

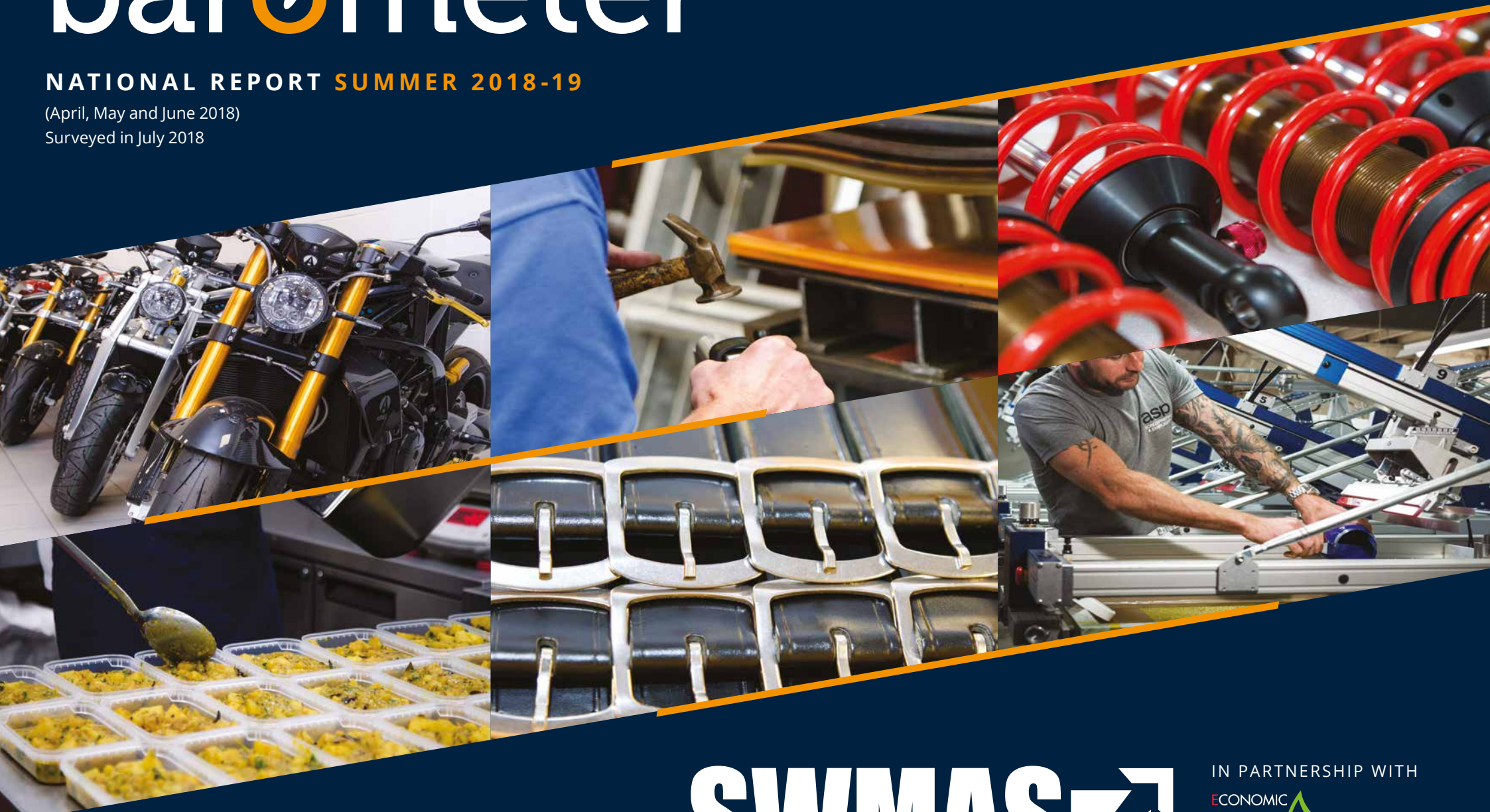
# MANUFACTURING barometer

SPECIAL FOCUS:  
EXPORT INTENTIONS

NATIONAL REPORT SUMMER 2018-19

(April, May and June 2018)

Surveyed in July 2018



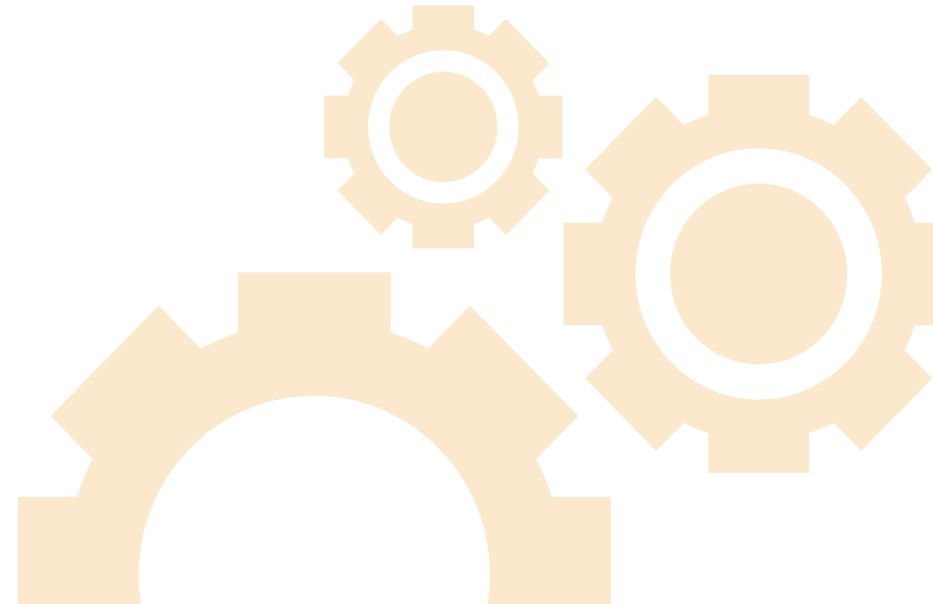
# Contents.



## EXPORT INTENTIONS

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- BUSINESS ASPIRATIONS
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# Introduction.



## SIMON HOWES

### CEO

Exelin Group Ltd

*Delivering SWMAS*

**Welcome to the SWMAS Summer 2018-19 (Q1) national Manufacturing Barometer report. It provides a vital snapshot of the UK SME manufacturing sector's performance in the last six months and forecast for the next six months.**

More than 250 decision makers responded to questions on sales, profits, investment in machinery and premises, and job creation.

With export and international trade very much in the news, and manufacturers expressing in last quarter's Barometer their interest in seeking new markets, we also decided to explore the sector's export intentions in our Special Focus.

We took a closer look at whether manufacturers believe they can increase export sales, and what needs to happen in their businesses to achieve their growth goals.

## THE CORE TRENDS

**Last six months:** while profits remain on a relatively even keel, it seems that this might have been at the expense of sales generated, investment and staff recruited.

An increase in sales was reported by 54% of respondents, and whilst still positive and indicating overall growth, this is lower than the 60% around which figures have hovered since Q4 2016.

Those investing in new machinery and premises dropped to 41%, down 7% from the 48% seen last quarter, which was the highest investment figure seen in the last two years.

While 41% saw an increase in those recruited, nearly a fifth of manufacturers reported a reduction in staff numbers.

This period's figures generally reflect those last seen in the 2016/17 financial year and into the first quarter of 2017.

**Next six months:** the number of manufacturers anticipating an increase in sales continues the downward trend since the leap in confidence we saw in Q3 2017, and those wanting to recruit drops to 46% (down from the 53% seen last quarter).

More encouragingly, the number of manufacturers wanting to invest in new machinery and premises in the coming months is on the rise, breaking the 50% barrier.

Looking at the figures and patterns that have emerged in the current two-year window, we see striking similarities between the views recorded in the 2016/17 Barometer, taken at the time of the Brexit referendum, and those seen now at a time of ongoing uncertainties around the Brexit negotiations and impending deal announcements.

Brexit is certainly foremost in UK SME manufacturers minds. We asked about their business aspirations, and while the longer-term view is growth, many here linked to their concerns around a current uncertain climate. You will see in respondents quotes a commonly shared focus on consolidating and maximising current opportunities. This is balanced by optimism fuelled by making the most of this challenging time to invest in capital equipment, staff development and new products.

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## SPECIAL FOCUS: EXPORT INTENTIONS

Nearly 70% of all respondents currently export, and another 10% have plans to start exporting (some by working with other companies who export their goods). We looked at by how much these 80% of respondents expect to have increased their export sales in 12 months, and what the picture will look like two years from now.

Those who already export report an anticipated average increase in turnover of 2.1% generated by export sales in 12 months, and more optimistically they expect this figure will be close to 12% in 24 months. From their standing start, those planning to start exporting expect more ambitious average increase of 16.9% and 31.9% respectively. Combined, this translates as an average increase in turnover as generated by export sales of 3.9% in 12 months and 14.3% in 24 months compared to the situation today.

## CONCLUSIONS

The export growth forecast supports a wider medium to long term view of growth and this is backed by businesses aspirations, which remain staunchly around growth and increased sales. However, the trends and commentary suggest that UK SME manufacturers expect that we are in for a bumpy ride as we finalise Brexit negotiations and actually go through the process of leaving the EU.

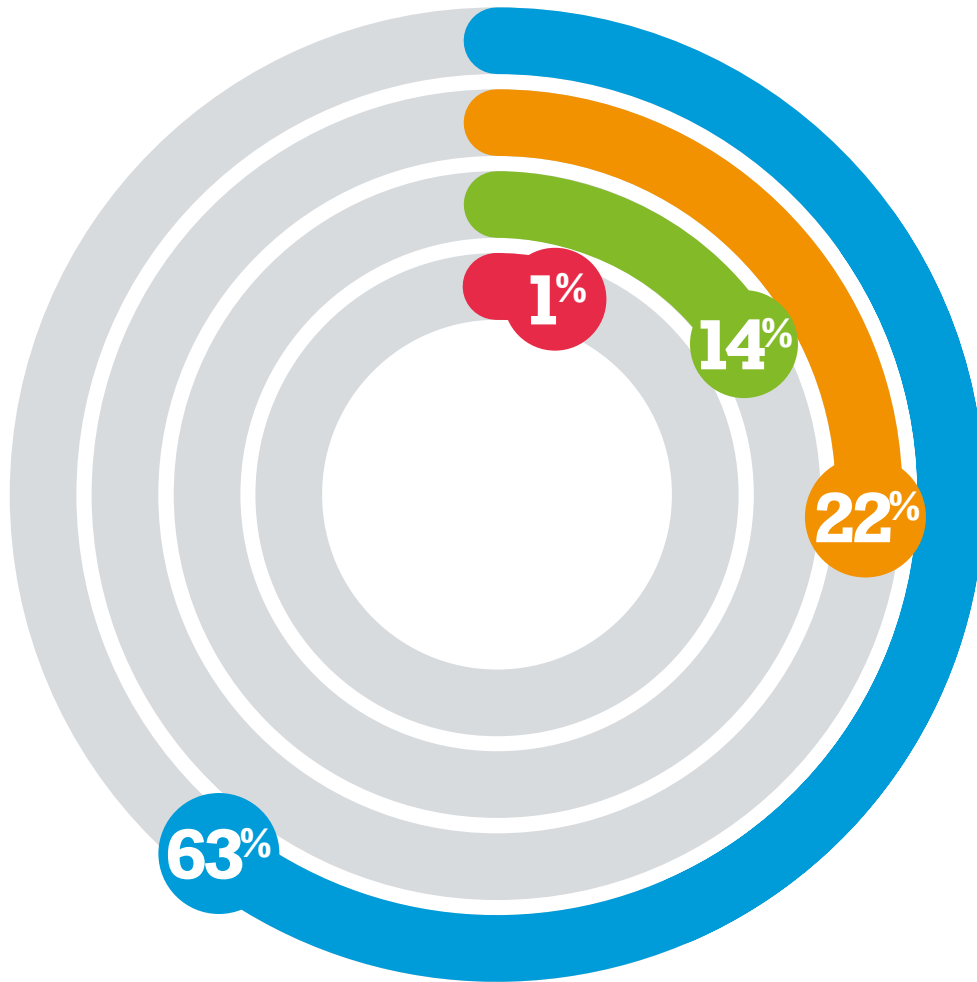
We are therefore not surprised to see manufacturers combining their focus on stabilising and consolidating with investing in new machinery, products and their staff to help steady and ready themselves ahead of a period of uncertainty.

UK SME manufacturers are encouraged to actively look for opportunities and support to help them maintain their drive for growth through this time.

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



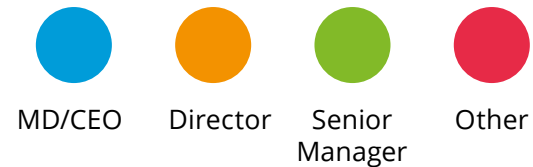




**Over 85%**  
of respondents are:

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

Individuals with the highest level of strategic responsibility within their business



# Business Aspirations.

"We will need to invest in more automation due to the increases in min wage & pensions. Working with customers to pass on increase in raw materials & labour."

**SOUTH YORKSHIRE, YORKSHIRE & THE HUMBER**

"Organic sales growth, driven by value-added new products. Improved productivity through higher sales and investment in new machinery, leading to improved profitability."

**SUFFOLK, EAST OF ENGLAND**

"To expand sales within some of the existing geographical markets in the short/medium term. Medium to long term we are working on new innovations. For the latter we seek more certainty about our future with the EU."

**NORTHAMPTONSHIRE, EAST MIDLANDS**

"Short term - keep our head above water; long term - improve our figures."

"Working on methods, practices and investing in capital equipment to make us more efficient."

**WEST YORKSHIRE, YORKSHIRE & THE HUMBER**

"To supply more market leading products to global markets, driving short and medium term growth. We need a Factory expansion to enable this."

**NORFOLK, EAST OF ENGLAND**

"Short term - reinvigorate workforce and rebrand/launch new marketing matrix; medium - develop and launch new leading technologies, engage in new markets; long - grow business into a self-sustaining, growing enterprise."

**WALES**

"To maximise the potential of new product development, grow organically and through recent acquisition, take a 10 year lease on premises [in another region] to grow further."

**NORTH YORKSHIRE, YORKSHIRE & THE HUMBER**

"At present our short term aims are to increase staff engagement and enjoyment of work. Medium term we expect a happy workforce to increase sales. Long term increased sales leads to growth."

**LEICESTERSHIRE, EAST MIDLANDS**

"Twenty five percent growth within four to five years."

**TYNE AND WEAR, NORTH EAST**

# Business Aspirations.

“Try to keep as much of the European business and to increase it where possible.”

CHESHIRE, NORTH WEST

“Obviously with Brexit STILL looming with no real plan of exit apparent, we are hopeful that business will stay the same. We have grave concerns that as we export a large portion of our production, any Export/Import tax demanded by the EU as punishment for leaving could hugely effect the cost of our products in the European market.”

KENT, SOUTH EAST

“To increase sales and marketing activity and add increased capacity through further investment in plant and people training.”

OXFORDSHIRE, SOUTH EAST

“Short Term: consolidation of current position, fulfilling outstanding orders. Medium/Long Term: reduce in house manufactured variety of configurations, while increasing volumes shipped. Additionally, looking to increase ancillary equipment supplied to current customers.”

“More automation and a new machine, long-term relocation.”

“Very tough trading. Uncertainty with Brexit and customs union (we export and import). Costs rising in raw products monthly.”

CORNWALL, SOUTH WEST

“Consolidation after a period of investment and growth followed by another growth phase and increases in capacity & productivity.”

DORSET, SOUTH WEST

“Until the Brexit situation is resolved, we are in limbo. We export 90% of our goods so we need answers soon so we can plan forward.”

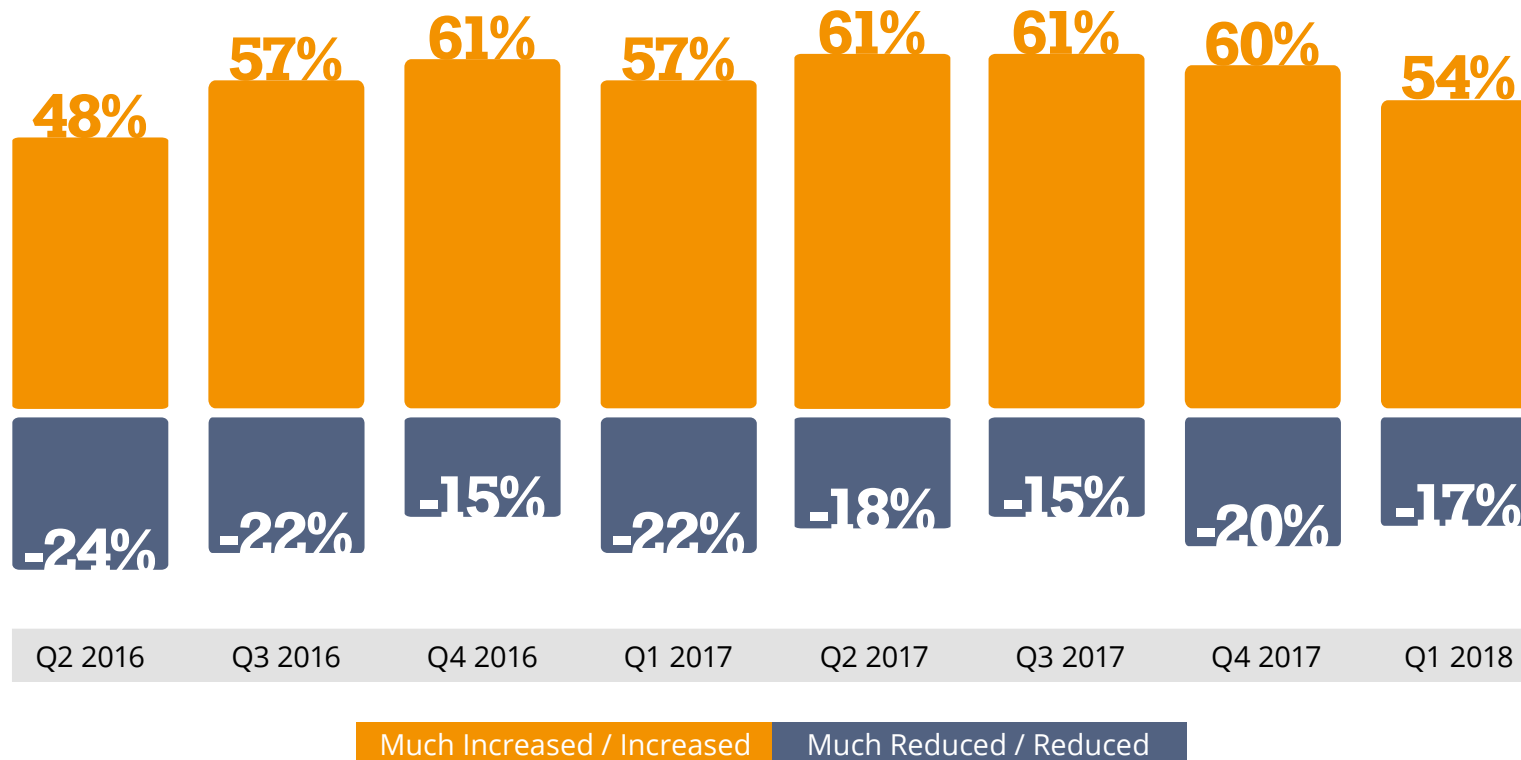
“Short term - continue to develop systems and capacity; medium term - await effect of “Brexit”; long term - survival.”

WEST MIDLANDS

“Short term: consolidate position by maximising current opportunities; Medium term: convert some very good new opportunities to orders and sales; Long term: continue to add resources to attract more customers and operate efficiently.”

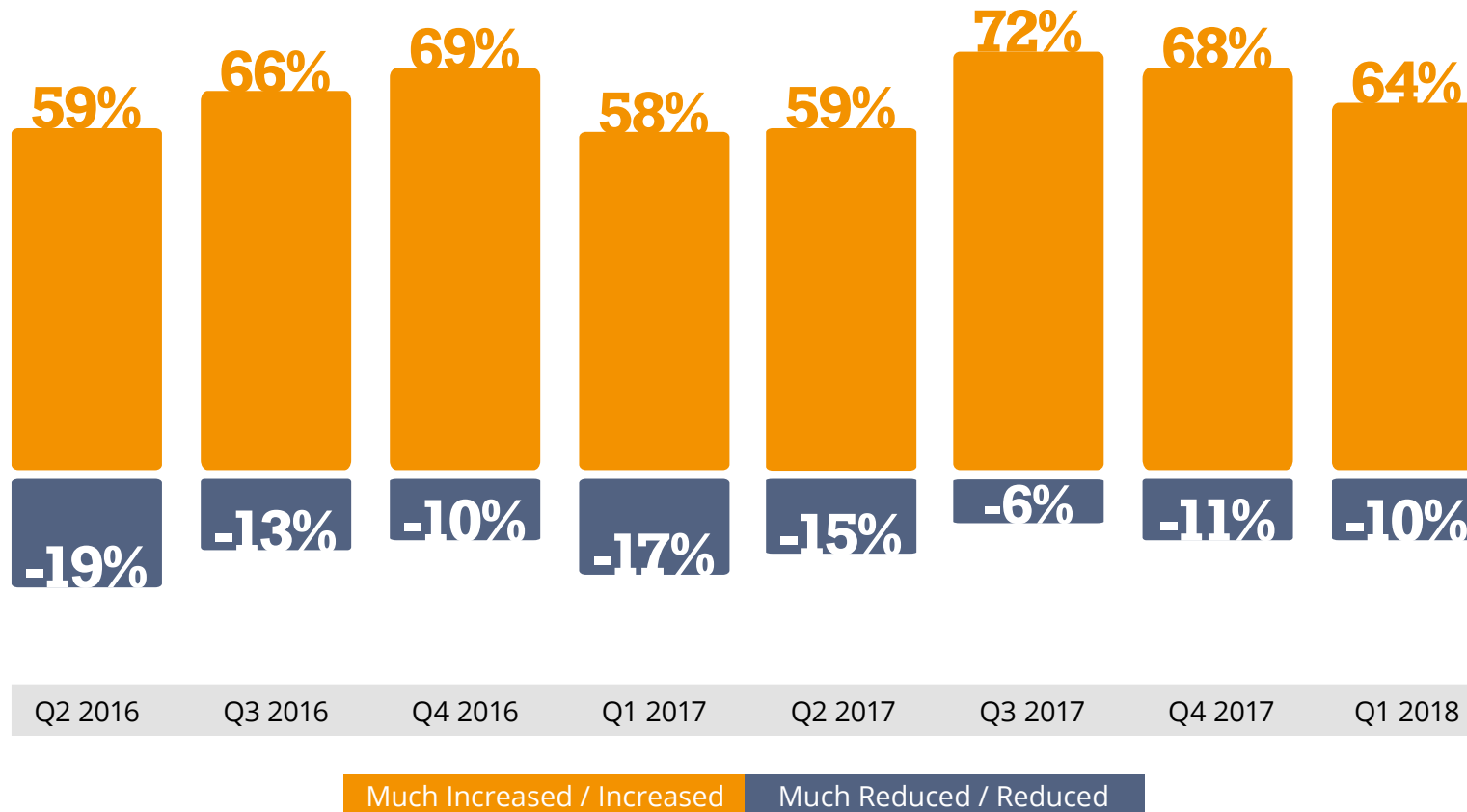
WORCESTERSHIRE, WEST MIDLANDS

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

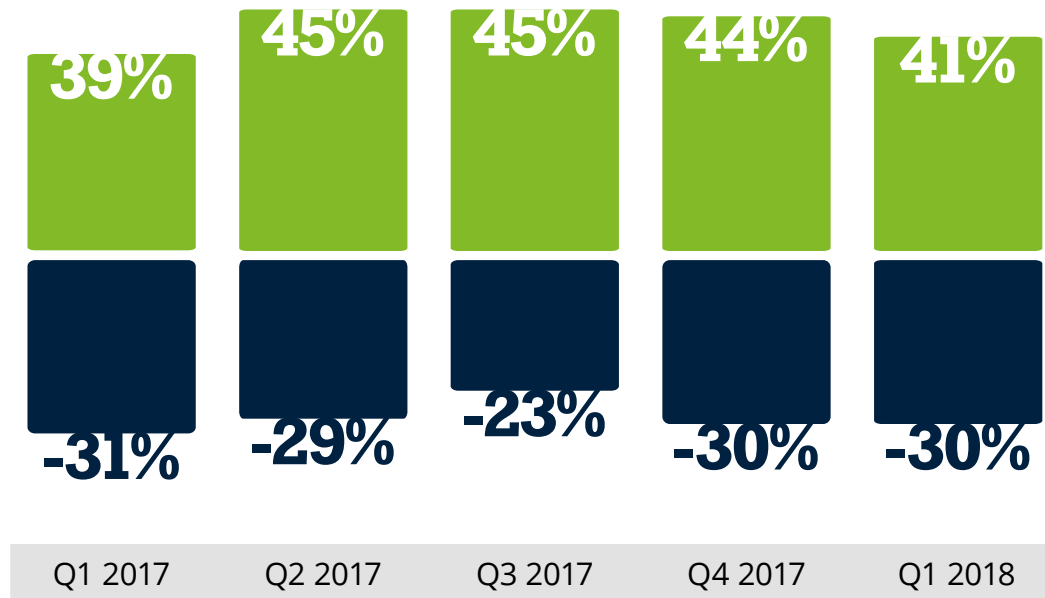




## How do you expect your sales turnover to change over the next 6 months?



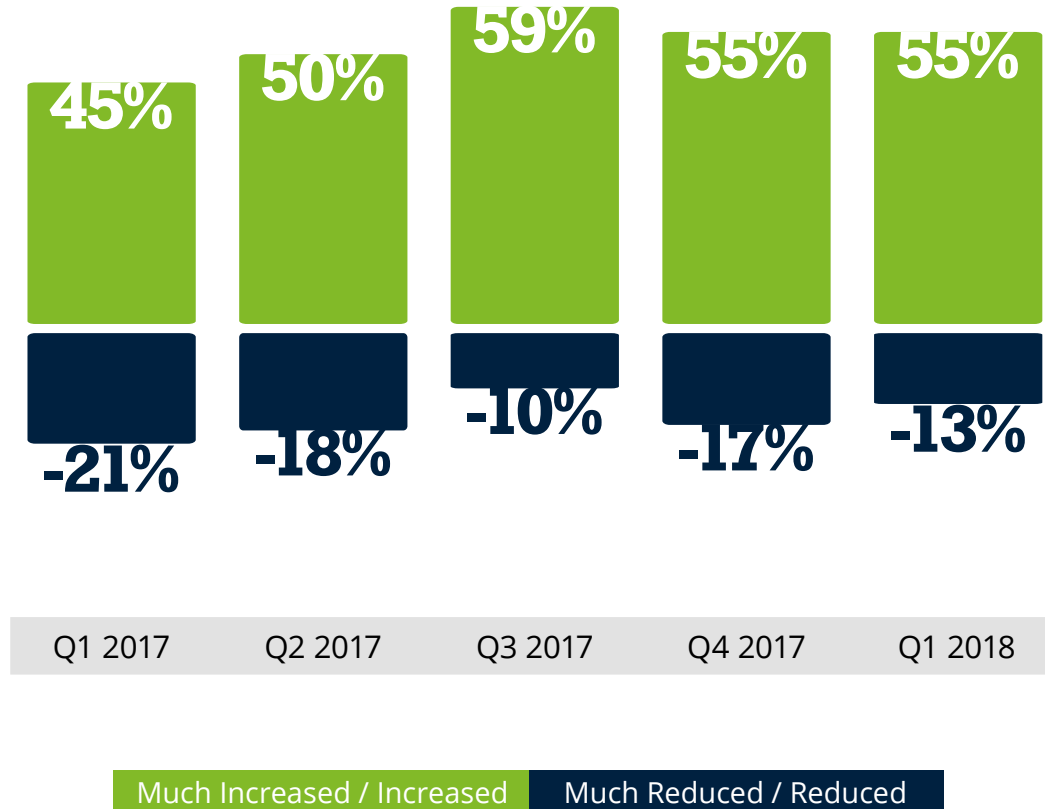
## How has your profit changed within the past 6 months?



Much Increased / Increased

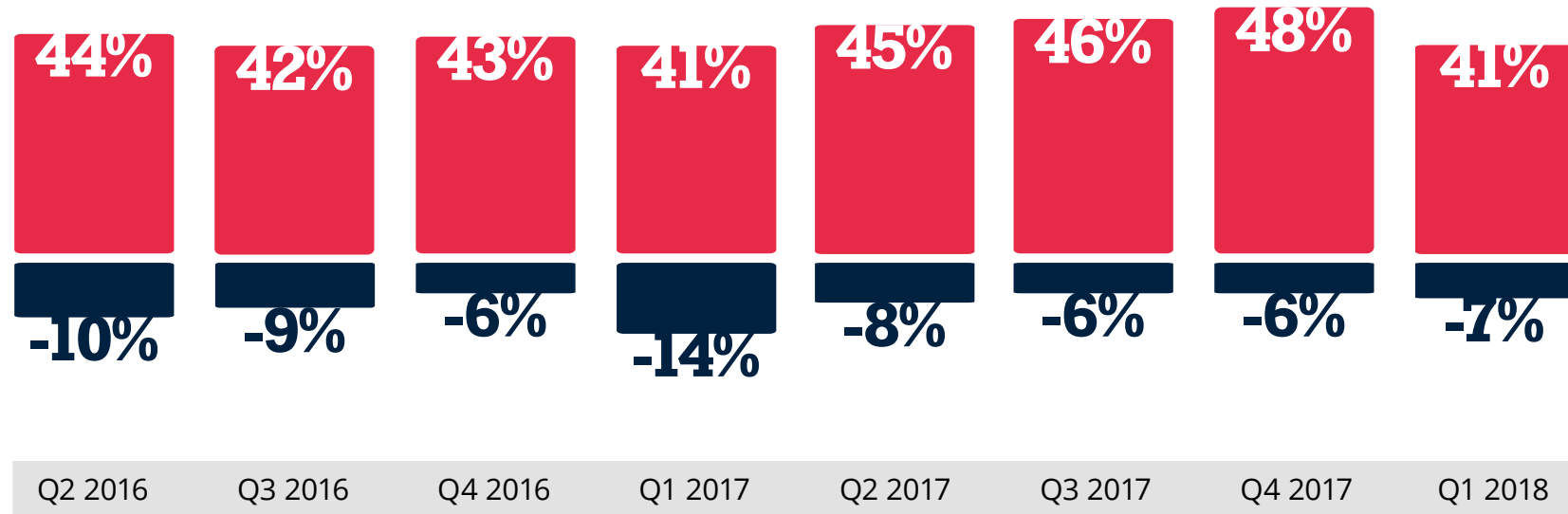
Much Reduced / Reduced

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



# National Past Capital Investment.

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

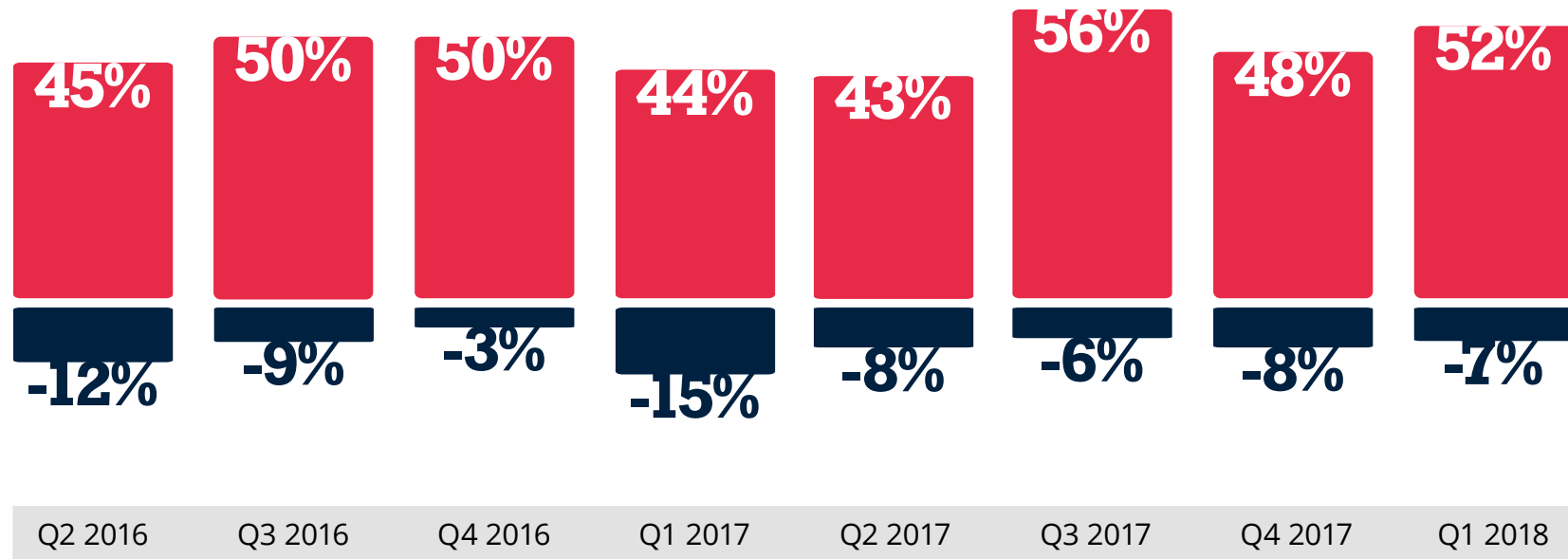


Much Increased / Increased    Much Reduced / Reduced

256 respondents

# National Future Capital Investment.

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

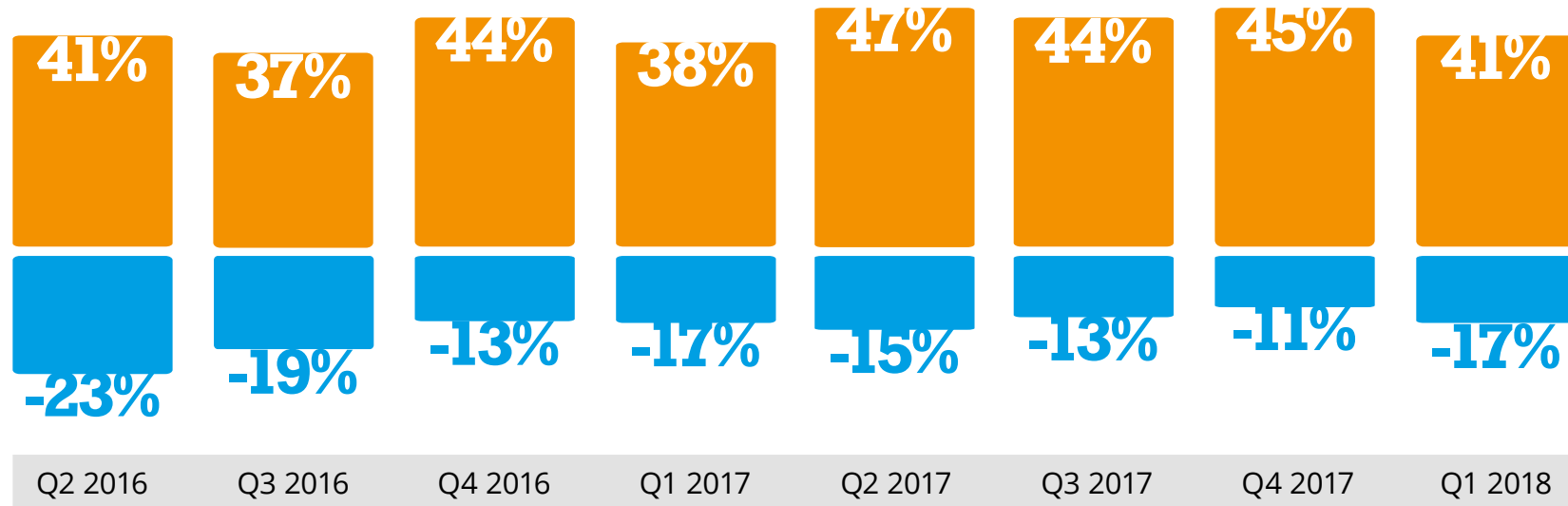


Much Increased / Increased

Much Reduced / Reduced

256 respondents

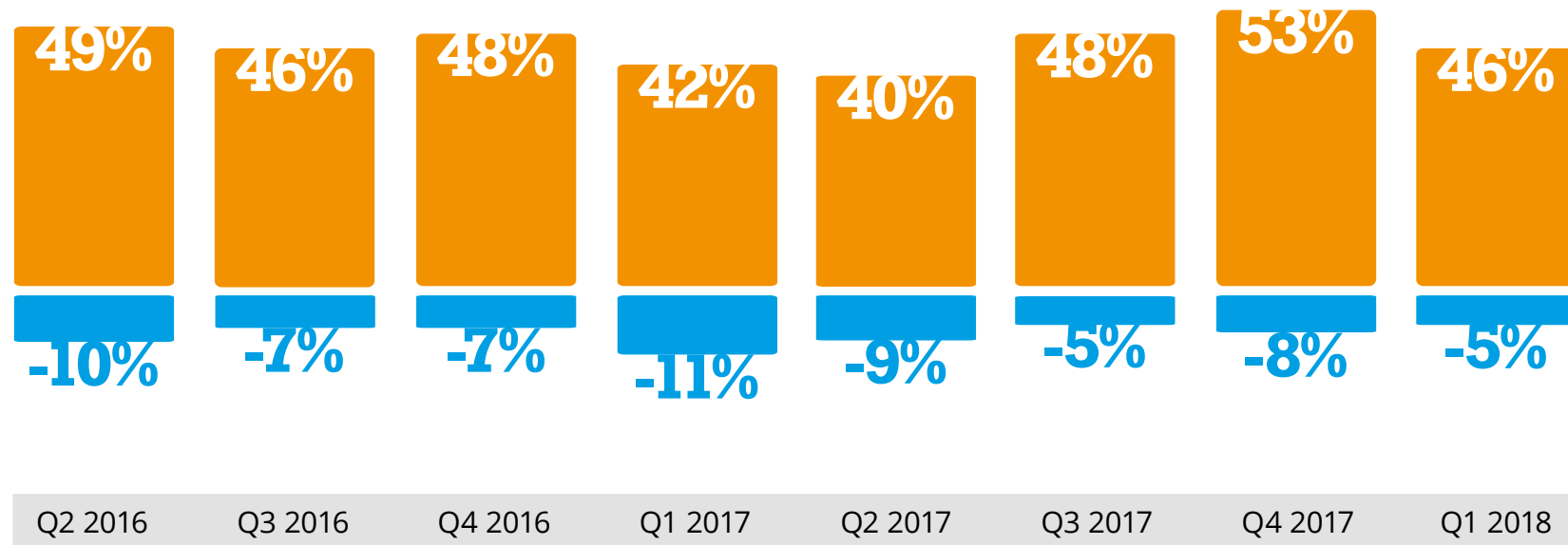
## How have staff numbers in your company changed in the past 6 months?



Much Increased / Increased    Much Reduced / Reduced



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



Much Increased / Increased    Much Reduced / Reduced

What statement best describes your company?

**ALREADY  
EXPORT**

**69%**

**PLAN TO  
EXPORT**

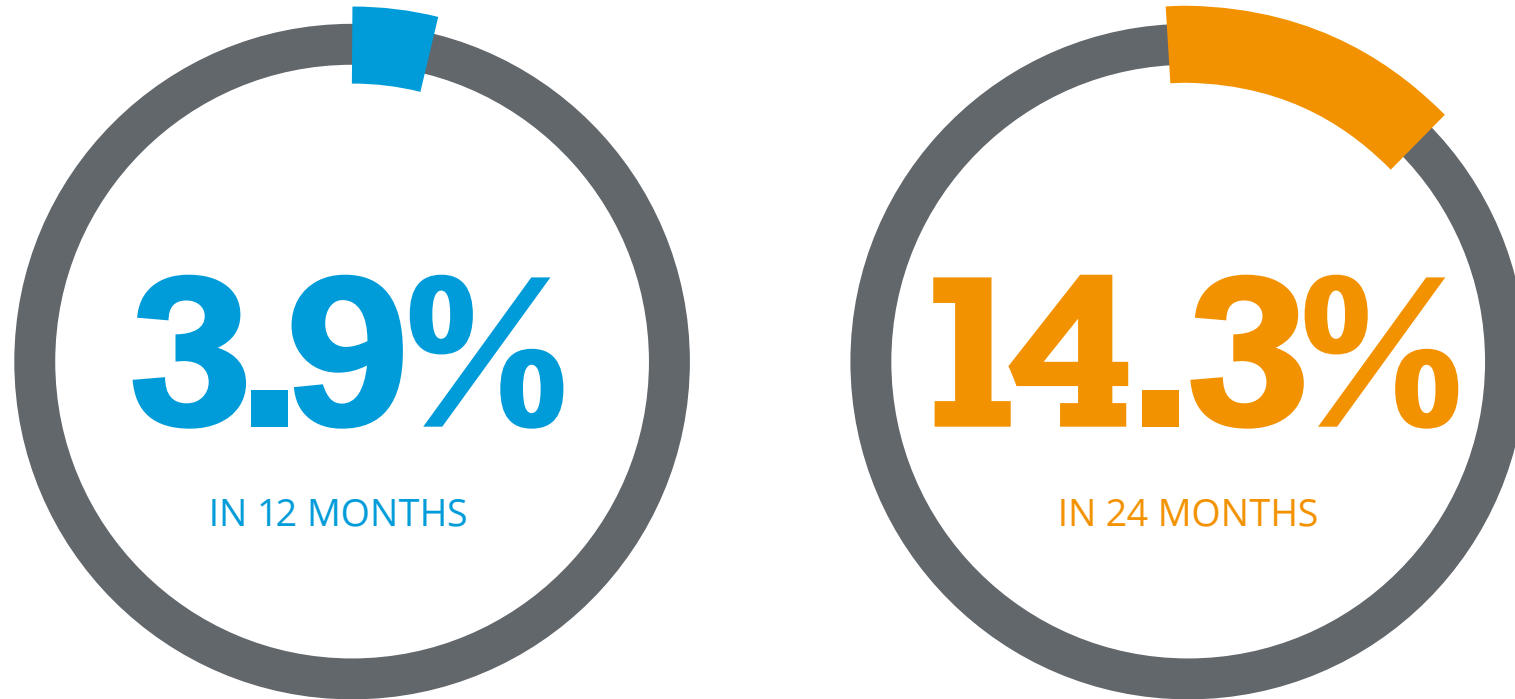
**10%**

**DECIDED NOT  
OR NO OPTION  
TO EXPORT**

**13%**

**OTHER: 8%**

## Average anticipated growth in turnover as generated by export sales\*



\*using figures provided by respondents who export already and those planning to export.





"The SWMAS Local Manufacturing Advisory Programme actually allows manufacturing businesses to spend money on production, which is great! ...We have a long standing relationship with SWMAS and will turn to them again for any future support." **SIMON SAUNDERS, MD, Ariel Motor**

# About the Manufacturing Barometer.

## MANUFACTURING barometer

The SWMAS 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.

Delivered by SWMAS, part of the Exelin Group, since 2009, and more recently in partnership with Economic Growth Solutions, the majority of contributors to the Barometer are senior leaders in the UK's manufacturing sector.

We sincerely thank all respondents for taking the time to help form this collective voice of the sector.

SWMAS use the results to help raise the profile of UK manufacturing by ensuring SME manufacturers voices are heard - our results and insights are frequently quoted in local, national and international media.

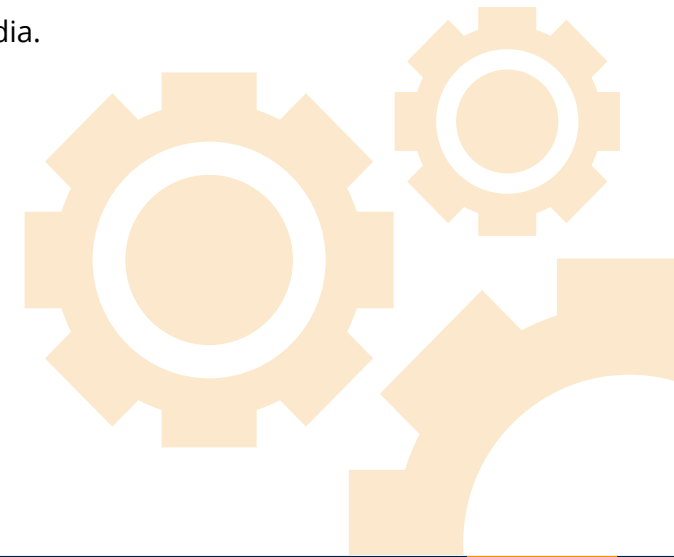
For manufacturers, the Barometer can inspire a wider view of business, help to benchmark, or act as a catalyst for increasing capability and capacity.

If the Barometer has encouraged you to face challenges or to identify opportunities in your business, please get in touch. The SWMAS manufacturing specialists and our partners can help you to define and deliver your priorities efficiently and effectively.

### Contact us today:

[info@swmas.co.uk](mailto:info@swmas.co.uk) 0845 608 3838

[www.swmas.co.uk/knowledge/manufacturing-barometer](http://www.swmas.co.uk/knowledge/manufacturing-barometer)



# MANUFACTURING barometer



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SOLUTIONS

SWMAS | Somerset Energy Innovation Centre  
Woodlands Business Park | Bristol Road | Bridgwater | TA6 4FJ  
**0845 608 3838** [info@swmas.co.uk](mailto:info@swmas.co.uk) [www.swmas.co.uk](http://www.swmas.co.uk)

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