



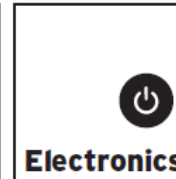
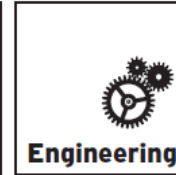
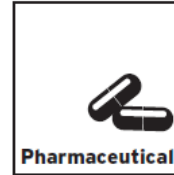
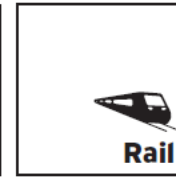
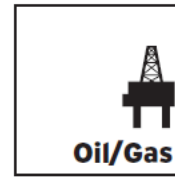
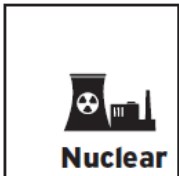
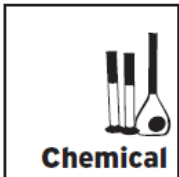
# Manufacturing Barometer Results: **National**

Q2 (July, August and September)  
Surveyed in October 2016

## Contents

# Sourcing and Supplying within the UK

- Introduction
- Business Aspirations
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# Introduction



**Simon Howes**  
Managing Director  
SWMAS Group

**Welcome to the latest Manufacturing Barometer collecting the results, views and opinions of manufacturing SME's.**

Senior decision makers within small and medium sized manufacturers have shared their experiences of buying from and selling into the UK market. These experiences are vital to understand the impact of the decision to leave the UK on UK PLC – both now and in the future.

## **The Core Trends**

SME manufacturers across England have proved resilient to any Brexit headwinds. 48% of firms experienced an increase in sales turnover in the past six months, up from 43% in the last survey, and just 1% below the same period last year. Future turnover expectations remain below pre-referendum levels, but have been fixed at 59% for the past two surveys.

Investment intentions in both new technology and new machinery have largely recovered from the small post-referendum drop, perhaps reflecting a growing acknowledgement that until the UK finally leaves the UK little has actually changed.

Finally, 49% of firms expect to increase employment in the next six months. Whilst our historic data suggests that this is likely to be an overestimate it still indicates that a significant proportion of firms (perhaps as many as 40%) will take on new staff. At a time of near-record employment this is more good news for the sector and for the UK economy as a whole.

## **The Special Focus**

In this quarter's survey we sought to understand SME manufacturers experiences of buying from, and selling to, the UK.

**Continued Overleaf...**

# Introduction



**Simon Howes**  
Managing Director  
SWMAS Group

Perhaps the key finding is that 97% of businesses plan on maintaining or increasing the level of goods sourced from the UK within the next 2 years. Similarly, 79% of firms expect to increase their UK sales over the same period. For many this is a sensible position as the future trading relationships between the UK and the rest of the world are still unknown. It may make sobering reading, however, for those seeking to champion the UK's exports during this period who are arguing that the firms should continue to seize opportunities around the world.

58% of firms said that they believed the provenance of UK manufactured goods helped them to win business. This figure could be seen as good news by some, but it also illustrates the increased importance of strengthening "Brand Britain" in the minds of customers at home and abroad.

However, even for firms focussing on the UK market, challenges remain. 33% of firms told us that they have difficulty in providing goods at a competitive price to UK customers, and a further 29% said that they had difficulty approaching UK clients to close sales. At SWMAS these are problems that we encounter every day, and we are working to support firms to exploit UK based opportunities (such as Hinkley Point C) and to find UK based suppliers. Furthermore, we are working with firms to increase productivity, ensuring that they can remain competitive against cheaper suppliers from abroad.

## Conclusions

Overall, this is an interesting time for manufacturing in the UK, filled with both risks and opportunities. In particular, 63% of firms told us that the weaker pound would benefit exports, and 83% said that it would increase the cost of bought in goods. To benefit fully from the change in circumstances many firms will be seeking to increase the materials they source from the UK, re-establishing supply chains that have been off-shored in the past few decades. Equally, they will want to develop export strategies that are sustainable well beyond the next two years, but that maximise the short term opportunity presented by the weaker pound.

At SWMAS our specialists are working with firms to exploit this opportunity and to support SME manufacturers to continue to grow, take on new staff, and contribute to the UK economy.



*“To continue growth of the business by investing in technology to aid efficiency and therefore create capacity for growth. To Increase our market share and exploit new markets such as HPC”*

**Taunton Fabrications Ltd**

*“We already export around 90% of our manufactured goods. We are however working to achieve more systematic performance levels in our key markets, particularly Japan”*

*“To exploit the Global Trade opportunities free from the shackles of the EU legislation”*

**Bionovate Ltd**

*“We are firmly established as the leader in the manufacture and supply of sports turf drainage equipment in the UK and overseas. We have developed a agricultural trencher which we hope will enable us to break into the world agricultural market”*

**Shelton Sportsturf Drainage Ltd**

*“We export 85% of turnover and we hope to grow our business. We expect Brexit to be good for us. We do not sell a lot into the EU”*

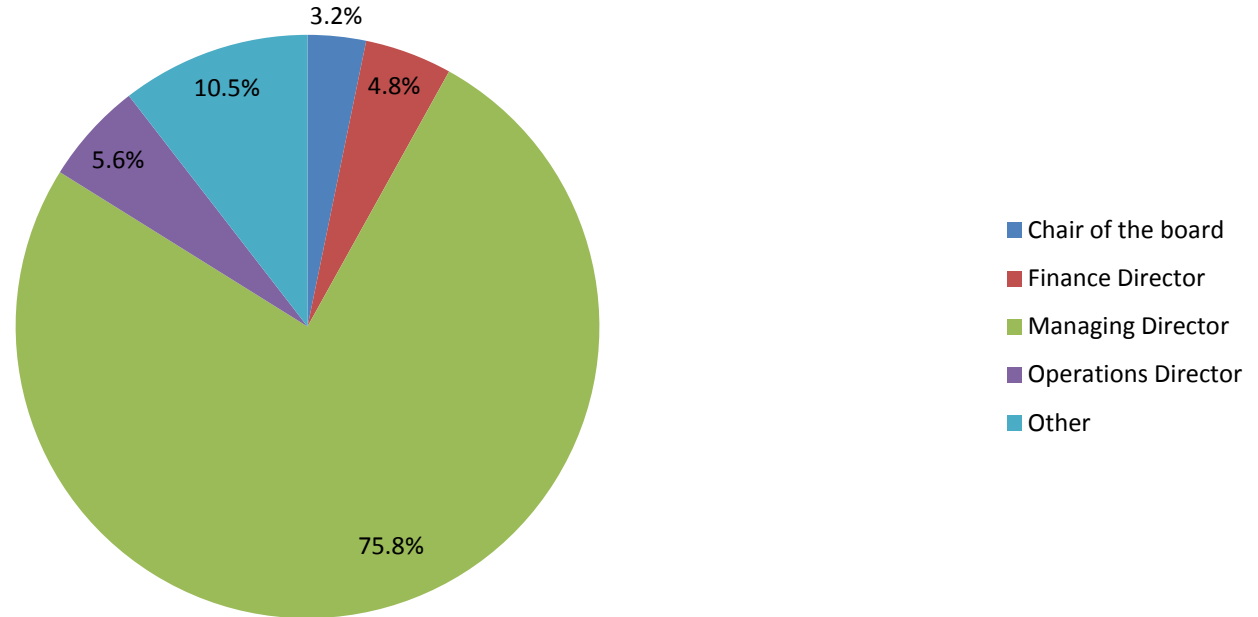
*“To grow sustainably over the next three years by re-investing in technology and tooling”*



# Business Aspirations

# Survey Demographics

# Of Respondents



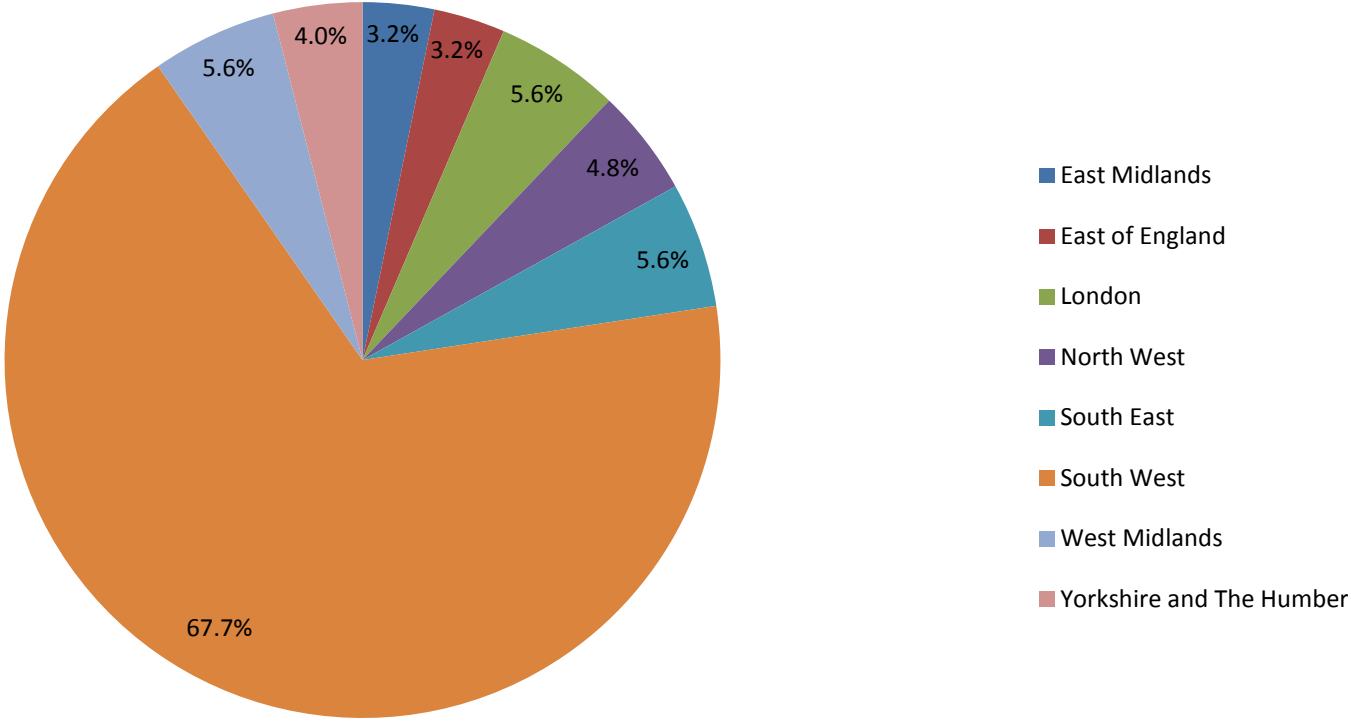
**Over 75% of respondents were managing directors. Individuals who are in the business, hands-on, running it day-to-day.**

124 Respondents



# Survey Demographics

## Regional Breakdown of Respondents



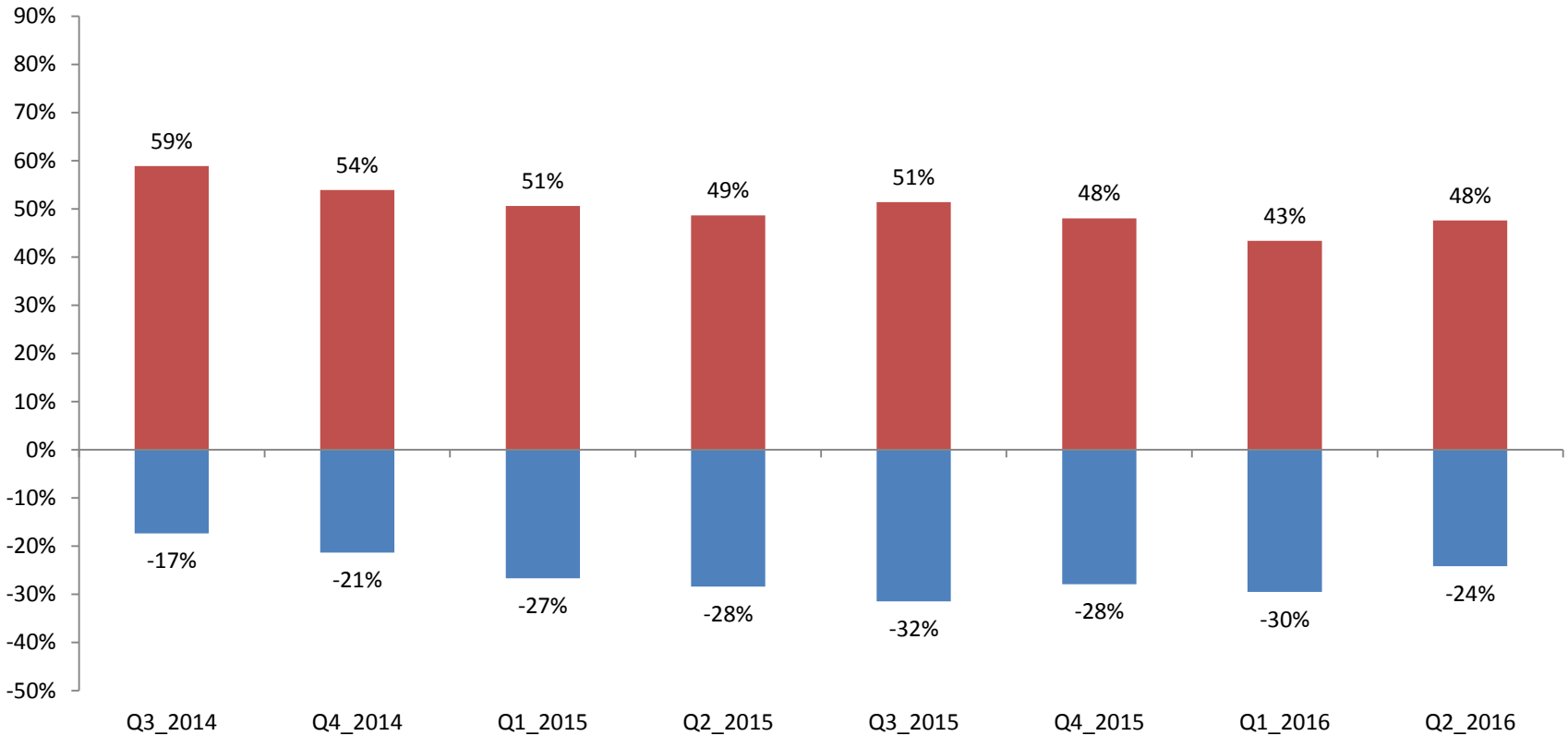
124 Respondents



# Past Sales

## How has your sales turnover changed within the past 6 months?

■ Much Reduced/Reduced  
■ Much Increased/Increased



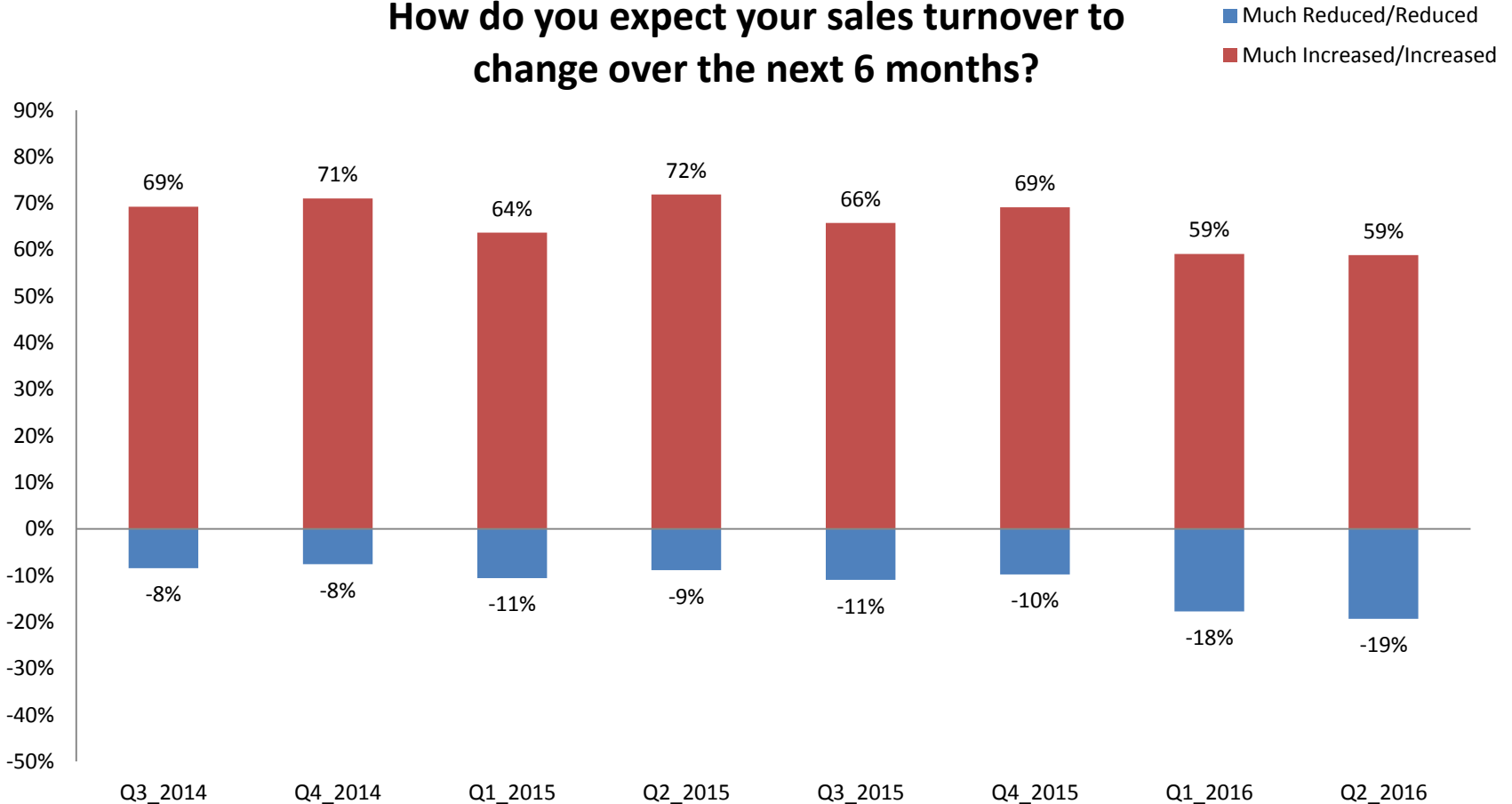
124 Respondents





# Future Sales

## How do you expect your sales turnover to change over the next 6 months?



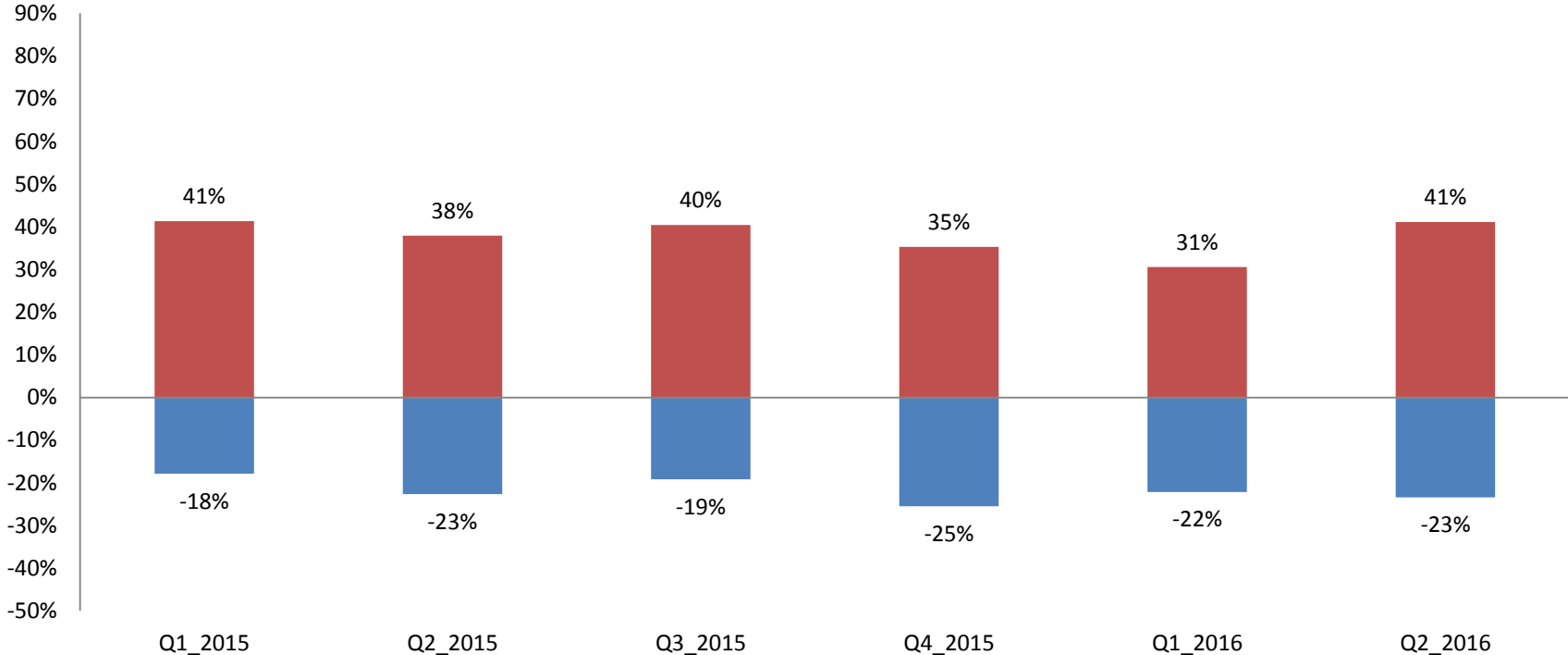
124 Respondents



# Past Employment

## How have staff numbers in your company changed in the past 6 months?

■ Much Reduced/Reduced



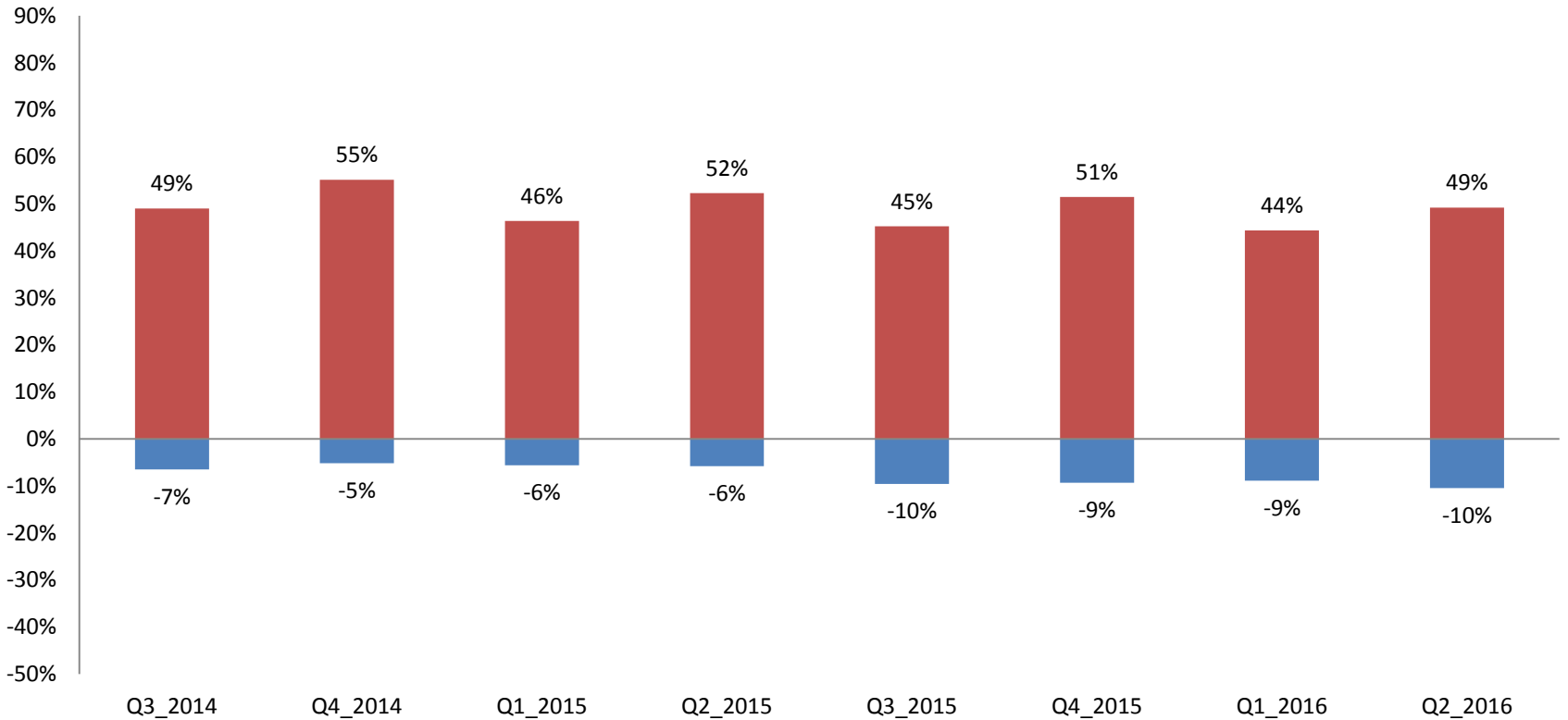
124 Respondents



# Future Employment

How do you expect staff numbers in your company to change in the next 6 months?

■ Much Reduced/Reduced

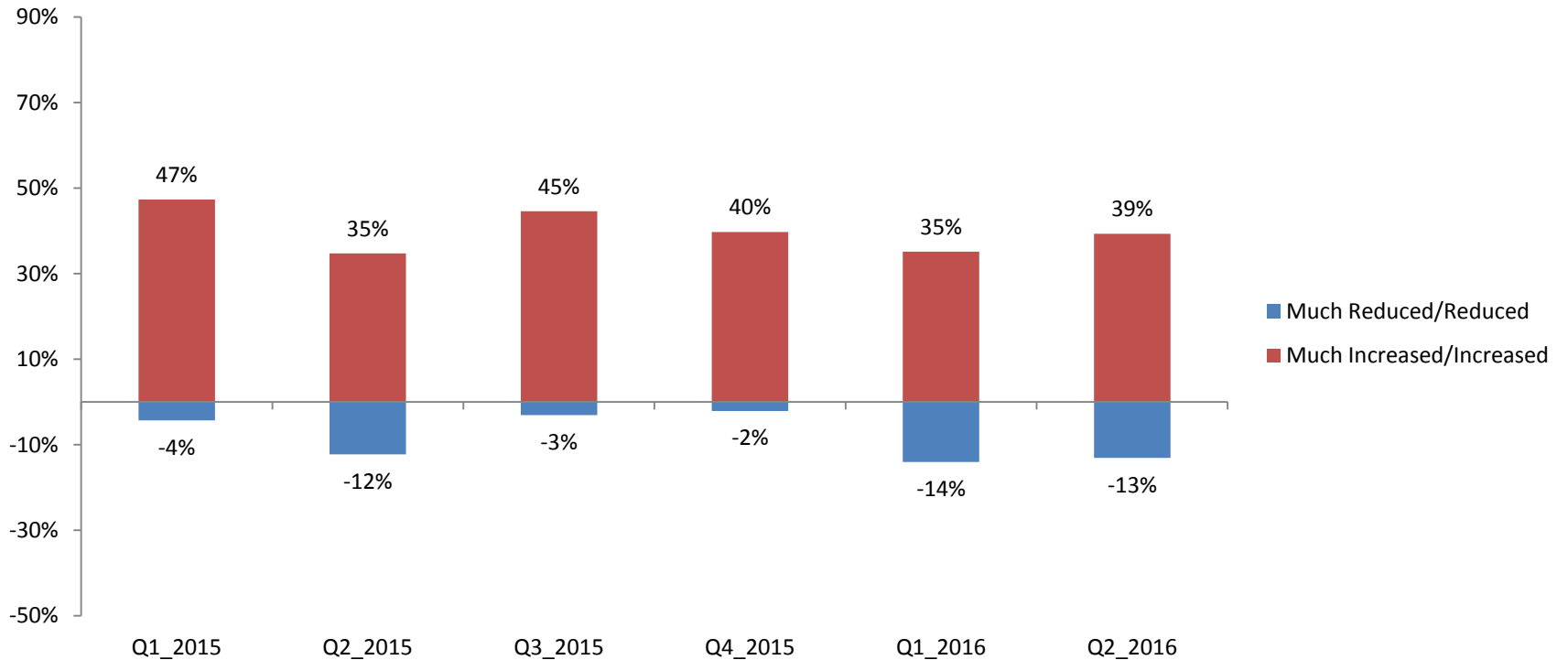


124 Respondents



# National Past Capital Investment

How has your investment in new machinery/premises changed in the past 6 months?



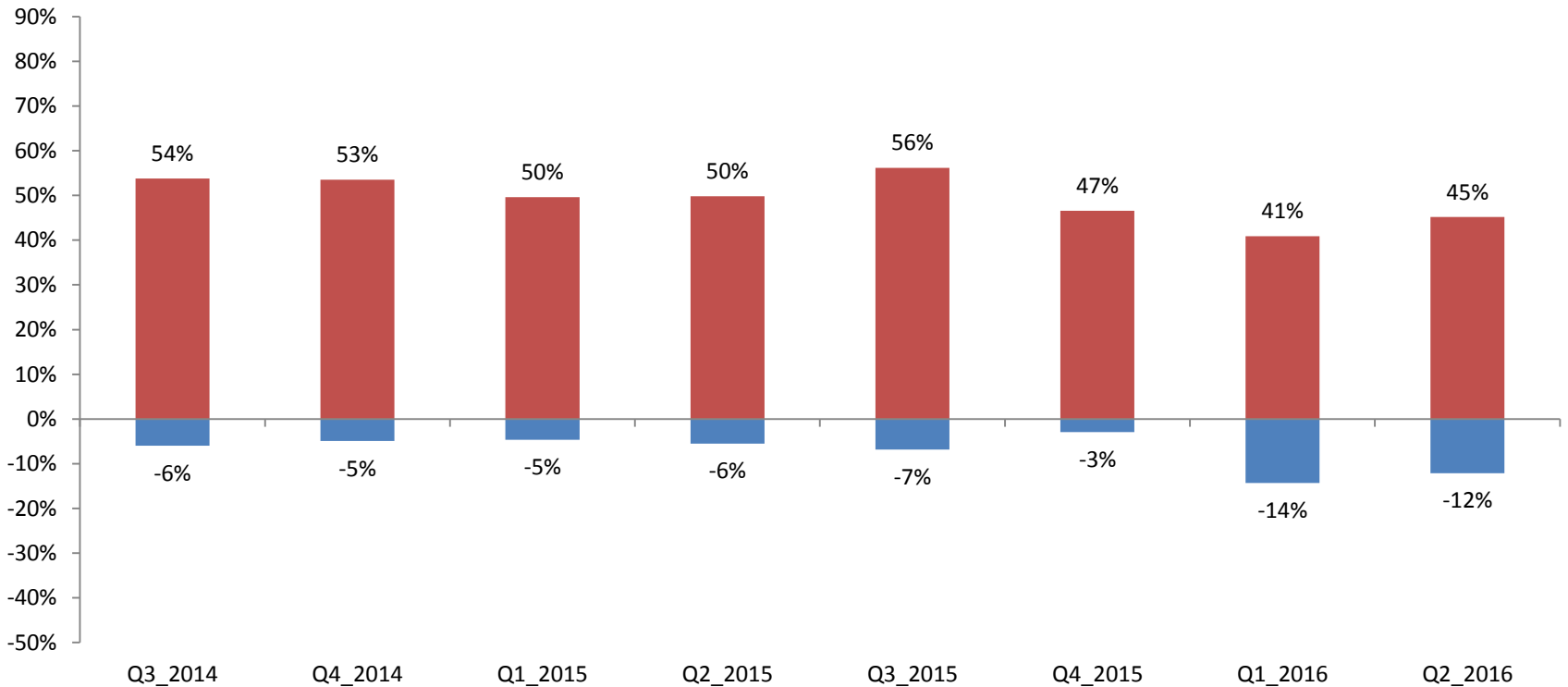
124 Respondents



# National Future Capital Investment

How do you expect your investment in new machinery/premises to change in the next 6 months?

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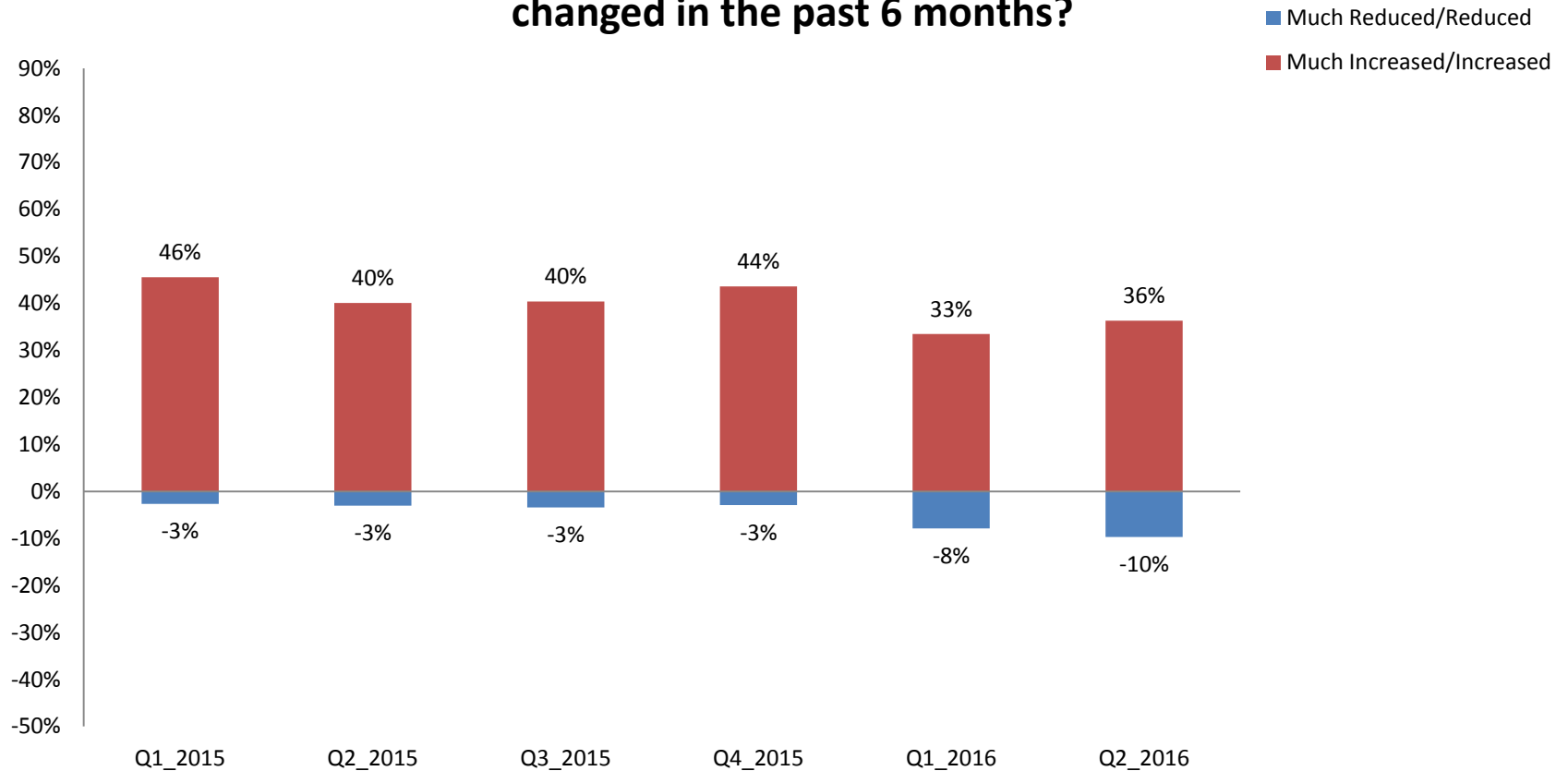


124 Respondents



# National Past New Technology

## How has your investment in new technology changed in the past 6 months?

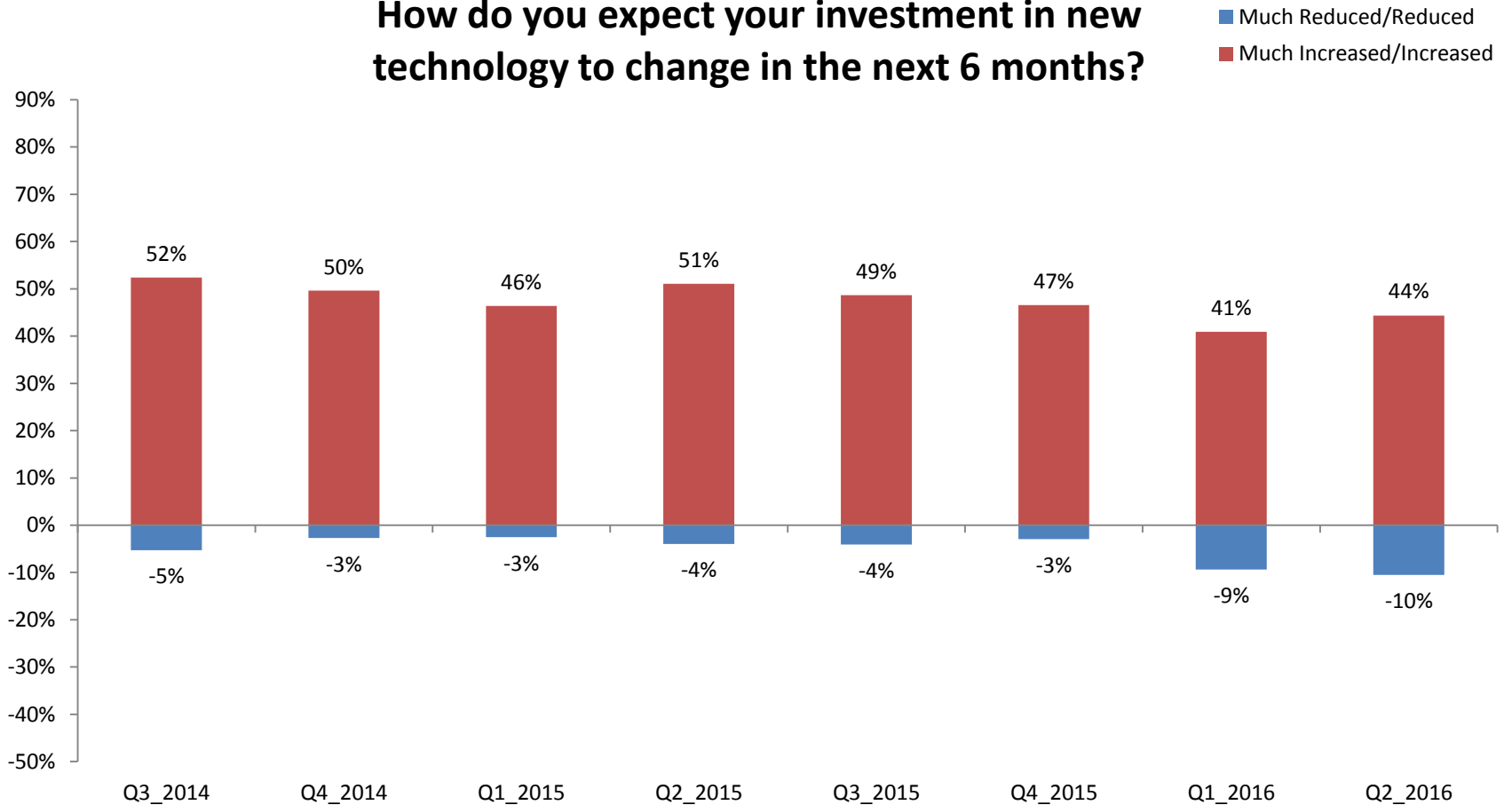


124 Respondents



# National Future New Technology

## How do you expect your investment in new technology to change in the next 6 months?



124 Respondents



## Special Focus – Sourcing within the UK

**97%** of businesses plan on maintaining or increasing the level of goods sourced from the UK within the next 2 years

**58%** of businesses believe the provenance of UK manufactured goods helps them win business

**80%** of businesses say that the proximity of supply makes it easier to do business

**73%** of businesses consider currency management a positive benefit when sourcing from the UK

**40%** businesses said they had difficulty in purchasing goods at a competitive price from within the UK

**50%** of businesses say there is less red tape in dealing with UK supply

Respondent numbers vary



## Special Focus – Supplying within the UK

**79%** of businesses plan selling more goods to the UK within the next 2 years

**48%** of businesses say they do not find difficulty locating UK customers for the goods they produce

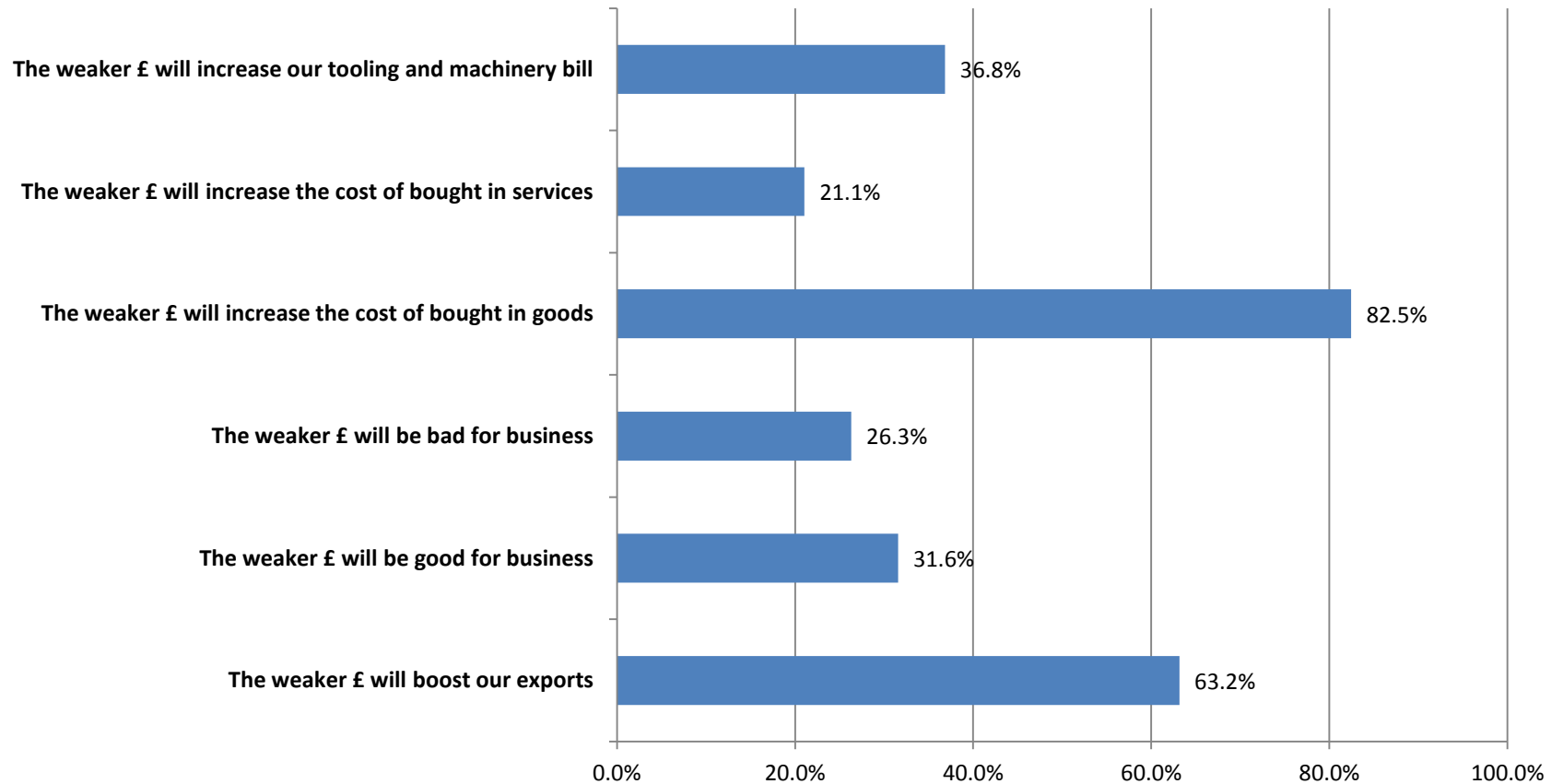
**29%** of businesses find it difficult to approach UK customers and close sales

**90%** of businesses disagreed that they find it difficult to provide goods of the required quality to UK customers

**33%** of businesses have difficulty in providing goods at a competitive price to UK customers

Respondent numbers vary

## Special Focus - The impact of the weaker pound on businesses



114 Respondents

## Special Focus – Sourcing and Supplying within the UK

Long Term Exports Business Survey Concerns  
Costs Market Think Pound Manufacturing  
Brexit Companies Price Trade

## About the Manufacturing Barometer

The Manufacturing Barometer is a quarterly survey that charts the experiences of English SME manufacturers. It is the largest survey of its kind and has informed both government industrial strategy and the national debate on manufacturing.

Run by SWMAS since 2009 in the South West of England, the Manufacturing Barometer records trends in employment, turnover and investment. Each quarter, a 'special focus' explores an issue in greater depth. In the past this has included issues such as productivity, overseas production and energy efficiency.

Companies are able to use this quarterly Manufacturing Barometer to compare themselves against other firms within their sector or region.

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