MANUFACTURING barometer

SOUTH WEST REPORT SPRING 2017-18

(January, February and March 2018)
Surveyed in April/May 2018

SWMAS

IN PARTNERSHIP WITH

ECONOMIC GROWTH SOLUTIONS

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PEOPLE & SKILLS

Introduction.

SIMON HOWES

Managing Director

Exelin Group Ltd

Delivering SWMAS

Welcome to the SWMAS Spring 2017-18 (Q4) South West 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 South West manufacturing SME's, this latest Manufacturing Barometer represents the collective voice of 113 senior decision makers – over 84% of respondents are CEOs, MDs, or Directors.

This quarter, South West 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 63% and those increasing profits at 36% to 42%. This was supported by a continued increase in those investing in machinery and premises – reported by 49%, the highest figure for nearly three years - and those reporting an increase in staff recruited rising to 47%.

The picture for the next six months is somewhat less optimistic with those expecting an increase in sales dropping significantly from 75% to 65% (returning to levels reported earlier in the financial year) and a subsequent shift in those who believe their sales will fall going from 6% to 10%. This potential softening of confidence is supported by a reported drop from 58% to 50% 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 58%, 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 indicates expectations of growth and increased productivity and profitability, although this is balanced by a need for stability and 'survival', perhaps a symptom of the current political and uncertain economic climate. This is also 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. **Location, often equated with a small pool of local candidates, and people not wishing to commute**
3. **Cost and quality of recruitment**
4. **High cost of employment/unreasonable salary expectations**
5. **Concerns over the attitude, behaviour, approach and commitment to the job**

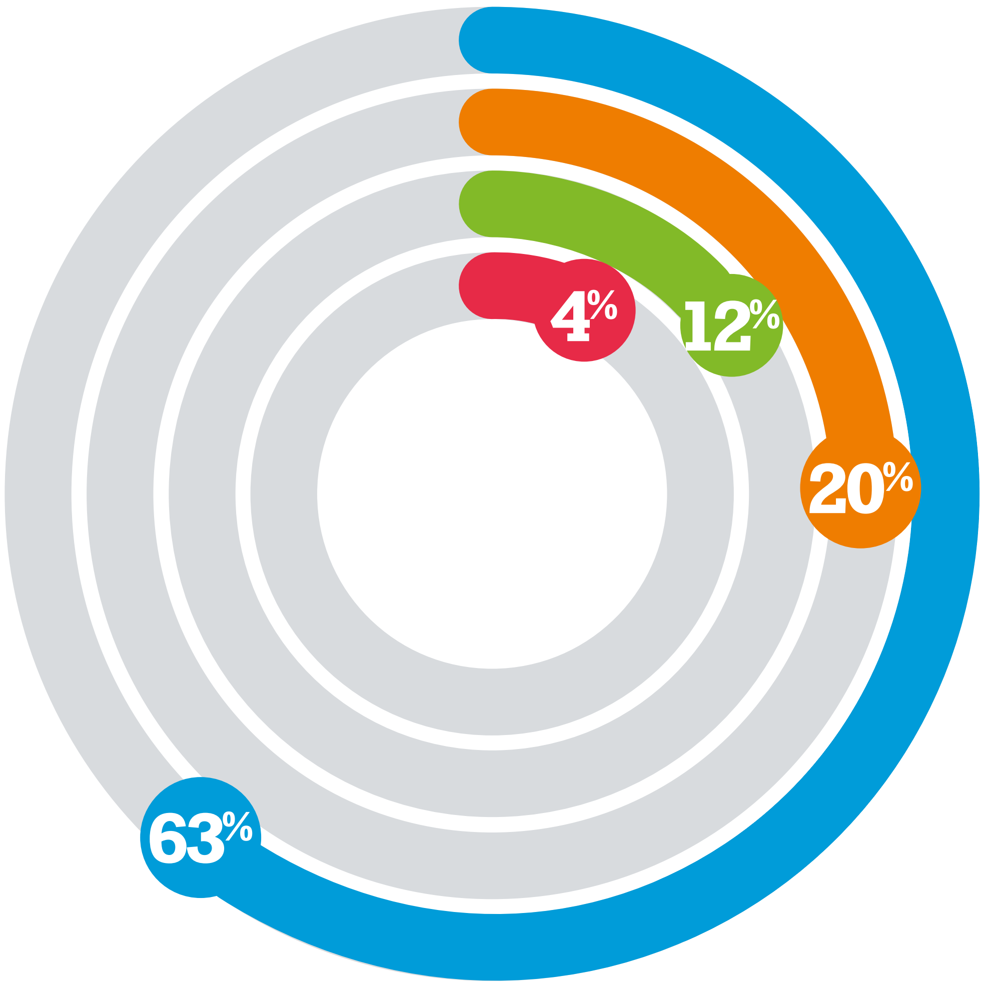
The shortage of appropriately skilled candidates, and concerns over use of external agencies, is balanced by manufacturers' clearly preferred use of in-house training to develop their existing employees. However, when they do recruit, South West manufacturers are split between using external and in-house recruitment teams – both are more or less equally successful in finding suitable staff.

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 still 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.

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

Survey Demographics.

113 respondents



Over 84%

of respondents are:

> MANAGING DIRECTORS & CHIEF EXECUTIVE OFFICERS

> DIRECTORS

Individuals with the highest level of strategic responsibility within their business

MD/CEO
Director
Senior Manager
Other

Business Aspirations.

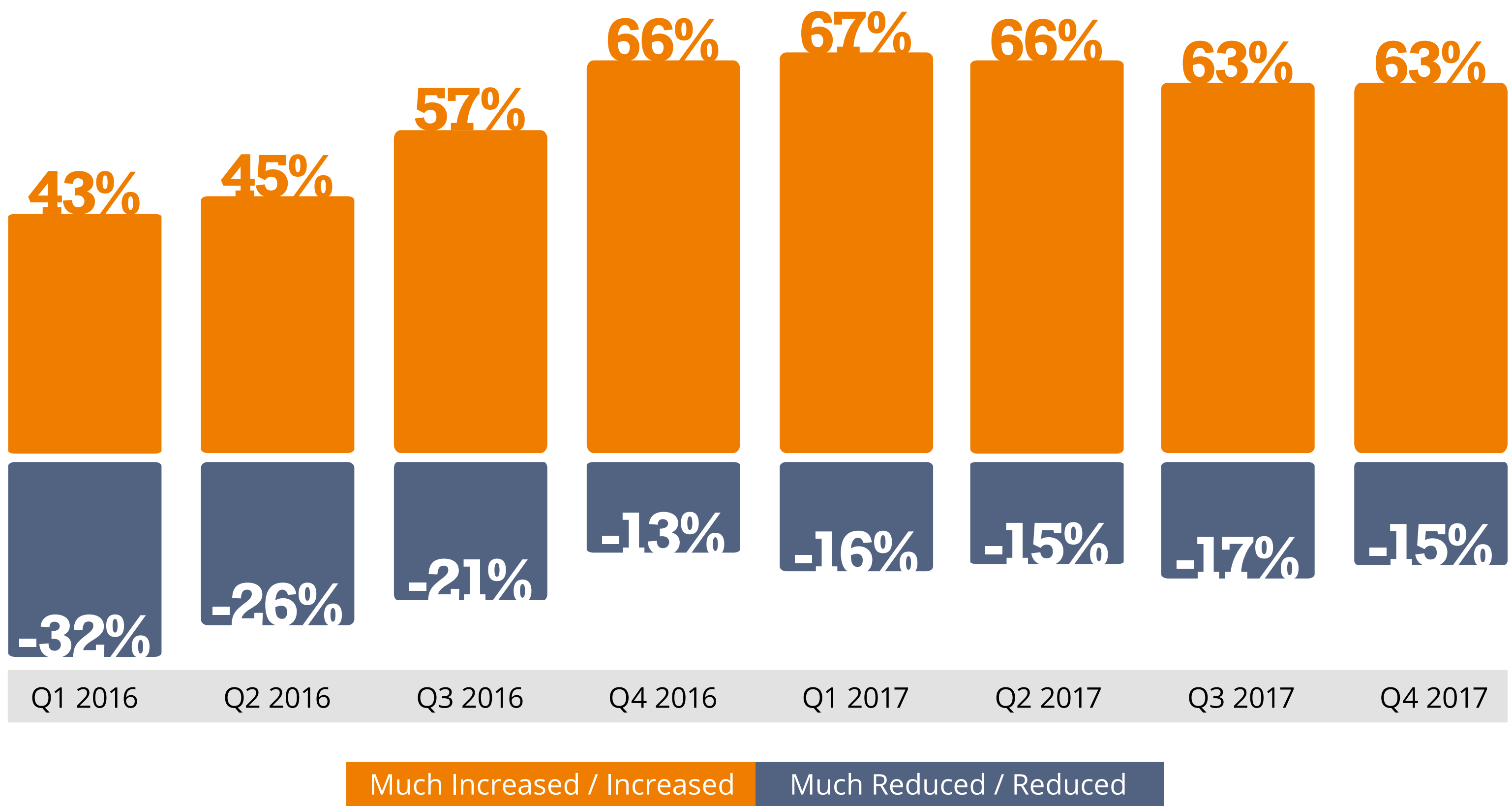
203 respondents

stability
market development
retain staff
increase sales
export
growth
plan
GROW
skill shortages
recruit
NEW PRODUCTS
stability
DIVERSIFY
increase productivity
brand awareness
INVEST
RESOLVE
expansion
new software
BREXIT
TRAINING
AUTOMATE
survive
new markets
increase market share
INVEST IN MACHINERY
INCREASE PROFITABILITY
GROW

South West Past Sales.

109 respondents

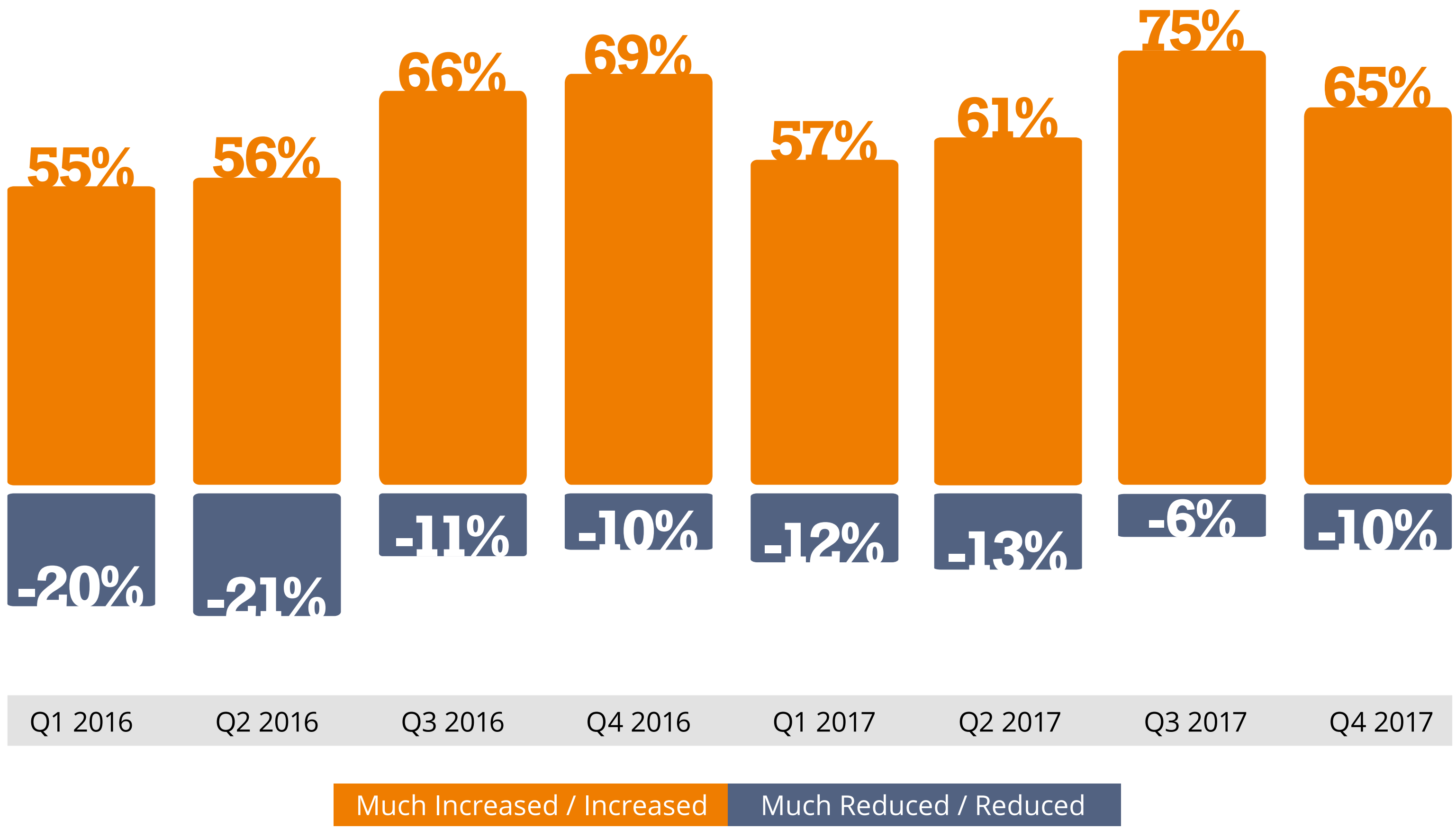
How has your sales turnover changed within the past 6 months?



South West Future Sales.

109 respondents

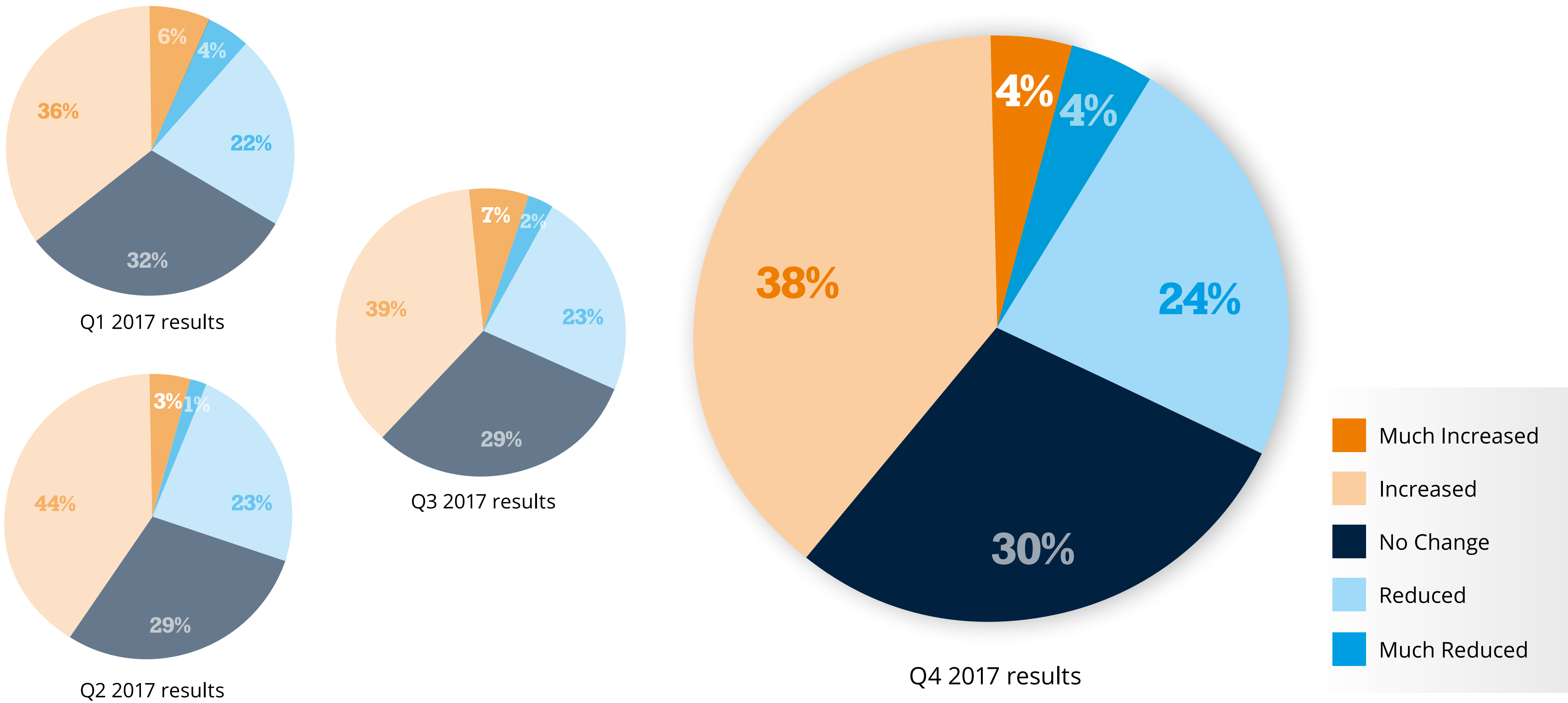
How do you expect your sales turnover to change over the next 6 months?



South West Past Profits.

109 respondents

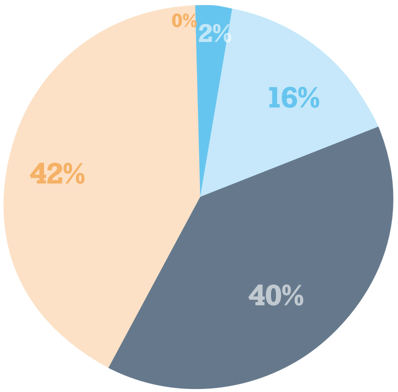
How has your profit changed within the past 6 months?



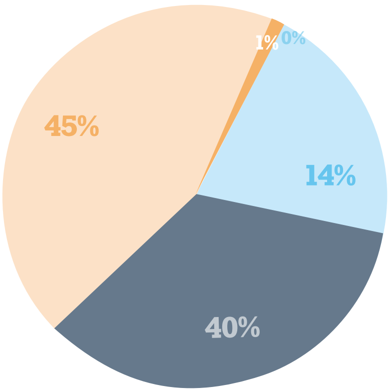
South West Future Profits.

109 respondents

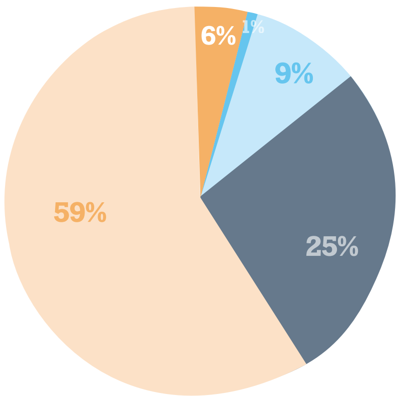
How do you expect your profit to change over the next 6 months?



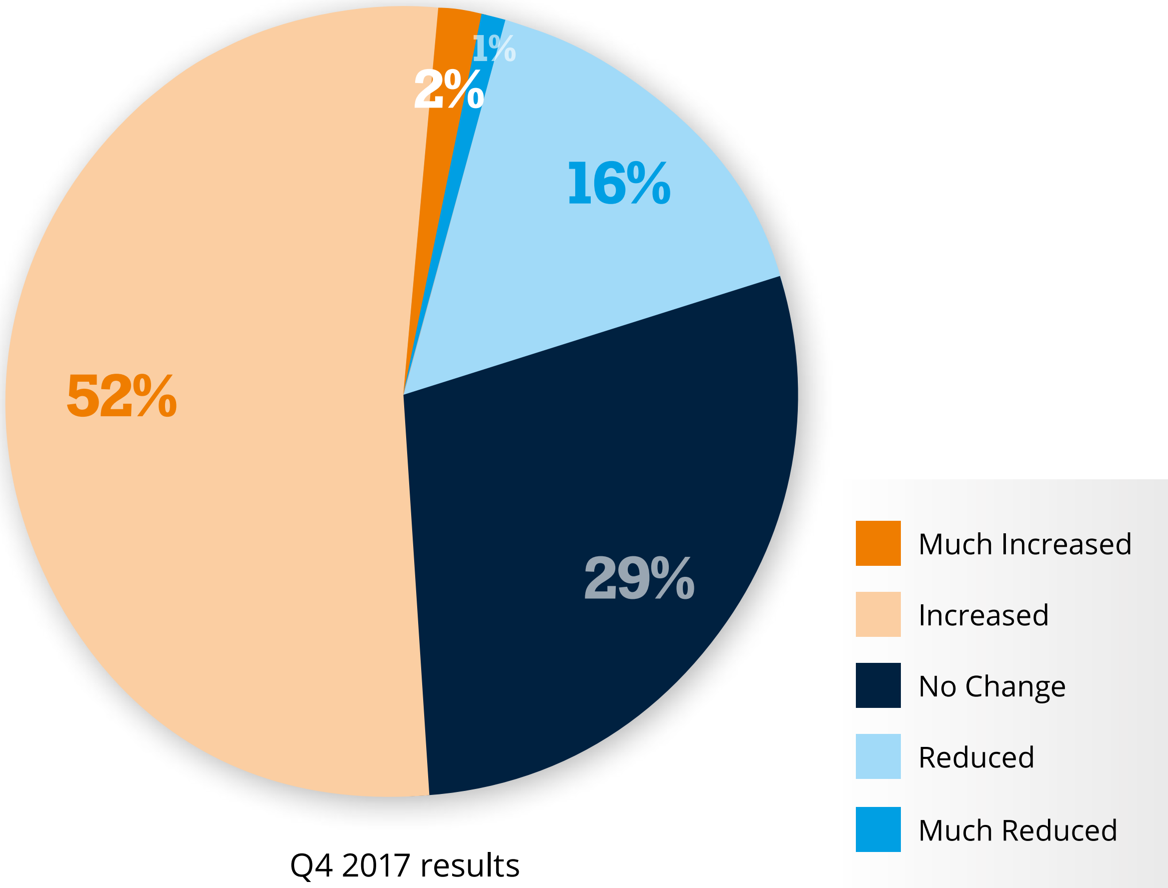
Q1 2017 results



Q2 2017 results



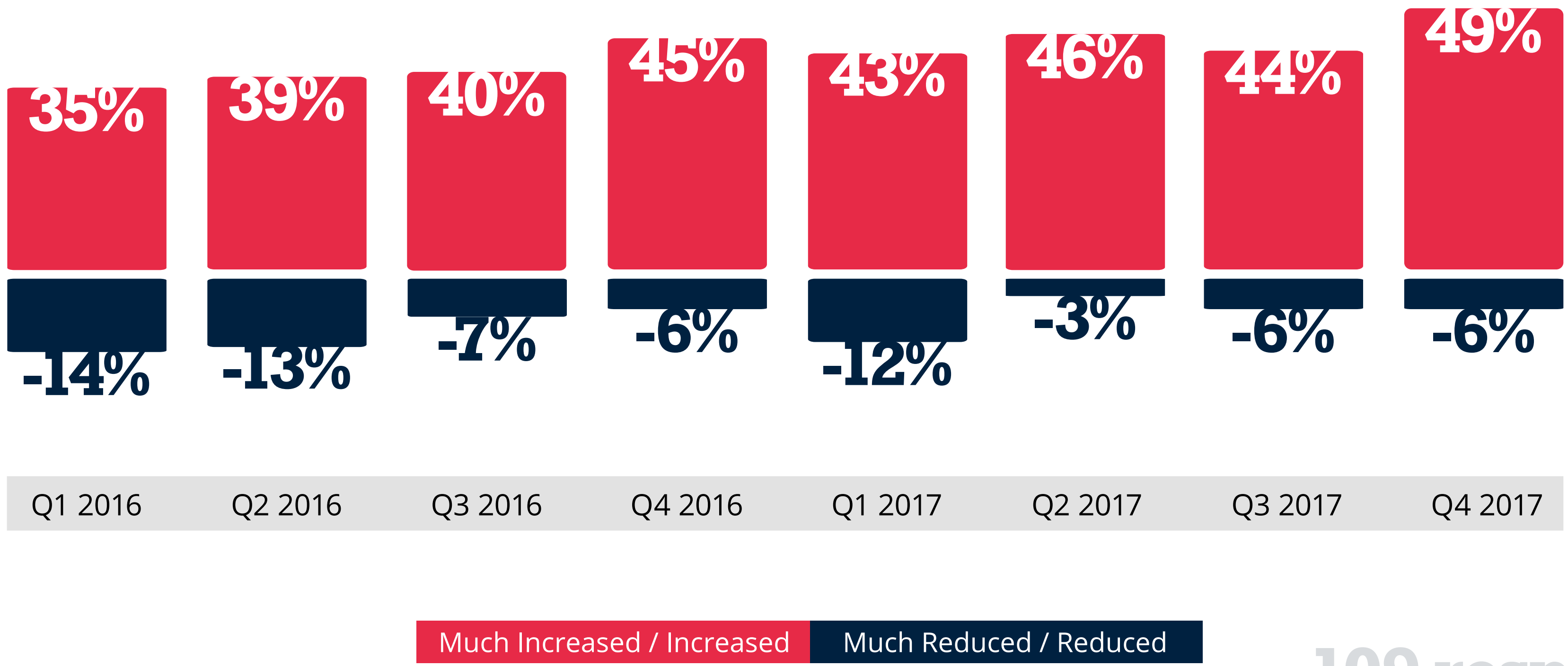
Q3 2017 results



Q4 2017 results

South West Past Capital Investment.

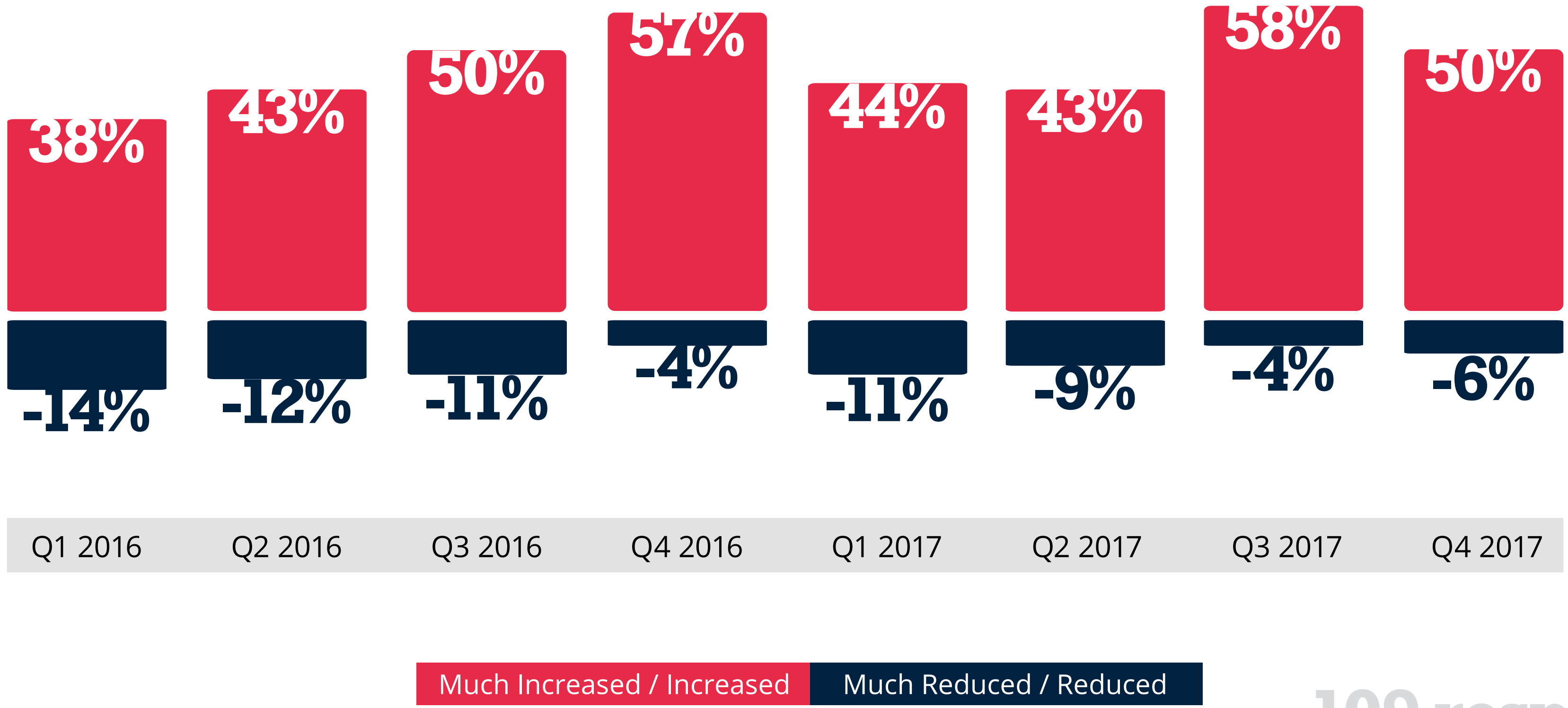
How has your investment in new machinery/premises changed in the past 6 months?



109 respondents

South West Future Capital Investment.

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

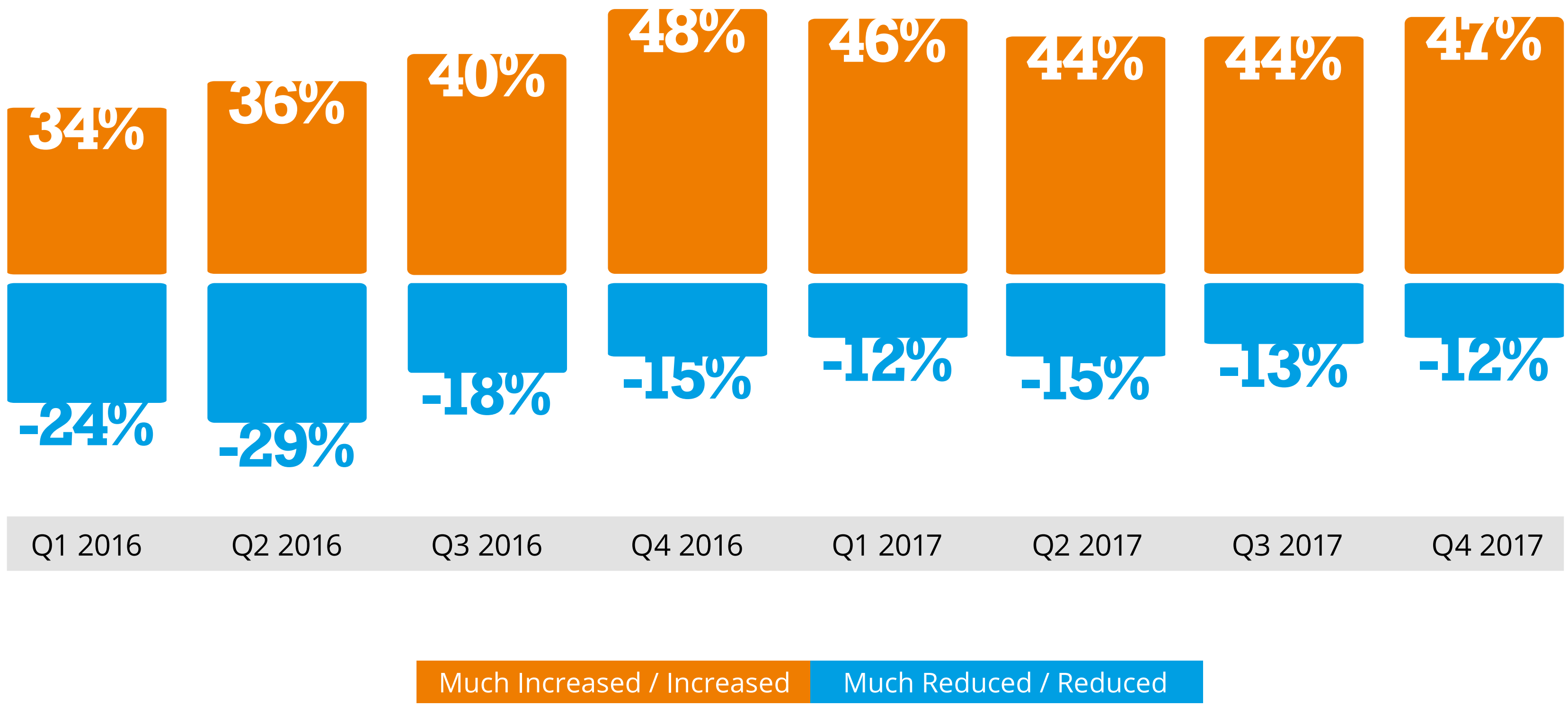


109 respondents

South West Past Employment.

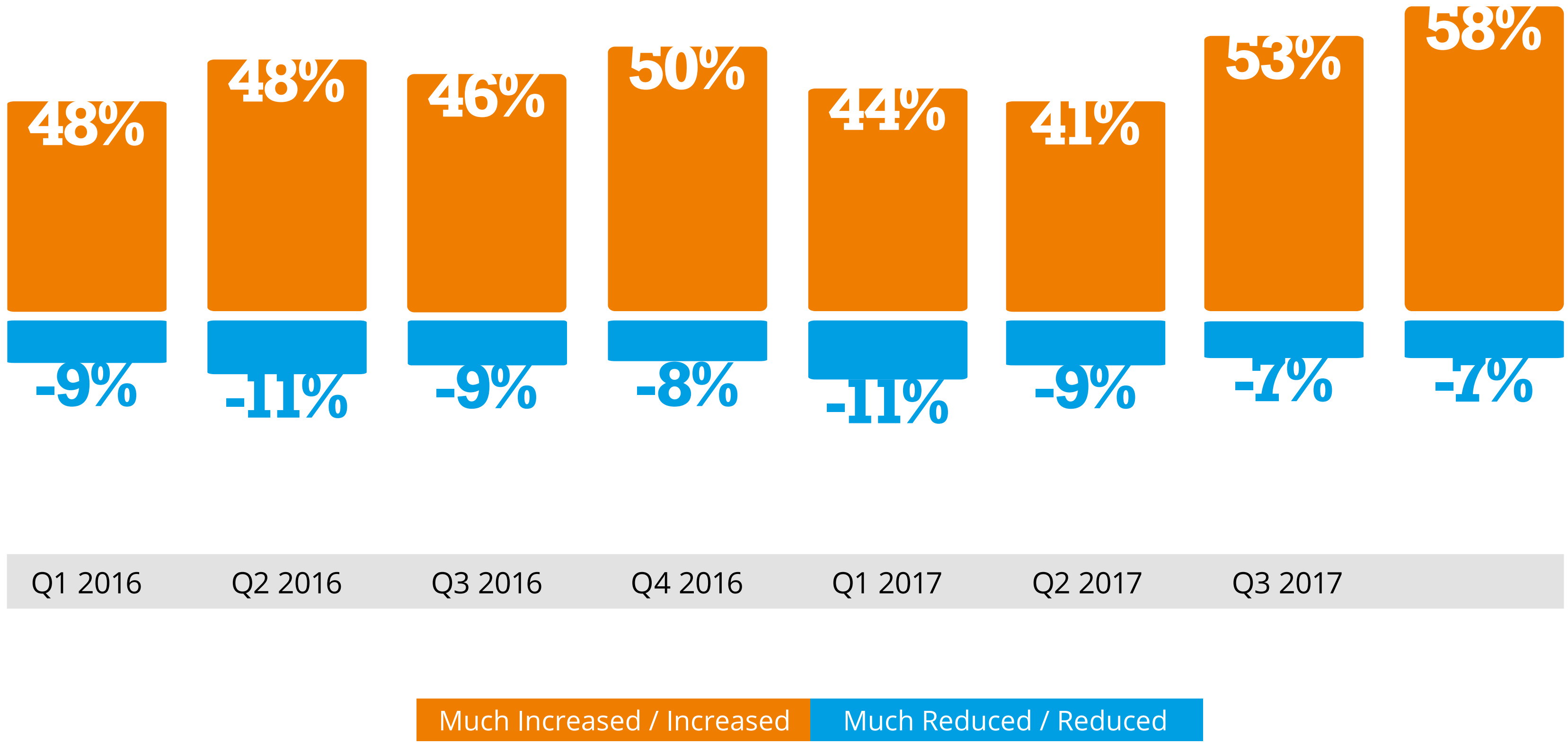
109 respondents

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

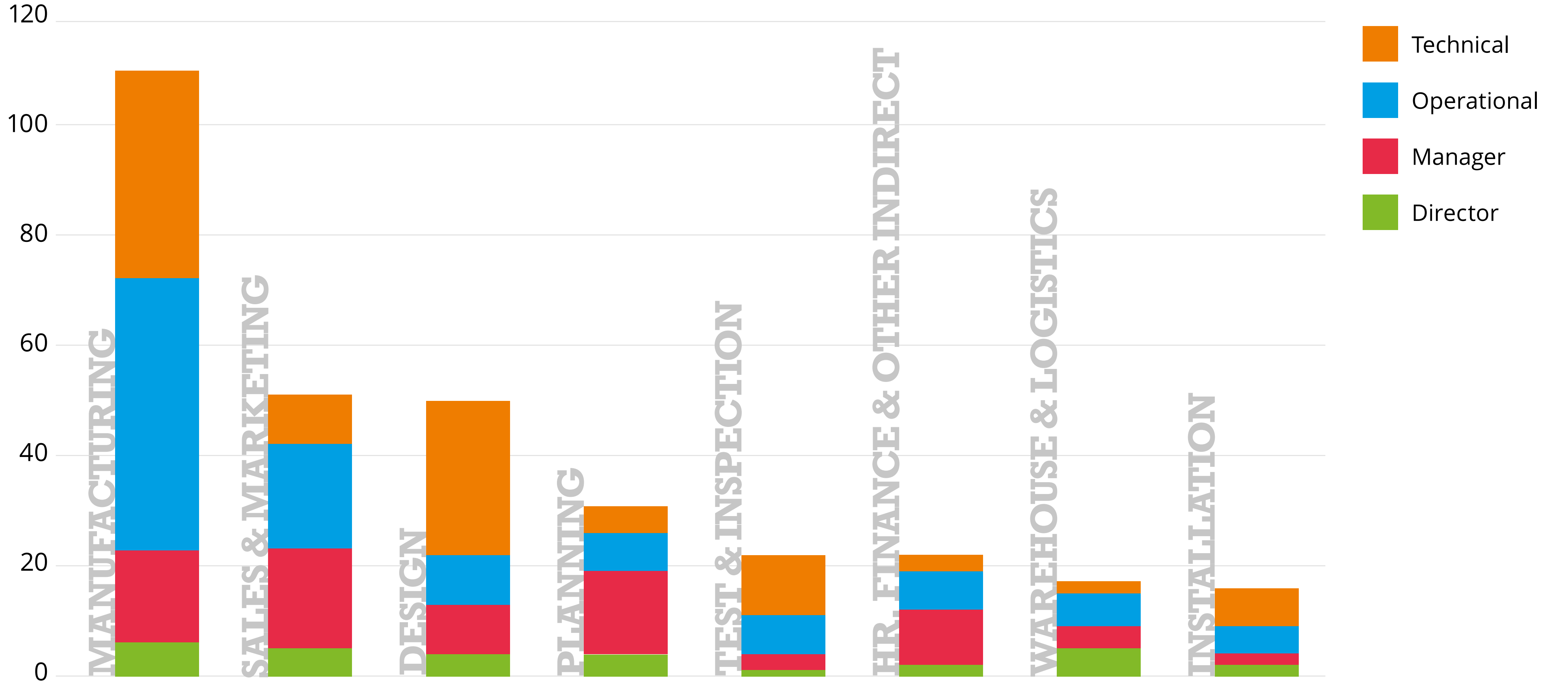


South West Future Employment. 109 respondents

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



Where in your business do you lack skilled staff?

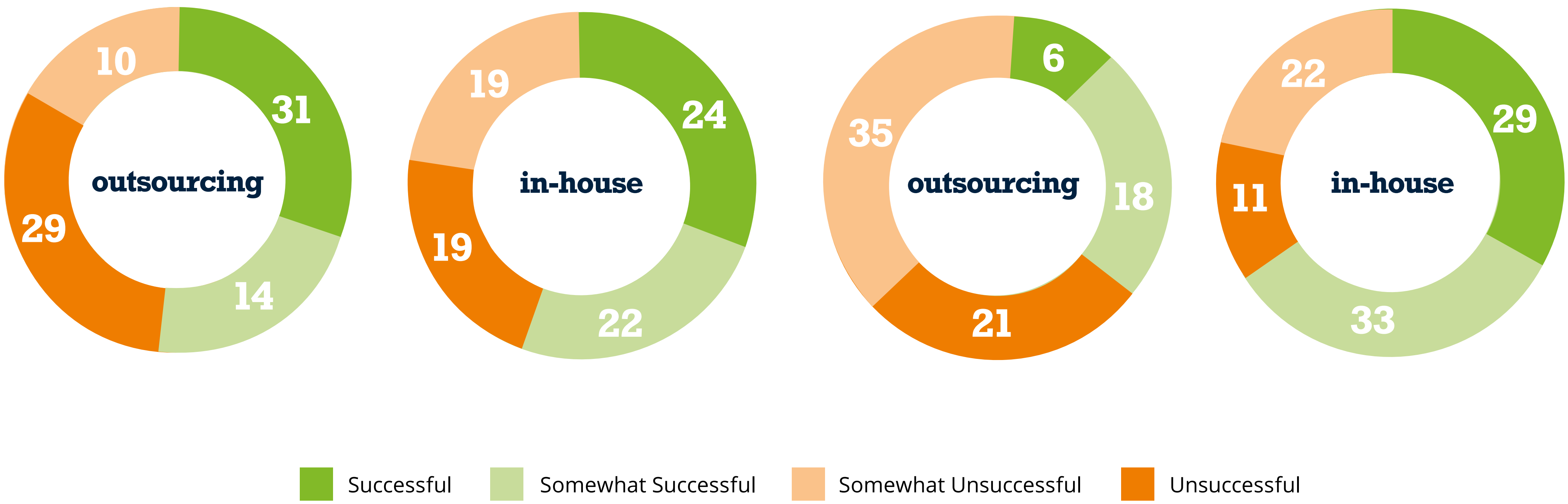


101 respondents

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

RECRUITMENT

TRAINING



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 South West SME manufacturers.

"Finding an appropriate skills course."

CORNWALL

"We are based in skill deprived Dorset."

DORSET

"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."

"Lack of skills in the South West… lack of skills training."

"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 available quality personnel."

BRISTOL

"Attitude - young people don't understand the rules of working."

"Lack of basic engineering training available… Our work is semi-skilled engineering, and there is no training available. Also the high level engineering companies in our area all offer much higher hourly rate, and as a small business we cannot compete."

GLOUCESTERSHIRE

"Skills shortage due to skilled engineers retiring."

"Lack of training in our industry. Finding staff."

WILTSHIRE

"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

SPECIAL FOCUS: People & Skills.

53 respondents

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."

"Local colleges need to teach engineering skills (real hands on - not hidden behind computers)."

DEVON

"Staff skilled in our industry, training to develop existing staff to become management, installation."

WILTSHIRE

"Recruiting the right person for the job. Have had bad experiences with recruiting agencies. And lost out financially."

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

"Appropriate local training provision for engineering manufacturing."

CORNWALL

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

"Network."

SOMERSET

"Time, cost, getting in front of the right people, resources."

GLOUCESTERSHIRE

About the Manufacturing Barometer.

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

This South West focused report is generated using the input of businesses in Gloucestershire, Bristol, Somerset, Devon, Cornwall, Dorset and Wiltshire.

Run by SWMAS, part of the Exelin Group, the Manufacturing Barometer has its roots in the South West of England. It launched here in 2009, before extending to represent the view of SME manufacturers across the UK in 2012.

The Manufacturing Barometer records core trends in employment, turnover and investment and each quarter has a 'special focus' that explores an issue in greater depth. The special focus 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:

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