



# MANUFACTURING barometer

**SPECIAL FOCUS: STAFFING & RECRUITMENT**

**SOUTH WEST REPORT SUMMER 2019-20**

APRIL, MAY AND JUNE 2019 - SURVEYED IN JULY 2019

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## Staffing & Recruitment

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**SIMON HOWES**  
CEO

Exelin Group Ltd  
*Delivering SWMAS*

## INTRODUCTION

Welcome to SWMAS Manufacturing Barometer Summer 2019-20 (Q1), South West, report.

Now entering our 10th year, we continue to map opinions and performance trends of the sector as reported by MDs and other senior decision makers working in SME manufacturing businesses in the South West and across the UK. There is no better source of strategic and performance insight into UK-based SME manufacturing businesses, 98% of a sector crucial to the success of the UK's economy.

This quarter the South West Manufacturing Barometer reveals a concerning and prolonged downward trend in performance. Although caused by Brexit uncertainty, manufacturers remain persistent in fulfilling their growth aspirations. In exploring their Staffing and Recruitment strategy in the Special Focus the Barometer reveals an introspective plan that manufacturers believe will leave them stronger once Brexit has been concluded.

The unique position of the Manufacturing Barometer means we can compare this latest snapshot of the SME manufacturing sector's performance with our longer-term data. We are working on the 10th Anniversary report in which we will share more insight into how the sector has performed over the last decade and since the 2009 downturn. If you are interested in getting involved in shaping the SWMAS Manufacturing Barometer 10 Year Anniversary report, do get in touch.

## CORE TRENDS

Actual performance of manufacturing businesses in the last six months continues to underline the challenge Brexit and its associated uncertainty presents throughout the sector. Nearly a quarter of SME manufacturers experienced a reduction in sales and a third experienced a loss in profits. Moving towards a fifth of manufacturers reduced investment in machinery or premises, and nearly a fifth registered their active reduction in staff numbers.

Looking ahead to what the next six months holds shows gritty determination as just over half of the South West's SME manufacturers continue to anticipate an increase in sales, and the number forecasting recruitment of new staff recovers somewhat to 45% after last quarter's plummet.

Draw a trend line through the reported findings across sales, profits, investment and recruitment, and there is no doubt the swing in performance continues to move downward. It is therefore unsurprising that nearly 20% Barometer respondents reference the need for certainty and nearly 15% define their immediate aspiration as 'survival'.

However, in unpacking the Staffing & Recruitment Special Focus data, we can show that manufacturing business leaders overall are far from accepting doom and gloom. They are switching their attention to the factors in their control and to driving the productivity of their existing people and processes.

## SPECIAL FOCUS: STAFFING & RECRUITMENT

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This Special Focus divulges reasons behind findings last quarter that showed intentions to recruit were at a 10-year low.

Just 2% of South West-based SME manufacturers report that it is easier now compared to this time last year to recruit skilled and motivated people. This is compared with 54% who say they are finding it more difficult. Local talent shortage is a key reason behind the difficulty so many have in recruiting staff, as is the attitude and salary expectations of the candidates themselves – recorded as the top three external factors impacting on manufacturers ability to recruit skilled and motivated staff.

## DRIVING PRODUCTIVITY THROUGH PEOPLE, PRODUCTS AND PROCESSES

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We looked more closely at how manufacturers plan to address the challenge of recruitment and found an emphasis on the proactive steps they are taking in three core areas vital in driving productivity: People, Products and Processes.

One key factor to emerge is the desire to develop new products – a likely catalyst for new sales, potentially in new markets.

Significantly, our manufacturers are putting their weight of effort on improving existing processes and developing existing people.

Manufacturers reflect this in the staffing strategies they are likely to employ in the next 12 months. Over 70% of UK SME manufacturers want to concentrate on developing their existing workforce. Training, staff retention practices, leadership development, coaching, and apprenticeships for current staff collectively outweigh strategies to bring new people into the business.

## CONCLUSION

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While performance of the South West's SME manufacturing sector, largely due to Brexit uncertainty, continues to follow a downward trend, manufacturing leaders remain pragmatic. They are improving and fine tuning the inner workings of their business, focusing specifically on driving productivity through existing people and processes. They are considering, too, that new product offerings could well be the key to sales growth amongst new audiences in a post-Brexit world.

Manufacturers, particularly SMEs, need recognition and support from the government that will help them to continue to adapt and to drive productivity through their people, their products and their processes. This will ensure they are leaner, stronger, more competitive and ready to surge ahead once Brexit is finally out of the way.

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**For more information and support contact the SWMAS team at [info@swmas.co.uk](mailto:info@swmas.co.uk) or phone 01278 767 010.**

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



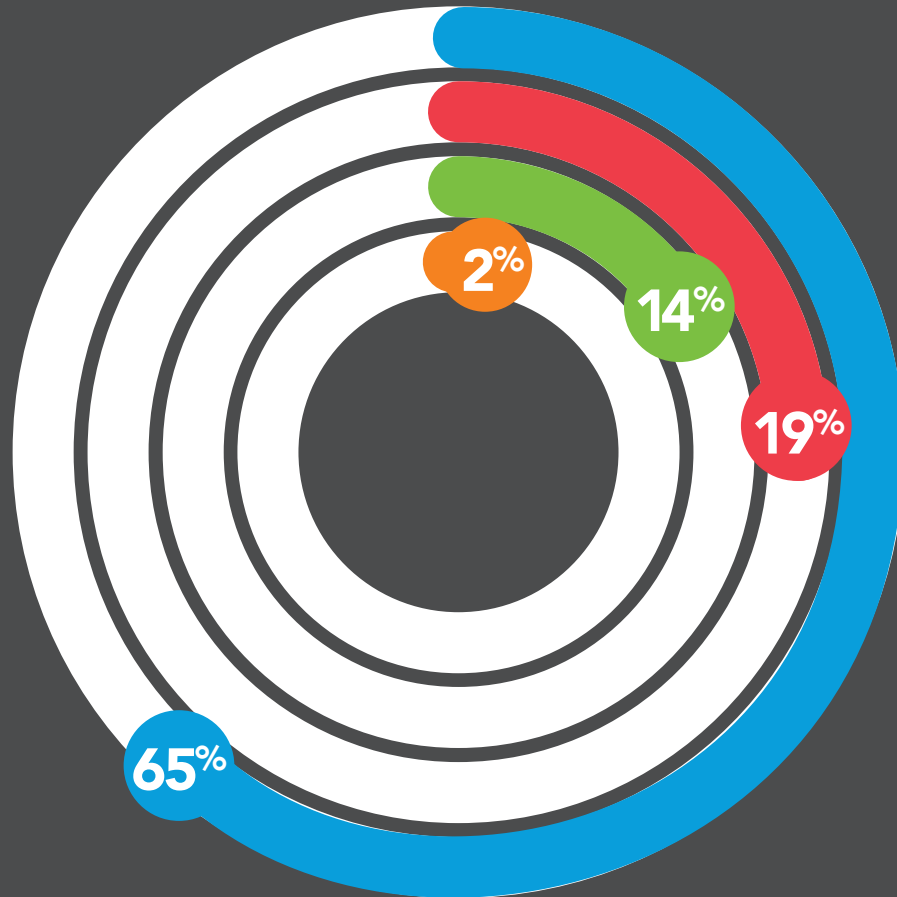


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# SURVEY DEMOGRAPHICS



## 84%

OF RESPONDENTS ARE:

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

Individuals with the highest level of strategic responsibility within their business





# BUSINESS ASPIRATIONS

“

Secure the growth achieved in the last few years, hopefully return to a period of growth again. Achieve our strategic business goals.

Increase turnover and profitability and relocate the company to more suitable premises.

Implement clear and robust procedures in operations to support a drive for increase in sales growth.

GLOUCESTERSHIRE

“

We are trying to restabilise, but our buying prices are rapidly increasing still. Our raw material...and its price due to the dollar, is very unstable.

SOUTH GLOUCESTERSHIRE

“

To try to stay alive!

Desperately trying to find markets to replace lost EU business.

We aspire to double turnover in 5 years and treble in 10 years...Profitability target is 10% net. We also expect to move premises when a suitable site can be found and funded.

BRISTOL

“

Growth, margin and succession.

Short term - to assist with customers' plans to standardise on parts and sizes.

Medium term - to assist with customer requirements by working double shift as required.

Long term - organic growth.

NORTH SOMERSET

“

To survive in the short term. To look at our products and customer base in the medium term. Maybe downsize in the long term.

We have invested in new product design and we are seeing good organic growth from existing business. Generally we are optimistic about the future.

To become a stronger/leaner business able to withstand political and economic uncertainties.

Take on a significant new customer.

SOMERSET

“

Short term: implement new working practices to increase efficiencies. Medium term: investigate new export markets. Long term: diversify into new market areas.

BATH & NORTH EAST SOMERSET



# BUSINESS ASPIRATIONS

“

We have a change in management, so we will continue to push for market share and improve efficiency. Some moves of our China produced items may go to India. Our hopes are for our UK operation to grow, opportunities are available.

Had plans to buy commercial property, hire staff and expand. Low pound since June 2016 has meant all these aspirations have gone. Now it's about survival.

After an unpredictable 2018, 2019 is looking positive and we are aiming to increase from £1.5m to £2m turnover over the next 2 years. We want to increase capacity through machinery rather than people so that we have more flexibility.

WILTSHIRE

“

Doubling sales and improving productivity by 2022.

Short term - new business to offset general market decline. Medium and long term - continue diversification.

Short term to win new business and increase profitability. Medium/long term is always to be here tomorrow, to increase assets and make the company as stable and secure as possible in order to survive for the next generation and many generations after that.

DORSET

“

Survive Brexit (whatever that eventually looks like), keep investing in machinery and people, continue the business for as long as possible.

Continued growth, streamline processes, develop new products.

To recover from a tough patch and increase productivity, lean working and innovation.

CORNWALL

“

Develop new products (short term). Innovate (medium term). Increase exports to new markets (long term).

In the short term we are consolidating and working on systems and efficiency. In the mid term we plan to expand slightly into more stable sub contract work.

Short term: continue to match output to customer requirements. Medium/long-term: continue with the design and development of new products for new markets.

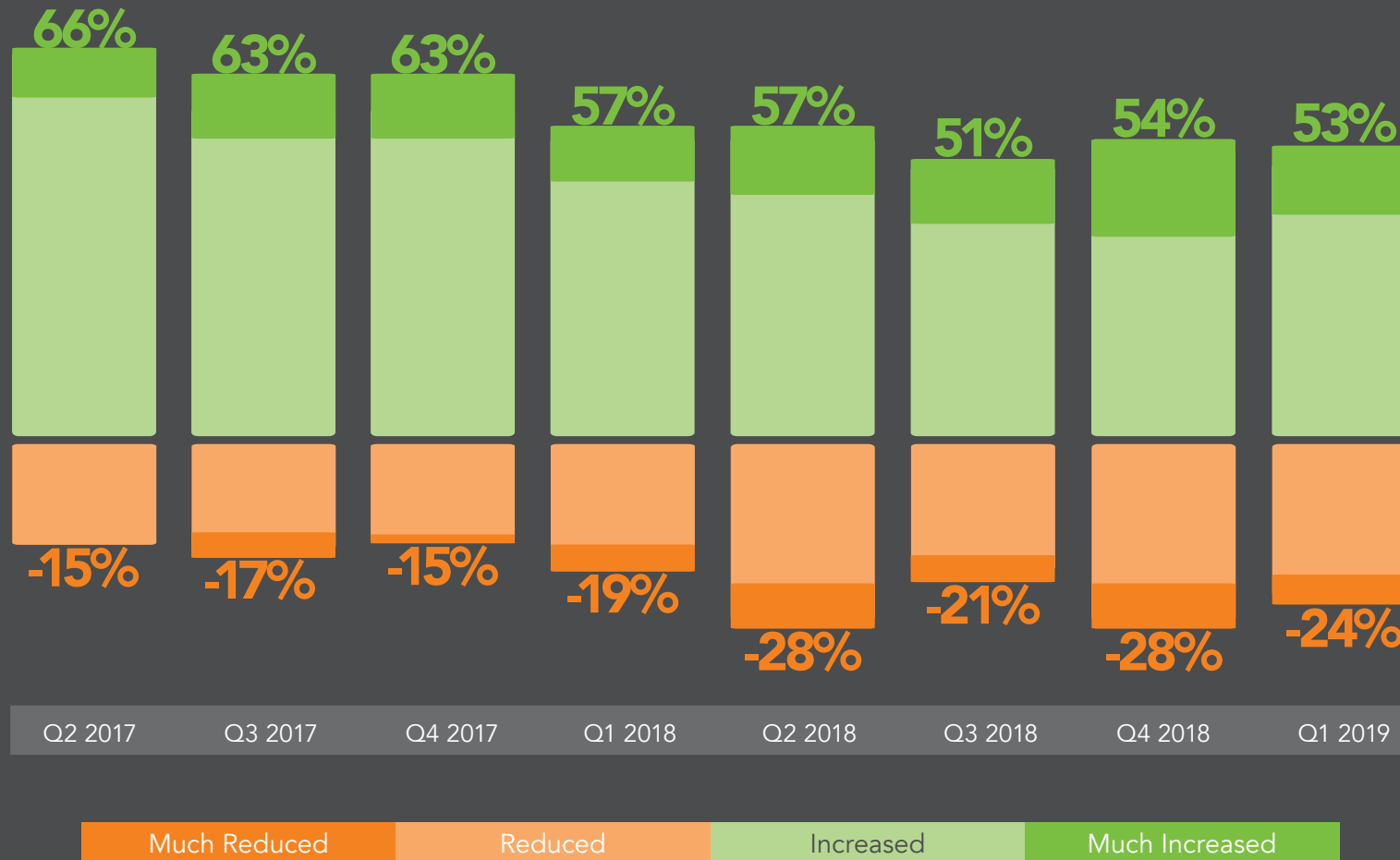
Our short term aspirations are to keep our business stable while we are going through this uncertain time. Our medium to long term goals are to implement Industry 4.0 to allow us to develop a more automated system and grow our export presence.

DEVON

## CORE TRENDS

# SOUTH WEST PAST SALES

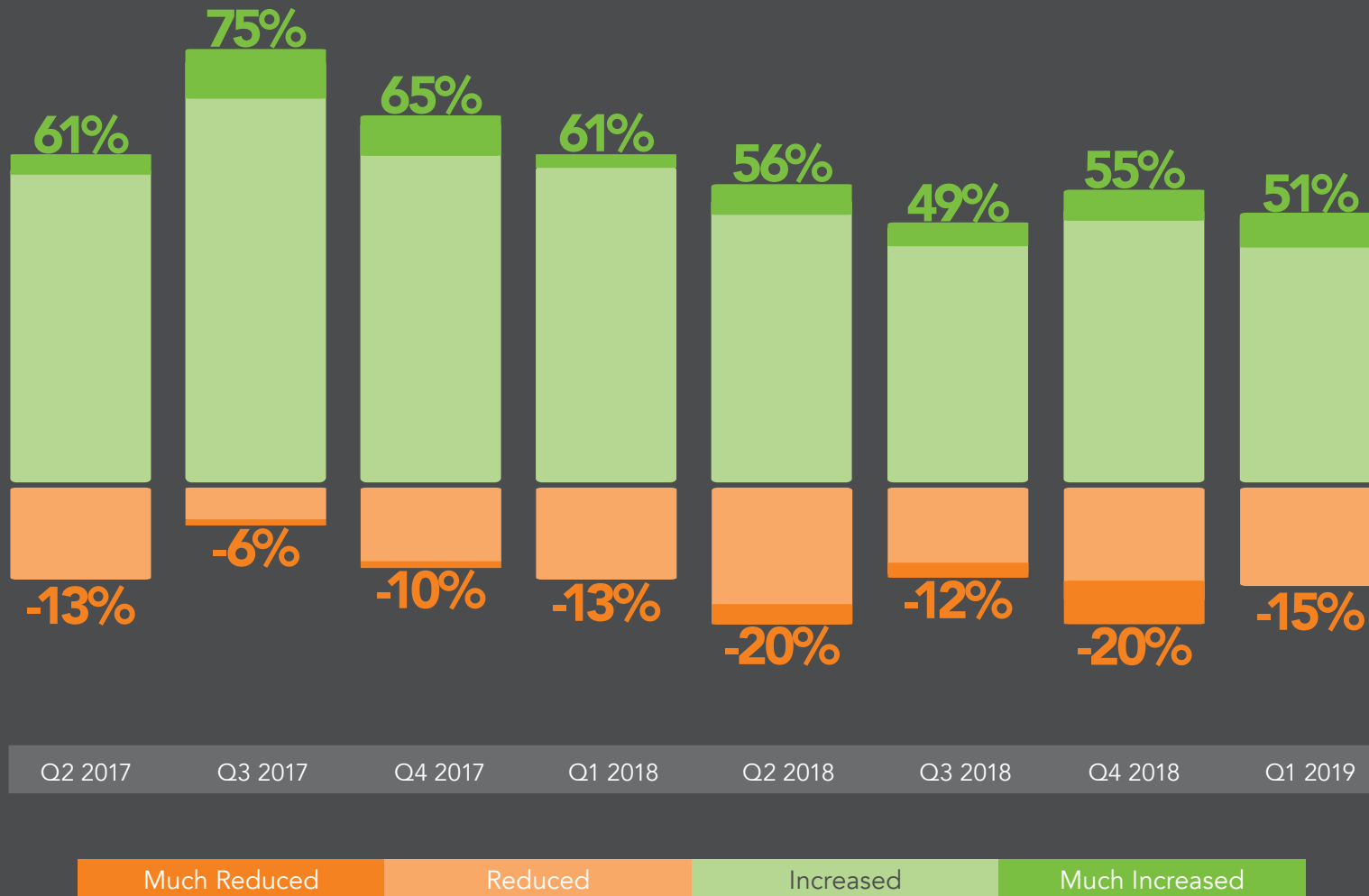
How has your sales turnover changed within the past 6 months?



## CORE TRENDS

# SOUTH WEST FUTURE SALES

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

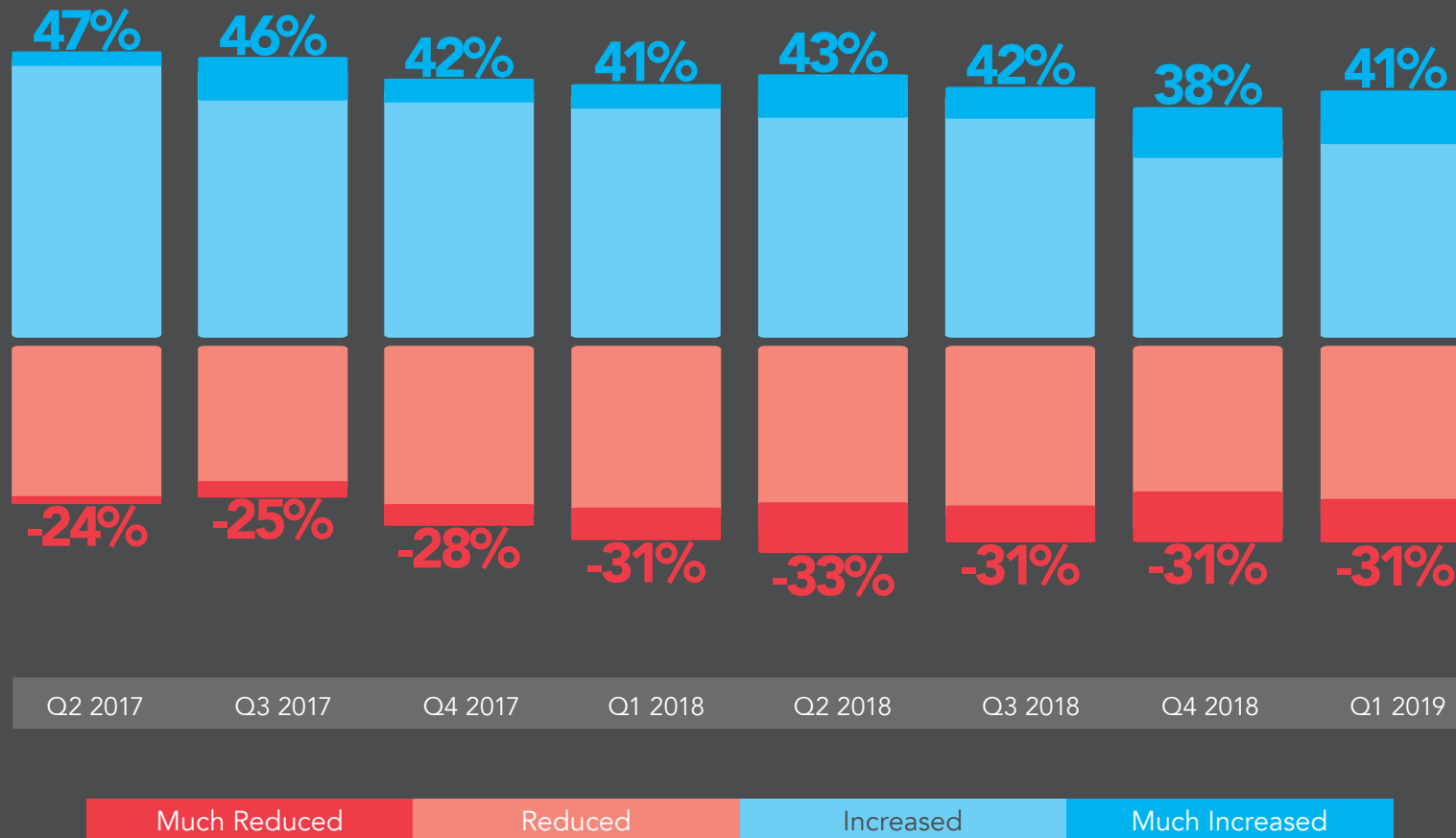




## CORE TRENDS

# SOUTH WEST PAST PROFITS

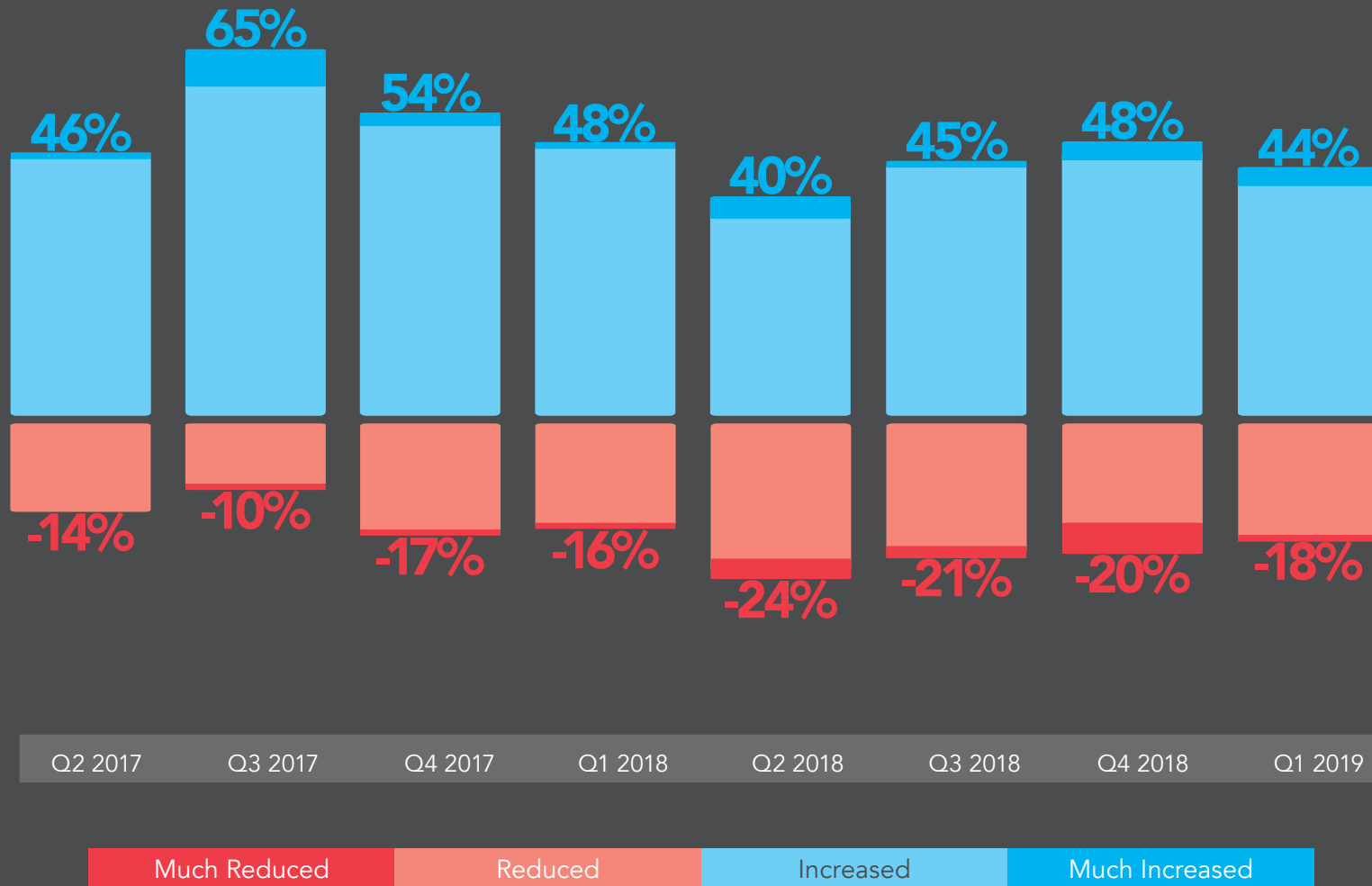
How has your profit changed within the past 6 months?



## CORE TRENDS

# SOUTH WEST FUTURE PROFITS

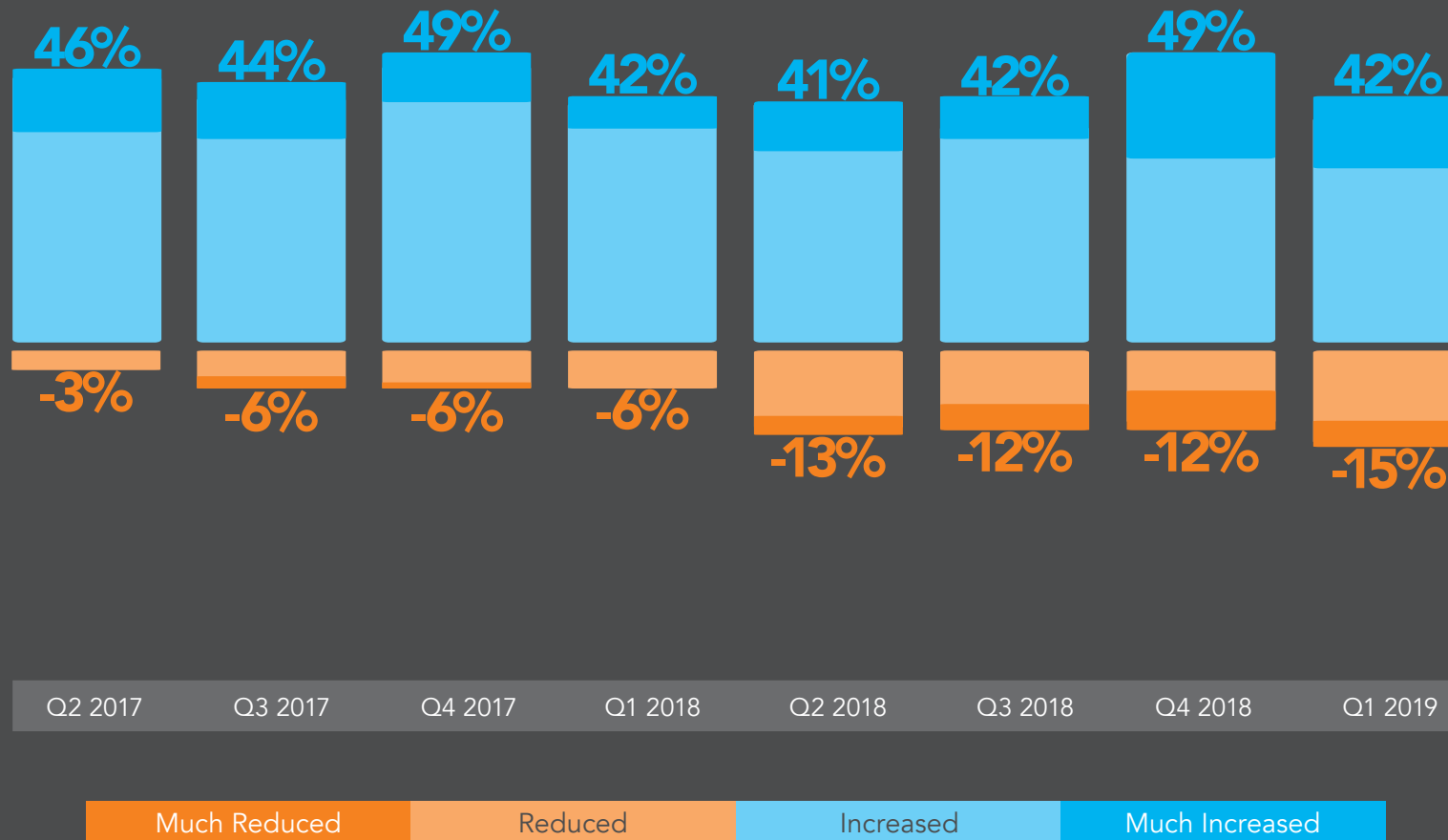
How do you expect your profit to change over the next 6 months?



## CORE TRENDS

# SOUTH WEST PAST CAPITAL INVESTMENT

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

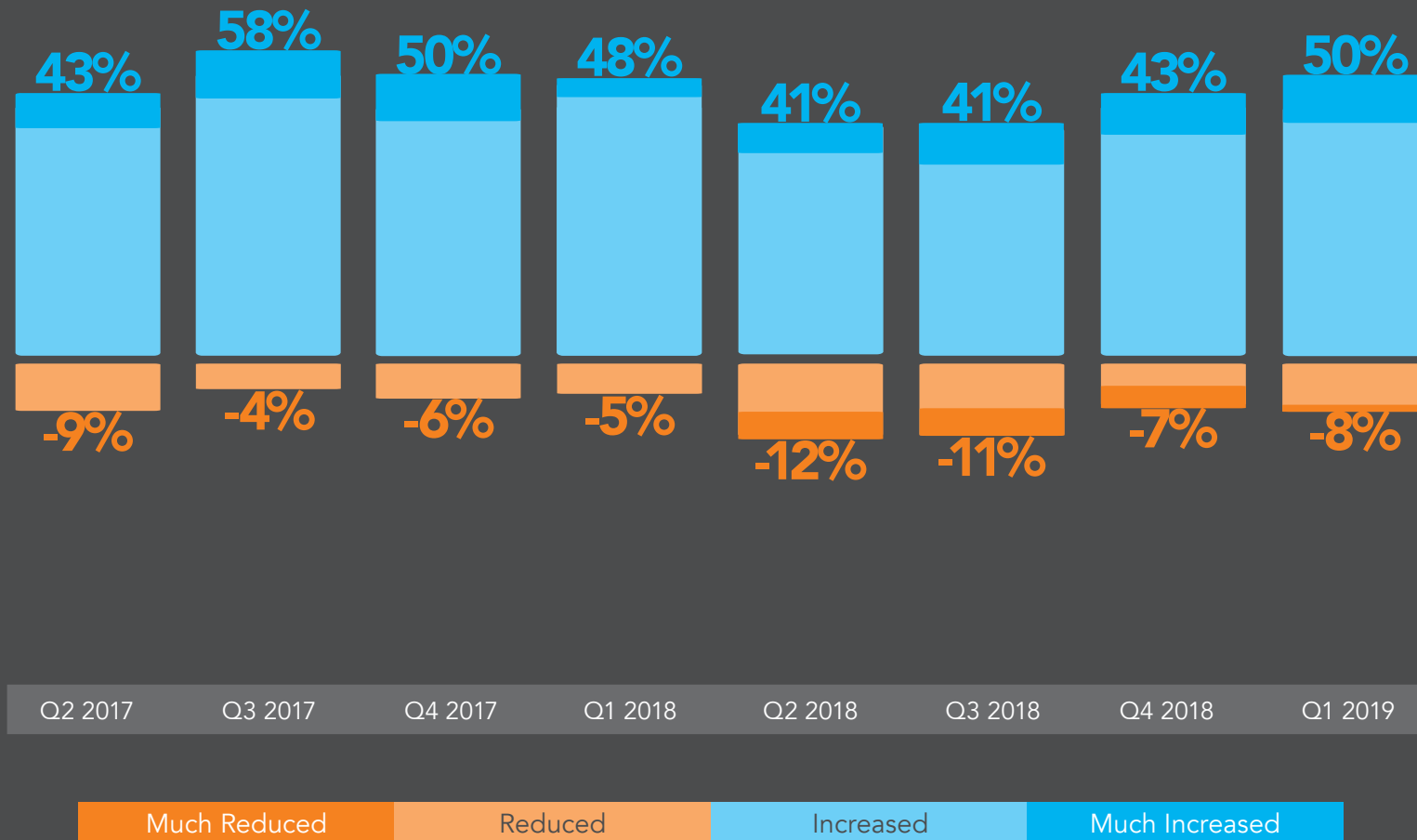




## CORE TRENDS

# SOUTH WEST FUTURE CAPITAL INVESTMENT

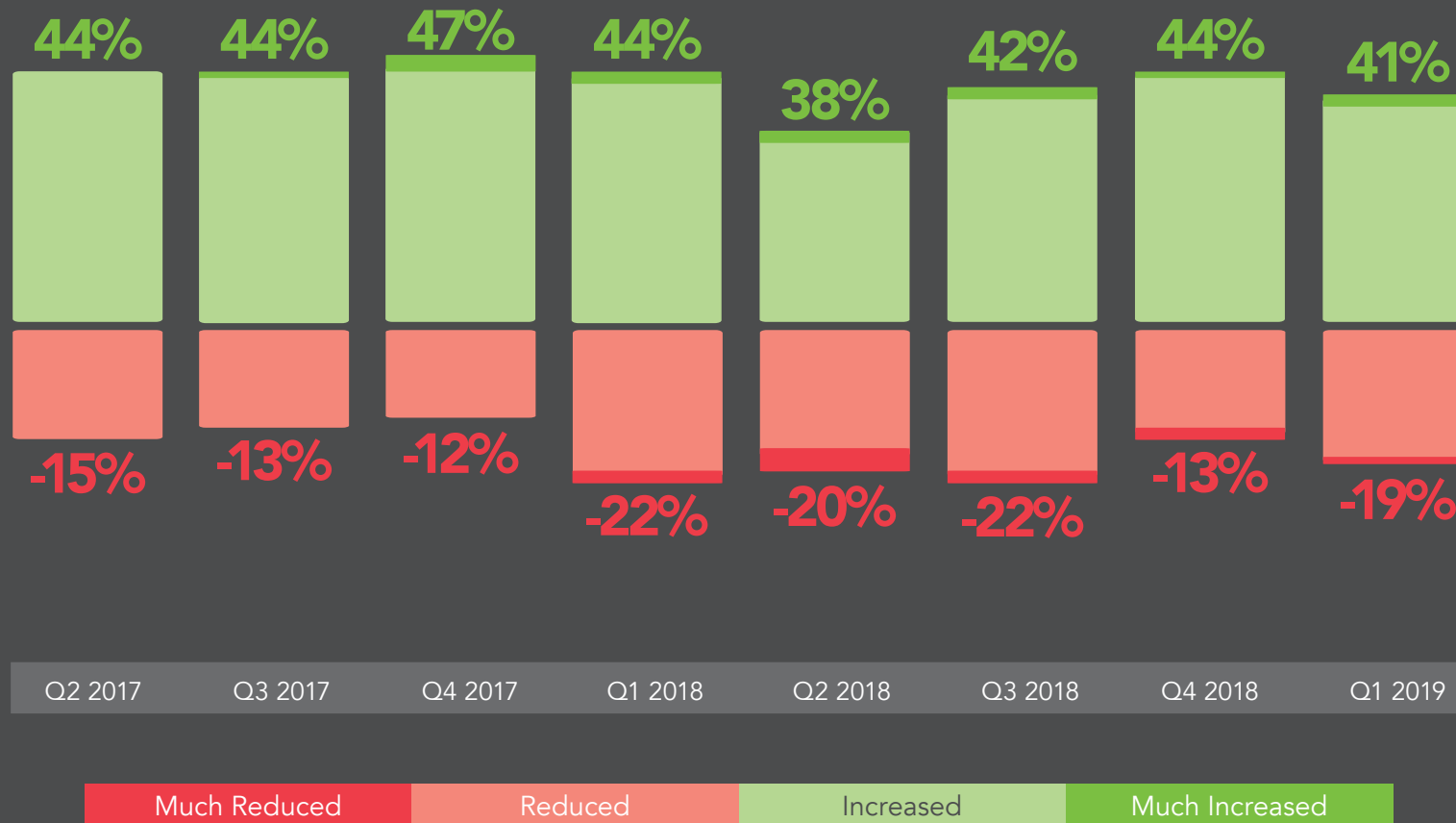
How will your investment in new machinery/premises change in the next 6 months?



## CORE TRENDS

# SOUTH WEST PAST EMPLOYMENT

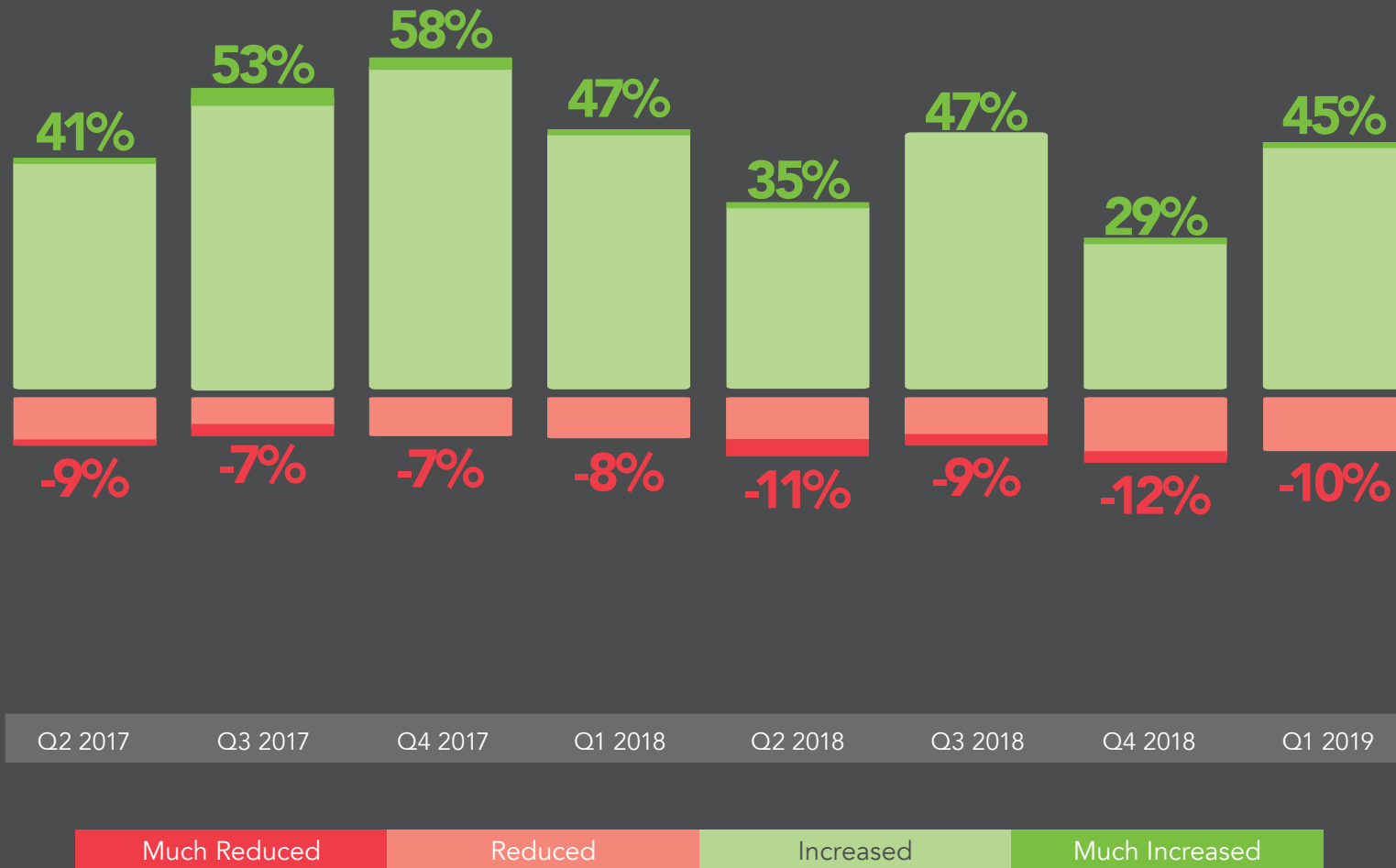
How have staff numbers in your company changed in the past 6 months?



## CORE TRENDS

# SOUTH WEST FUTURE EMPLOYMENT

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

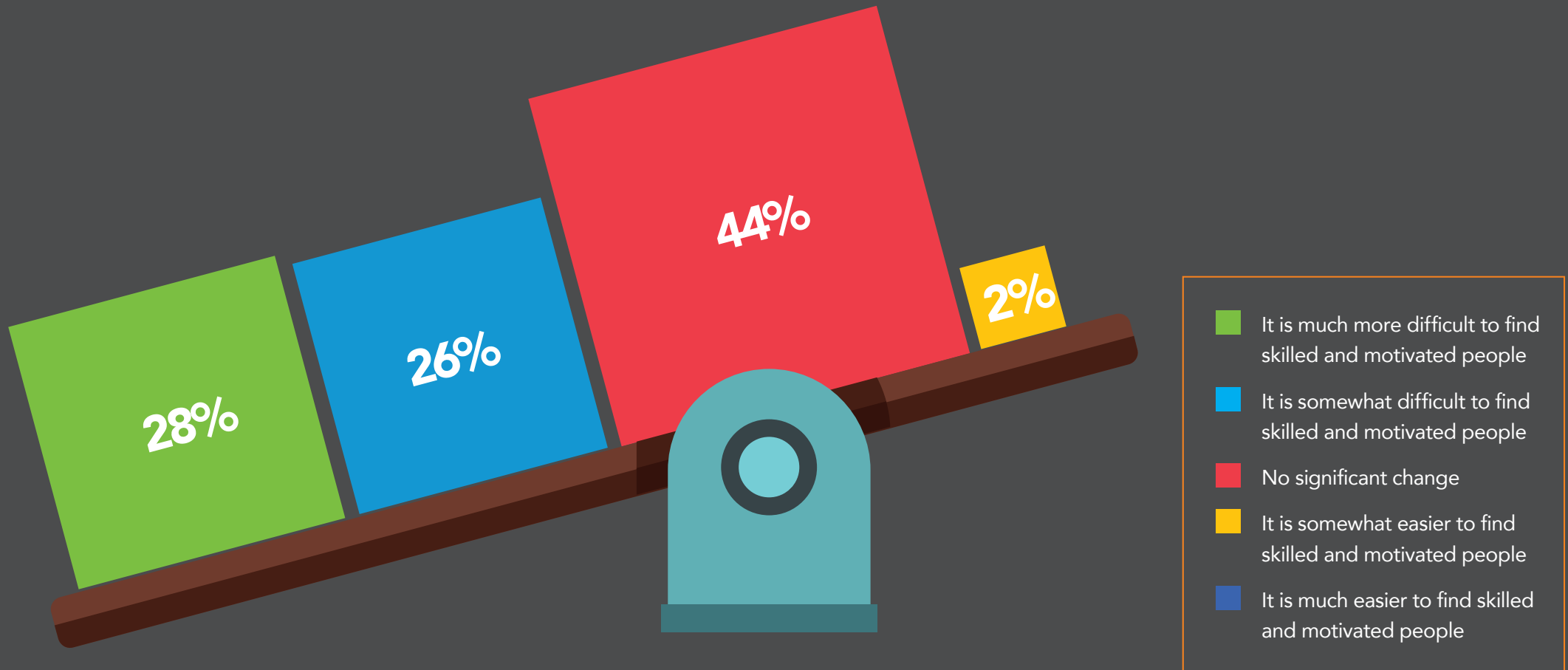




## SPECIAL FOCUS

# STAFFING & RECRUITMENT

Please indicate the extent to which you are able to satisfy your staffing requirements when compared to the same time last year.



## SPECIAL FOCUS

# STAFFING & RECRUITMENT

What factors impact on your ability to recruit skilled and motivated staff?



**27%**

Talent shortages  
locally



**16%**

Attitudes and approach  
of candidates do not fit  
our business



**10%**

Salary expectations of  
candidates do not fit  
our business

**9%**

Recruiting the right people  
is too expensive

**8%**

Unable to compete with larger  
organisations in the area

**6%**

Recruitment agencies  
are ineffective

**9%**

Other

**7%**

Adverse perception of what it's like to work in  
engineering or manufacturing (affects talent pipeline)

**3%**

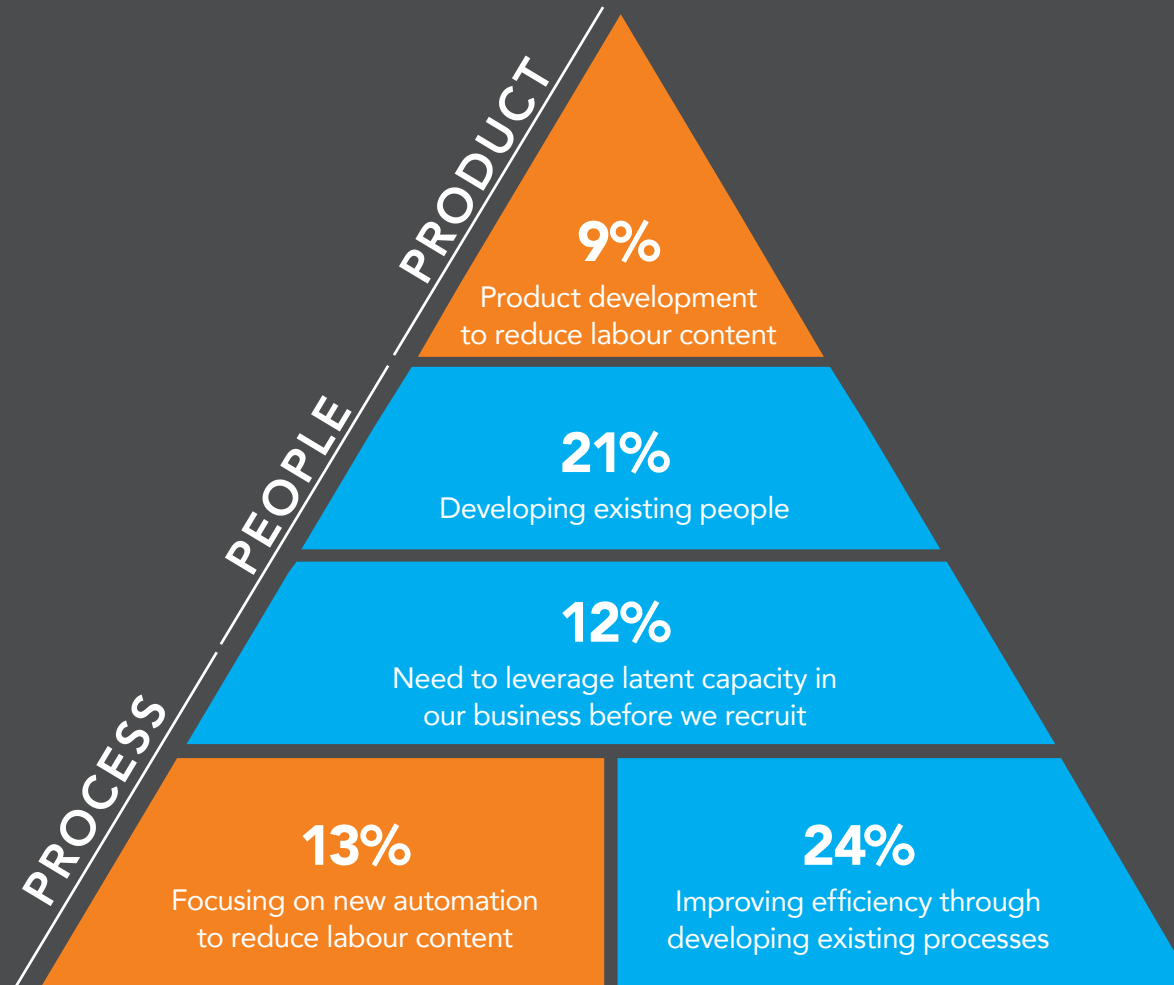
Customers have  
lost confidence

**2%**

People unwilling to  
relocate to work with us

# SPECIAL FOCUS STAFFING & RECRUITMENT

What business are planning to do.



■ New  
■ Existing

## OTHER CONSIDERATIONS

8% Recruiting the right people is too expensive

7% Our business confidence levels are low

2% Customers have lost confidence

2% It's business as normal

4% Other

# SPECIAL FOCUS

## STAFFING & RECRUITMENT

What staffing strategies are you likely to employ in the next 12 months?

EXISTING STAFF



NEW STAFF



2% responded 'Other'

# ABOUT THE MANUFACTURING BAROMETER



The Manufacturing Barometer is a quarterly survey that has been mapping trends and experiences of UK SME manufacturing businesses for 10 years. It is the largest survey of its kind, talks directly to senior decision makers in the sector, and has informed government industrial strategy and the national debate on manufacturing.

This South West focused report is generated using the input of businesses from 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.

Thank you to the survey respondents for taking the time to contribute and helping to form this collective voice of the sector. We will use the results to help raise the profile of, and inform the future of business support for, the UK SME manufacturing sector. Companies can use the Manufacturing Barometer to compare themselves against other firms within their sector or region.

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 more information about this report, please contact:

[info@swmas.co.uk](mailto:info@swmas.co.uk) | 01278 767 010 | [www.swmas.co.uk](http://www.swmas.co.uk)

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