

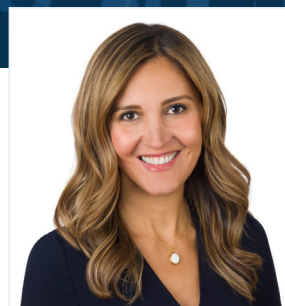
Tariffs Turbulence and the Strategic Role of the Board

by *Snežana Gebauer*

Today's organizations face a growing list of geopolitical headwinds, with the most recent—and perhaps strongest—being tariffs. As the global trade framework is reworked, key economic relationships are being redefined in fluid and unpredictable ways. Whether high tariffs with key trading partners become long-term fixtures or temporary pressure points, one thing is clear: they will have an impact on business cost structures, consumer behavior, and competitive positioning.

CEOs are facing substantive uncertainty as they are already dealing with disruptions in supply chains and on balance sheets. There is also significant anxiety around the long-term implications of evolving trade frameworks. In these volatile times, boards must step in, not just as stewards of governance, but as strategic partners in charting the company's path forward.

How can boards best provide effective oversight and guidance as companies navigate the shifting trade framework? Here are some winning strategies to consider:



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1. Strengthen Leadership and Strategic Governance

Periods of volatility demand more than operational management. They call for seasoned leadership with global trade expertise and risk management experience. Boards must assess whether the current executive team has the expertise required to effectively navigate the current landscape. If gaps exist, boards should engage external advisors with expertise in global trade and supply chain strategy.

In addition, boards should consider increasing the cadence of engagement with executive management. Quarterly meetings may be too far apart to timely manage the rapidly changing trade environments. Convening more frequently and with more focused agendas can enable boards to stay ahead of emerging risks. Some companies have benefited from creating a Trade Risk Committee to drive short- and long-term strategy around tariffs and geopolitical exposure.

2. Establish a “Tariff War Room”

Many leading global corporations have also created internal “war rooms” to monitor trade policy developments in real time. Their cross-functional teams assess tariff exposure, analyze tariff overlaps, explore supply chain alternatives, and develop risk mitigation strategies. Perhaps most importantly, they engage in scenario planning.

Boards should be actively involved in overseeing this process. This includes reviewing scenario planning outputs, validating risk assumptions, and ensuring that response playbooks are in place for the most likely trade policy outcomes.

Having well-developed contingencies enables companies to respond swiftly and instills confidence in shareholders and stakeholders.

3. Conduct End-to-End Supply Chain Risk Assessments

Understanding the full extent of tariff exposure begins with a comprehensive supply chain assessment. Companies must go beyond first-tier suppliers to identify vulnerabilities across their entire sourcing network. They need to identify the critical nodes and chokepoints, and identify which component or suppliers are most exposed.

Boards should ensure that management can answer these questions with data-driven rigor and act swiftly to manage the most critical risks first. Risk mapping, supplier diversification, and scenario testing should become recurring agenda items in board discussions.

4. Mitigate Risk Through Smart Realignment, Not Panic

While nearshoring or reshoring production may appear a logical response to tariffs, such moves are often costly, complex, and time-intensive. Boards must challenge management to balance long-term strategic changes with pragmatic short-term alternatives.

For most companies, restructuring supplier contracts, negotiating shared risk, and adjusting regional sourcing strategies are more effective initial steps. The board’s role is to ensure that management evaluates and pressure-tests all options. The board should ensure that the company is reducing dependency on any one

country or region, looking for viable alternatives to the current sourcing models, and whether nearshoring is a realistic scenario in light of costs and regulatory landscape.

5. Re-Shaping Policy

Navigating tariffs is not only about risk mitigation, it is also about influence and opportunity. Companies with strong policy engagement can play a role in shaping trade regulations that impact their industries. Boards should encourage proactive government relations strategies, including collaboration with trade associations and direct advocacy when appropriate.

Tariffs may dominate today's headlines, but they are part of a broader and ongoing shift in the global economic landscape. Therefore, boards should not only be guiding tactical responses to tariffs turbulence, but fulfilling a longer-term mandate: Ensuring that companies are building resilience to swift macroeconomic and geopolitical shifts. The most resilient organizations are those that embrace uncertainty and use it as a catalyst for innovation. Boards can play a critical role in this process by guiding strategic thinking, encouraging innovation and helping companies pivot in the face of disruption. 

About the Author

Snežana Gebauer, a partner with StoneTurn, has 20 years of experience in managing complex international investigations for major law firms, Fortune 500 corporations, government agencies and sovereign nations. She frequently advises leaders in business, finance, and government on risk management strategies, investigations, and compliance matters. Snežana is recognized for her deep investigative expertise globally and across every major business sector.

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