



Unsure what Brexit means for your business and what to do about it?

You're not alone, 62% of all British businesses do not consider themselves prepared. Don't worry: it's not too late to act.

Ten 'no regret' actions SMEs should conduct now

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1

Plan to be flexible

Brexit is causing uncertainties in the business landscapes that SMEs are trading in. There is not likely to be any firm political decisions made in the EU negotiations until mid-November 2018 and possibly later. But now is the time to plan what the likely outcomes and impacts are for your business. Brexit planning needs to become a priority in your business. As we get closer to November, there should be more information around any deal or a ‘no deal’ scenario.

Until then, ‘plan to be flexible’. One advantage an SME has is that it can be nimble and respond to change, sometimes more successfully than larger organisations. But good information and responsive planning is key at this stage.

Action: Ensure there is someone responsible for monitoring Brexit at a senior level in your organisation, with access to professional advice and good sources of information. Make Brexit planning a priority.

2

Reassure your customers

Your customers are also considering how Brexit will impact them and, if they are planning for the possible scenarios, they will need to understand how your business will be affected by Brexit. Your customers may be concerned that you will not be able to supply them in the same timely manner or that your prices will be affected. Your customers may be concerned that contracts can no longer be fulfilled or that the agreement is affected by changes in legislation, as we exit. This should be the time to open a dialogue and show that you are preparing. There will be inevitable changes, but showing you are looking to remain competitive and to mitigate risks, you may increase your customers’ confidence in your business.

Action: Be open with your customers about your planning process and ask to be included in your customers’ plans.

3

Prepare for impacts on your people

There have been recent political decisions made around links between skills and immigration after the UK leaves the EU. This may have an impact on your current staff and future pool of potential employees.

And you may have non-UK EU employees already in your business where there will be changes in their employment regulations. This group of employees may need assurance and information to help to keep them in post. The non-UK EU employees may choose to leave your business and possibly leave the UK, after we leave the EU. This will have an impact on your staff resourcing capabilities.

Action: Keep talking to your non-UK EU employees to understand their thinking and share latest information, review your recruitment plan for risks brought by Brexit and consider how your business will attract the right talent in the post-Brexit labour market.

4

Assess the risks in your supply chain

If there is a ‘no deal’ Brexit or one that alters the current no tariff, no border agreements, there are going to be impacts on the speed of goods coming through the EU borders, changes in import duties and VAT, along with changes in the way your business will administer to moving goods.

By understanding the routes your goods and components come into the UK, you should be able to assess the possible risks to your supply chain and start to consider contingency suppliers and review of stock levels.

Action: Consider an end to end review of your supply chains and where there are price or supply risks, consider alternative plans.



5

Review your contracts

Leaving the EU will mean that UK business contracts may no longer be subject to common EU law and imposing contractual conditions to non-UK EU businesses will change.

In addition, as the UK withdraws from the EU legal system, contracts that have been negotiated prior to the EU referendum may need reviewing. The impact of currency fluctuations and changes in import/ export costs and times may now have a negative impact on the contracts your business has in place.

Action: Review the contracts you have in place, look to renegotiate any negative impacts and engage with your legal advisor to discuss the adjustments that may need to be made for future contracts.

6

Review your current trade data

There is no clear decision as to how borders and tariffs will be applied after we leave the EU. There may be a possibility that the UK begins to trade under the World Trade Organisation (WTO) rules (www.businessgrowthhub.com/Brexit). Or there may be a form of agreement that means some changes to EU trading compliance and administration. If there is 'no deal', an import declaration would be required, customs formalities, customs duties to pay and checks would be carried out when trading with the EU.

In either scenario, your trade data accuracy will be critical to help with changes in border controls.

Action: Refamiliarise, prepare and classify your trade data to ensure compliance with likely regulations.

7

Build your systems to capture the right trade data

When moving goods across EU borders, after we leave the EU, the country of origin and value of goods data will be required for export documentation, if there is no agreement around free trade. As a result, customs clearance declarations will more extensive and more information about the goods being moved will be required. The UK government is planning new digital customs systems that are to be piloted in January 2019, if there is no free trade deal. But now is the time for you to scope out what additional data may be needed for export documentation and adapt your ERP (Enterprise Resource Planning) system around the process changes.

Action: Design and capture additional data and any export documentation within your systems to speed up customs clearances once we leave the EU.

8

Investigate existing government schemes

Businesses that have traded outside of the EU are used to using government backed schemes such as 'Trusted Trader'. This is a scheme where logistics and freight forwarders have Authorised Economic Operator (AEO) status, allowing them priority at border controls, accelerated customs treatment and lower safety control compliance. Other schemes include customs warehousing and inward processing. If customs processes are more complex when we leave the EU, now may be the time to consider opting into or partnering onto these types of schemes, in order to make any revised customs process administration less of a burden to your business.

Action: Look at current initiatives like 'trusted trader' scheme and warehousing and how your business can benefit, when moving goods in and out of the EU and consider registration or using a partner that has AEO status (information can be found at: <https://www.gov.uk/guidance/authorised-economic-operator-certification>.)



9

Prepare for currency volatility

The months following the EU referendum saw significant currency volatility and Sterling (£) lost value. Historically, currency fluctuates when there is political and economic uncertainty. Whilst Sterling is lower in value against the Euro, Dollar etc, your exports may look more attractive to your overseas customers. But financial planning, when there are swings in currency values, can be difficult and making wrong estimates can be commercially damaging. There are finance products and options that can limit your risk, such as currency spot rates and forward contracts. Having pre-agreed exchange rates may add extra cost to your financial plan but may help to reduce your risk.

Action: Engage with your accountant, bank and finance advisors to look at products and processes to lower your exposure to currency exchange fluctuations.

10

Engage with your key business partners

As well as your supply chain, there may be other third parties who play a crucial part in your business. Banks, insurers and systems providers can all have a critical impact on your business, especially where they are also adjusting to their own Brexit related challenges. This is a key time to share information, share best practice and invest in developments together. Scenario planning and deployment of plans as a network can help share any burden.

When trading in a disrupted market, consider joint ventures and cooperative approaches when there is a chance to be stronger together.

Action: Speak to your advisors and suppliers about common goals and how to plan towards them together.

How can GC Business Growth Hub help?

GC Business Growth Hub provides fully funded support to businesses in Greater Manchester. We support business across a number of key growth sectors and offer a range of services that help businesses to secure investment, access new markets, develop products and improve skills.

Hundreds of the businesses that we work with want a reliable source of facts, insights and practical advice surrounding Brexit that is highly relevant for the SME audience. GC Business Growth Hub's Brexit toolkit helps SMEs to:

- Keep up-to-date with the developments that matter to them
- Get guidance that is tailored specifically for SMEs in the region
- Get to the heart of what Brexit means for their business
- Understand how and where to access support provided at no cost to their business.

Find out more at businessgrowthhub.com/Brexit

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