



MANUFACTURING barometer

CONFIDENCE GOING FORWARD INTO 2020

NATIONAL REPORT WINTER 2019-20

OCTOBER, NOVEMBER AND DECEMBER 2019 - SURVEYED IN JANUARY 2020

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Confidence going forward into 2020

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SIMON HOWES
MD, SWMAS

INTRODUCTION

A warm welcome to the first Manufacturing Barometer of 2020. I would like to thank you for taking the time to share both the current performance, and future growth expectations of your business. Your valuable input enables us to map the opinions and performance trends of the UK SME manufacturing sector as a whole.

This quarter's report sees the first results following the decisive general election. The subsequent certainty regarding Brexit has finally removed any questions regarding "if" Brexit will happen.

Unsurprisingly, the performance in the six months leading up to December continued to be depressed. Results were largely in line with those seen in the previous Barometer, which revealed some of the worst performance for a decade. Has the political certainty increased confidence in future sales and profits?

SPECIAL FOCUS: CONFIDENCE GOING FORWARD INTO 2020

The forecasts for the first six months of 2020 are starting to look much more positive. Political certainty appears to have improved clarity, resulting in a (partial) return to confidence in future sales and profits. This, in turn, should lead to more confidence in investing and recruiting.

This quarter's special focus looked at the underlying confidence of SME manufacturers to gauge how they are feeling as they plan for 2020 and beyond. The results show that there is still a good deal of uncertainty, with some still feeling downbeat regarding their prospects for the future. However, it is encouraging to note that many senior people in manufacturing are now feeling more confident.

We are not yet at the end of the road regarding Brexit, but it seems that we have at last decided which road we are going to take so our manufacturers can begin the journey.

For more information and support contact the SWMAS team at info@swmas.co.uk or phone 01278 767 010.

CONCLUSION

The comments provided by Barometer respondents, and our day to day contact with businesses on the ground, indicate that the general clamping down of investment and recruitment decisions is finally easing. Customers are now coming forward with plans which were previously on hold. We know too that some sectors are finding it tougher than others, and will be looking closer at these differences to understand the lessons that can be learned going forward.

As most of you know, SME manufacturers make up the majority of UK manufacturing businesses, but their voices are not always heard or understood. We will continue to report on your opinions to help policy makers better understand your needs.

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



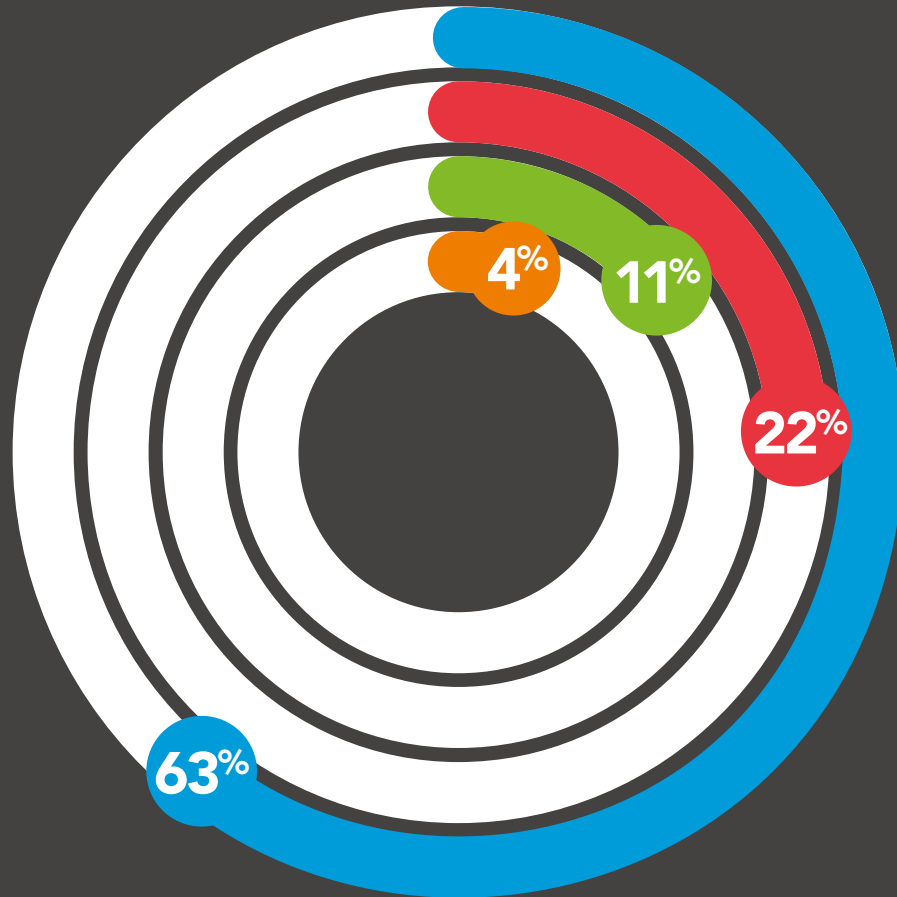


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SURVEY DEMOGRAPHICS



85%

OF RESPONDENTS ARE:

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

Individuals with the highest level of strategic responsibility across their business.



BUSINESS ASPIRATIONS

“

Greater confidence to expand (through acquisition) and invest in machine upgrades.

We are responding to increased opportunities but are being selective as our overriding objective is to increase margins.

— WEST MIDLANDS —

“

Growth by acquisition and organically from our current customer base, whilst lowering manufacturing costs through investment in new machines.

Reduce our reliance on people through automation and other process improvements. Open up our horizons beyond Europe and look at markets elsewhere in the world.

Continue to grow at a controllable pace, invest in staff training, improve systems.

— SOUTH WEST —

“

Growth plans now being put into action with associated investment.

Investment in management capability designed to plan for business development and growth.

— YORKSHIRE & HUMBER —

“

To double our turnover in under 5 years.

Growth in core UK and US markets via increased design, marketing and sales investment. Looking for 75% growth over five years.

— EAST OF ENGLAND —

BUSINESS ASPIRATIONS

“

Keep growing turnover and increase offer to clients. Increase technical abilities through staff training.

To be a positive leader in the supply, test, and inspection of all types of lifting equipment.

WALES

“

Thanks to supportive shareholders, we have invested significantly over last 12 - 18 months in order to give access to new markets. We expect to see the dividends of these investments over the next 12 - 18 months.

Survival for 12 months then a return to growth, dependant upon projects like HS2, and general business stability.

NORTH EAST

“

Continued expansion through overseas growth.

Short term to grow revenue, medium term to grow profits, long term to acquire other businesses.

NORTH WEST

“

Move to new premises and install new machinery.

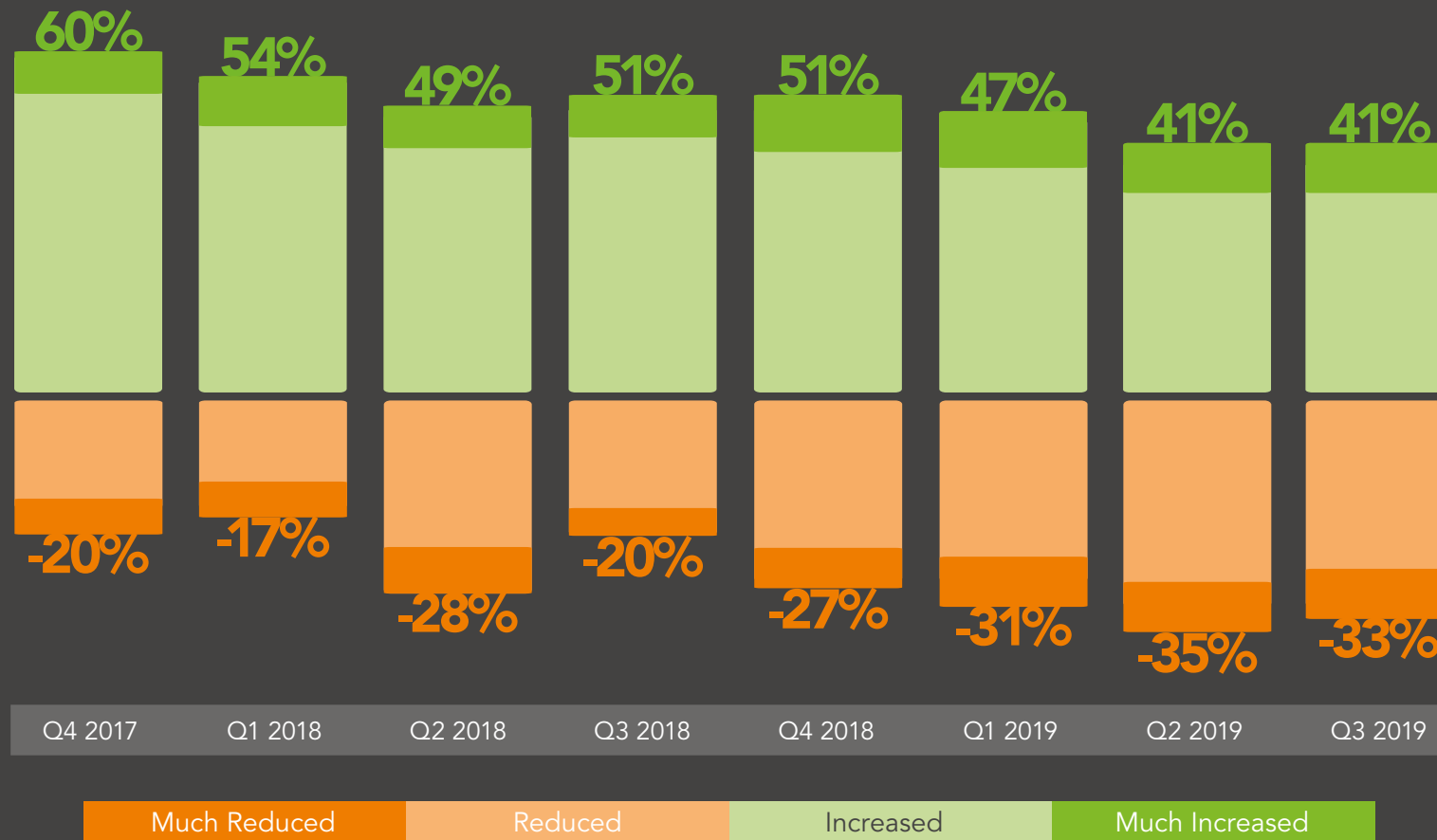
Grow sales turnover sustainably and profitability.

EAST MIDLANDS

CORE TRENDS

NATIONAL PAST SALES

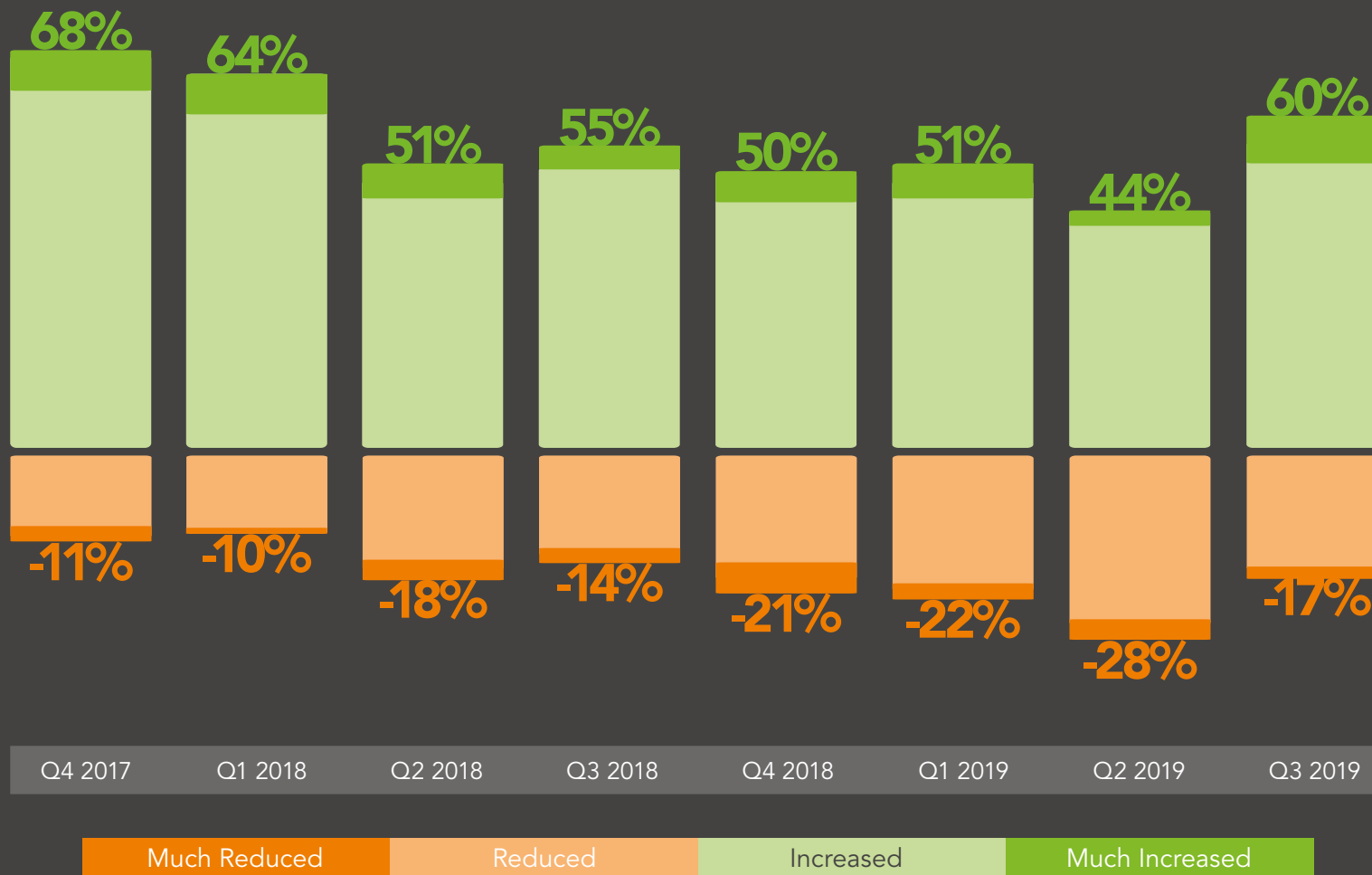
How has your sales turnover changed within the past 6 months?



CORE TRENDS

NATIONAL FUTURE SALES

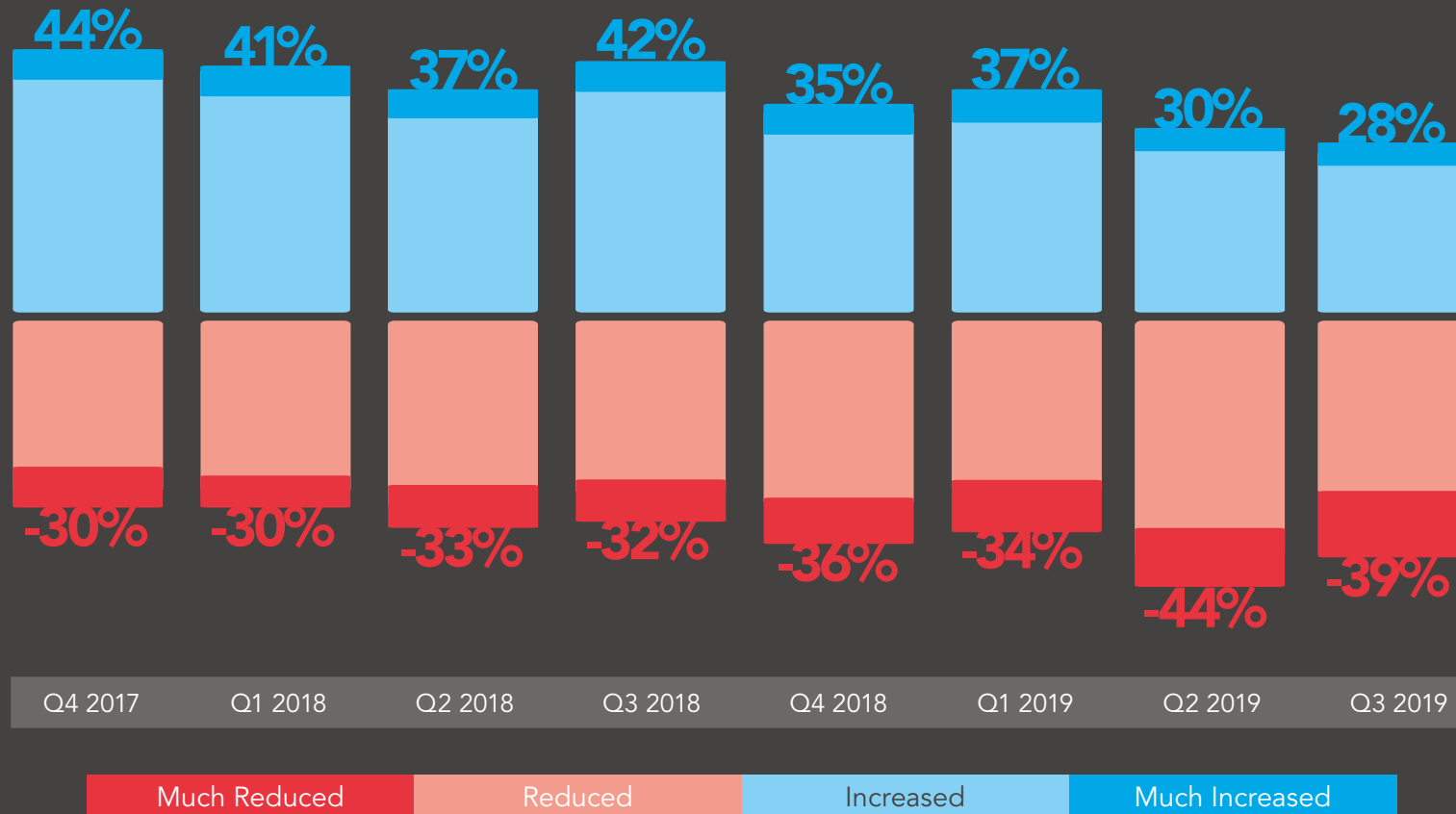
How do you expect your sales turnover to change over the next 6 months?



CORE TRENDS

NATIONAL PAST PROFITS

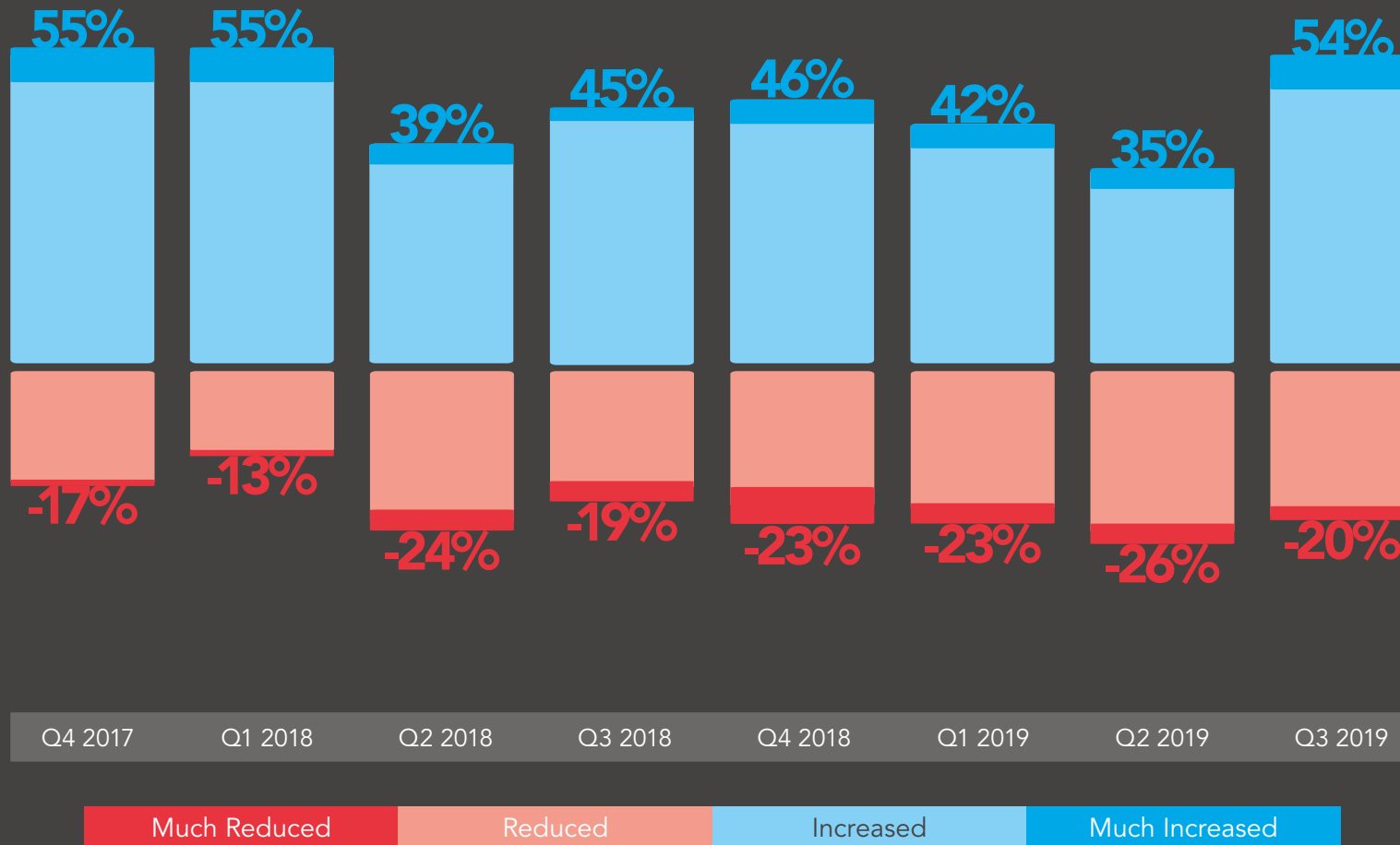
How has your profit changed within the past 6 months?



CORE TRENDS

NATIONAL FUTURE PROFITS

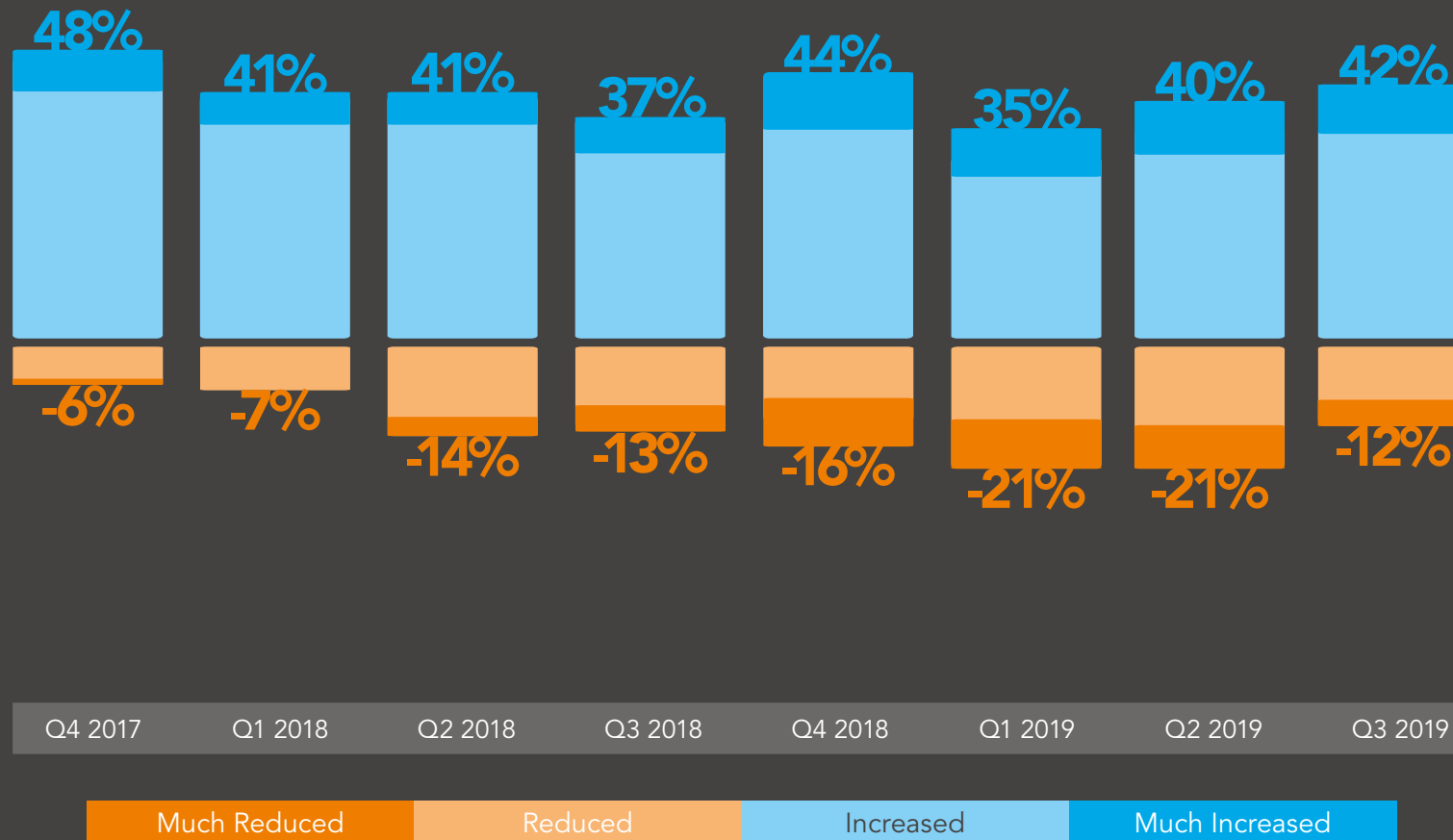
How do you expect your profit to change over the next 6 months?



CORE TRENDS

NATIONAL PAST CAPITAL INVESTMENT

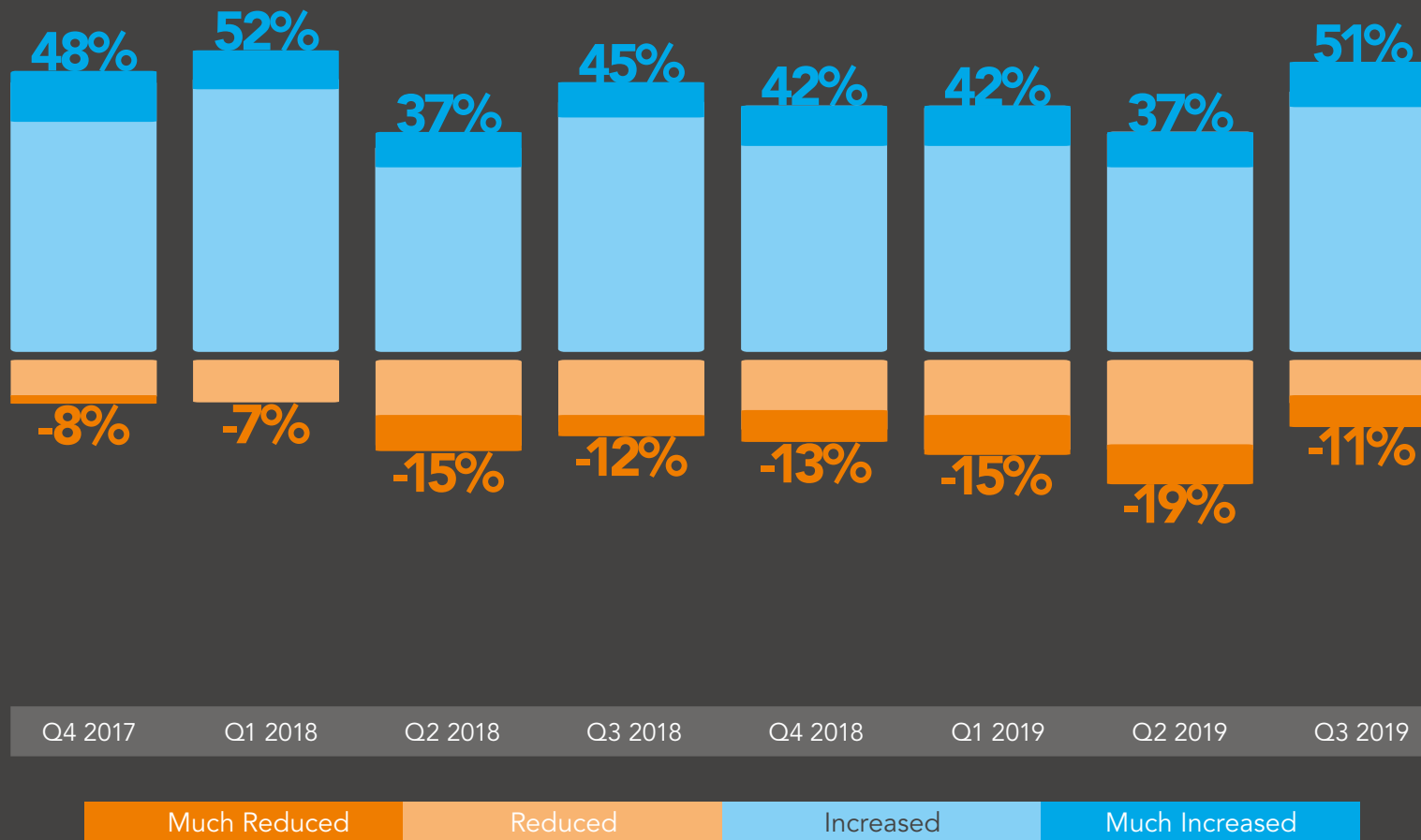
How has your investment in new machinery/premises changed in the past 6 months?



CORE TRENDS

NATIONAL FUTURE CAPITAL INVESTMENT

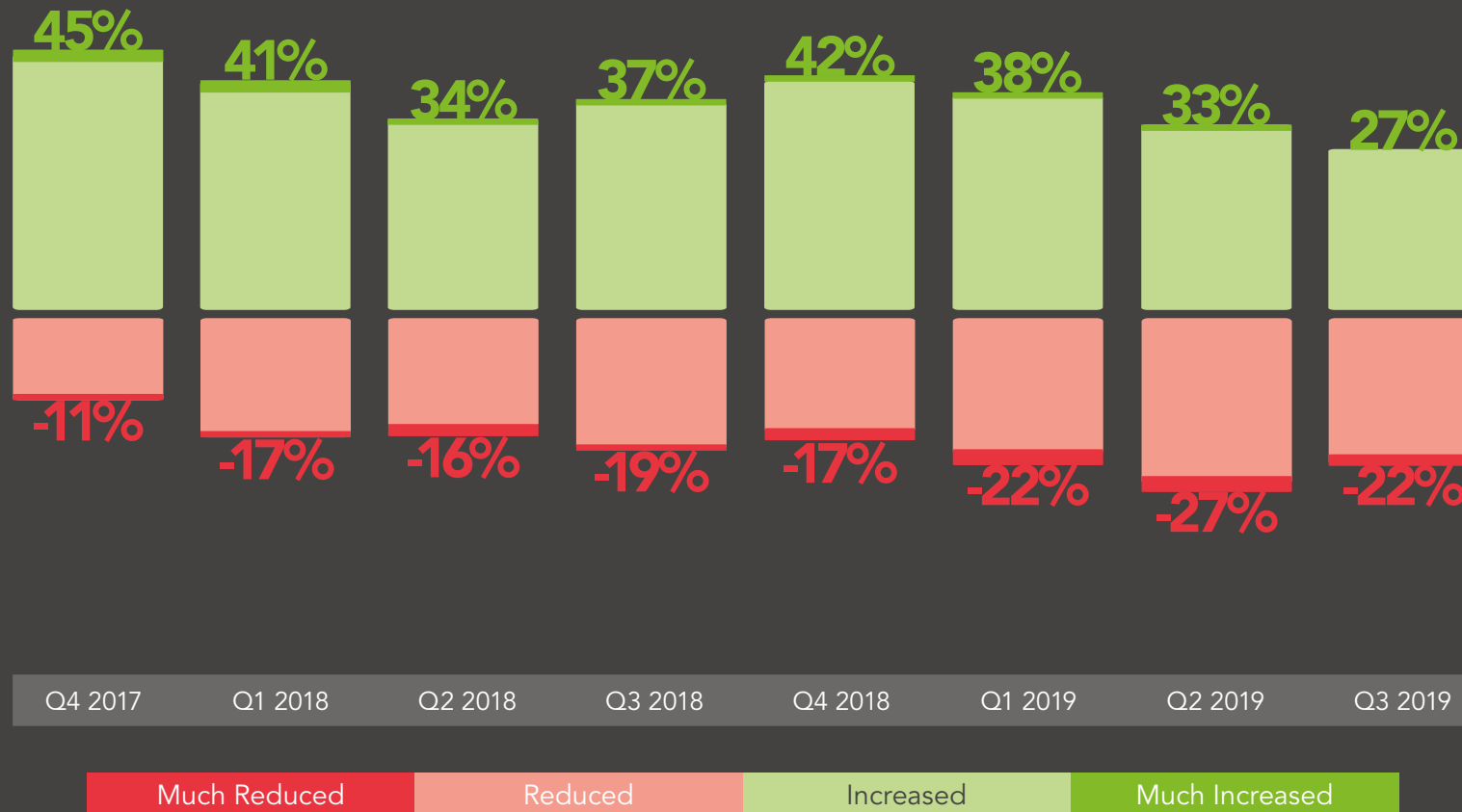
How will your investment in new machinery/premises change in the next 6 months?



CORE TRENDS

NATIONAL PAST EMPLOYMENT

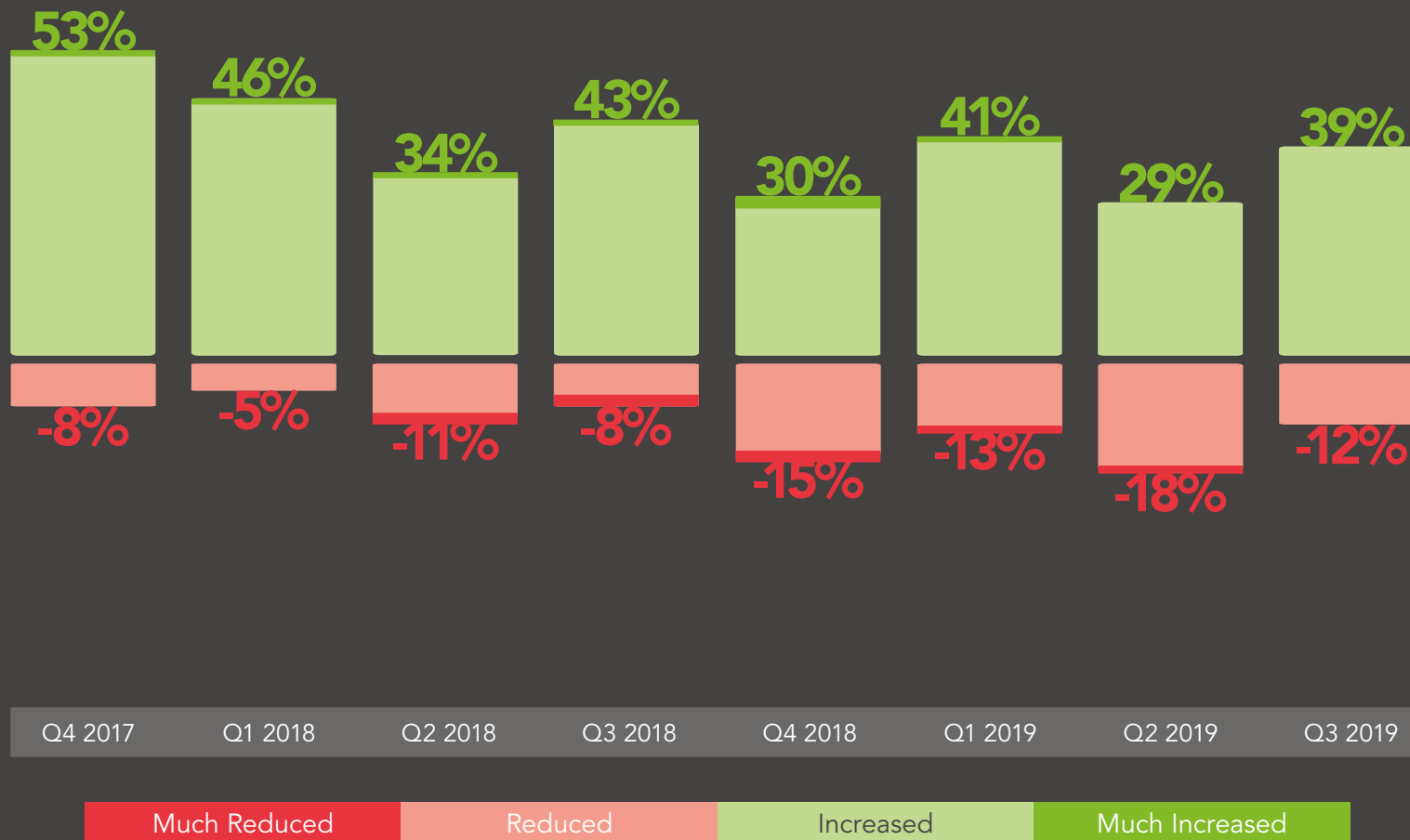
How have staff numbers in your company changed in the past 6 months?



CORE TRENDS

NATIONAL FUTURE EMPLOYMENT

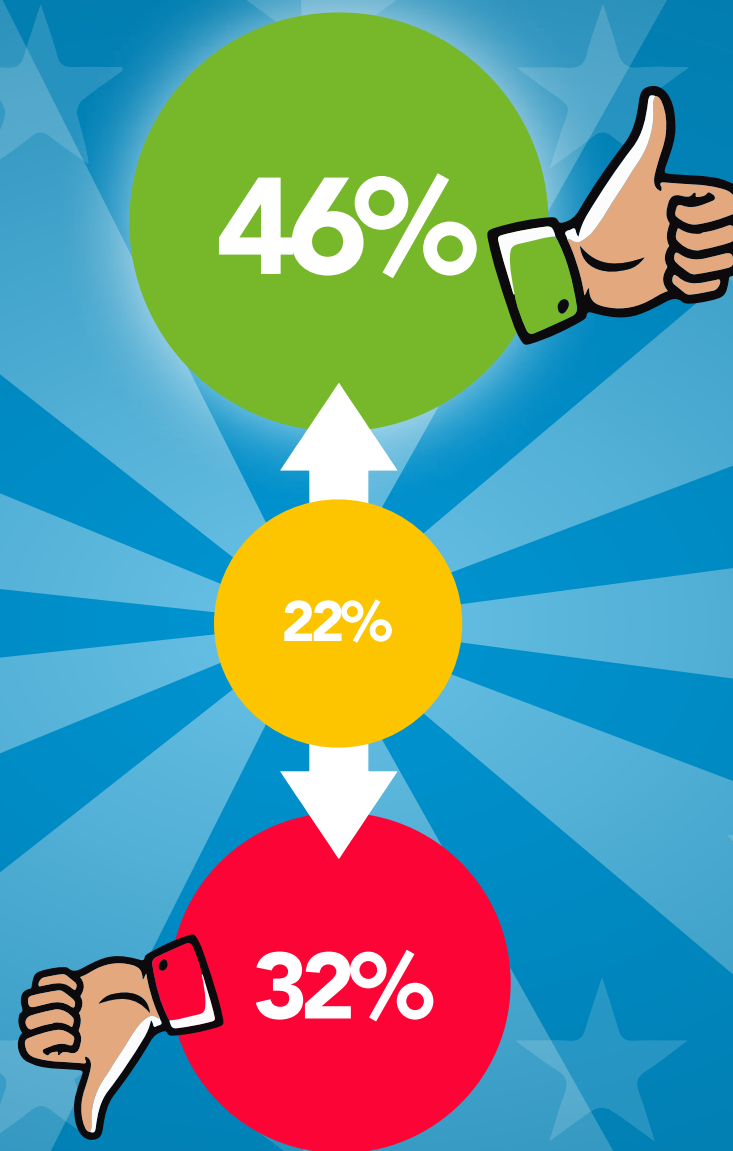
How do you expect staff numbers in your company to change in the next 6 months?



SPECIAL FOCUS: CONFIDENCE GOING FORWARD INTO 2020

CONFIDENCE AFTER GENERAL
ELECTION AND BREXIT DECISION

- More Confident
- No significant change
- Less Confident



ABOUT THE MANUFACTURING BAROMETER



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 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.

SWMAS are experts in productivity and growth. If you would 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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