

SWMAS

MANUFACTURING

barometer



in partnership with

ECONOMIC
GROWTH
SOLUTIONS

National Report
Summer 2017 (April, May and June 2017)
Surveyed in July 2017

Contents

BREXIT – The Impact On UK Manufacturers



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Introduction



Simon Howes
Managing Director
Exelin Group Ltd
Delivering SWMAS

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

Over 300 senior decision makers within small and medium sized manufacturers across the UK have shared their views on Brexit and how it is impacting their business.

The Core Trends

SME manufacturers have seen their sales turnovers decrease slightly within the past six months declining from 61% to 57%, however, this is still a 14% increase from the same period last year. Respondents remain cautious for the next six months, with only 58% expecting their sales turnover to increase, compared to 69% last quarter.

In this quarter's Barometer, we introduced a new question, asking respondents to report on their profits within the past 6 months and how they expect profits to change within the next 6 months. This painted a positive picture with over 39% of businesses reporting an increase in profits within the last 6 months, compared to the 31% reporting a decrease. Looking forward, 45% of respondents are expecting an increase in profits in the coming 6 months.

Investment over the past 6 months in new machinery took a slight 2% dip and a only 44% of businesses say they expect to see an increase in capital investment over the next 6 months, compared to 50% last quarter.

Appearing to follow a cautious inclination, 17% of businesses say they have reduced their staff numbers, compared to only 13% last quarter. However, when asked how they expect staff numbers to change over the next six months, 11% of businesses said they expected a decrease in numbers.

Continued Overleaf...



The Special Focus

Brexit is a prominent fixture in current headlines and no doubt on the minds of business owners across the country. We wanted to understand whether the views of SME manufacturers within the UK were being represented, so in this quarter's survey we sought to understand their thoughts on Brexit and the impact on their business.

We asked respondents to let us know how they felt their business has been impacted since the Brexit vote, how they feel it will be impacted whilst we go through the process and finally the impact **after** Brexit. The majority of respondents reported their business has stayed the same since the Brexit vote, however, when asked how they feel it will impact their business whilst we go through the process, we started to see a lean towards businesses saying they expected to be in a worse position, only to see an even bigger decline in confidence when asked how their business would be after Brexit.

Senior decision makers revealed their biggest concerns when it comes to the impact of Brexit on their business.

An alarming 50% of businesses surveyed said they felt Government had not taken their needs into consideration in Brexit negotiations.

Conclusions

It is clear that confidence amongst SME Manufacturers is in decline as we go through the Brexit process and they have serious concerns regarding the impact it has on their businesses. Respondents of the survey have been explicit about what they feel policymakers need to do to support their businesses. ***Read on to find out more...***

Business Aspirations

*“Grow the business inside and outside the EU.
Brexit is irrelevant to us - less paperwork exporting
outside the EU.”*

Helius Designs

*“To make sure my business carries on as it
has been trading since 1883! Up to now have
managed to swerve around everything that
successive governments have thrown at us!”*

Bushells Bakery

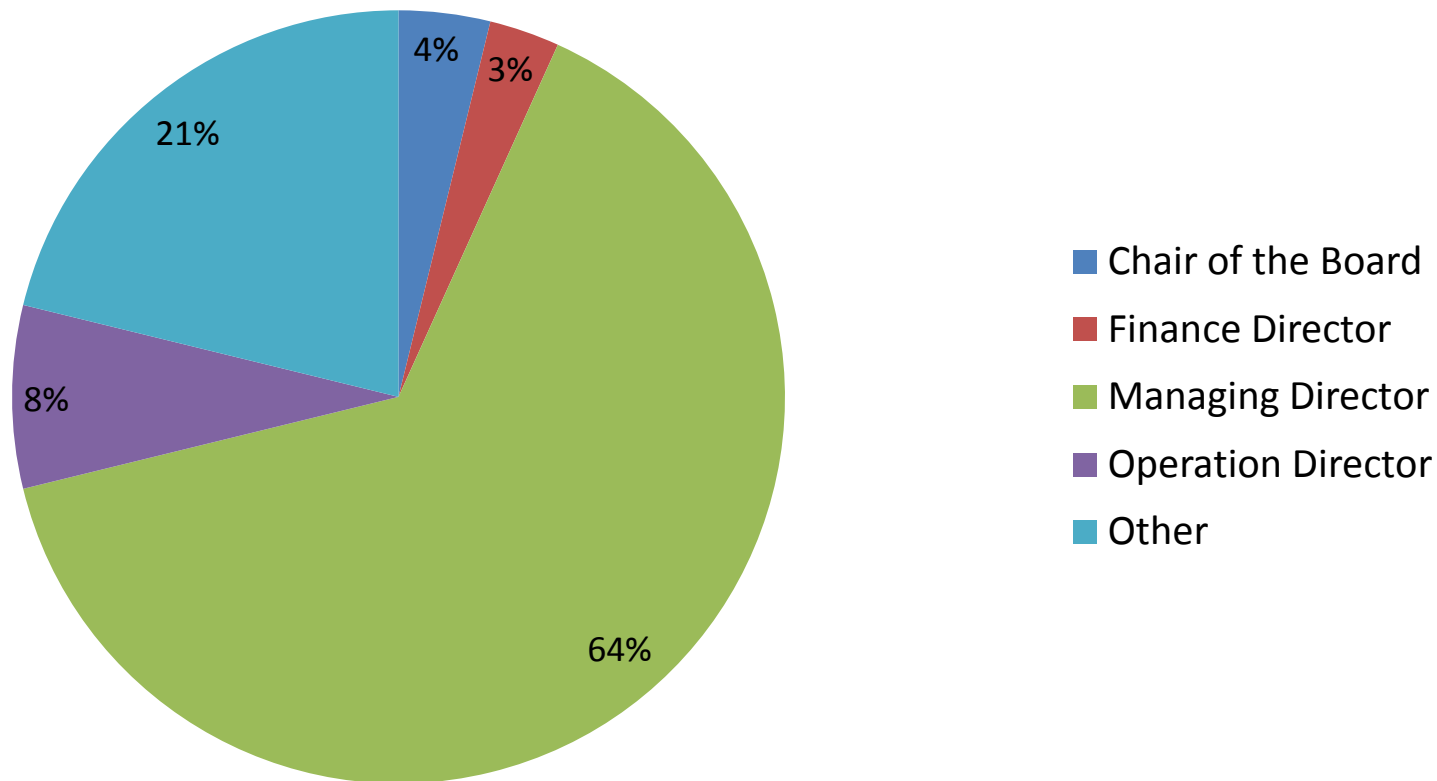
*“Continued growth. Introduce new
technology to provide cost savings
and efficiencies.”*

Pritchard Patent Product Co Ltd

“Annually we aim to grow our business by 20%, our outlook hasn't changed, however no one really knows what will happen, we operate manly within the domestic market and our products are classed as a luxury item, if confidence disappears in this market we will obviously suffer. we are also constantly looking to diversify in order to mitigate the adverse effects of any downturn, in summary we confidently push forwards however with an eye over our shoulders. I really do hope that the effects of Brexit will be as they were when the vote was cast, initially people were concerned but realised within a short space of time that nothing had changed and continued living their lives, it may be a little blinkered but I don't know what else we can do. public confidence has to be bolstered and maintained in order for our economy to thrive. hold interest rates, don't increase business taxes.”

Clearview Bifolding Doors Limited

Survey Demographics

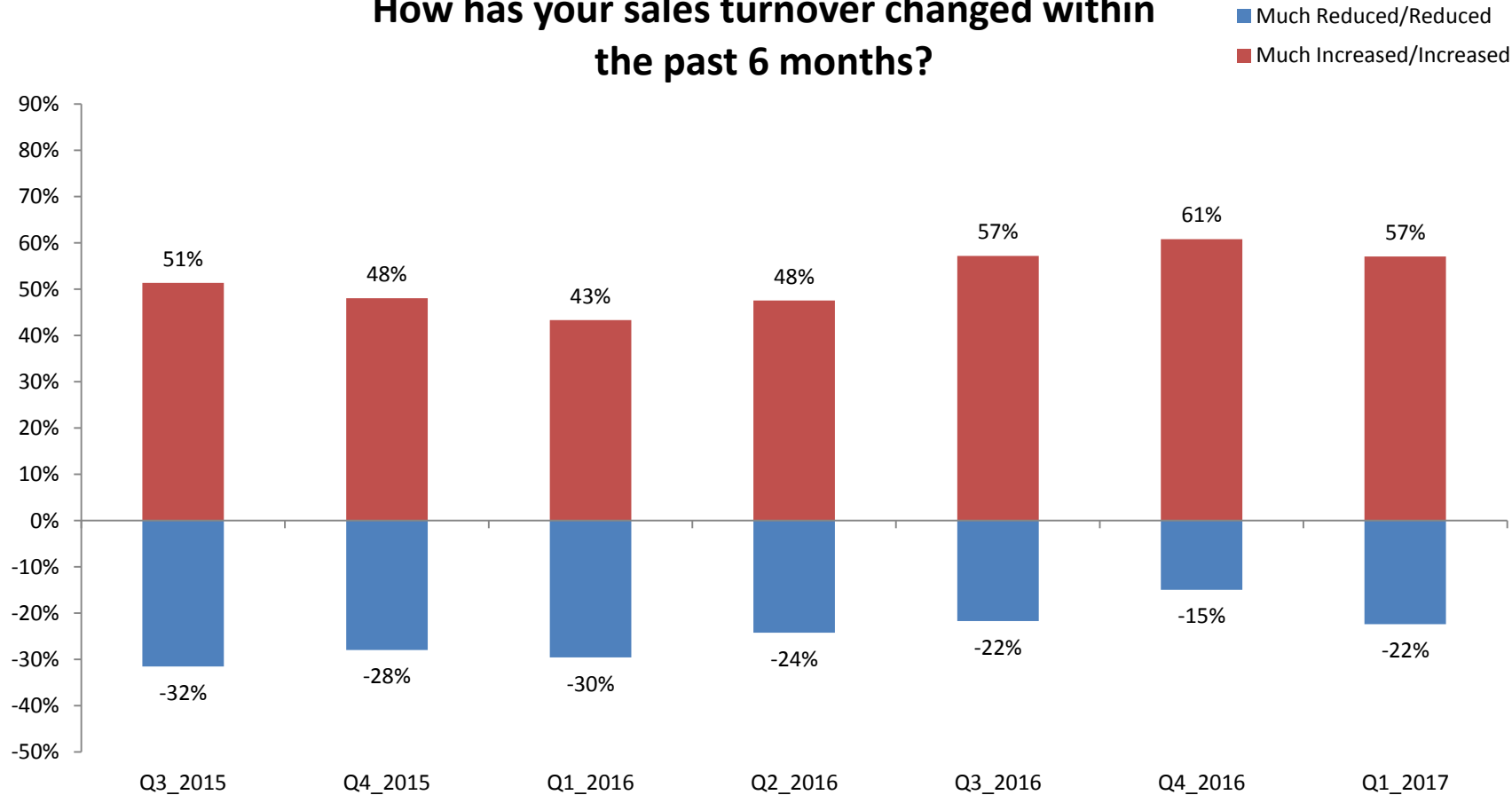


Over 64% of respondents were Managing Directors
Individuals who are in the business, hands-on, running it day-to-day

331 Respondents

National Past Sales

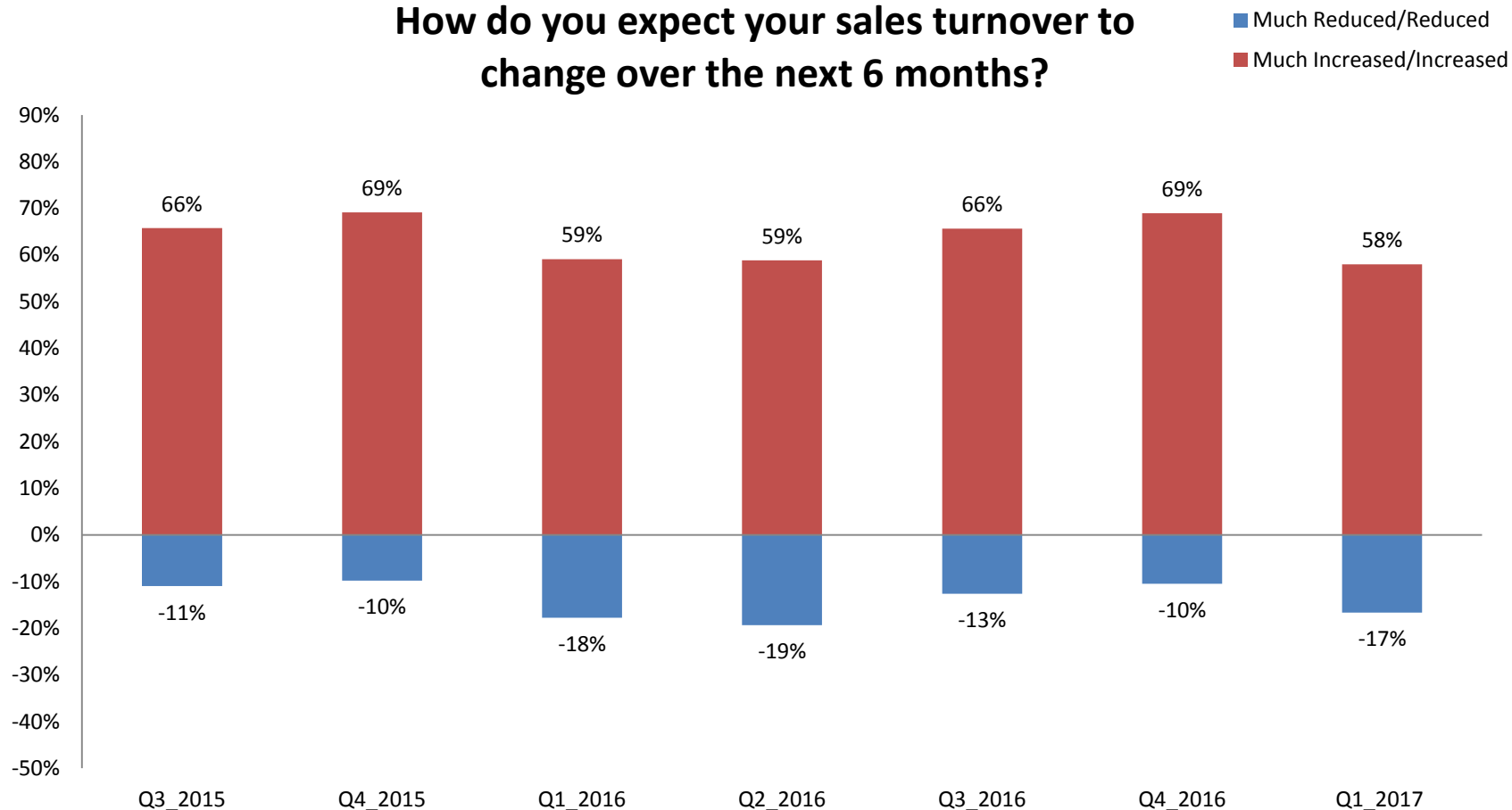
How has your sales turnover changed within the past 6 months?



331 Respondents

National Future Sales

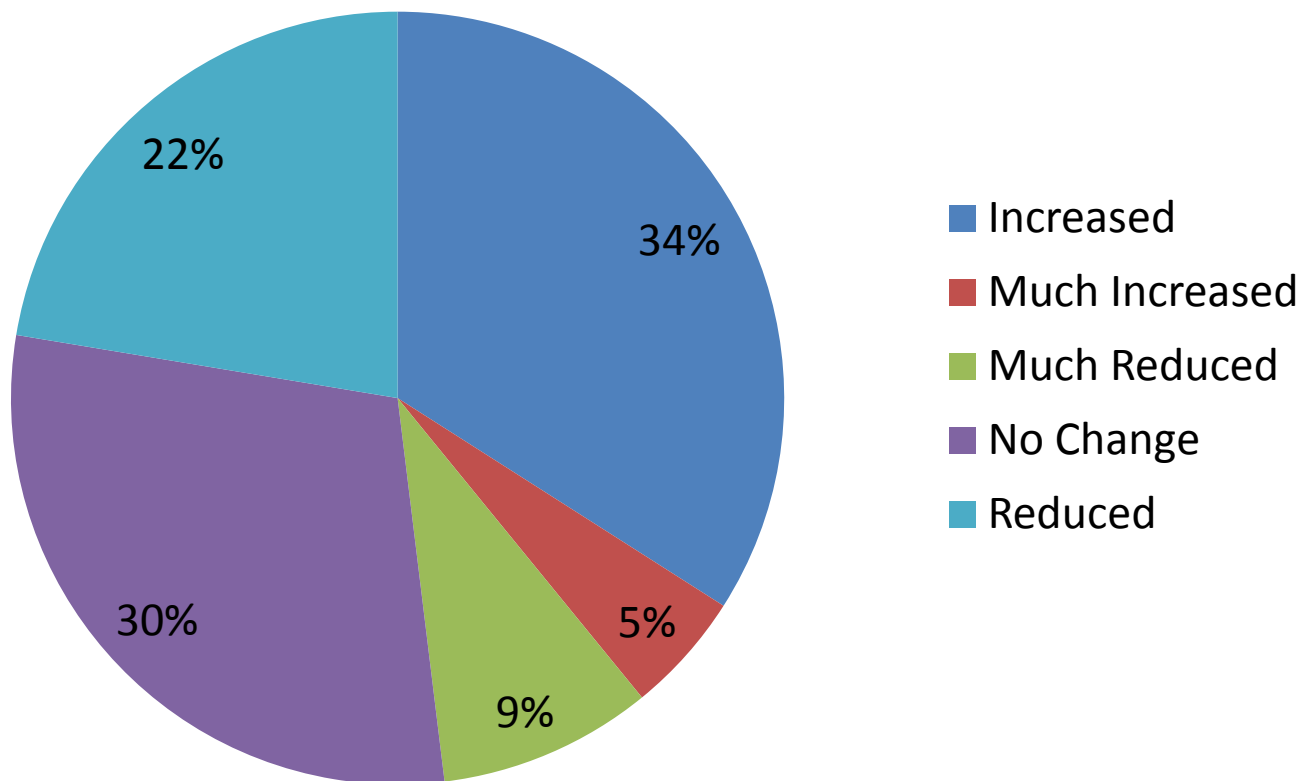
How do you expect your sales turnover to change over the next 6 months?



331 Respondents

National Past Profits

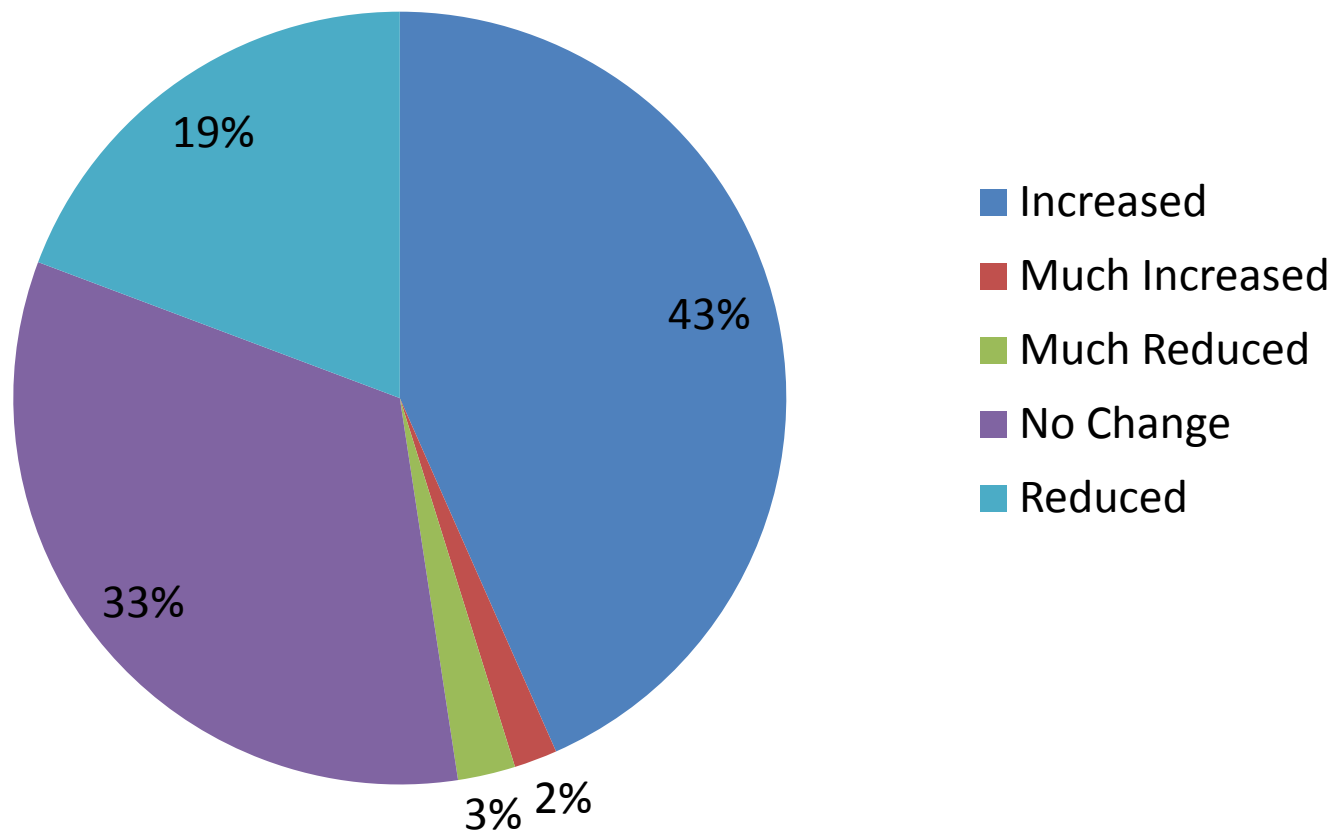
How has your profit changed within the past 6 months?



332 Respondents

National Future Profits

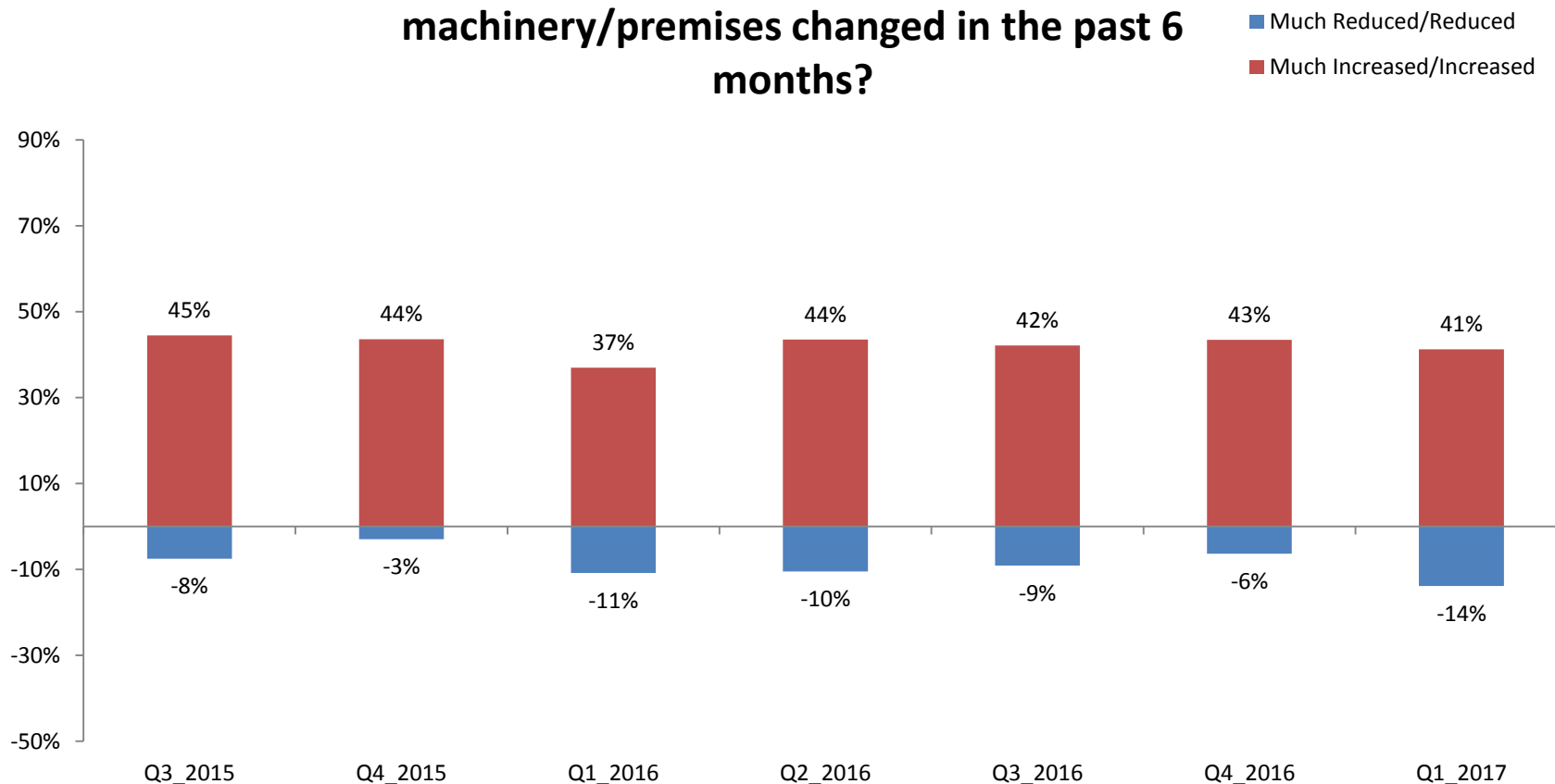
How do you expect your profit to change over the next 6 months?



332 Respondents

National Past Capital Investment

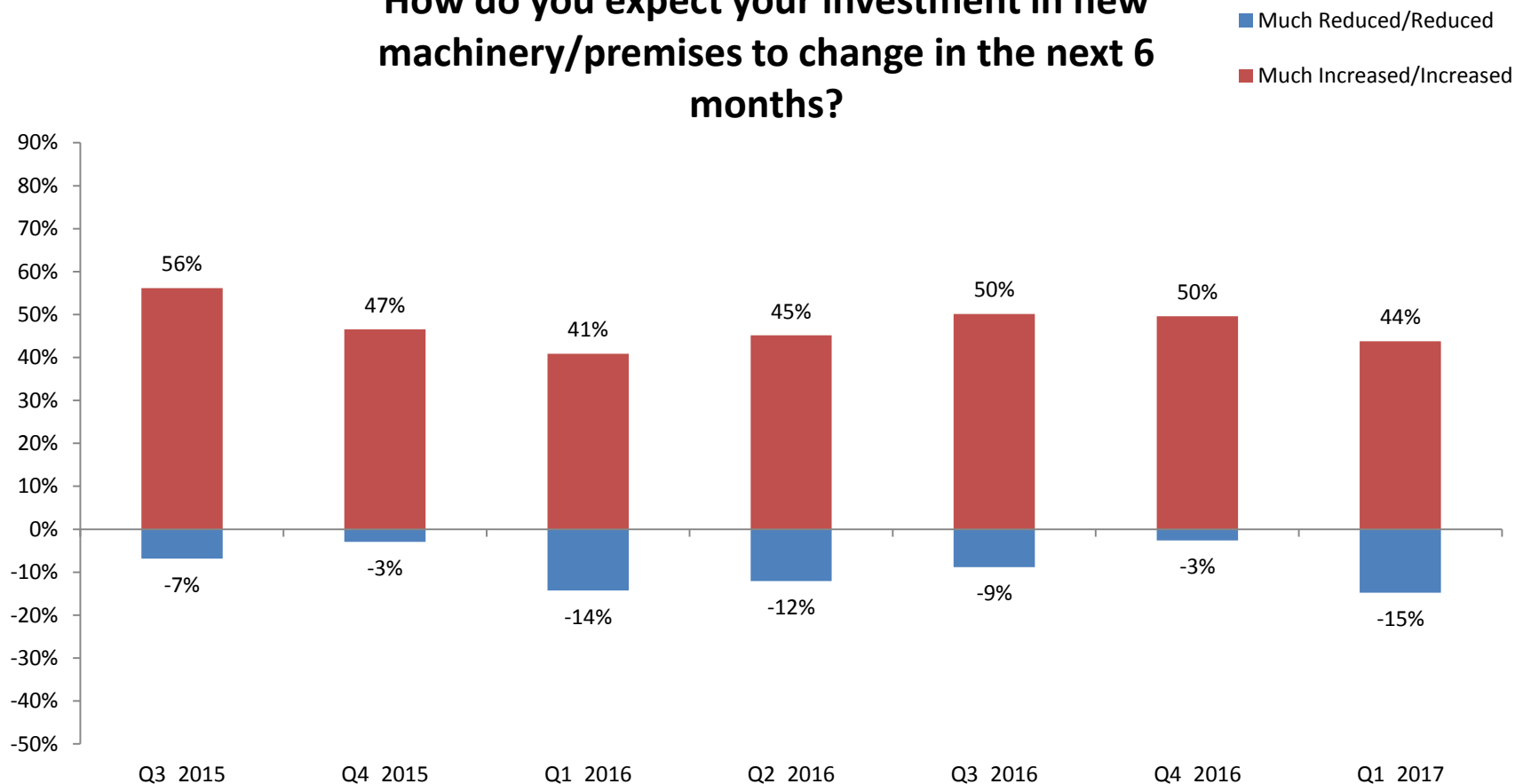
How has your investment in new machinery/premises changed in the past 6 months?



332 Respondents

National Future Capital Investment

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

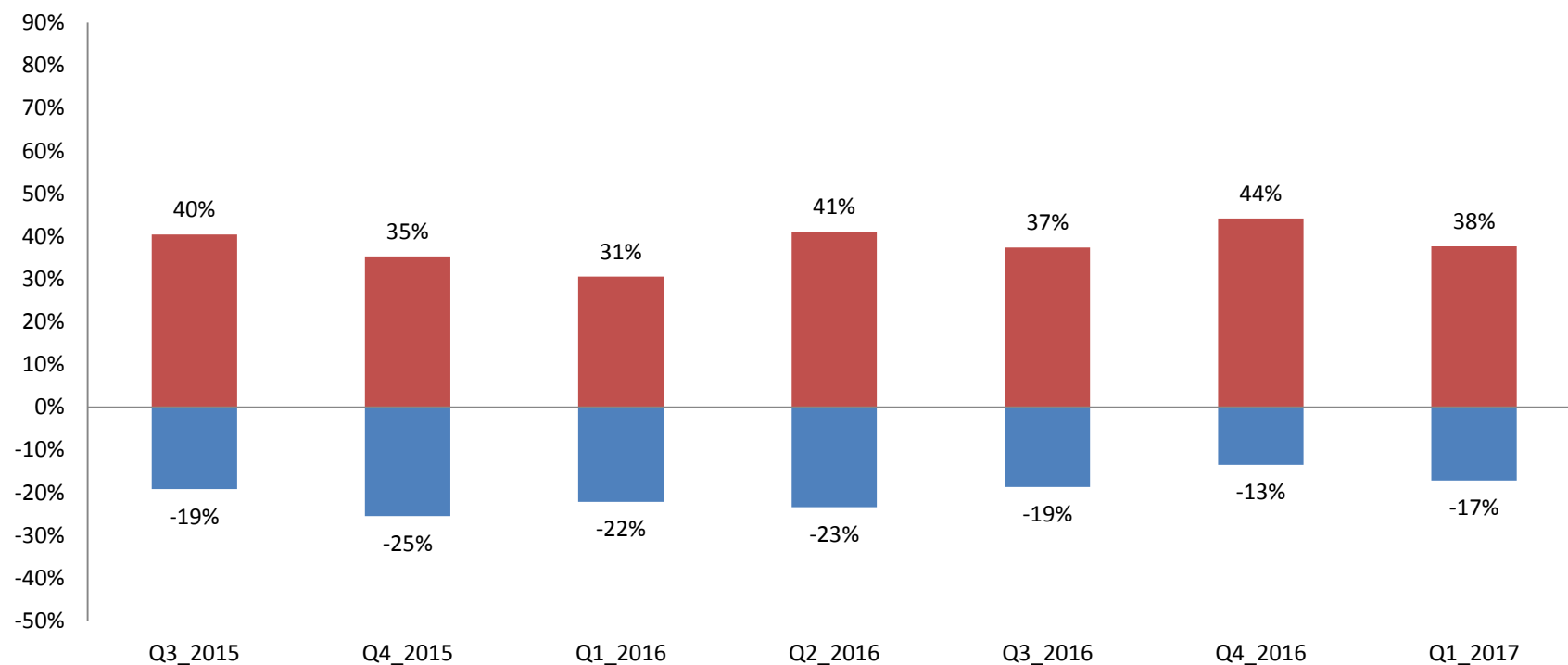


331 Respondents

National Past Employment

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

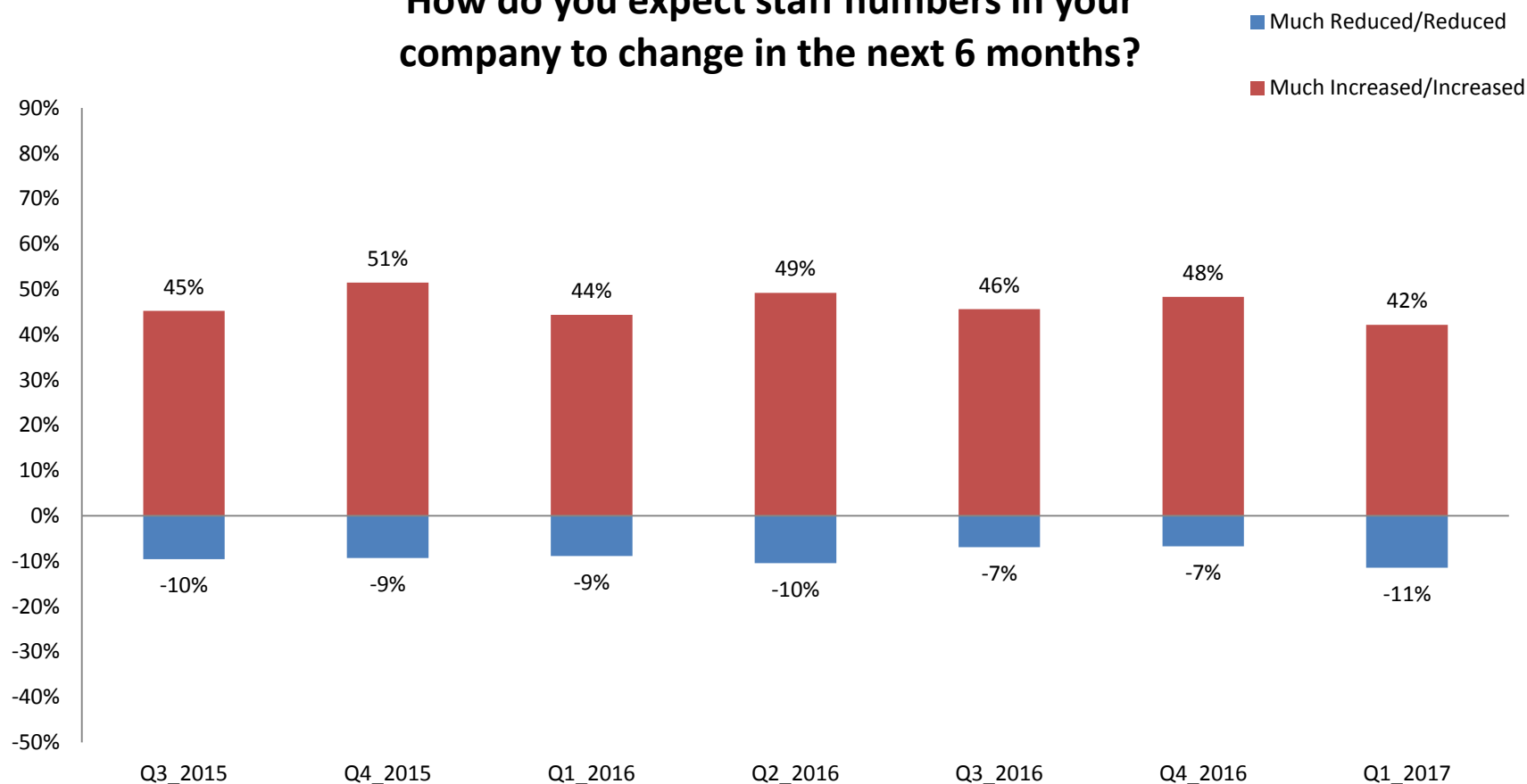
■ Much Reduced/Reduced
■ Much Increased/Increased



332 Respondents

National Future Employment

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



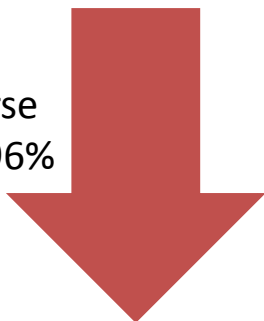
332 Respondents

The impact of Brexit on your business

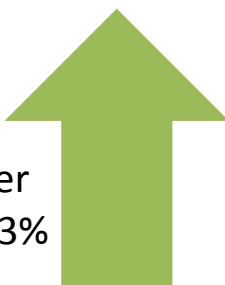
Past, Present and Future

Since the Brexit vote

Worse
33.96%

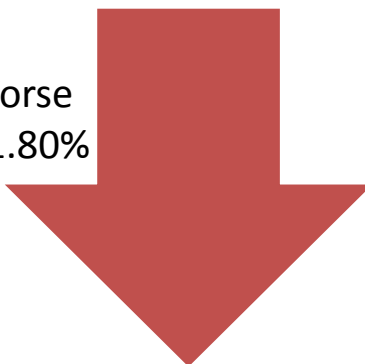


Better
30.53%

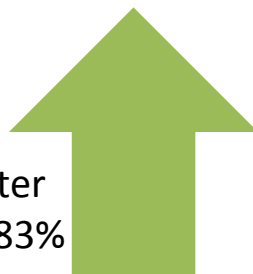


Through the process

Worse
41.80%

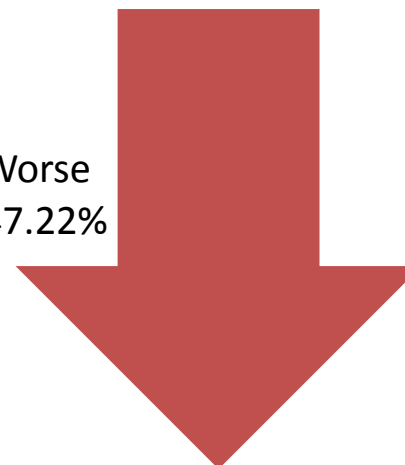


Better
31.83%



After leaving the EU

Worse
47.22%



Better
29.93%



We asked manufacturers about the main concerns for their business and what they wanted Government to focus on in Brexit negotiations... The main concerns were:

“Shipping and
free movement of goods”

“Trade Tariffs”

“Increased cost of materials”

“Need for speed
and clear communication”

Increased cost of materials

"We need open borders to be able to bring materials in without delays and extra costs"

"Our component costs have increased by 18% already. Stability is much required at this time"

"No spikes/ troughs in material pricing and availability of materials"

"Return confidence to the financial and other markets to stabilise exchange rates"

"Stabilise material costs and advise the Europeans that we are wanting to trade with them for the good of all"

Shipping and free movement of goods

"Ideally free movement of goods to keep costs/paperwork to a minimum and clear communication of what the deal terms are, so concise business plans can be made"

"Obviously negotiate the best trade deals possible in Europe and forge trading relations elsewhere. above all maintain a positive outlook at home and don't let the confidence within our own economy slip"

"Start acting in the real world and pretending that EU doesn't count for anything in trade with the UK. They are clearly our main trading partners wake up and smell the coffee. I am unlikely to sell any products to China or the USA!"

"Ensure free movement within Europe and no tariff additions"

"To operate in a Free Trade arrangement, in other words a common market without the bureaucracy of Brussels"

Trade Tariffs

“Maintain free trade within Europe, without trade barriers. To secure good trading agreements outside the EU”

“Ensure we get better trade agreements/reduced customs bureaucracy/ reduced import/export tariffs with countries outside of the EU fast. And not allow EU to impose new restrictions to replace the old ones”

“Obviously negotiate the best trade deals possible in Europe and forge trading relations elsewhere. above all maintain a positive outlook at home and don't let the confidence within our own economy slip”

“No customs, no tariffs, same quality/legislative standards as EU”

“Maintain tariff free trade”

'Need for speed' and clear communication

"Have a stand alone "go to" up to date communication control centre (void of media) to help with transparent, immediate and clear communication to all SME's"

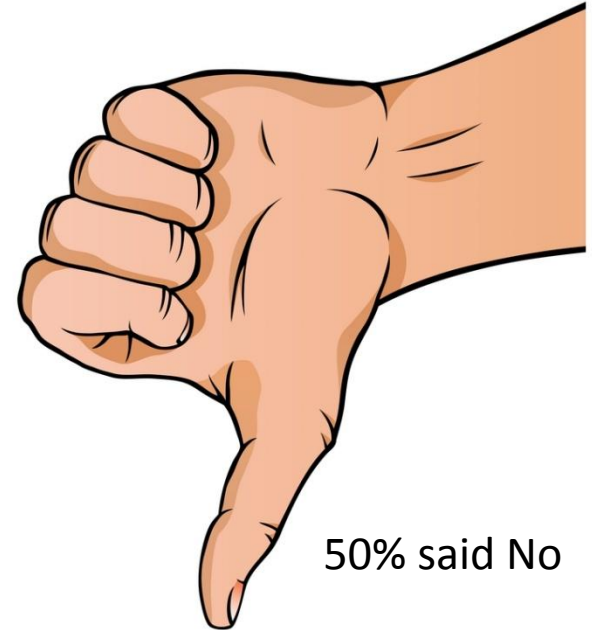
"Complete discussions as quickly as possible to create a clear landscape to move forwards"

"Have a plan. Not give us utterly meaningless statements about a Hard or Red White & Blue Brexit, have an actual plan, like my customers would expect from me if I moved every goalpost my business was founded on. I'd like a clear plan for how imports will happen, from whom we can buy in the future, to whom we will be able to export and how. We've been focused on securing European markets for so long now, asking us to do a complete u-turn is just unreasonable. We're flexible, we're committed, but businesses like mine that import practically everything we use to manufacture our goods are now standing on sinking sand"

As a Manufacturing Business, do you feel the Government is taking your business needs into consideration in Brexit negotiations?



16% said Yes



50% said No



34% Unsure

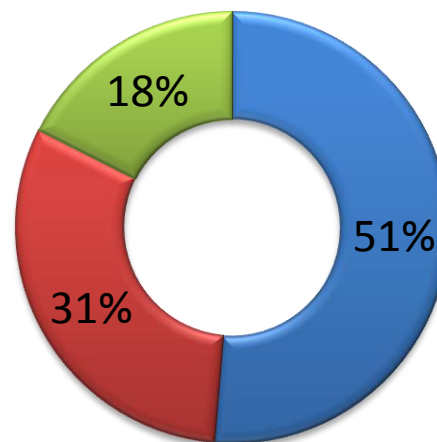
325 Respondents

Do you feel a national 'Made in Britain' campaign would help your business trade?



MADE IN BRITAIN

■ Yes ■ No ■ Unsure



What can Government do to protect SME Manufacturers?

“Encourage larger UK businesses to buy from UK SME's rather than businesses owned by non UK”

“I have no idea of the key things for Brexit negotiations but Government needs to look after SME's by not taxing them out of existence”

“Talk to SME's about the impact and understand the consequences before actions are planned and undertaken”

“Remember how important SME's are to the economy and do anything they can to avoid it becoming harder to employ people making things”

“Support SME's in any transitions, help explore wider market opportunities outside of the EU”

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. 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.

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:

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