

MANUFACTURING barometer

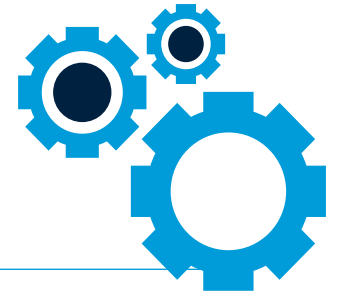
NATIONAL REPORT SPRING 2017-18

(January, February and March 2018)

Surveyed in April/May 2018

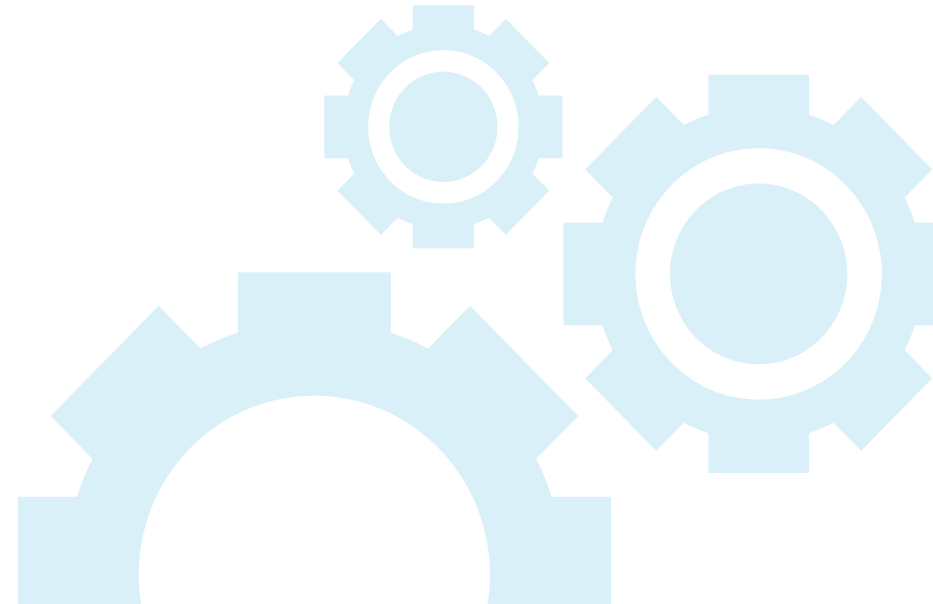


Contents.



PEOPLE & SKILLS

- INTRODUCTION
- BUSINESS ASPIRATIONS
- SURVEY DEMOGRAPHICS
- MEASURING TRENDS
- SPECIAL FOCUS
- ABOUT THE MANUFACTURING BAROMETER



Introduction.



SIMON HOWES

Managing Director

Exelin Group Ltd

Delivering SWMAS

Welcome to the SWMAS Spring 2017-18 (Q4) Manufacturing Barometer report. It provides a vital snapshot of the sector's performance in the last 6 months and forecast for the next 6 months.

Mapping the trends, views, and confidence of UK manufacturing SME's, this latest Manufacturing Barometer represents the collective voice of 279 senior decision makers – over 86% of respondents are CEOs, MDs, or Directors.

This quarter, UK SME manufacturers report an anticipated reduction in sales, profits and investment when looking ahead to the next six months compared to the last quarter's Barometer. The exception to this otherwise somewhat negative view is a marked increase in planned recruitment, indicating longer term confidence.

The special focus topic for this survey was prompted by comments regarding issues with staffing in recent surveys. This time we asked manufacturing leaders to reveal the challenges their businesses face in recruiting and developing their skilled staff. The results particularly highlight where skilled staff are lacking, key issues UK SME manufacturers know they need to overcome, and what help they require to do so.

THE CORE TRENDS

Looking back, manufacturers are telling us they had a good six months, with those saying they achieved an increase in sales holding steady at around 60% and those increasing profits up from 23% to 30%. This was supported by a continued increase in those investing in machinery and premises at a two year high of 48% and those reporting an increase in staff recruited holding steady at 45%.

The picture for the next six months is somewhat less optimistic with those expecting an increase in sales dropping from 72% to 68% and a subsequent shift in those who believe their sales will fall going from 6% to 11%. This potential softening of confidence is supported by a reported drop from 56% to 48% in those who are expecting to increase investment in machinery and premises.

However, the key highlight this quarter is the increase in the number of manufacturers telling us they plan to increase staff

numbers – it climbs to 53%, the highest figure for three years. This does not come as a surprise and reflects the comments we are receiving from manufacturers regarding their concerns around the productivity and availability of skilled people.

Analysis of the key trends and qualitative statements in this quarter's Barometer also points to the continued ambition amongst UK SME manufacturers. The language used still indicates expectations of growth and increased productivity and profitability but this is balanced by a need for stability and 'survival', perhaps a symptom of the current political and uncertain economic climate. This is linked to clear messages around plans for diversification and looking for new ways of achieving goals – new markets, new premises, new products, product and service development, new machinery, increasing brand awareness, and new staff.

SPECIAL FOCUS: PEOPLE & SKILLS

The Special Focus looked at where there is a perceived need for skilled staff across departments and at which levels, from shop floor through to director. Perhaps unsurprisingly, leaders identified that they most lack skilled staff within their manufacturing teams, with operational and technical levels most in need. Technical skills in Design ranks next, followed by Sales & Marketing skills, specifically at managerial and operational levels.

Looking at why manufacturers lack skilled staff in these areas, the following concerns were noted:

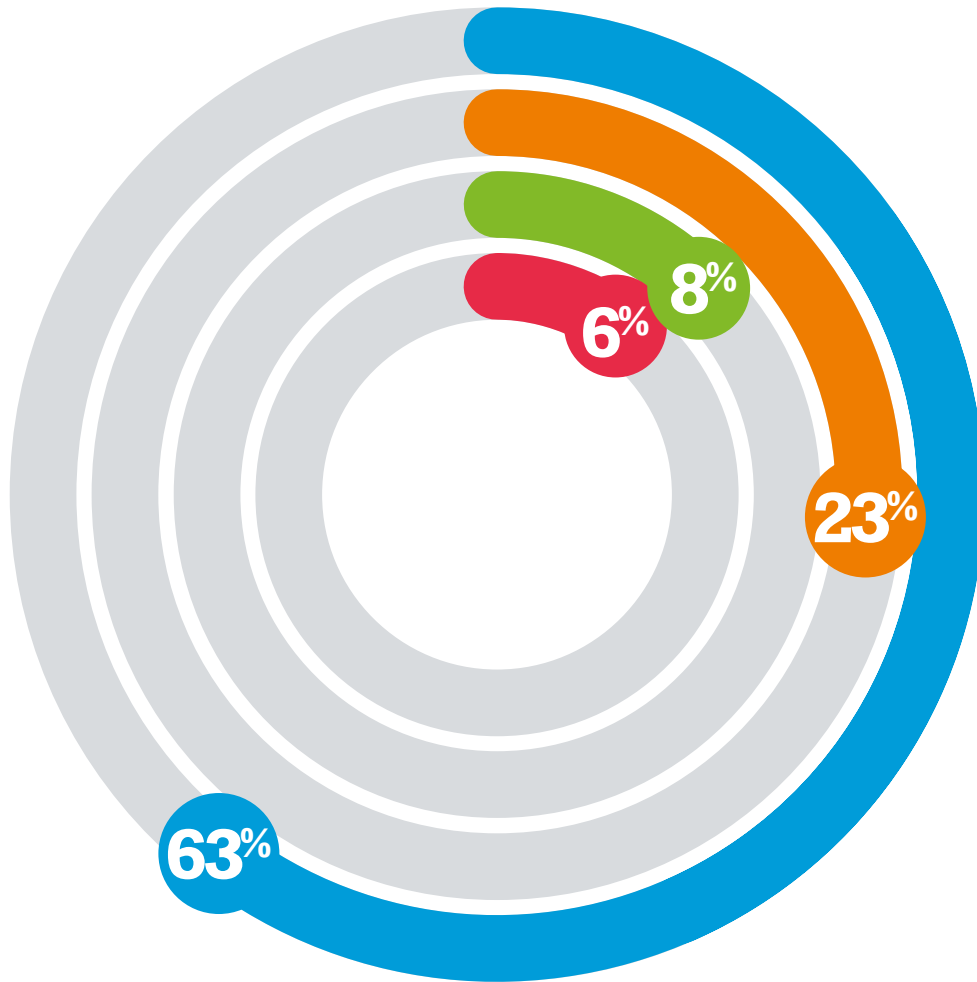
1. A perceived shortage of skilled and experienced people, linked to the availability or concerns over the quality of previous training
2. Concerns over the attitude, behaviour, approach and commitment to the job
3. Cost and quality of recruitment
4. High cost of employment/unreasonable salary expectations

Read on for more about the Manufacturing Barometer results...

The shortage of appropriately skilled candidates, and concerns over use of external agencies, is balanced by manufacturers' preferred use of in-house training to develop their existing employees. When they recruit, manufacturers also clearly choose to use their in-house HR team or business networks over outsourcing their recruitment or training.

In conclusion, manufacturers remain resilient, retain a strong sense of pragmatic optimism, and are clearly thinking of their pipeline of skilled and motivated employees when it comes to the stability and growth of their business. With a shortage of skilled, able and committed people, the distinct need is for a wide strategic view of productivity, taking into account people, products and processes. This is perhaps more important as we move ever closer to the new industrial and post-Brexit landscape.





Over 86%
of respondents are:

- > **MANAGING DIRECTORS & CHIEF EXECUTIVE OFFICERS**
- > **DIRECTORS**

Individuals with the highest level of strategic responsibility within their business

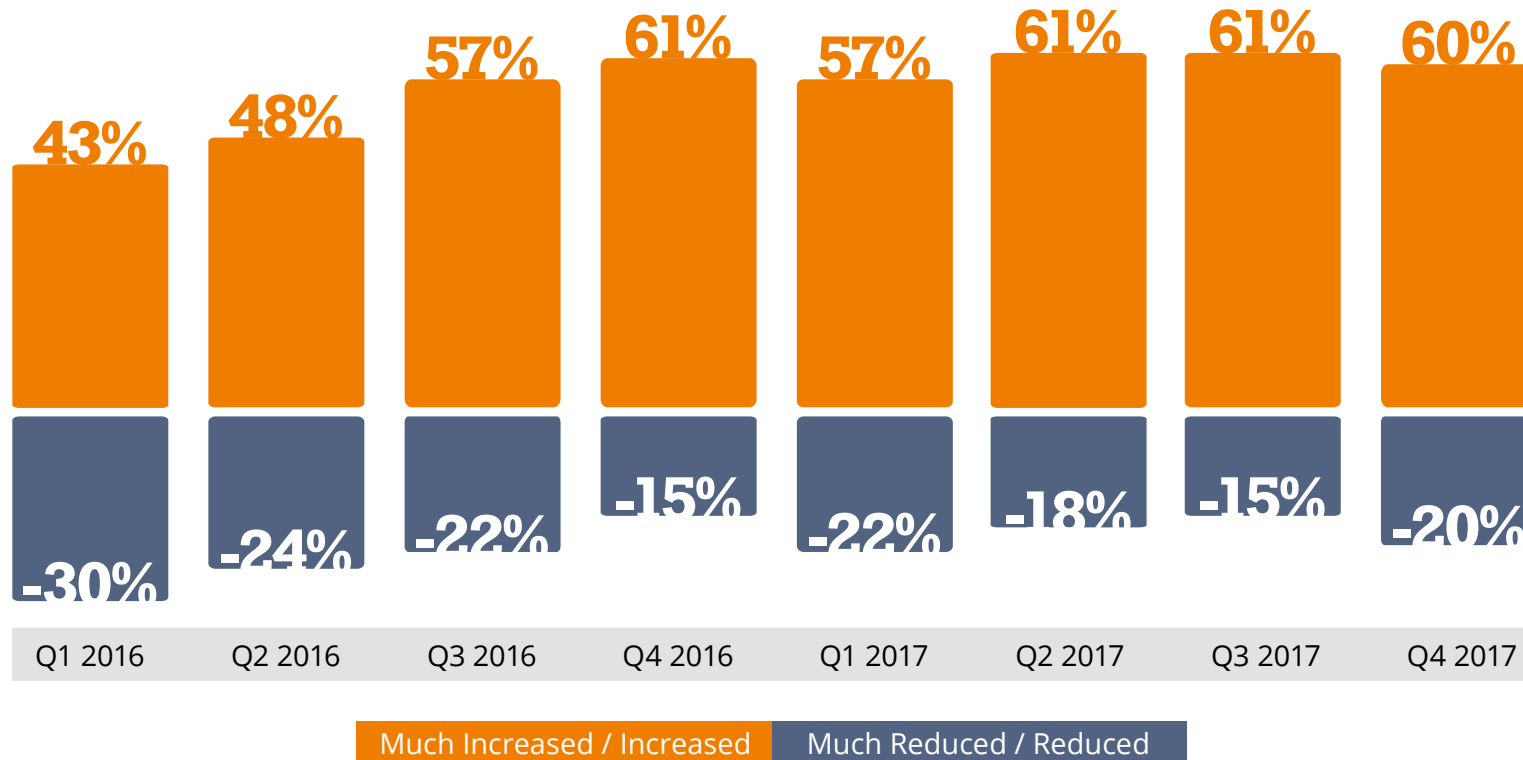


Business Aspirations.

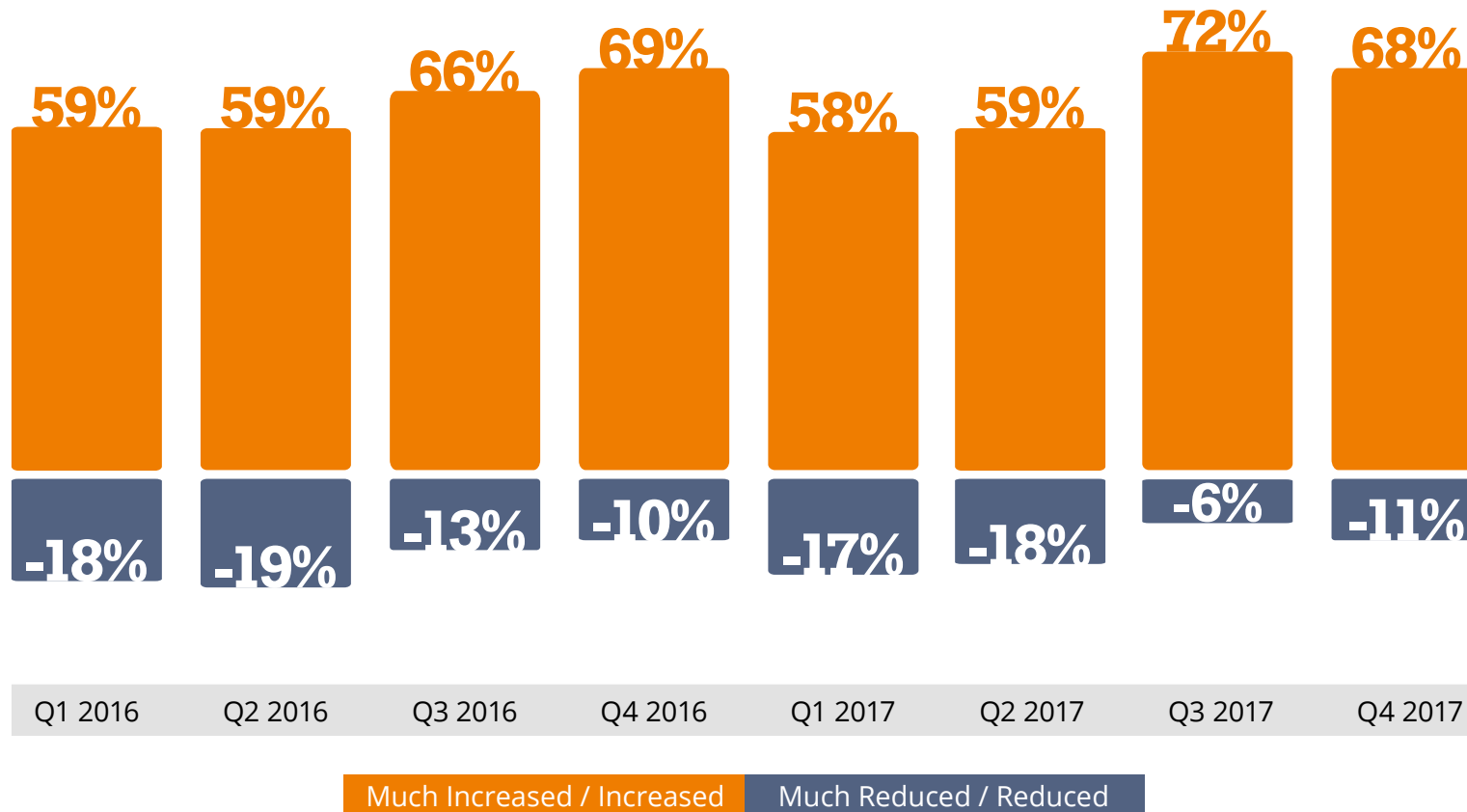
203 respondents



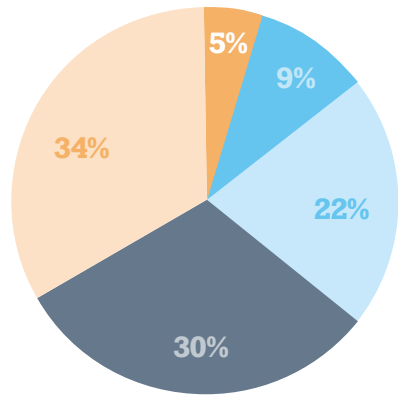
How has your sales turnover changed within the past 6 months?



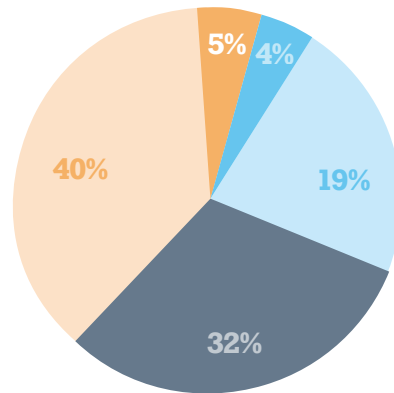
How do you expect your sales turnover to change over the next 6 months?



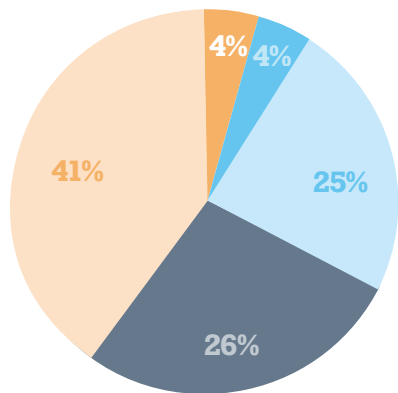
How has your profit changed within the past 6 months?



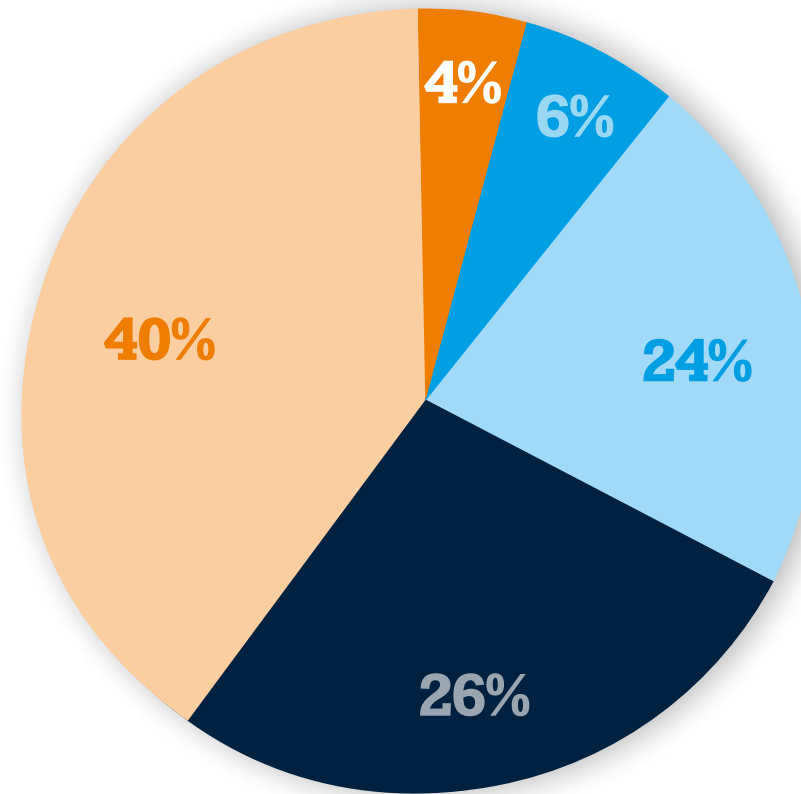
Q1 2017 results



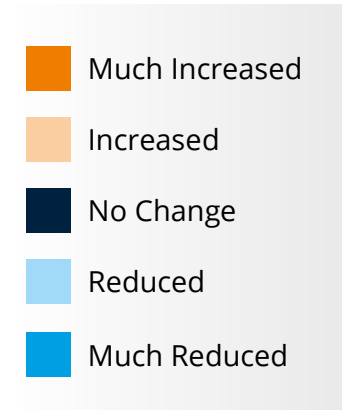
Q3 2017 results



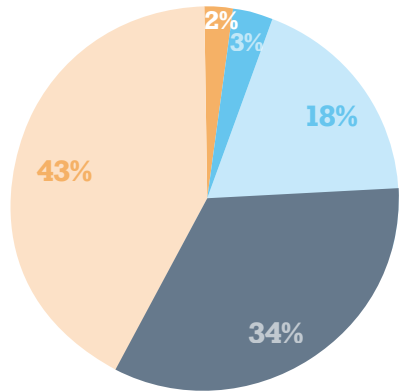
Q2 2017 results



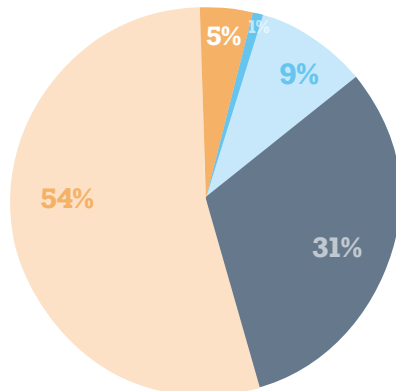
Q4 2017 results



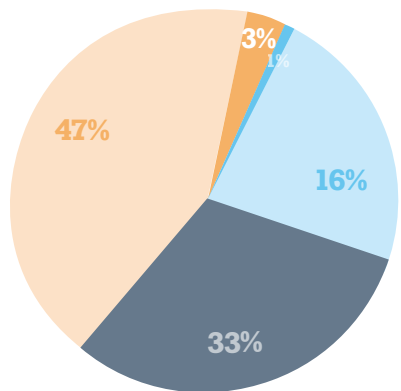
How do you expect your profit to change over the next 6 months?



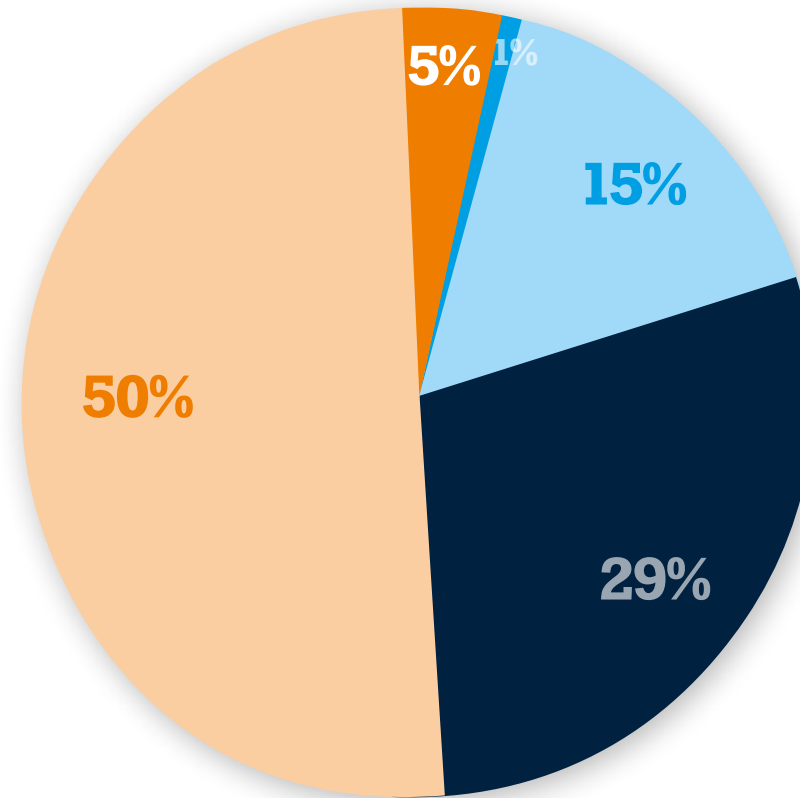
Q1 2017 results



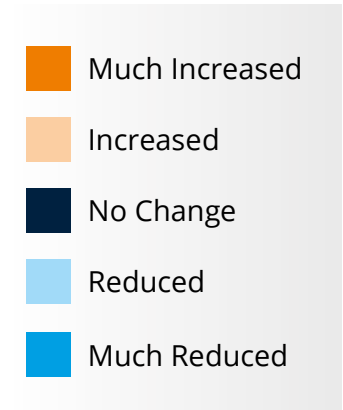
Q3 2017 results



Q2 2017 results

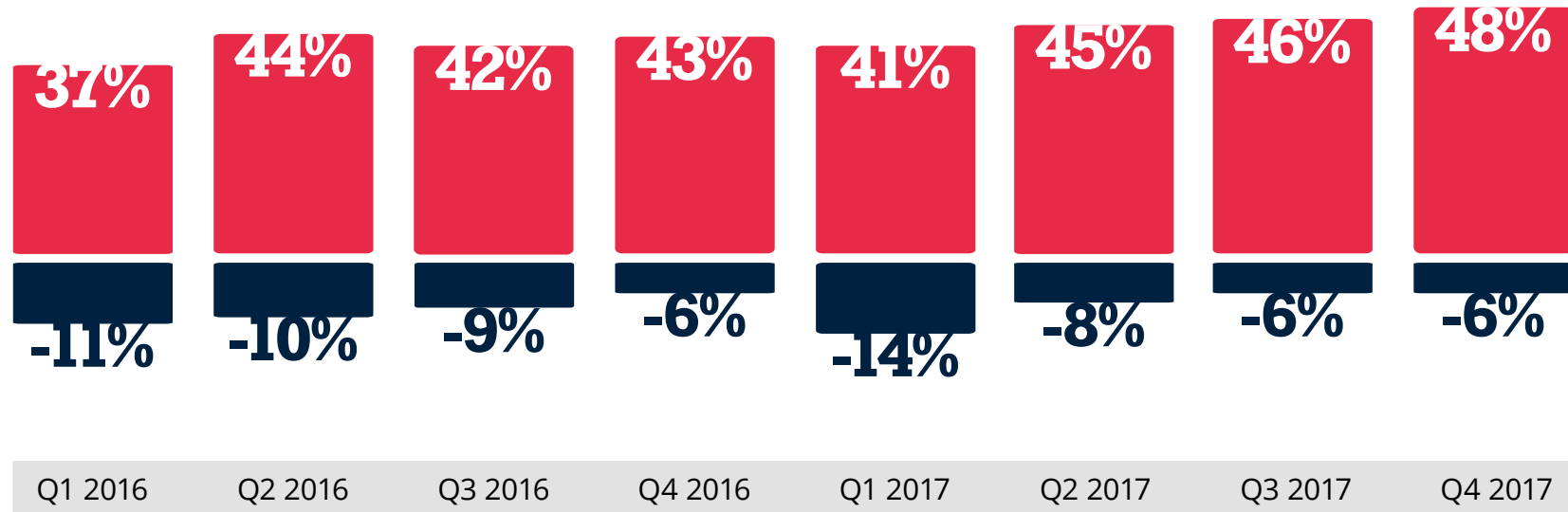


Q4 2017 results



National Past Capital Investment.

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

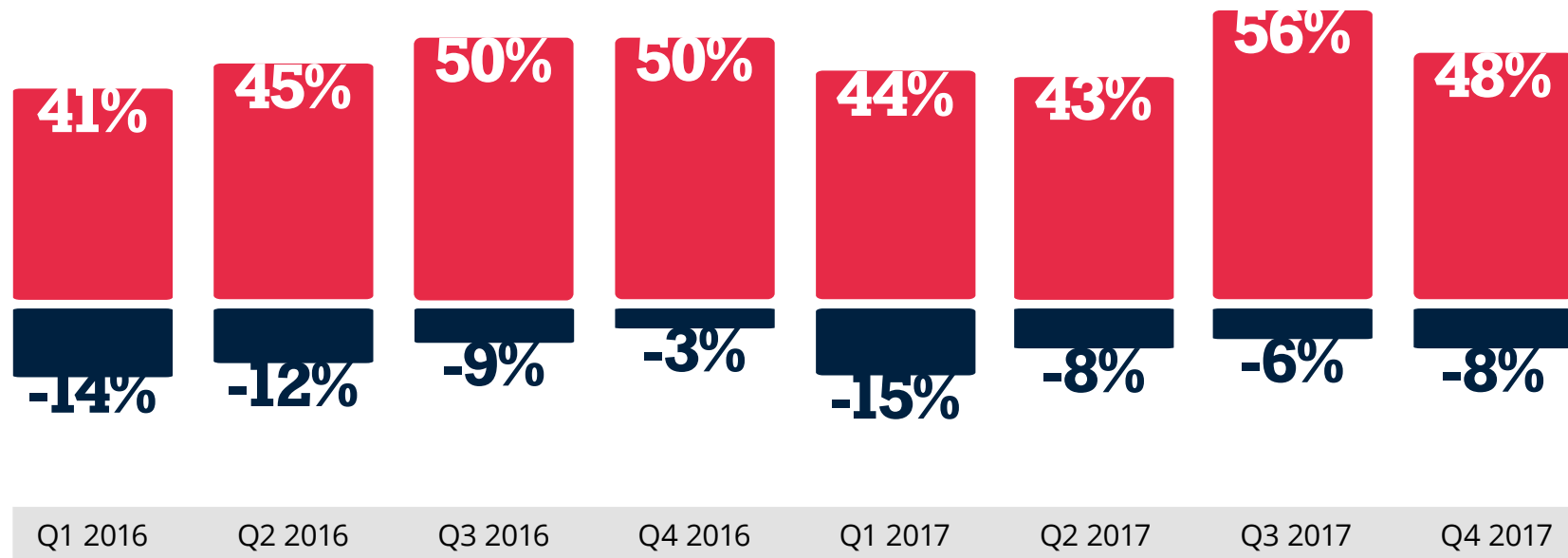


Much Increased / Increased Much Reduced / Reduced

272 respondents

National Future Capital Investment.

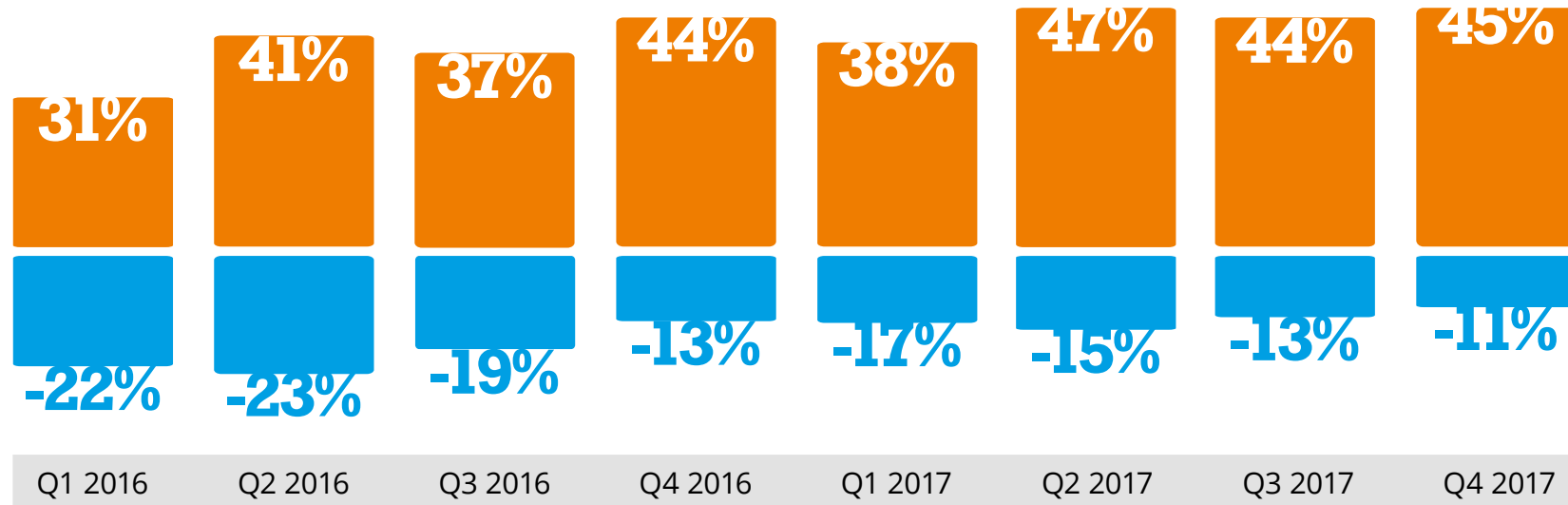
How do you expect your investment in new machinery/premises to change in the next 6 months?



Much Increased / Increased Much Reduced / Reduced

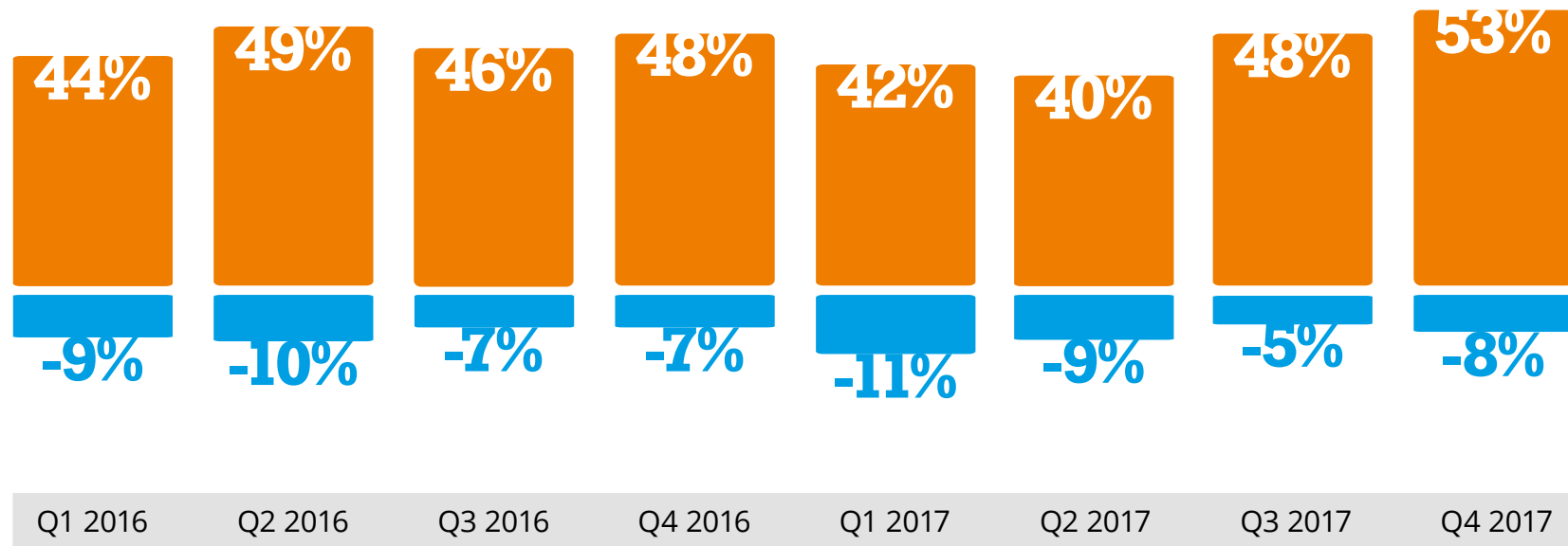
272 respondents

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



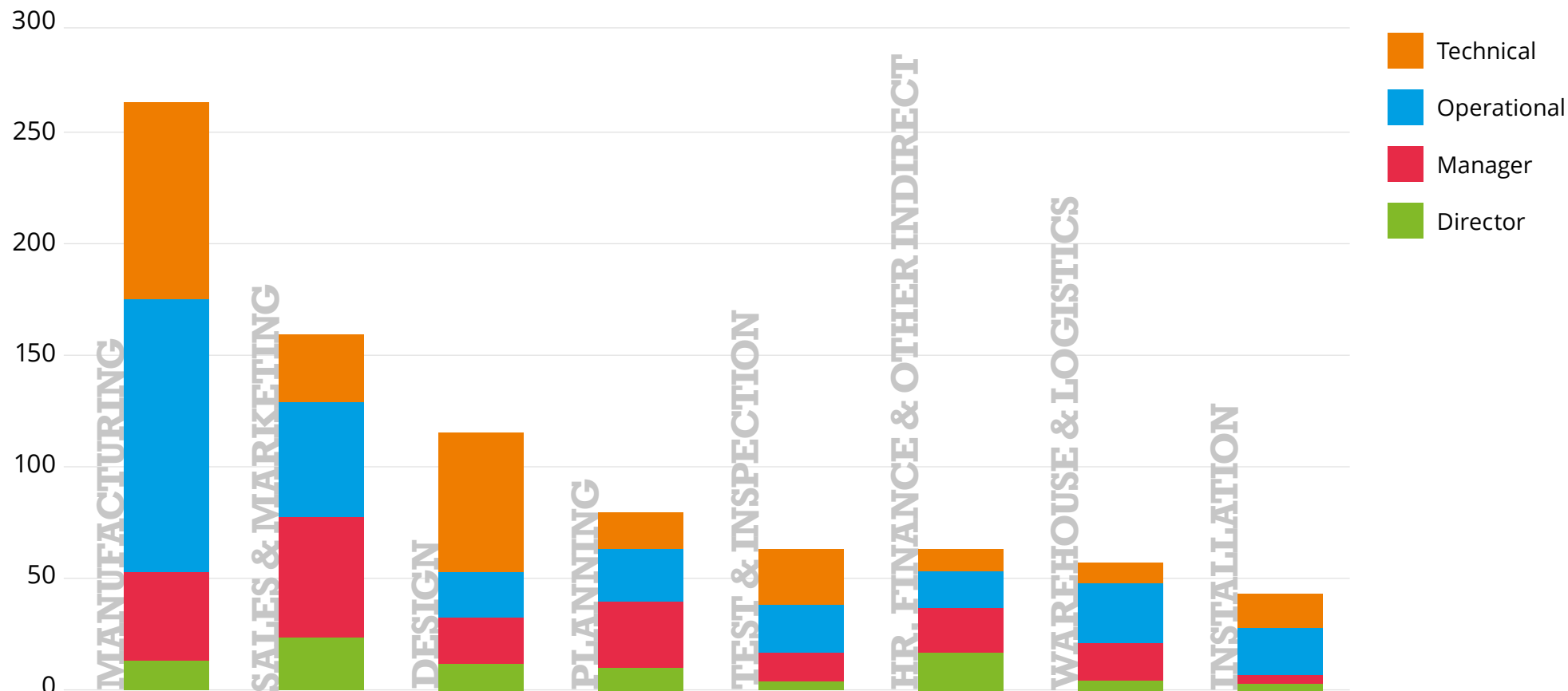
Much Increased / Increased Much Reduced / Reduced

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



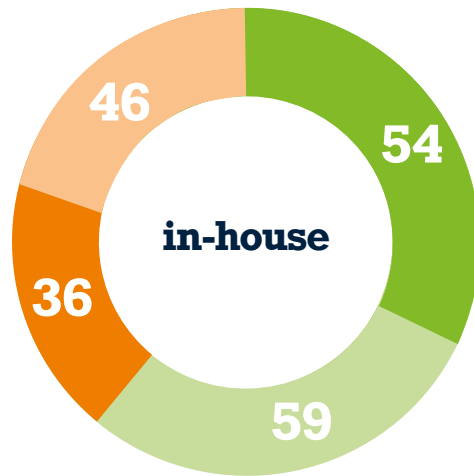
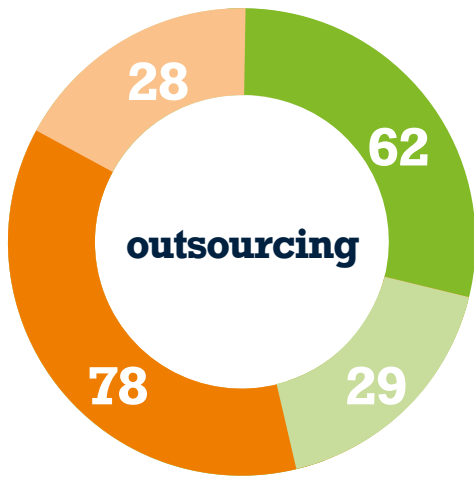
Much Increased / Increased Much Reduced / Reduced

Where in your business do you lack skilled staff?

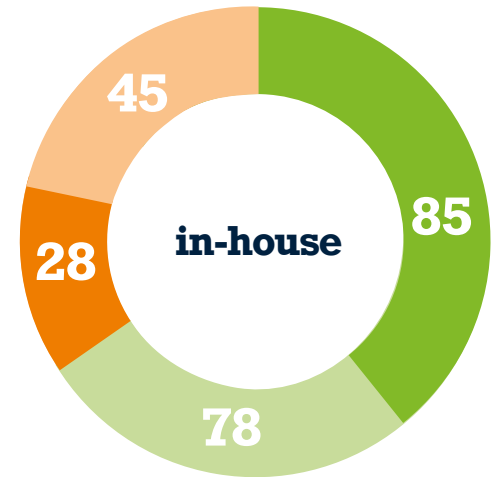
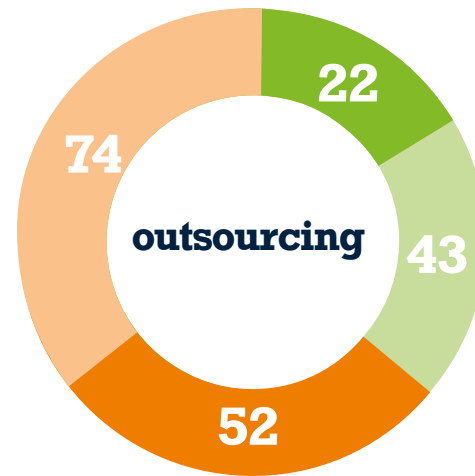


How are you likely to find or develop your skilled staff?

RECRUITMENT



TRAINING



■ Successful
 ■ Somewhat Successful
 ■ Somewhat Unsuccessful
 ■ Unsuccessful

Any specific issues faced in recruiting or developing staff?

Content analysis indicates that a shortage of appropriately skilled and experienced staff is the biggest challenge faced by UK SME manufacturers.

"There are not sufficient candidates available with the right attitude and behaviours."

"Finding suitably qualified and experienced engineers is becoming a major issue."

HERTFORDSHIRE

"Location - we are based in the South West where the skills aren't available easily so a small pool of people are hunted by many companies."

"Area not attractive to young managers keen to develop career. Lack of infrastructure, manufacturing base and affordable housing combines with relatively low incomes to make the area unattractive."

DEVON

"Lack of applicants with industry skills and knowledge. Lack of time to develop and deliver specialist bespoke training."

WEST YORKSHIRE

"Acute lack of skilled staff in the jobs market outside of recruitment companies, which are expensive and lack the structure for skilled staff assessment."

SOMERSET

"Struggling to find quality staff who actually want to work or adopt strong standards."

LEICESTERSHIRE

Where do you require help and support in recruiting or developing your staff?

"Finding and using other avenues to get our vacancies noticed i.e. using social media and networking."

"Regular training is not easily accessible and often incurs big on-costs for accommodation and travel. More local provision would help."

DEVON

"We need candidates who have a high emotional intelligence, resilience, communication skills, positive attitudes and team working skills."

HEREFORDSHIRE

"The people currently aren't there for us to recruit. We cannot compete against the multinationals in our region."

"Tried and trusted agencies and local training providers."

"We have to be innovative in the way we recruit and would use agencies if we could afford it but the cost is prohibitive."

WEST MIDLANDS

"Financial assistance would help, good source of training options specific to manufacturing."

CORNWALL

"Just finding them!"

ESSEX

"Costs of advertising are prohibitive. Doubt you can do anything on that!"

STAFFORDSHIRE

"Find me a source that isn't expensive!"

SOMERSET

"Training courses need to be more flexible. If we can find the right course it means we have to wait until September of each year."

"Lack of specific industry training."

WEST YORKSHIRE

"The local education and training centres need to change the available courses to suit the needs of the employers."

NORFOLK

"Small scale cost effective technical training courses. These used to be provided by technical colleges, but don't seem to be offered any more."

NORTHAMPTONSHIRE

About the Manufacturing Barometer.

The Manufacturing Barometer is a quarterly survey that charts the experiences of UK 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, part of the Exelin Group, since 2009 in the South West of England, and recently partnering with Economic Growth Solutions, the Manufacturing Barometer records trends in employment, turnover and investment. Since 2012, the Barometer has represented the views of SME Manufacturers across the UK.

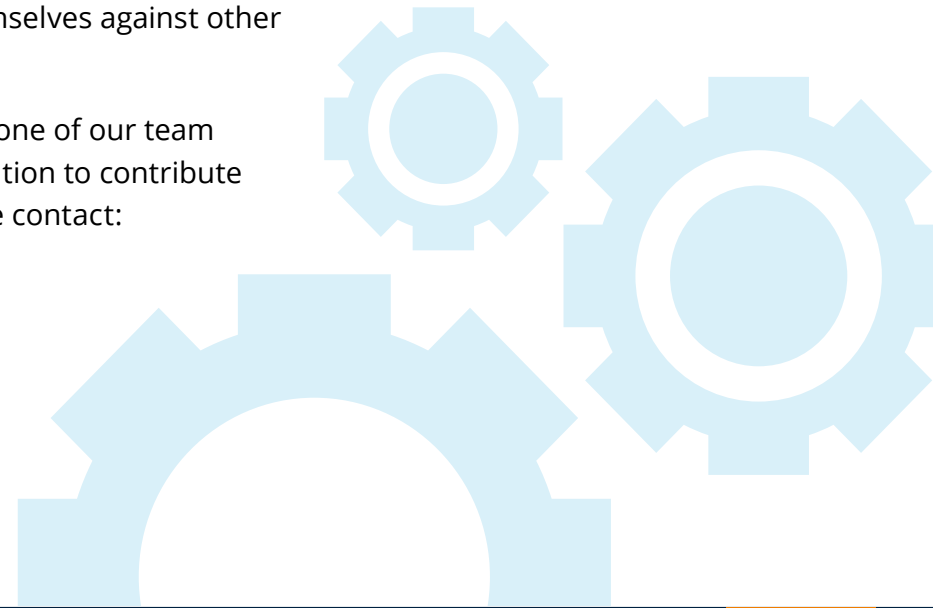
Each quarter, a 'special focus' explores an issue in greater depth. It tests current thinking in the sector, and delves into issues such as productivity, overseas production, and energy efficiency.

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

The Exelin Group are experts in productivity and growth. If you would like to talk to one of our team about the challenges and opportunities in your business, to receive a personal invitation to contribute to the next Manufacturing Barometer, or for more information on this report, please contact:

info@swmas.co.uk

0845 608 3838



MANUFACTURING
barometer



IN PARTNERSHIP WITH
ECONOMIC
GROWTH
SOLUTIONS

