

SWMAS

MANUFACTURING
barometer



South West Report
Autumn 2017 (July, August and September 2017)
Surveyed in October 2017
www.swmas.co.uk

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Productivity: where would manufacturers most like to see improvement by the year 2020?



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Introduction



Simon Howes
Managing Director
Exelin Group Ltd
Delivering SWMAS

Welcome to the latest Manufacturing Barometer report revealing the latest performance, views and opinions of manufacturing SME's from across the South West of England.

Around 90 senior decision makers in South West based manufacturing SMEs have once again shared their views on business performance and forecasts for the future.

Note too, this quarter's special focus looking at SME manufacturers' plans to address productivity. We asked about their own thoughts on where and how in their business they want to improve productivity and also how they plan to do this – the results may surprise some readers.

The Core Trends

66% of respondents reported an increase in sales in the previous 6 months reflecting a picture of continued growth being achieved in the sector. 61% believe they will grow sales in the next 6 months, showing ongoing confidence in spite of uncertain market conditions.

However, just 43% say they are planning to invest in new equipment, representing a downward trend since climbing to 57% in Q4 of 2016. Further, only 41% are planning to recruit to meet future needs. This raises questions around how businesses will manage growth and has clear implications on the need to increase productivity to meet the predicted increase in sales.

Continued Overleaf...

Special Focus: Productivity

This is a pivotal time for the UK to focus on what 'productivity' actually means to manufacturers. It has very much become headline news over the past months with government and industry talking about a need to solve the "Productivity Puzzle". Last quarter's Barometer, highlighting business concerns about the impact of Brexit and availability of people, also showed that the importance of efficiency and the ability to be more productive is more crucial than ever.

Thus the latest Barometer explored two important questions: 'where' and 'how' these improvements in productivity should be made.

When asked *where* in their business manufacturers would like to make improvements, they are saying reducing the cost of operations, supply chain and back office are distinct priorities.

The surprise for some could be in *how* manufacturers believe they should improve productivity. Businesses say that they intend to prioritise making their existing people and processes more productive ahead of investing in new production facilities or through automation and robotics. This is somewhat out of step with the developing industrial strategy, which sees robotics and automation as much more central to solving the productivity puzzle.

Conclusions

The Autumn 2017 Manufacturing Barometer has left no doubt that manufacturers recognise the need to improve productivity within their businesses and that optimising existing processes and improving existing employee effectiveness is a priority.

SMWAS support the view that the UK will need to invest in automation as part of the strategy to grow productivity and increase manufacturers' ability to cope with the unavailability of labour. However, it is vitally important that we listen to what manufacturers are actually saying as to where and how they feel they need to improve in order to become more productive. The right information and support must be available to enable them to get the most out of their people and processes. This suggests that government and industry bodies need to facilitate manufacturers to get more out of their existing people and processes and businesses may need to look harder at investing in robotics so they do not fall behind in the medium and long term.

To help manufacturers address these needs, SWMAS are launching our productivity 2020 campaign. Informed and fuelled by our depth of knowledge and extensive experience in enabling manufacturing companies to increase their efficiency, effectiveness and profitability, the 2020 campaign will support those who engage with it realise their goals through expert productivity workshops, in-business productivity assessments and through hands-on support to drive real improvements. To register your interest and receive more information please email info@swmas.co.uk.



Business Aspirations & Productivity

“The big question about productivity is how it is being measured. Everyone uses different terms – such as turnover, profit or GVA. The government may be measuring differently to manufacturers. This is important, because the worst killers in our manufacturing figures are the indirect costs, such as HR, pensions and health & safety administration. Vital as they are, these all require people in post and therefore take money off the bottom line. So it’s important to be clear if these are taken into account.

“We need to keep a motivated workforce, and be open to developing skills and empowering the people that work for us, so they can continually make decisions that improve efficiency. Exelin have helped us to do this by providing insight and assistance to understand and eliminate waste and through inspiring our people. Yes, automation is key for us, but the more immediate priority focus should be our people. It’s a quicker win. Unless we have people who are capable of making observations and taking any subsequent decisions, we lose the capacity to be productive.”

Karen Friendship, Managing Director, Aldermans

Engineering metalwork solutions

Continued Overleaf...

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Business Aspirations & Productivity

'We are continually looking at improvement and efficiencies within our business. We pride ourselves on lean thinking! We operate from four separate sites and our long term plan is to re-locate, but with the current lack of employment space and high build costs this is a real challenge for us and many other companies. I believe lack of affordable employment space is a national problem because land is too valuable in light of house building requirements. People need homes, but they also need jobs and jobs are created in places to work!'

Taunton Fabrications

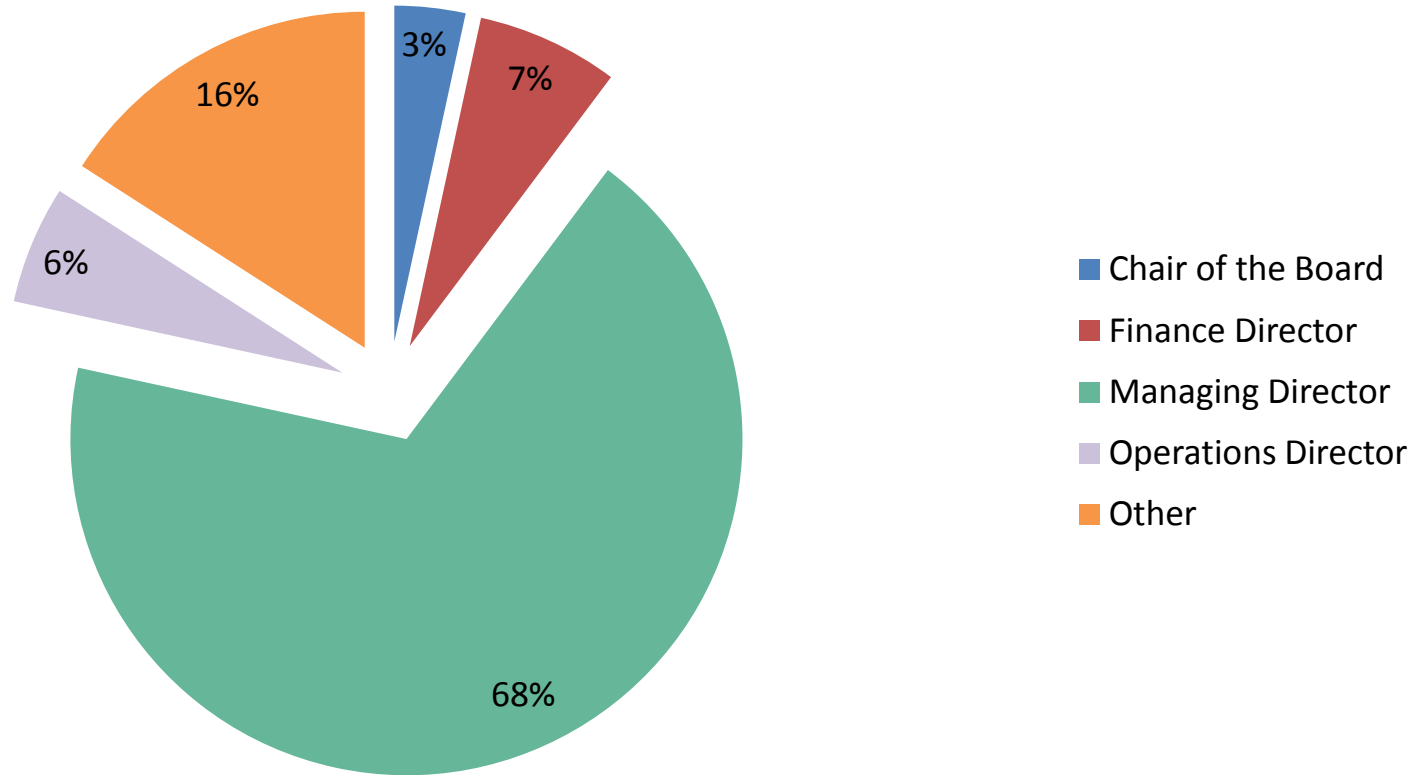
Steel fabrication and architectural metalwork

"Increase the skill level and productivity along with leadership training to take team leaders to the next level. Develop own product to be 30% of turnover in two years and move up the supply chain with use of higher value engineering."

Groveley Precision Engineering Limited

Design and manufacture for safety critical equipment

Survey Demographics

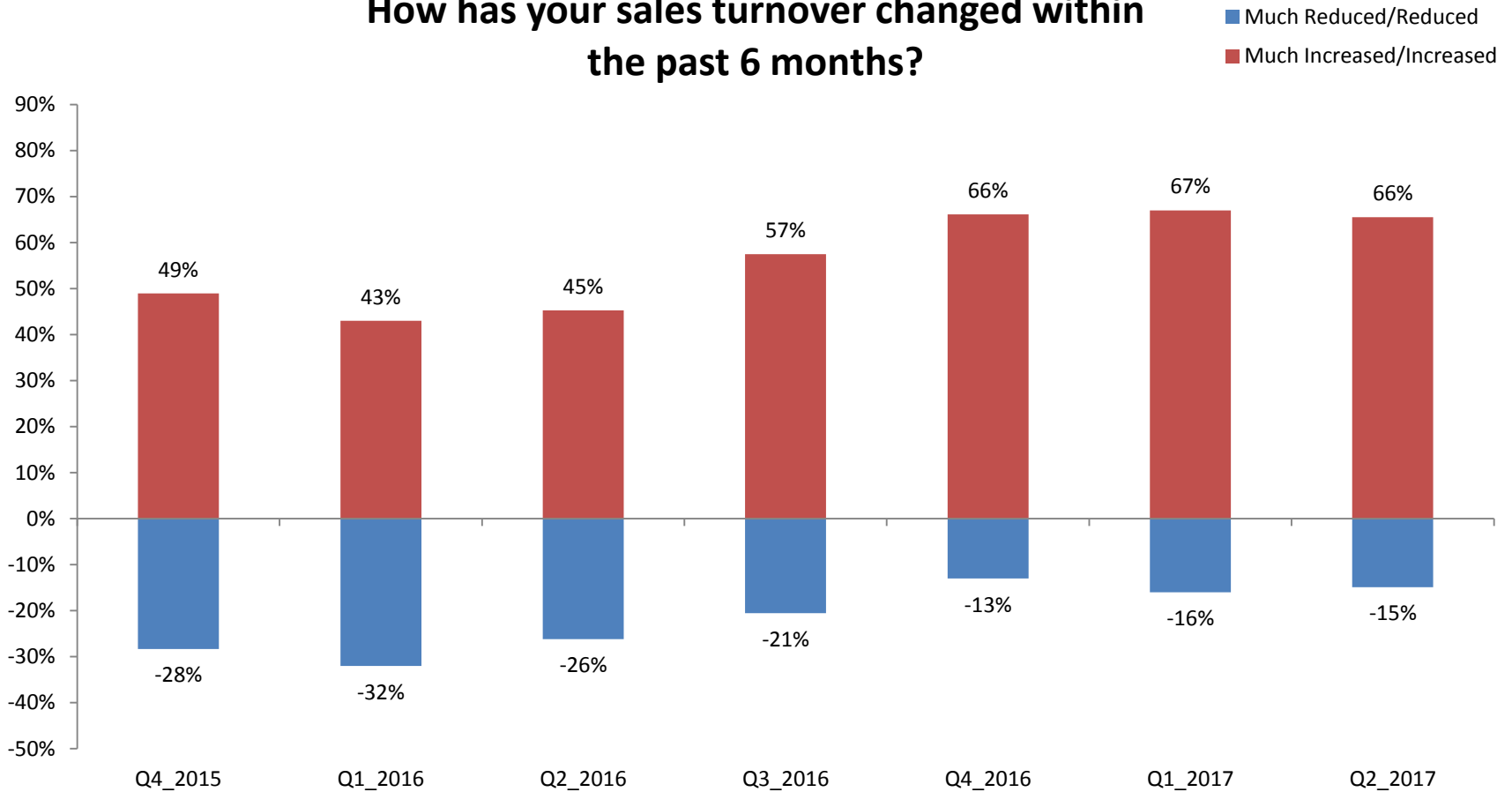


**Over 68% of respondents were Managing Directors
Individuals who are in the business, hands-on, running it day-to-day**

88 Respondents

South West Past Sales

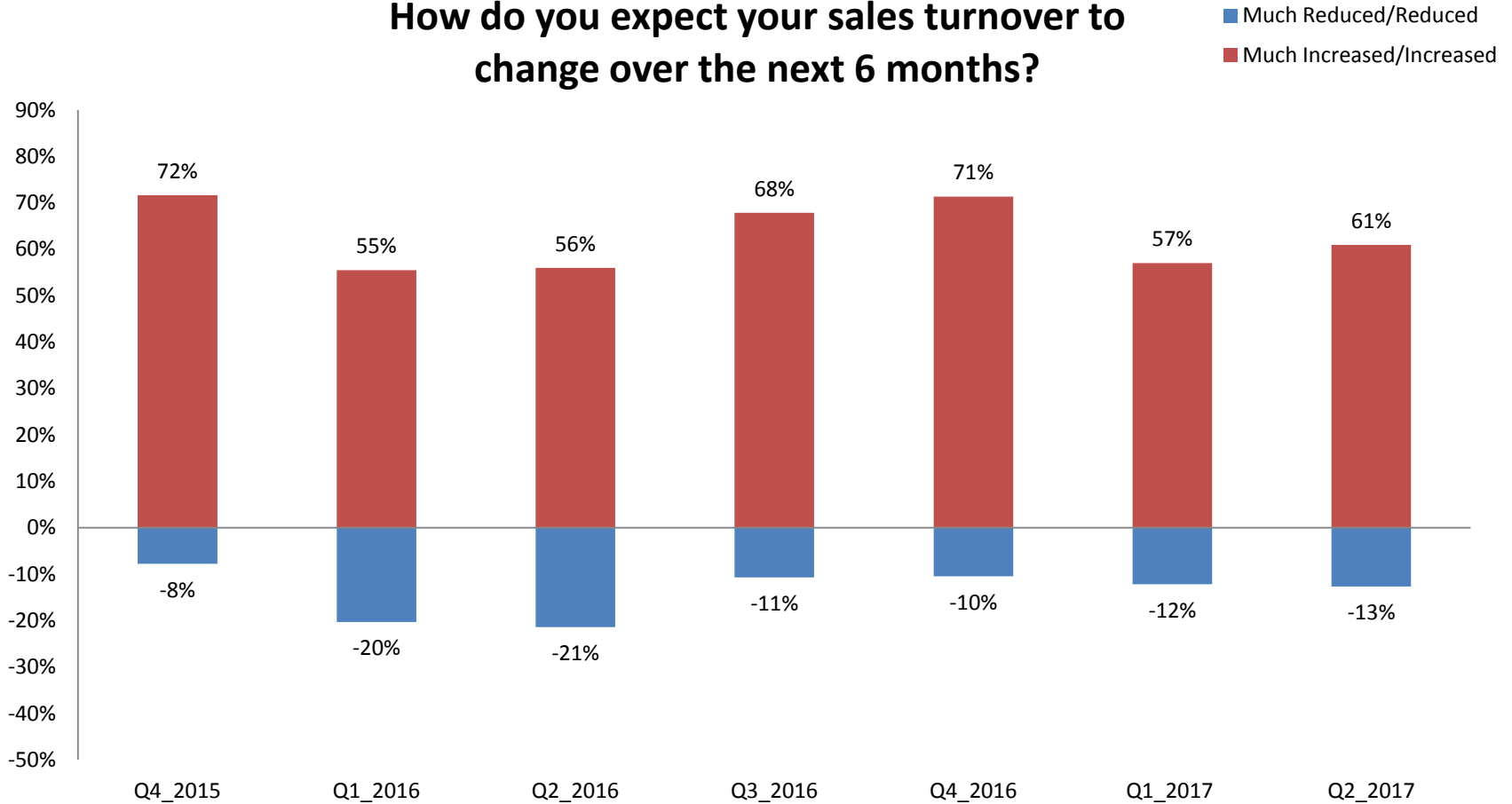
How has your sales turnover changed within the past 6 months?



87 Respondents

South West Future Sales

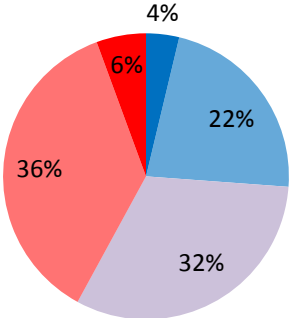
How do you expect your sales turnover to change over the next 6 months?



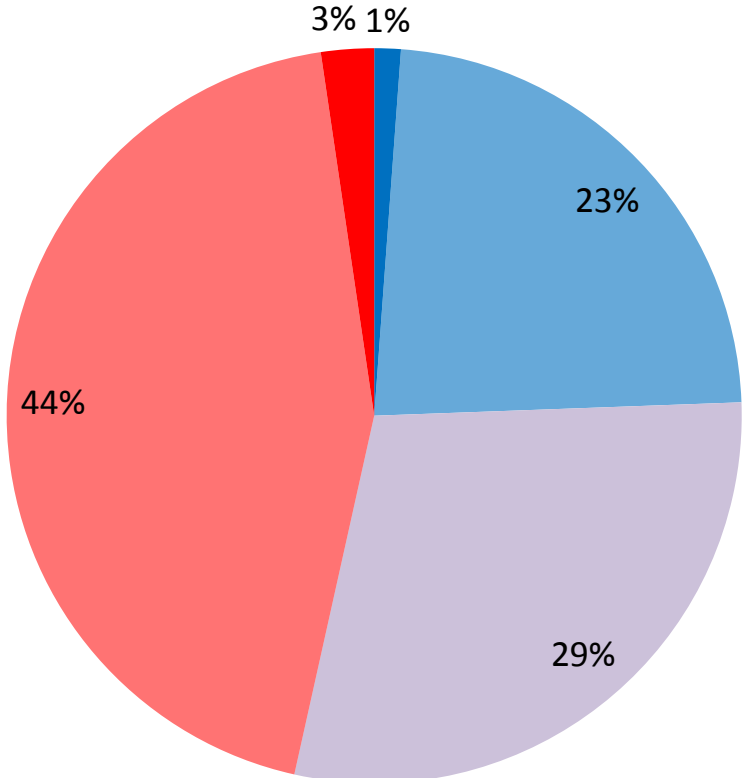
87 Respondents

South West Past Profits

How has your profit changed within the past 6 months?



Last quarter's results



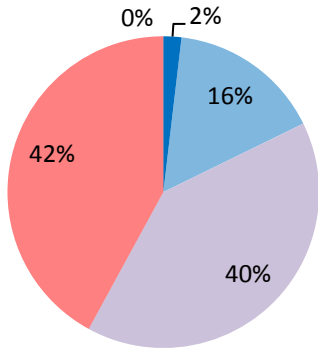
- Much Reduced
- Reduced
- No Change
- Increased
- Much Increased

86 Respondents

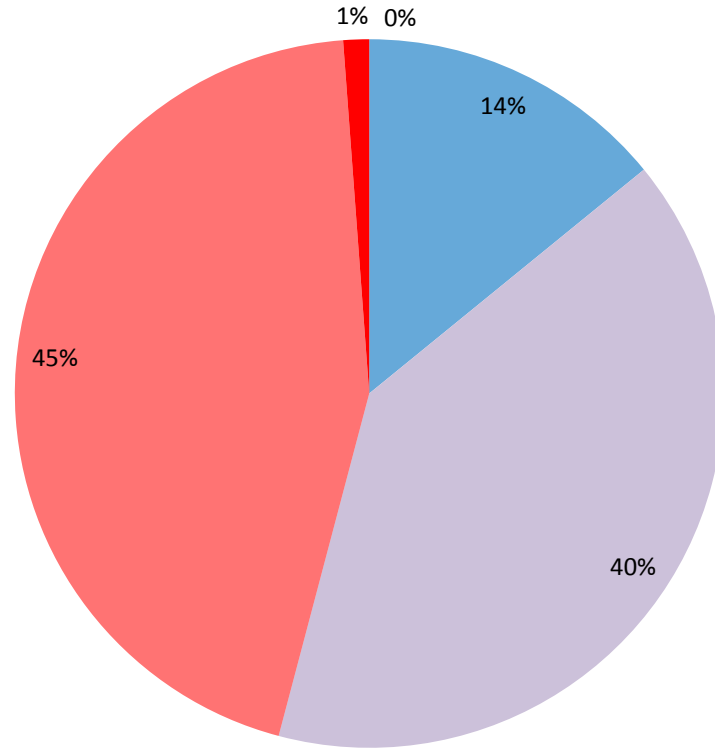


South West Future Profits

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



Last quarter's results



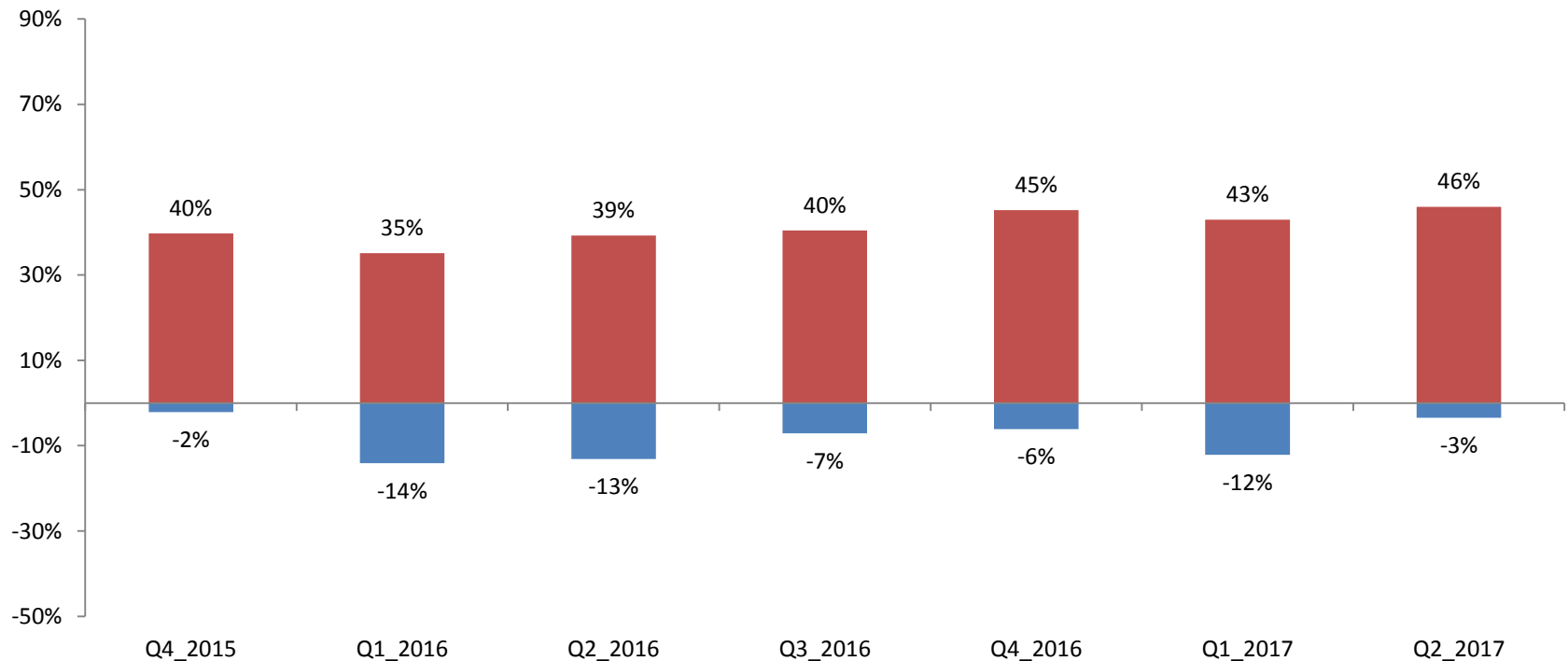
- Much Reduced
- Reduced
- No Change
- Increased
- Much Increased

272 Respondents

South West Past Capital Investment

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

- Much Reduced/Reduced
- Much Increased/Increased

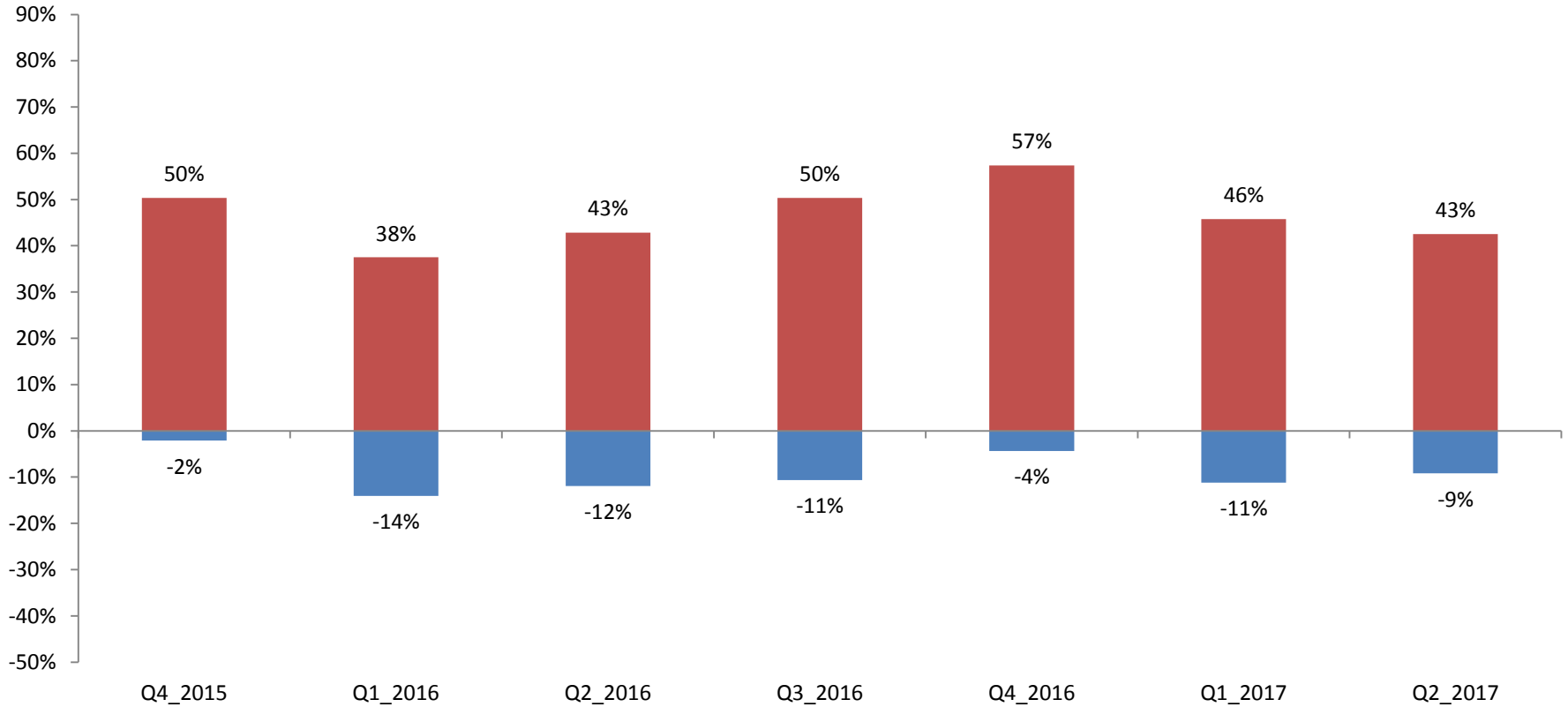


87 Respondents

South West Future Capital Investment

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

- Much Reduced/Reduced
- Much Increased/Increased

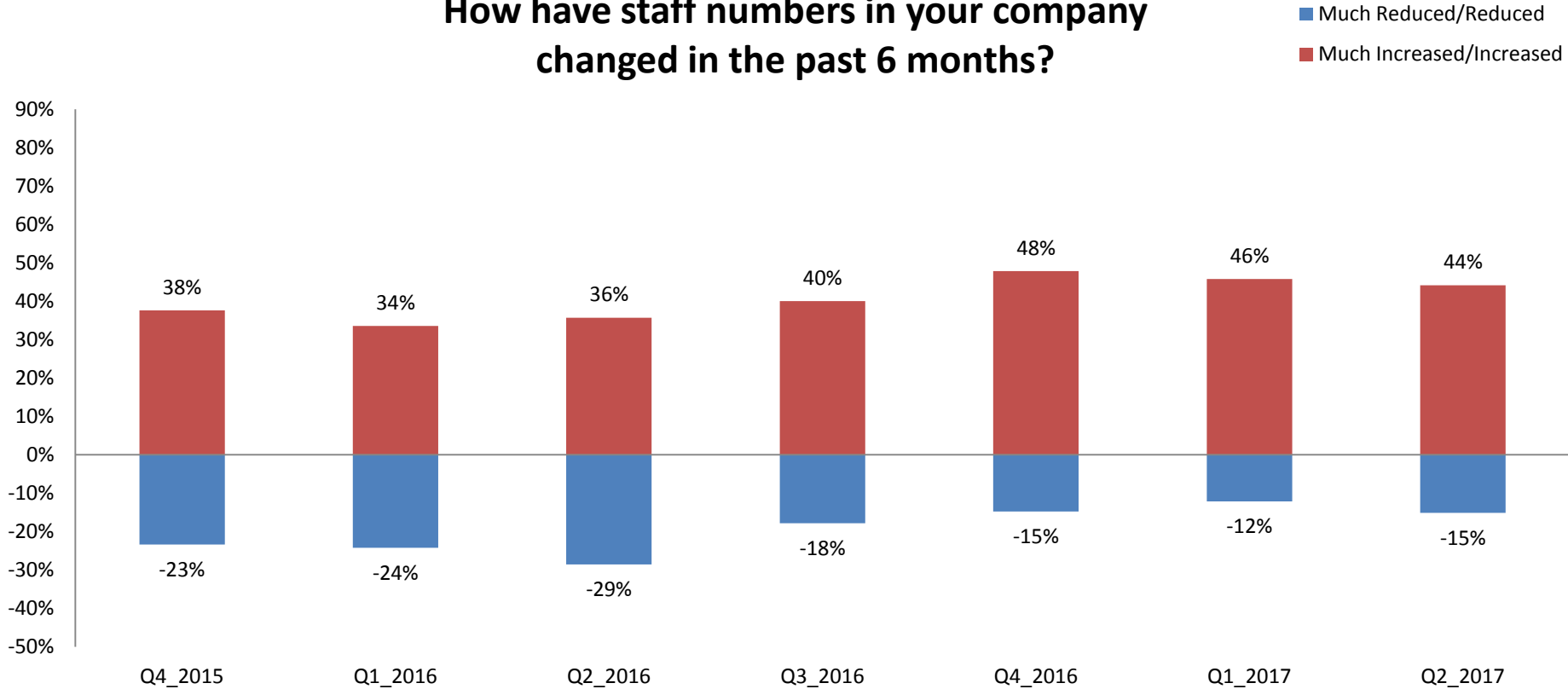


87 Respondents



South West Past Employment

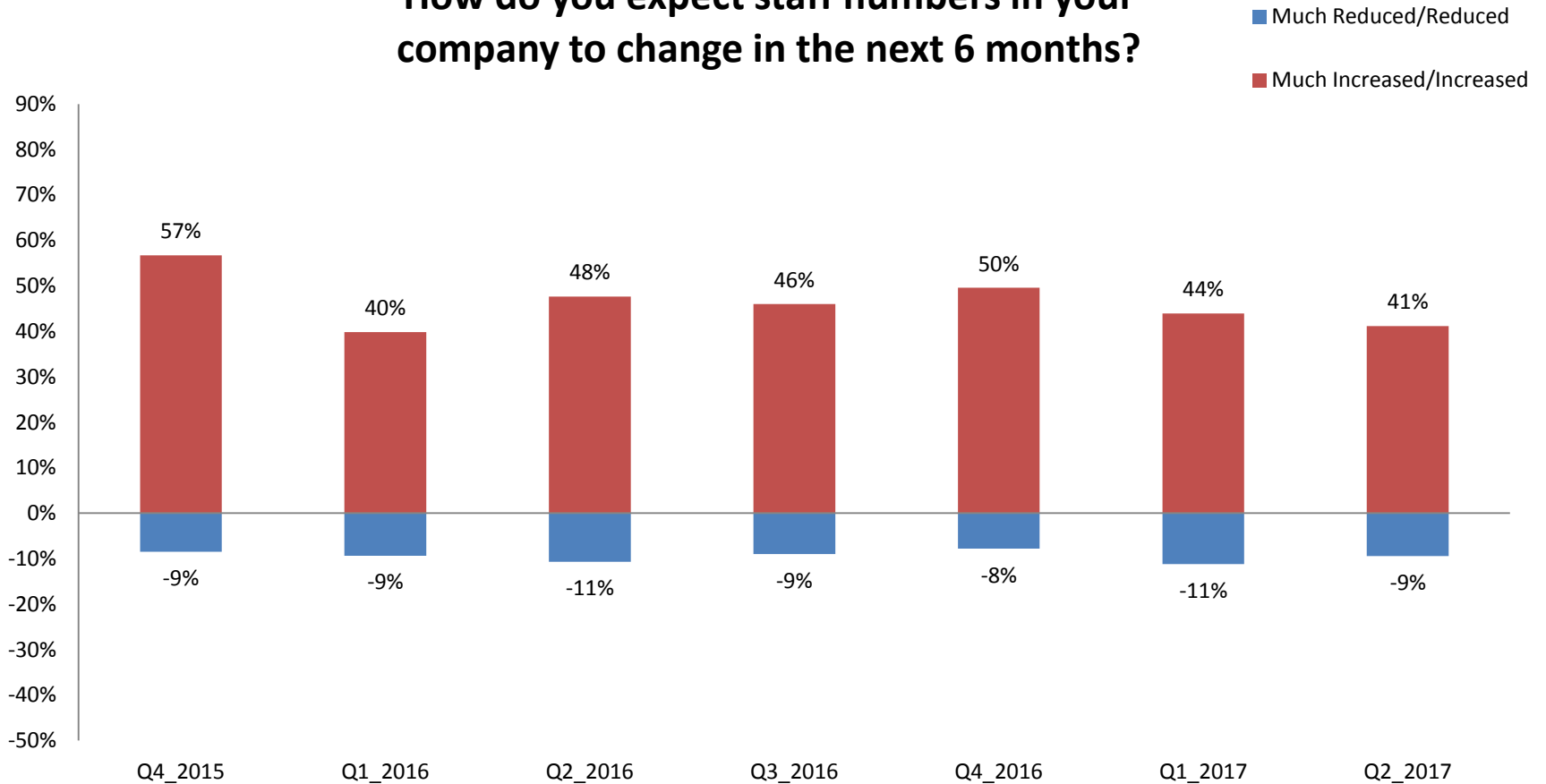
How have staff numbers in your company changed in the past 6 months?



87 Respondents

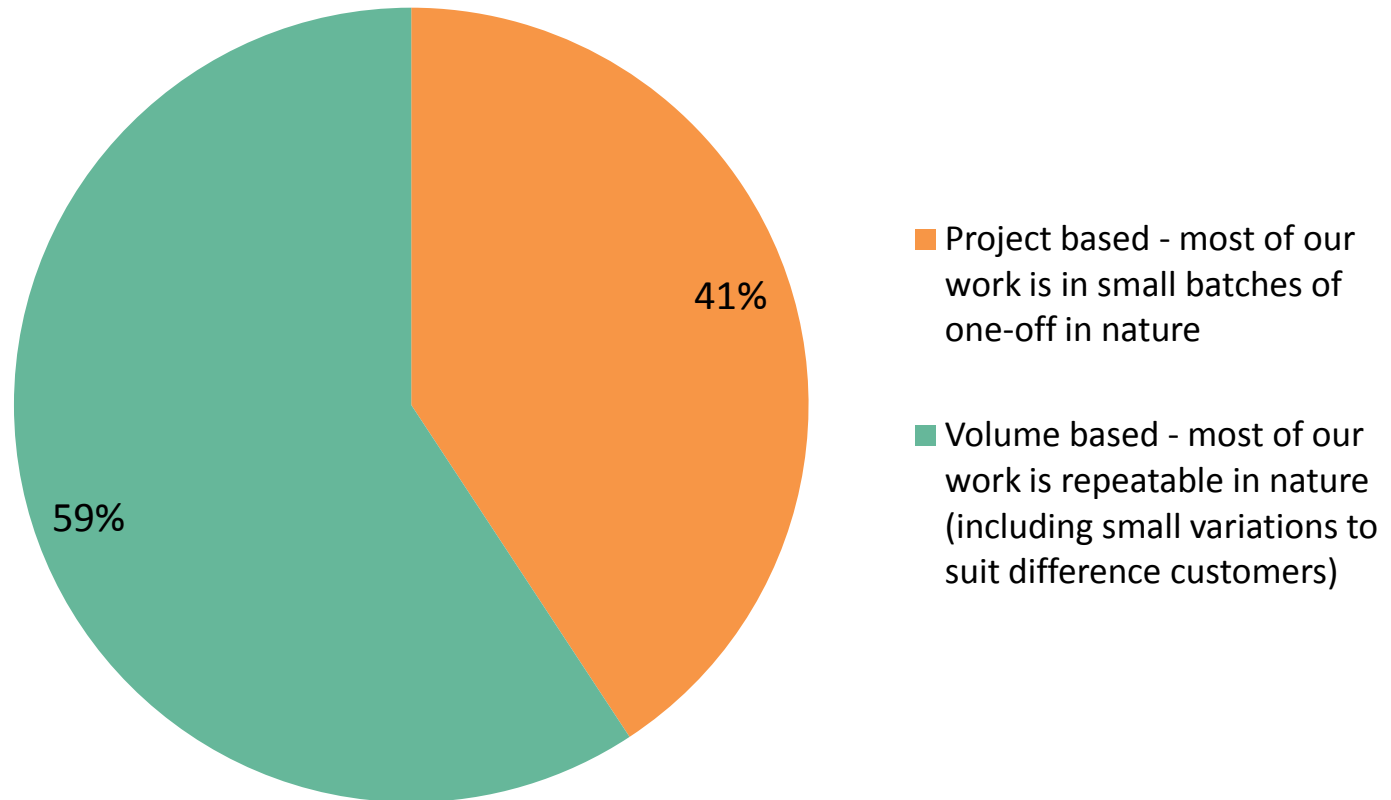
South West Future Employment

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



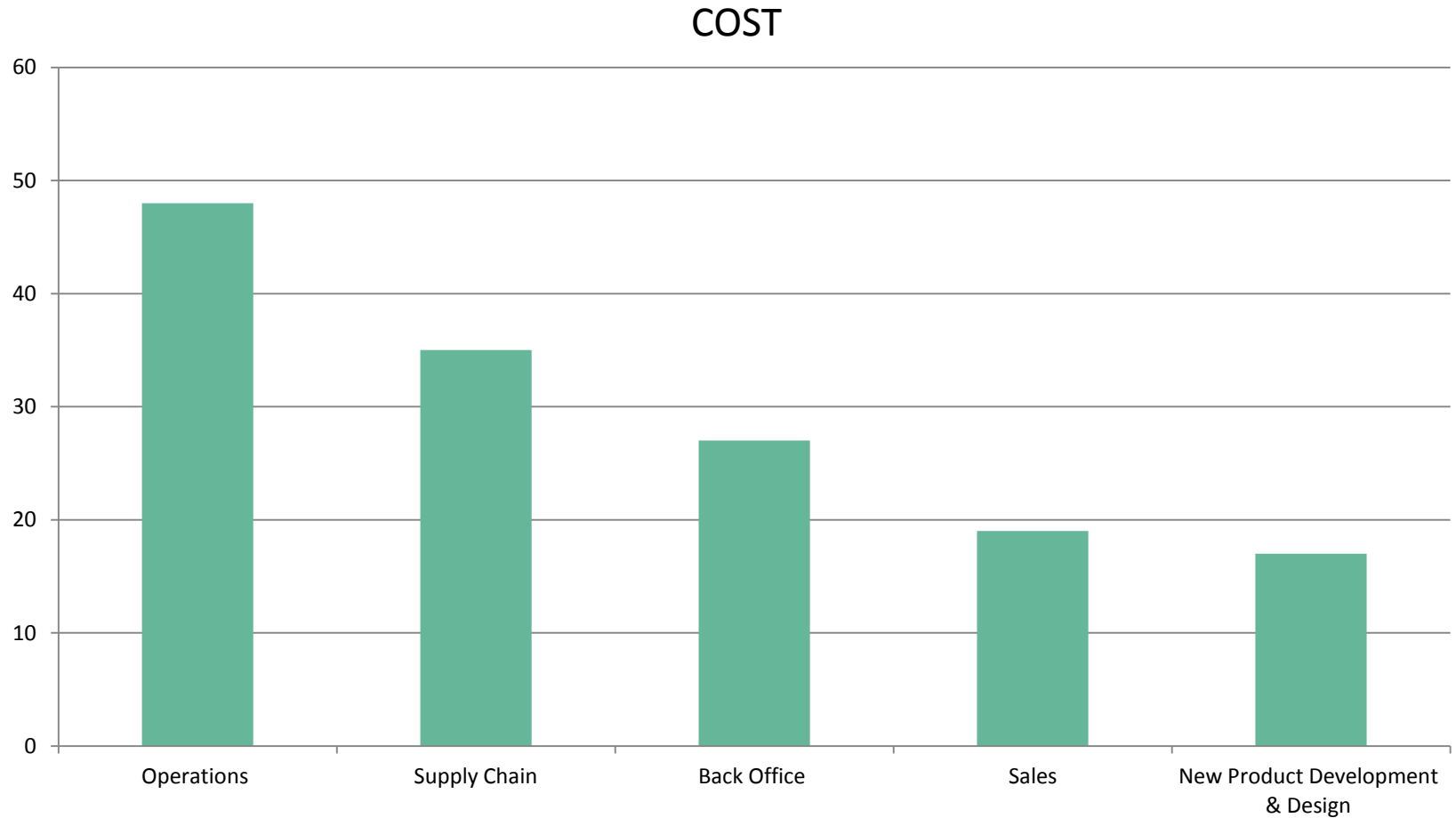
87 Respondents

Are you a Project based or Volume based manufacturing business?

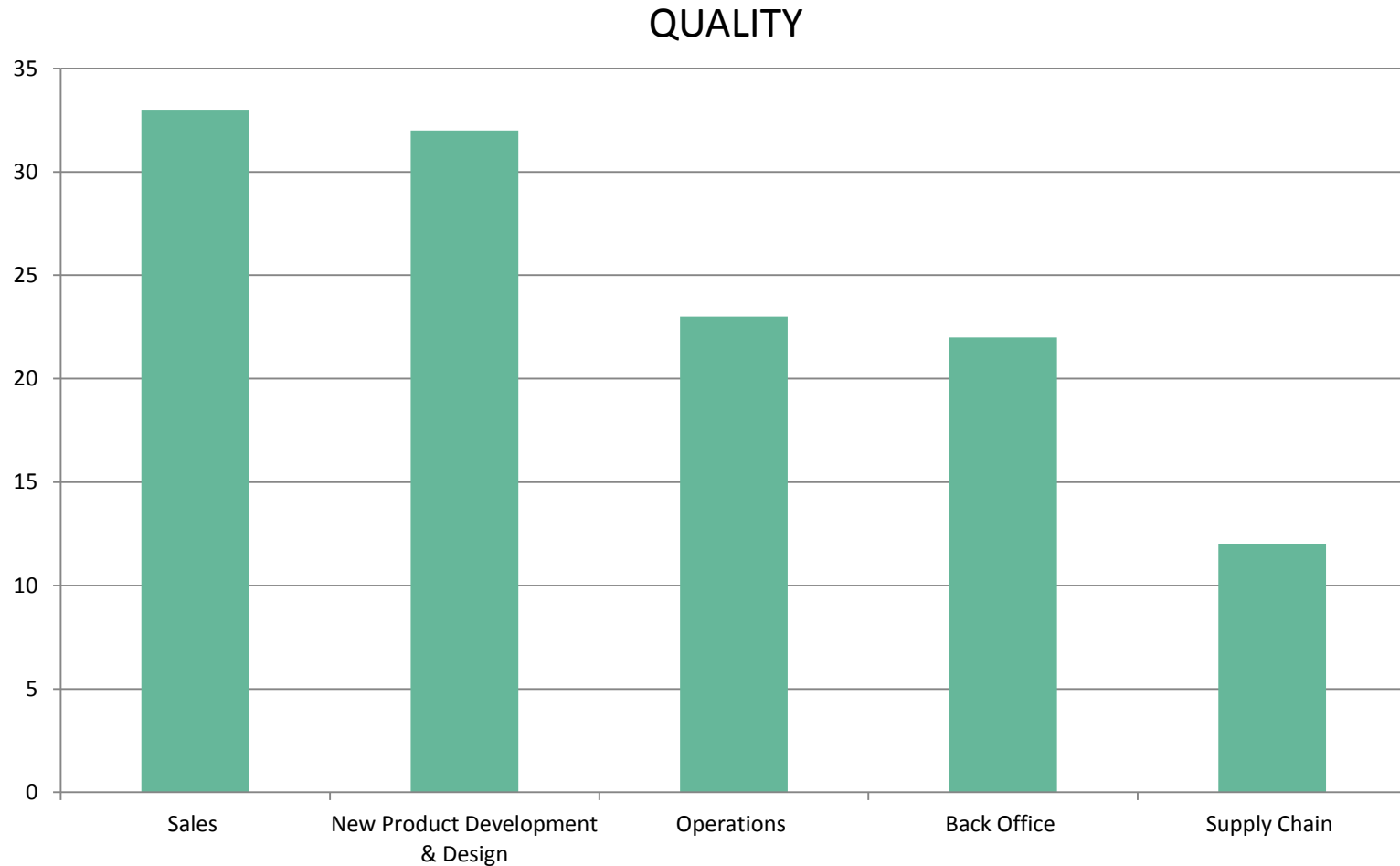


81 Respondents

We asked respondents to rank where in their business would they most like improve cost?



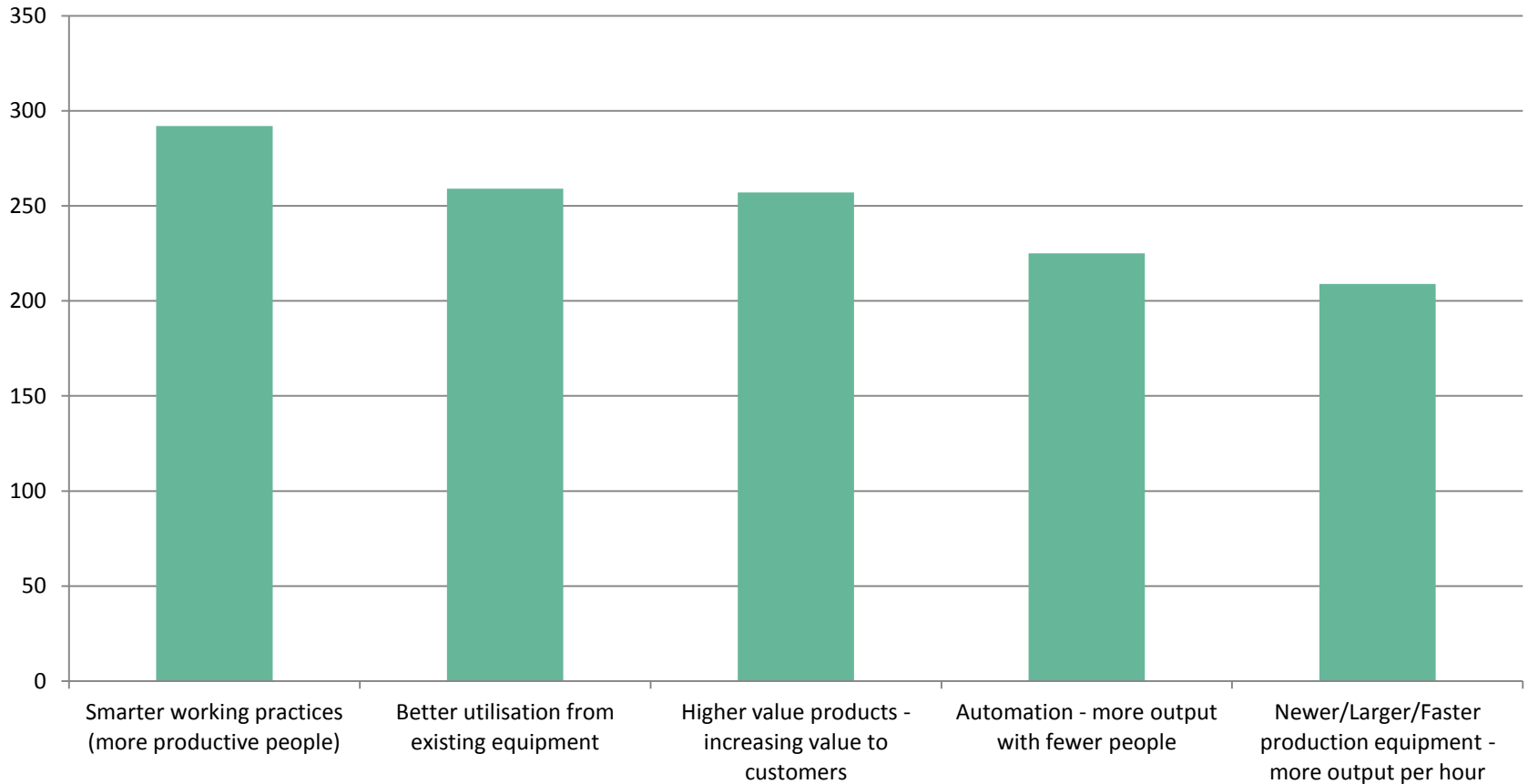
We asked respondents to rank where in their business would they most like improve quality?



We asked respondents to rank where in their business would they most like improve delivery/lead time?



We asked respondents to rank how they would most like to improve productivity



Weighted rankings

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, 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. SWMAS use the results to lobby government and inform the development of support available to manufacturers, ensuring they have the necessary help to operate sustainable businesses and grow.

To ensure you receive a personal invitation to contribute your views to the next Manufacturing Barometer survey, please [click here to send us your details](#) or email us at info@swmas.co.uk.

The Exelin Group are experts in productivity and growth. If you would you like one of our team to undertake a diagnostic review, helping identify opportunities in your business, or for more information on this report, please contact:

info@swmas.co.uk

0845 608 3838

