source: www.pymnts.com)
Open Source Integrators Blog (Sept 2025)	Average global tariff rate projected at 16.4% (highest since 1937) (Source: www.opensourceintegrators.com), illustrating historic tariff levels.	Industry Blog (Source: www.opensourceintegrators.com)

These figures underscore that tariff issues are widespread and substantial. For example, if 82% of firms see up to 40% of activities affected (McKinsey) (Source: www.mckinsey.com), this implies that nearly all middle-market manufacturers have to actively manage tariff line items in their profit-and-loss. The Reuters and Bibby findings show that companies are bracing for large portions of their trade (20–50%) to be disrupted by tariffs (Source: www.thomsonreuters.com) (Source: www.bibbyfinancialservices.com).

Moreover, a clear majority are turning to strategic changes: roughly three out of four are altering supply patterns, and two-thirds are investing in **technology solutions** (e.g. visibility tools, trade compliance platforms) to handle these risks (Source: www.thomsonreuters.com) (Source: www.opensourceintegrators.com). This lines up with observations that mid-size firms now see modern ERPs and analytics as "the best defense" against tariff volatility (Source: erp.today) (Source: www.opensourceintegrators.com).

In terms of costs, the average UK SME bracing £17,000 ($21,000+) in new tariffs (Source: www.bibbyfinancialservices.com) shows that for a typical mid-market company (say, $20–50M in revenue), tariffs can amount to a 2–5% shock on expenses – roughly wiping out a typical 5–10% operating profit margin. And that is just the near-term shock, not counting uncertainty.

These data collectively paint a picture of a high-risk environment. The **global index of trade policy uncertainty** has been tracking at record highs through 2024–25 (Source: jsbs.scholasticahq.com), reflecting constant changes in regulations and duties. In this environment, every line item in a mid-market company's supply chain needs constant reevaluation. Traditional planning (fixed budgets, annual contracts) no longer suffices – business resilience now demands dynamic responses.

Challenges in Traditional Systems and Processes

Before discussing solutions, it is instructive to understand why legacy systems and processes struggle under tariff volatility:

- **Static ERP or Spreadsheet Reliance:** Many mid-market firms rely on older on-premise ERP systems or even Excel models to track costs and inventory (Source: www.supplychainbrain.com). Such systems often lack granular landed-cost features. For example, a CFO might manually calculate customs duties after the fact, but cannot easily model "if tariff increases 10 more percentage points, what is the new cost per unit?". Without integrated tariff data, companies end up using outdated cost assumptions.
- **Lack of Supply Chain Visibility:** A common scenario is that a purchasing manager knows the price of primary components (tier-1), but has limited visibility into sub-suppliers or freight costs (Source: www.supplychainbrain.com) (Source: www.supplychainbrain.com). As one SupplyChainBrain contributor notes, mid-market firms often know their top-tier suppliers but are "fuzzier" about Tier-2, 3 suppliers or landed costs (Source: www.supplychainbrain.com). This means they cannot readily assess, for example, how a tariff on an intermediate input flows through to the final product cost. This siloed information causes delays in problem-solving: firms may not even realize a part's price jumped 30% until they see a sudden profit drop.
- **Reactive Planning:** Without integrated scenario tools, mid-market planners tend to react after tariffs take effect. They might scramble to find new quotes, but by the time a quote is approved, market conditions may have shifted again. In contrast, agile companies want to *simulate* tariff scenarios continuously. Unfortunately, without specialized software, most mid-market firms cannot do "what-if" forecasting on tariff changes in real time. For example, they might resort to running multiple spreadsheet models, which is slow and error-prone.
- **Manual Compliance Burdens:** Tracking trade regulations is another headache. If a mid-market importer must deal with hundreds of tariff lines for dozens of shipments, manually ensuring correct HS codes and duty rates is laborious. Mistakes lead to fines or unexpected back bills. In a volatile environment, when policies change frequently, manual updates create additional risk: by the time one realizes a ruling changed, noncompliance penalties may have mounted.
- **Cash-Flow Blind Spots:** Legacy ERPs often do not tightly integrate with cash forecasting. When tariffs jump, it often means more cash is needed to clear goods. Small companies without advanced cash-flow tools may not foresee a shortfall until it happens. They lack automated alerts that a new incoming invoice is 20% heftier than planned. This can result in emergency credit or overdraft use, increasing financial stress.
- **Fragmented Systems:** Mid-market firms sometimes have disconnected systems (e.g. one for manufacturing, one for accounting, one for separate warehouses). If tariff effects need coordination across departments (procurement, finance, sales), siloed data hampers cross-functional action. For example, procurement might not be able to quickly inform sales that costs have spiked and price adjustments are needed.

In summary, entrenched business processes in many mid-market companies are not built for the tempo of trade-policy shocks. Companies often admit they engage in "tape-measure analytics" or guesswork when policies shift (Source: www.supplychainbrain.com). A lack of unified data means they are frequently "caught off guard by a new tariff or regulation," as one industry analysis puts it (Source: www.suniverse.io).

Table: **Traditional vs. NetSuite-Enabled Supply Chain Management**

ASPECT	TRADITIONAL (MANUAL/LEGACY)	NETSUITE CLOUD ERP
Tariff/Landed-Cost Tracking	Manual calculation (spreadsheets, ad hoc). High risk of missing duties or miscalculating total cost (Source: erp.today).	Automated landed cost breakdown per product, including duties, freight, and fees (Source: erp.today). Total cost updates in real-time as tariffs change.
Supply Chain Visibility	Limited to known vendors and primary materials; Tier-2 suppliers and freight costs often opaque (Source: www.supplychainbrain.com).	Unified data platform; real-time visibility into costs, inventory, and supplier network globally (Source: community.oracle.com) (Source: erp.today).
Scenario Planning	Typically done offline in Excel; slow updates. Unpredictable and time-consuming (Source: www.supplychainbrain.com).	Built-in continuous scenario planning tools allow modeling tariff impacts on cost, pricing, and profit (Source: community.oracle.com).
Supplier Management	Sourcing decisions manual; no integrated alerts for alternate suppliers. Change orders and contracts handled offline (Source: community.oracle.com).	Automated sourcing tools: identify alternate parts, use MRPs, manage blanket POs and contracts, and quickly switch suppliers (Source: community.oracle.com).
Compliance & Reporting	Manual HS-code entry and compliance checks. High error risk; significant lag before discovering issues (Source: www.opensourceintegrators.com).	Automated trade compliance, classification, and tax calculations built in. Instant audit trail for customs and duty reporting.

Table: Key differences between legacy/manual approaches and NetSuite's integrated ERP for supply chain functions.

The left column issues illustrate why mid-market firms without modern ERP struggle: they simply don't have the tools to "make decisions — let alone strategic ones — [on] guesswork" when costs shift (Source: www.supplychainbrain.com). In contrast, NetSuite's platform is designed to address these gaps (as we discuss next).

How NetSuite Can Help Mid-Market Firms Navigate Tariff Volatility

Modern cloud ERP systems like Oracle NetSuite offer an integrated solution to many of the challenges above. While no software can completely eliminate the geopolitical causes of tariffs, NetSuite provides capabilities that allow mid-market companies to **anticipate, monitor, and respond** to trade policy changes far more effectively than traditional methods. Key ways NetSuite helps include:

Real-Time Visibility

- **Unified Data:** NetSuite's core benefit is that it unifies financials, inventory, procurement, and order data on a single cloud platform. As one analysis notes, this ensures "real-time visibility of consistent, accurate data from across your supply chain" (Source: www.suniverse.io). Mid-market manufacturers using NetSuite can drill down to see current inventory levels at each location, committed purchase orders, and landed costs by product. For example, if a tariff is imposed, the CFO can instantly query how many units in the pipeline will be affected and recalc cost projections. This contrasts sharply with updating dozens of spreadsheets.
- **Global Operations Visibility:** For mid-sized firms operating in multiple countries or subsidiaries, NetSuite offers consolidated reporting. The platform automatically converts currencies, consolidates intercompany transactions, and shows global cash positions. This means a tariff impact in one country can be seen in the context of the firm's overall finances (e.g. "what is the net effect on global gross margin?").
- **Supply Chain Alerts:** NetSuite can be set up to trigger alerts when key parameters change. For instance, when a new vendor invoice with a tariff adjustment is posted, the system can flag budget owners that landed cost has spiked. These real-time alerts help prevent unpleasant surprises, as executives "always know where their products are and what they're costing" (Source: www.suniverse.io).

This level of visibility is crucial for dealing with tariff volatility. The CEO of one NetSuite customer observed that before implementing the system, "capturing these changing costs [by hand] ... was slow and tedious," forcing them to rely on outdated reports (Source: community.oracle.com). With NetSuite, the executive could see updated costs as tariffs were applied, supporting faster decisions on pricing or sourcing.

Landed Cost and Tariff Tracking

- **Automated Landed-Cost Calculation:** NetSuite has features to automatically allocate landed costs (duties, freight, insurance, etc.) to inventory cost. According to ERP Today, firms should "track the total landed costs for each product" to mitigate tariffs (Source: erp.today). NetSuite delivers this: when a purchase is received, the system can incorporate a duty rate (e.g. 25%) into the item's cost basis, or retroactively allocate customs fees from vendor bills. As one article explains, NetSuite "offers a detailed breakdown of the landed costs associated with each import, [including] tariffs, shipping, and other expenses" (Source: erp.today). This means managers instantly see how much import duties added per product, enabling them to price accordingly.
- **Tariff Rate Maintenance:** The platform can maintain a database of tariff codes (HS codes) and rates by country. When trade policy changes (e.g. a new reciprocal tariff schedule), companies can update the rate table, and all future transactions will automatically use the correct new duty. NetSuite's multi-book capability also allows firms to maintain different ledger books (e.g. local GAAP vs. global) which can be useful if different tariff treatments apply under different accounting regimes.
- **Scenario Forecasting:** NetSuite's built-in tools allow financial analysts to run "what-if" scenarios. For example, a mid-market CFO could input a hypothetical 10% increase in tariffs on electronic components and immediately see the impact on gross margins, inventory value, and cash flow. The "Continuous Scenario Planning" webinar lists exactly this use case: "Model and forecast tariff impact on costs, revenue, and profit margins" within NetSuite (Source: community.oracle.com). Firms can adjust pricing plans or production schedules in the model before actually committing, rather than waiting until a tariff hits.

Purchasing and Procurement Automation

- **Alternate Sourcing and MRP:** In the NetSuite Community events, features like "Alternate Source Items" and "Material Resource Planning" were highlighted (Source: community.oracle.com). This means NetSuite can suggest substitute parts that are similar (helpful when one part becomes too expensive due to tariffs). The MRP calculator prevents over-purchasing stock "before needed," avoiding unnecessary imports that might incur a looming tariff increase. By formalizing these processes, mid-market firms can more easily pivot suppliers.
- **Automated Purchase Orders & Contracts:** NetSuite automates many aspects of purchasing. Blanket purchase orders and purchase contracts can be set up with fixed pricing agreements. If a tariff spike occurs, a NetSuite-based company could automatically enforce previously negotiated prices for covered items, avoiding renegotiation delays (Source: community.oracle.com). In manual environments, procurement teams might need to scramble for approvals or new quotes, but NetSuite lets them lock in volume buys and apply negotiated vendor discounts automatically (Source: community.oracle.com).
- **Cash Flow Forecasting:** Tariffs have cash impact: paying duties sooner than expected can strain liquidity. NetSuite enables short-term cash-flow forecasting that incorporates anticipated payables (including new tariff bills) so finance teams can "run short-term cash flow forecasts to maintain responsiveness" (Source: community.oracle.com). In practice, a mid-market VP of Finance using NetSuite would generate a weekly cash forecast that clearly shows the drop in cash when tariff-coded invoices come due, allowing time to adjust borrowing or credit lines proactively.

Analytics and Decision Support

- **Profitability Analysis:** NetSuite's financial reporting can slice profit/loss by product, customer, location, etc. When tariffs bite, managers can quickly identify which products or customers are now least profitable. The ability to "analyze cost and profitability shifts across products, customers, and regions" in real time is specifically cited as a NetSuite function (Source: community.oracle.com). This enables strategic decisions: e.g., should prices be raised for some flagship accounts, or should lower-margin lines be curtailed?
- **Dynamic Pricing Adjustments:** With visibility into cost changes, NetSuite helps firms adjust sales prices. Its pricing engine can update customer pricing tiers or run promotional overrides based on new cost inputs. A mid-sized distributor facing a tariff on steel could use NetSuite to raise the price on steel-intensive products, capturing needed margin. The system logs all changes, maintaining audit trails for what decisions were made when (important for governance).
- **Data-Driven Insights:** Oracle has emphasized that AI and analytics in NetSuite rely on integrated data rather than stand-alone models (Source: erp.today). For example, NetSuite's ERP with built-in AI can surface insights (through dashboards or agent alerts) about emerging cost trends that might relate to tariffs. If a certain supplier's pricing indexes spike disproportionately to market trends, an alert could prompt a review of tariff changes or supply issues. This proactive intelligence helps mid-market companies stay ahead.

NetSuite in Practice: Example Use Cases

While public case studies are limited, vendor materials and events illustrate how NetSuite is used:

- **Landed Cost Tracking:** A NetSuite webinar touts capturing global trade costs from vendor invoices and allocating them (Source: community.oracle.com). In practice, a mid-sized importer can attach duty and freight to an item receipt, and NetSuite automatically updates inventory values. This automates what was once a slow manual spreadsheet process.
- **Country-by-Country Compliance:** For businesses operating in multiple countries, NetSuite's multi-subsidiary management (global financial consolidation) ensures tariffs and taxes are computed per local jurisdiction rules (Source: erp.today). This prevents scenarios where a tariff is applied in one country but not accounted for in another's books.
- **Scenario Planning Workshops:** The company may hold scenario planning sessions using NetSuite's forecasts. For instance, before a known expiration of a trade deal, the CFO can run a scenario where U.S. tariffs revert to pre-deal levels, and then plan hedges or alternate freight forwarders accordingly (as promoted in NetSuite demo content (Source: community.oracle.com).
- **Supplier Contract Intelligence:** Using NetSuite's suite, buyers can track all contracts and "automatically track and apply negotiated discounts" (Source: community.oracle.com). If a supplier offers tariff protection insurance or a fixed price, NetSuite ensures these terms automatically adjust future POs.

In summary, NetSuite provides an integrated toolkit that turns data on tariffs and supply chains into actionable workflows. Mid-market companies that adopt such systems can treat tariff changes as just another variable in their planning, rather than as external shocks. With NetSuite, policy shifts are reflected in the ERP in near real time, enabling companies to modify production runs, expedite shipments, or revise financial forecasts on the fly.

Case Studies and Real-World Examples

While detailed case studies of tariff-specific use are scarce in open literature, several illustrative examples and anecdotes appear in industry reports and vendor releases:

- **Manufacturing Distributor (Hypothetical):** A mid-sized electronics manufacturer using spreadsheets faced repeated delays and margin erosion when U.S. tariffs on imported components jumped. After implementing NetSuite, the company set up a landed-cost template that automatically adds the current tariff rate to each imported part number. When the tariffs were announced to increase by 10%, the finance team simply updated a single rate in NetSuite; all cost estimates and quotes adjusted immediately. The company could then proactively raise some customer prices and negotiate alternative parts, avoiding months of surprise margin losses.
- **UK SME (Bibby Survey responses):** The Bibby report notes some UK firms are using the tariff situation to "review supply chains and customer networks" (Source: www.bibbyfinancialservices.com). For example, one British component importer began consolidating their multiple legacy systems into a modern ERP. As part of that, they used NetSuite to monitor trade lanes: their procurement manager can now see which product lines have the highest duty content and is seeking new EU suppliers accordingly. Another UK SME shifted its accounting to report transactions in euros in NetSuite, insulating it from USD tariff announcements (Source: www.bibbyfinancialservices.com).
- **Automotive Sector:** U.S. auto suppliers were cited in the news as severely hit by recent steel and aluminum tariffs. One medium-sized parts maker optimized on Trump-era global sourcing had to choose between huge duty bills or passing on costs to OEMs. To cope, the firm implemented NetSuite's global cost accounting module and discovered that by slightly adjusting the production mix (favoring parts with domestic inputs during tariff periods) they could keep assembly line rates steady while exploring secondary markets for high-tariff parts.
- **Tech Resellers (Circular Economy):** An IT supply chain example (leaders in circular tech) noted that 2023–24 saw ~80% of organizations disrupted by trade policy changes (Source: www.itpro.com). Some tech refurbishers pivoted by leveraging NetSuite's inventory and order management: they dynamically priced refurbished goods and expedited shipments when new tariffs slowed the flow of new devices, using NetSuite dashboards to track real-time supply vs demand (Source: www.itpro.com) (Source: erp.today).

These cases, while partially anecdotal, align with vendor claims (e.g. NetSuite events describe **Live Demos** of landed-cost allocation and scenario analysis). They illustrate the point that technology, combined with proactive strategy, can turn tariff challenges into manageable (or even strategic) factors. In fact, one ERP solutions provider summarized it as: with an advanced ERP, "companies already know exactly how [tariff changes] will impact them and what to do" (Source: cumula3.com).

Discussion: Implications and Future Directions

Strategic Implications for Mid-Market Firms

Tariff volatility is not a temporary nuisance; it represents a new norm in global supply chain risk. Mid-market firms must therefore evolve from reactive to strategic risk management. The data and case discussions above suggest several implications:

- **Resilience and Digitization as Imperatives:** Investment in digital supply chain tools is now critical, not optional. Surveys show most mid-market companies are already turning to technology to analyze trade lanes and map supply chains (Source: www.thomsonreuters.com). Those who do not modernize risk falling behind. The PYMNTS/HSBC study forewarns of a widening gap: **"Resilient firms, flush with confidence, invest more aggressively in automation and analytics, widening their advantage"** (Source: www.pymnts.com).

- **Diversification Beyond Borders:** Firms will continue to diversify sourcing geographies. As Bibby's report notes, many UK SMEs plan on-/near-shoring or seeking FTAs, and have begun pivoting away from the U.S. market (Source: www.bibbyfinancialservices.com) (Source: www.bibbyfinancialservices.com). Similarly, McKinsey research shows U.S. and China buyers are splitting trade to other partners (e.g. ASEAN, Mexico) to partially offset tariffs (Source: www.mckinsey.com). Mid-market firms will likely follow suit, balancing cost (which may increase 15–20% via nearshoring (Source: www.tredence.com) against the benefit of tariff avoidance.

- **Pricing and Demand Management:** With tariffs influencing costs, pricing strategies must become dynamic. The fact that many companies cannot pass full costs through (pass-through average only ~45% (Source: www.mckinsey.com) means many will absorb losses in the short term. This may permanently shrink margins in commodity-like industries. Alternatively, some may reposition by emphasizing high-value services or moving up the value chain to avoid tariffed commodities. In either case, robust ERP analytics (like those in NetSuite) will be necessary to make tough product-mix decisions.

- **Financial Strategy Adjustments:** The working-capital drag and uncertainty require new financial planning. Some firms will adopt hedging strategies (e.g. forward contracts on commodities) or maintain larger cash buffers. CFO roles will increasingly overlap with supply chain management functions, requiring integrated cash and logistics modeling (exactly what NetSuite's short-term cash forecasting and visibility provide).

Policy and Global Trade Outlook

From a broader perspective, these disruptions may accelerate structural changes in global trade. Some analysts suggest that persistent tariff wars and geopolitical friction are causing *irreversible regionalization* – supply chains relocating closer to end markets or friendly partners (Source: news.yrules.com). This is evidenced by rising trade within Asia and North America outside China–U.S. (Source: www.mckinsey.com), as well as the proliferation of trade agreements (e.g. USMCA, US–UK trade deal) to "lock in" certain privileges. However, such shifts will take time and investment; in the interim, mid-market companies must navigate a patchwork of conflicting policies.

Experts also emphasize that policy uncertainty dampens investment and growth. As UNCTAD notes, unpredictability *slows growth* by forcing firms to hold excess inventory and defer expansion (Source: unctad.org). This is the weakest business outlook in years for many sectors (Source: www.bibbyfinancialservices.com). Governments, in theory, could ease this by stabilizing trade rules or offering clearer guidance, but such coordination is challenging. Meanwhile, firms are essentially on their own, seeking tools like NetSuite to adapt.

Looking ahead, we can expect:

- **Continuous Scenario Analyses:** Given the new normal of tariff unpredictability, mid-market firms will increasingly use real-time scenario planning (as facilitated by NetSuite and similar platforms) as a standard practice – potentially on a weekly or daily basis rather than yearly budgeting.
- **Integration of AI:** Oracle and others are adding AI agents that monitor external news (political events, WTO filings) and correlate them with the supply chain. NetSuite's future features (like "Ask Oracle" for role-specific guidance (Source: erp.today) could proactively alert managers to relevant trade developments and recommended actions.
- **Collaborative Networks:** Some mid-sized companies may band together in consortiums or digital networks to share tariff data and best practices. For instance, industry associations might create shared databases of changes (leveraging ERP data feeds).
- **New ERP Specializations:** Beyond traditional ERP, specialized trade management and tariff optimization modules (some of which are integrations into NetSuite) will grow. We already see third-party tools for landed-cost optimization emerging, and these will likely get native integration (for example, companies like Oracle are embedding global trade management capabilities into Cloud ERP).

How NetSuite Evolves to Address Future Risks

As trade policy evolves, so does NetSuite's roadmap. Oracle/NetSuite emphasizes that its cloud infrastructure and AI-ready architecture future-proofs large data workloads (Source: erp.today). Specific upcoming directions include:

- **AI-Driven Trade Analytics:** NetSuite may incorporate predictive analytics on trade flows. For example, machine learning could analyze past tariff cycles to forecast likely next steps, giving supply managers early warnings.

- **Enhanced Global Tax Engines:** The product will continue improving its global tax and customs logic, automatically adjusting for new Value-Added Tax (VAT) laws or regional trade administrations (as mentioned in [47], VAT rules also shift under tariff changes (Source: www.suniverse.io).
- **Mobile and Cloud Supply Control:** More field troopers (purchasers, warehouse managers) will get mobile NetSuite access, so that decisions (like halting a shipment at port) can be made instantly when real-world issues occur.
- **Broader Ecosystem Integrations:** NetSuite will likely partner further with logistics platforms to pull freight and customs data directly (e.g. integrating with customs brokers, trade finance platforms) so that all trade costs appear automatically in the ERP without manual entry.

In short, NetSuite is gearing toward being a one-stop supply chain nervous system that senses tariff-related perturbations and helps orchestrate the response.

Conclusion

Tariff volatility is a critical challenge fracturing mid-market supply chains. Our review shows that unpredictable trade policy creates immediate cost shocks and strategic paralysis for many middle-market firms. Historical data and recent surveys alike confirm that a majority of these businesses are seeing tangible losses and delays from new tariffs (Source: www.axios.com) (Source: www.bibbyfinancialservices.com). These firms must adapt by diversifying suppliers, altering supply chain configurations, and in many cases, adopting new technologies to survive.

The key takeaway is that **visibility, agility, and data-driven planning are now prerequisites** for mid-market supply chain resilience. Leading industry sources agree that advanced ERPs and analytics platforms are vital in this environment (Source: erp.today) (Source: www.thomsonreuters.com). Oracle NetSuite, as a cloud-native ERP, offers a feature set tailored for this need: from real-time financial/supply visibility and automated landed-cost management to scenario forecasting and procurement automation. These capabilities directly address the weaknesses of traditional mid-market systems (see Table above), turning tariff data from a disruption into a manageable input in the planning process.

In conclusion, while tariff volatility may continue (or even increase) in the foreseeable future, mid-market companies are not powerless. By investing in integrated cloud solutions like NetSuite and embracing digital supply chain management, these firms can build the resilience needed to withstand policy swings. NetSuite helps them “take control” of their supply chains by providing the tools to respond quickly and strategically rather than being passively buffeted by external forces (Source: community.oracle.com) (Source: www.suniverse.io). The outcome is a more nimble, data-driven operation – one that can turn today’s trade turbulence into a catalyst for architectural strengthening, rather than a business breakdown.

Sources: Our analysis draws on recent economic and trade research, including government and industry publications. Notably, insights are cited from peer-reviewed studies on SME trade policy impact (Source: jsbs.scholasticahq.com) (Source: jsbs.scholasticahq.com), global trade reports (UNCTAD, McKinsey) (Source: unctad.org) (Source: www.mckinsey.com), supply chain trade publications (Source: www.pymnts.com) (Source: www.supplychainbrain.com), business and technology news (Axios, TIME) (Source: www.axios.com) (Source: time.com), and published surveys by Thomson Reuters (Source: www.thomsonreuters.com), Bibby Financial (Source: www.bibbyfinancialservices.com), and others. We also reference Oracle/NetSuite product materials and demos (Source: erp.today) (Source: erp.today) to describe how ERP solutions can be applied. All facts and quotes above are backed by these sources as cited.

Tags: tariff volatility, trade policy uncertainty, mid-market supply chains, supply chain risk, cloud erp, netsuite, landed cost tracking

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