

TILL BREXIT DO US PART

How mid-market businesses expect Brexit to impact on them and what they are doing to prepare



Early in 2017, seven months after Britain voted to leave the European Union (EU), the Prime Minister Theresa May gave a key speech setting out her priorities for Brexit negotiations. To leave the EU the UK has to invoke Article 50 of the EU Treaty which gives two years to agree the terms of the split and future trading arrangements.

The country's exit from the EU is the defining issue of our time, impacting on every business sector and affecting the fortunes of our economy now and in the future. Negotiations are going to have unprecedented complexity and there is a great deal of uncertainty about how Brexit will play out.

Against this backdrop, we have carried out a robust and well-timed opinion survey of more than 400 leaders of mid-market businesses in the UK to find out how they are feeling in February 2017.

This report of the survey's results looks at business leaders' sentiment around Brexit and the anticipated impacts for different sectors. It also explores what actions they are taking in response, together with insights captured from a panel of EU business leaders.

Welcome

Mid-market businesses are a strong force in the UK economy and will have an important role in powering the nation's future prosperity. As a key advisor to these businesses, we understand the commercial realities as well as the challenges and opportunities of their sectors.

Our report aims to shine a timely light on the thoughts and deeds of mid-market business leaders during this twilight period, as the Article 50 trigger is pulled to begin the process of leaving the EU.

As the country reaches the brink of this momentous change, our survey captures a mood of resilience and level-headedness in British business. It identifies the strong belief that Britain can survive and thrive after Brexit, but it also demands realism about the impact of leaving the EU.

While three-quarters of business leaders believe in the future success of their businesses, the same proportion are clear that their profits will be adversely affected by any restrictions to the labour market.

It also reveals that businesses cannot afford to wait for the fog of politics to clear. Businesses need to take control and prepare for the best and the worst scenarios for their operations.

Government needs to help them by lifting the administrative burden of business life, wherever and whenever it can. Only economic success will ensure we prosper as a country in the future.

The five-point action plan on page 14 is a good place for businesses to start. Forward-thinking businesses and their advisors will already be turning to that page.

Andy Raynor
Chief Executive
Shakespeare Martineau



Executive summary



Mid-market businesses make a significant and growing contribution to the UK economy. Employing almost 16 million people and with a combined annual turnover of £1.8 trillion, they account for at least 99% of businesses in every main industry sector.*

The sentiment of this influential and ambitious group is a good litmus test of the business community's mood pre-Brexit. It also indicates the level of readiness felt by this economic engine room to preserve and advance the future prosperity of the nation.



68%

acknowledge the opportunity of having the freedom to strike new trade deals

Optimism around trade and inward investment, tempered with realism about the risks to trade

While the biggest pitfalls of Brexit relate to trade

... over two-thirds (68%) acknowledge the opportunity of having the freedom to strike new trade deals.

There is a sense of optimism for inward investment to the UK after Brexit

... with almost three-quarters believing that it will be encouraged by a reduction in red tape and the Government being likely to flex the tax regime.



74%

agreed that businesses require immigration to fill the skills gap

The continuing need to access diverse skills and labour

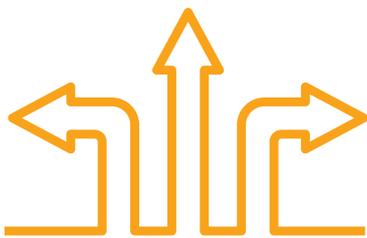
Almost three-quarters (74%) agreed that businesses require immigration to fill the skills gap

... but felt that Brexit would have a negative impact on access to skilled workers.

More than two-thirds (67%) expect businesses will invest in technology as the main sector post-Brexit, followed by manufacturing (51%) and construction (42%)

... all three rely on migrant labour to bolster the UK's own supply.

* Figures from the Department for Business, Energy & Industrial Strategy



48%

**of business leaders
have not taken actions
to mitigate the risks**

Making limited preparations to mitigate risk due to hesitancy over the uncertainty

Business leaders are unsure about the potential for economic growth after Brexit, with slightly more supporting the likelihood that growth will stall

... instead, they are focused on the harm being done by the present state of uncertainty and want swift negotiations.

With political “uncertainty as the biggest problem”**, the majority have not taken actions to mitigate the risks linked to Brexit

... and those that have are tending to take easier, less costly actions such as simply communicating with their employees.



Belief in the strength of the UK to be independent from the EU

Nearly three-quarters (73%) of business leaders believe the UK is strong enough to be independent from the EU

... despite disagreeing about the UK's level of global influence after Brexit, with less than half (41%) thinking our influence will increase, 17% believe that it will stay the same and 42% that it will fall.

The more operations a business leader has in the EU, the less likely they are to feel that the UK is strong enough to be independent from the EU

... which is echoed by EU leaders who are less confident that their British counterparts will be able to be independent from the EU.

**Construction business leader

Optimism around trade and inward investment, tempered with realism about the risks to trade



Overall, business leaders are restrained in their assessment of the anticipated outcomes of Brexit.

The survey reveals that business leaders see the main pitfalls of Brexit as being the increased cost of imports (mentioned by 78%) and loss of access to parts of the single market (71%).

On the flip side, two-thirds (68%) see the main benefit being the greater freedom to strike new trade deals, and see it as a positive that laws applying to the UK will be made in the UK. This is moderated by over three-quarters of the EU panel who warn that the UK has overestimated the EU's willingness to accommodate its trade requirements.

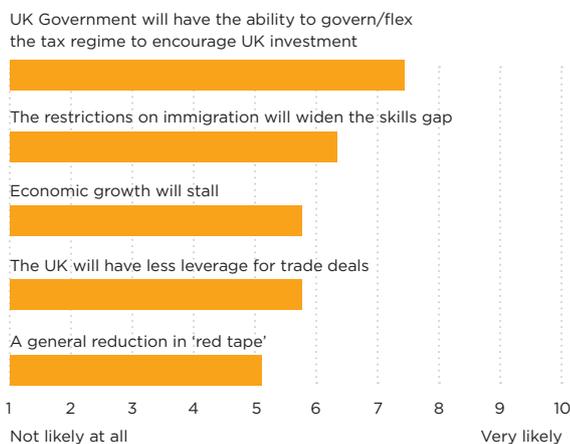
Business leaders were divided over the impact on inward investment. However, those that have operations in the EU are significantly more likely to say the level of inward investment will decrease after Brexit, compared to businesses that only

operate and trade within the UK. Just under half (45%) say that loss of foreign direct investment would be a disadvantage resulting from Brexit.

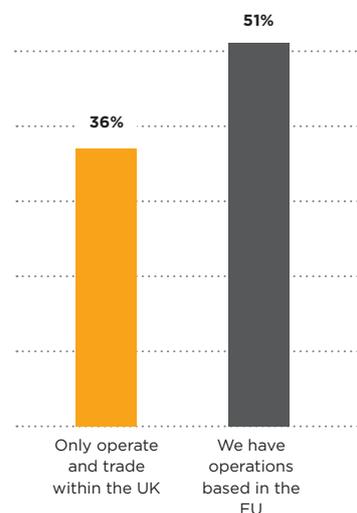
Yet there is a sense of optimism in this area: 67% believe that a reduction in red tape would encourage investment and that after Brexit the UK Government will have the ability to flex the tax regime to encourage UK investment – agreed by 76% of respondents as the number one Brexit opportunity. Furthermore, they think this has the potential to happen, rating its likelihood as above 7 out of 10.

Indications from the EU panel suggest that EU businesses are more ready than UK counterparts to pull businesses or projects from the UK. There is a sense among the EU panel that the UK

Scores as rated on a scale of 1 (not at all likely) to 10 (very likely)



% who expect the level of inward investment to diminish



Survey insights

"It is understandable that British businesses are emphasising the advantages of Brexit; wanting to face such change with positivity is a psychological response which reflects the natural drive and optimism of entrepreneurs.

My personal view is that the UK will always be a powerful business nation. But no one country is strong enough to negotiate trade agreements that will put them on a level playing field with big players such as Russia, the US and China. I also share the general view of the survey's EU panel that it is unlikely that a trade deal will be achieved within two years.

Whatever happens, businesses need to prepare now; for example, by looking at the potential impact of any trade duties on their competitiveness and whether they need to consider premises in the EU, sourcing trained staff or changing their company structure. Starting to look at these issues in two years' time will be too late."

Sven Hoffmann

Partner

HEUSSEN

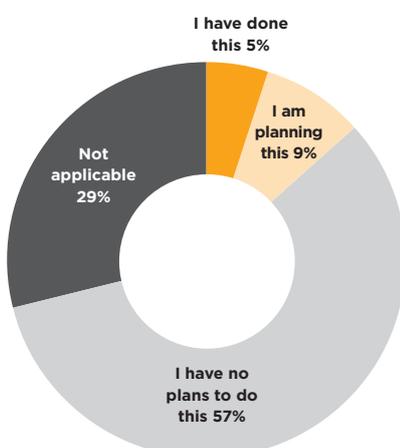
Rechtsanwaltsgesellschaft
(a member of Multilaw)

Germany

economy will be impacted by businesses relocating their headquarters elsewhere, rating its likelihood at 7 out of 10. A quarter say they are planning to absorb UK-based parts of their business into their territory. By contrast, fewer UK business leaders are planning to do this (9%), with the majority not currently having any plans to do so.

Looking at the advanced manufacturing sector as an example, Brexit is having a varied effect. The value of the pound is having both significantly positive and significantly negative impacts on trade for different businesses. Half (51%) believe Brexit will impact negatively on the sector, so it is perhaps unsurprising that 18% have already pulled at least one project because of Brexit, with a further 15% planning to do so. As mid-market businesses, this is likely to be a response necessitated by the decisions of large international businesses further up the production chain.

Is your business moving functions/ operations from UK to an EU site?



Understand the impact on your business - what operational challenges could you face and how does this impact your bottom line? Forecast the best and worst scenarios and spend time planning on how to optimise the future.

Begin your risk assessment by reviewing your current suppliers - does the shape need to change? Will your contracts help or hinder as you address your options? What are the costs of alternative suppliers? Plan now and don't be exposed.

The continuing need to access diverse skills and labour



People are at the heart of virtually every business – and none more so than mid-market businesses who need access to talent and a labour supply to thrive. But the indication from Brexit is of a likely restriction of free movement. So how much is this likely to affect UK businesses?

Our survey found that immigration and the skills shortage is an area of negativity and concern amongst most UK business leaders.

Almost three-quarters (74%) agree that businesses require immigration to fill the skills gap in the workforce.

But worryingly, business leaders expect the biggest change after Brexit to be the negative impact of a stemmed flow of skilled foreign workers to the UK, with two-thirds (63%) expecting the level to decrease and just 9% predicting it to increase. This expected decline in the number of people moving to the UK after Brexit aligns with the views of our EU panel too.

Well over half (60%) of UK business leaders say migration restrictions will make the UK labour market less flexible to demand. However, views are divided over whether there needs to be a reduction in red tape to manage this.

Some business sectors will feel the impact of immigration changes more acutely. For example, over two-thirds (67%) of business leaders in advanced manufacturing think restrictions on immigration will widen the skills gap and only 21% disagreed with this forecast. Indeed, it is an area of key concern matched only by worries about the impact of tariffs not being considered fully by businesses.

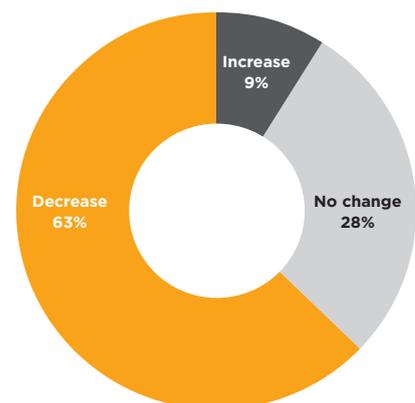
In our survey 8 out of 10 higher education leaders refer to the adverse effect immigration restrictions will have on student numbers – but they find it quite unlikely that the Government will relax controls for immigration and the movement of students, rating its likelihood as just 3 out of 10.

Unsurprisingly, given its reliance on migrant labour, the healthcare sector expects to be damaged by any immigration laws and workers leaving the

UK. Fortunately, healthcare leaders did not feel that the health sector would collapse as a result, rating the likeliness as 4 out of 10. This is perhaps an indication of a belief that the Government would step in to prevent any such breakdown.

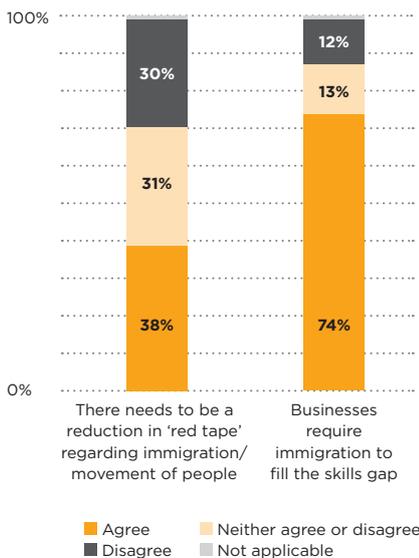
More than two thirds (67%) of mid-market business leaders expect that businesses will invest in technology as the main sector for investment when the UK has left the EU. This is followed by manufacturing (51%) and construction (42%). As sectors which count on skilled migrant labour, this underlines concerns to balance immigration changes with the continuing need to access a labour supply to ensure the UK's competitiveness.

What extent do you believe the flow of skilled foreign workers into the UK will increase or decrease?

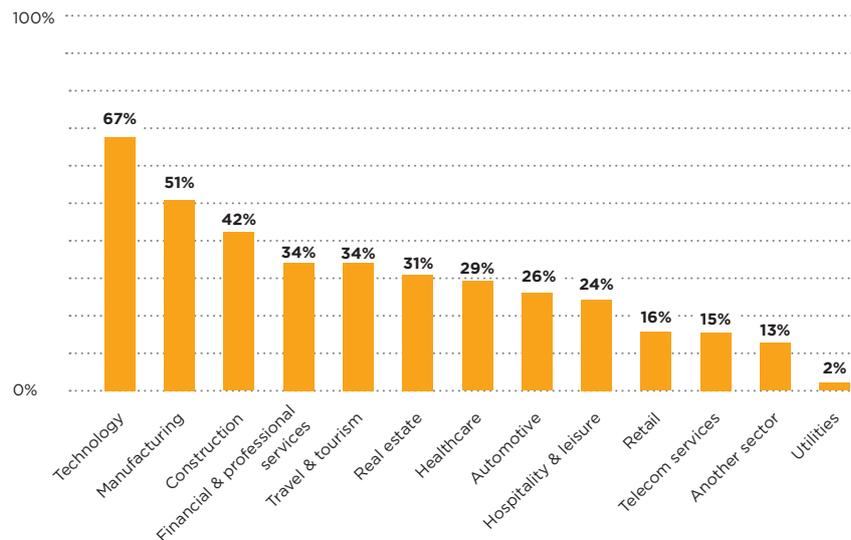


What proportion of your workforce could be affected by Brexit? How skilled are these roles? Do you have any existing employees that you could upskill?

To what extent do you agree or disagree with the following?



Where do you think business will invest when the UK has left the EU?



Survey insights

“Universities and colleges must find a way to turn change into advantage again. Their despondency, as expressed by our survey findings, is largely due to the sector’s success in attracting students from the EU and the rest of the world. Under Brexit, the concern is that EU students could find the UK a less attractive destination, particularly if they are no longer charged the same fees as domestic students. Changes to worker mobility will affect the many staff who also come from the EU, creating gaps in capability and capacity. Some are already taking steps to reassure their staff and students that there is a place for them post-Brexit – and to think imaginatively about how to continue to recruit from the EU and further afield.

For many institutions, Brexit could be the catalyst for an honest self-assessment about who they realistically want and need to be, particularly given the other legislative, social, demographic and policy shifts going on. Who is your target audience? What is your value proposition? Is research excellence and growth necessary for you, or should the focus be more on specialisation or teaching? Do you have the right governance and staffing strategies? These can be prickly and complex issues to tackle and leadership teams will need to assemble the right balance of internal and external skills to develop and implement the most appropriate strategic response to the difficult times that lie ahead.”

Smita Jamdar
Head of Education
 Shakespeare Martineau

“The care sector was one of the first to flag immigration as a Brexit issue. The survey’s comments from healthcare businesses point to the reality of the pressures already being felt, such as the shortage of nurses and care workers being worsened by “the reduced level of local people who want to enter the sector” and, from a contract cleaning firm, the view that “we are already feeling the effects of leaving the EU and find it almost impossible to recruit staff.”

The survey shows healthcare leaders think it is highly likely that foreign workers will leave the UK, resulting in the risk of them losing around half of their migrant labour – which for some operators is as much as 65% of their workforce. In addition, Brexit could create an even bleaker situation if GDP falls as some predict and there is even less funding available for public healthcare.

The hope is that controls introduced a few years ago to restrict the recruitment of staff from countries beyond the EU are relaxed. Preparing for this to happen is a good tactic when looking at viable options for the future. It’s well worth gaining an understanding of how overseas recruitment works and how it could benefit your business. There may also be opportunities to collaborate with other providers – whether on recruitment or by sharing other resources and capacity, especially in areas like domiciliary care.”

Roger Harcourt
Head of Healthcare
 Shakespeare Martineau

Making limited preparations to mitigate risk due to hesitancy over the uncertainty

The present state of uncertainty is causing damage. That is the view reiterated throughout our survey by business leaders who are unsure about the impact of Brexit for them and the wider economy.

It is evidenced by respondents rating the likelihood that economic growth will stall as 6 out of 10. Comments include:

- Political uncertainty equals no or slow business decisions. *Environmental business*
- On-going uncertainty and distraction is affecting confidence in future business investment, plus it distracts the Government from the day-to-day issues facing local business. *Retail business*
- We have no clear plan of an EU deal. The uncertainty will, I fear, damage the economy and negatively affect the UK. *Chemical distribution business*
- Uncertainty is the problem now. As soon as it's clear what Brexit means for import and export costs and processes, we will handle it. *IT business*

The pervading state of uncertainty appears to have fostered a sense amongst business leaders that it is too soon for them to plan for Brexit. Almost half of business leaders (48%) have not taken actions to mitigate the risks. Indeed, one in seven has no plans to take any of the actions we asked about, including internal communications.

Where leaders have taken action, the most popular step is communicating with employees about the impact of Brexit on the business, carried out by 41% and planned by a further 22%. It is noteworthy that this is a relatively easy action requiring little financial investment, especially if it is not backed up by any thorough assessments. Just under a third of businesses have started to do this by analysing different trading possibilities or comparing costs of EU and non-EU suppliers.

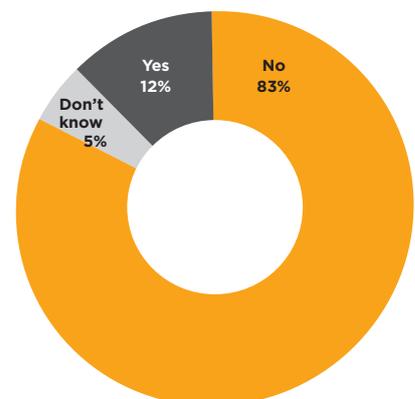
Despite concerns about Brexit's impact on skills and labour supply, only 13% of UK business leaders have analysed potential immigration scenarios and implications for their workforce. A further 24% are planning to do so.

An action least likely to be taken is to set up a Brexit action group, with 61% of business leaders having no plans to do so. There is also low activity on moving functions or operations to an EU site; only 5% have done this and more than half (58%) say they have no plans to.

Family-owned businesses have tended to take fewer actions to address Brexit compared to businesses of other ownership types. For example, they are significantly less likely to have analysed the different trading possibilities. Meanwhile, private equity backed companies are more likely to be actively preparing for Brexit, including how to manage tax registrations and administration costs across the EU.

Within the advanced manufacturing sector, businesses seem ill-prepared for the possibility of trade tariffs; 67% of its leaders think businesses have not considered the scale, cost or complexity of cross-border tariffs. When asked if their own business is prepared, 83% said no.

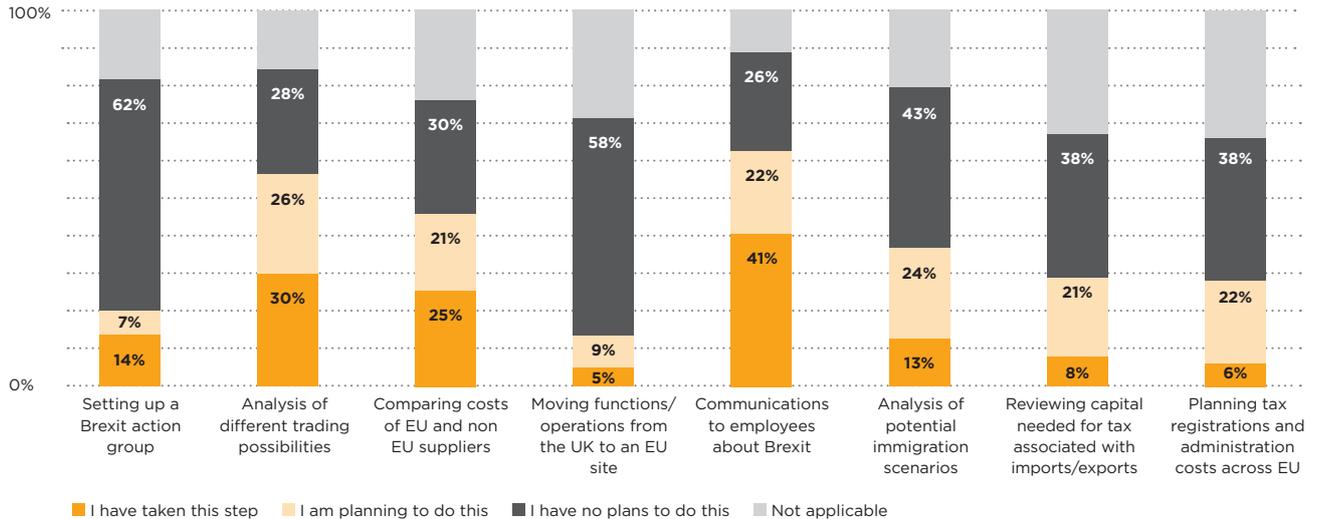
Is your advanced manufacturing business dealing with/preparing for the complexity and administration of tariffs?



Consider your profit margin - how much of a price increase could you sustain?

What about your workforce - do you have a reliance on overseas workers? What percentage of your workforce could be affected by Brexit?

What action is your business taking/planning to mitigate the risk associated with Brexit?



Survey insights

“While Britain has been in the EU, there’s been no need to worry about tariffs because all trade within its economic area is tariff-free. Under Brexit, the chance of us getting a trade deal with the EU within two years is a moot point. Plus, there’s approximately 50 further trade deals that we will need to negotiate around the world to avoid other tariffs being imposed.

So, for the 60% of mid-market businesses in our survey who operate or trade beyond the UK, the question of tariffs is a realistic and complex one.

Amongst advanced manufacturing firms, our survey identified concern that businesses are not doing enough to consider the potential impact of cross-border tariffs. At the moment it’s not too late – but the time to start considering is now.

It will take significant time to do, especially with no schedule of tariffs to follow. But applying the principle and analysing what could happen will help you identify if operations can viably accept the extra costs of tariffs being factored into prices, or whether you need to onshore your supply chain as much as possible. Plus, to prepare better for Brexit and the impact it will have on a widening skills gap, it is prudent for businesses to focus on engaging and incentivising their employees. Upskilling the domestic workforce is a generation’s work, so it makes sense to start with nurturing the talent you already have.”

Adam McGiveron
Head of Advanced Manufacturing

Shakespeare Martineau

“Energy has not been a headline battleground in the Brexit discussions to date, perhaps because it’s a sector innately equipped for political flux and cross-border collaboration. Highly-segmented, it’s no surprise to see its views in our survey hitting the middle ground.

The energy ‘trilemma’ is a good yardstick in any analysis: maintaining energy security, keeping energy prices affordable, and decarbonisation. Opinion is split over the direction of energy prices and whether security of supply will be prejudiced after Brexit. Almost two-thirds don’t expect energy regulatory regimes to change whilst a similar number think Brexit will have a negative effect on the sector overall. That negativity is likely to be down to prevailing uncertainty against the backdrop of a generally benign view of EU influence on the sector.

Energy self-sufficiency is every country’s ambition, with the growing number of cross border interconnector projects – which flow both ways – recognition of the mutual benefits of collaboration. Addressing scarcity of supply concerns is also the key to keeping the lid on prices. It’s therefore hard to sense appetite on either side of negotiations for radical change.

The UK also has its own binding climate change targets so few expect an immediate change in policy direction post-Brexit for renewables. Instead, we are likely to see divergence of policy over time, as the Government flexes its targets to increasingly focus on hitherto domestic priorities such as nuclear and shale gas.”

Andrew Whitehead
Head of Energy

Shakespeare Martineau

Belief in the strength of the UK to be independent from the EU



Almost three-quarters (73%) of UK business leaders believe the UK is strong enough to be independent from the EU.

This is perhaps not surprising given that the economy has recently performed far more strongly than economists expected, with Britain having one of the world's fastest-growing advanced economies in 2016. Inherently too, mid-market businesses have a very positive and confident outlook which fosters their creativity and innovation.

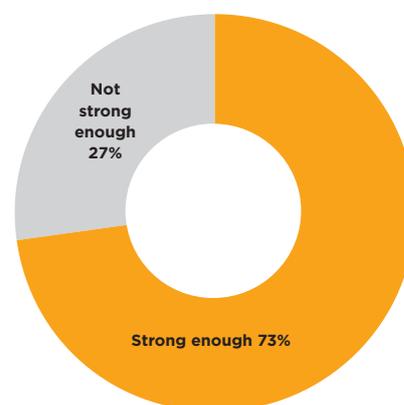
Paradoxically, there is disagreement amongst respondents about the level of global influence the UK will have after Brexit to maintain this strength to be independent. With very slightly more (42%) thinking the UK's influence will decline rather than increase (41%) - and almost one in five (17%) predicting that it will stay the same - there are conflicting views on the amount of sway the UK will have to be successfully independent from the EU.

This weaker view of the UK's influence is mirrored by the EU panel. They are less positive about the UK's ability to go it alone, with almost two-thirds predicting the UK's influence will decrease after Brexit. Indeed, compared to the 41% of UK respondents who believe the UK could become more influential, just 11% of the EU panel think this will happen.

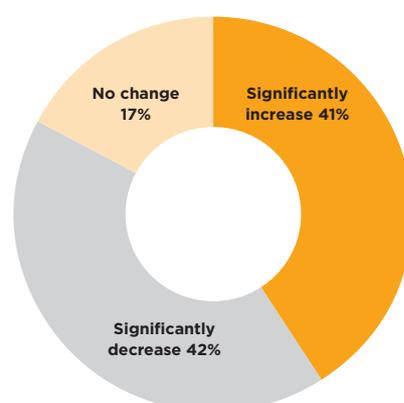
A wider market perspective tends to inject a degree of pragmatism into expectant sentiment. This may explain the finding that the more operations a UK business leader has in the EU, the less likely they are to feel that Britain is strong enough to be independent from the EU.

The survey's key sectors of interest have different perceptions about whether Britain is strong enough to be independent from the EU. Those in education are the most sceptical, while those in advanced manufacturing and real estate are the most positive.

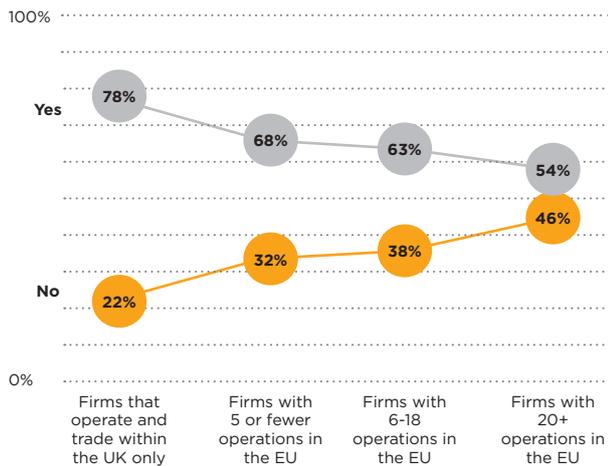
% who say that the UK is strong enough to be independent from the EU



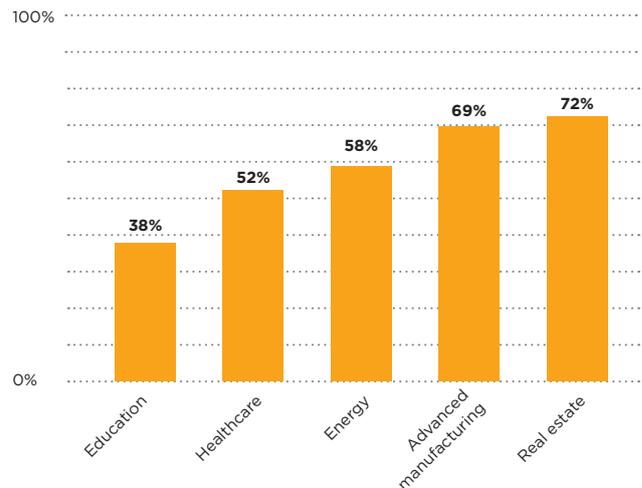
Perceptions of how the UK's influence will change post-Brexit



Is the UK strong enough to be independent from the EU?



Is the UK strong enough to be independent from the EU? (% answered 'yes' by sector)



Survey insights

“The positivity felt amongst business leaders that the UK is strong enough to be independent is matched by the hard work the Government is currently doing to promote independence. Examples include the UK-Qatar Trade and Investment Conference and the Midlands Engine strategy to rev up the regions to attract worldwide attention. Great effort is being put into ensuring there are no barriers to investing and also in targeting certain countries, such as China, to back capital projects, which in turn will benefit mid-market businesses.

Real estate is a highly cyclical business and its entrepreneurial people thrive on uncertainty; when others freeze they see an opportunity to get hold of all-important land. This flow of money appears to be reflected in the buoyant mood overall, but with it comes a reality check. Any business exposed to property development or housing provision will be concerned about a heightened skills shortage compounding the problems already felt in construction. Speculative development, especially in London, is weighing heavy on investors' minds.

Many larger companies are already making sure they've secured land and development elsewhere in Europe. Mid-market businesses need to start contingency planning now, so if Brexit creates a sudden shockwave they have sound options at the ready. Joint ventures and collaboration between complementary interests are a good way to spread the risk.”

Adrian Bland
Head of Commercial Real Estate
 Shakespeare Martineau

“It's been a period of grieving for the higher education sector. Brexit has come on top of other changes, such as the drive to separate judgements and funding for teaching from that of research, and the financial pressures faced by many. This is exacerbated by uncertainties about student recruitment and growing pension liabilities.

Coupled with a threat to the flow of students from the EU, the sector is also facing a loss of highly skilled academics and a block to EU-research funding. The survey reinforces the need and appetite for creative ways to tackle the situation. These include more global partnerships, as well as working closer to home to build better connections with local communities. Institutions will need to adapt and confront change with change.”

Jonathan Nicholls
Director of Strategic and Policy Services (Education)
 Shakespeare Martineau

Review your current trading situation - how many EU suppliers or customers are you reliant on? How robust are your supplier contracts? Is there any risk you could find yourself without a supplier and no alternative option?

Action plan for managing Brexit



We have found that mid-market businesses are getting on with the job of powering their businesses forward. They are resilient, adaptive and committed to making the best of Brexit.

So far there is little clarity, and the Government is not expected to give a running commentary on the negotiations. Business cannot wait. There can be no pause for details and guidance to come.

Now is the time to take control and manage through the uncertainty with the determined confidence and self-sufficiency inherent within mid-market businesses.

Here are five actions for all businesses taking the lead.



1.

Take action now

The next two years will usher in unprecedented changes on how business is done. Those two years will pass quickly, and it isn't hasty to act now. The world is an increasingly dynamic place, where certainty and stability is elusive. It's time to treat the unexpected as the new norm and plan for it. So integrate planning into your approach to financial forecasting.



2.

Set up a Brexit response team

Preparing for Brexit shouldn't be a job done in isolation. It could impact all areas of your business - for example, through changes to meet EU compliance or administration needed to handle trade tariffs. Integrate your thinking and actions into the general running of your business with the help of a Brexit team. It should be internal and external; perspective is vital and collective expertise will help the task in hand.



3.

Know your risk

None of us have a crystal ball to predict exactly what's coming. But we can use information available today to forecast what could happen to more accurately assess the risk and how to reduce exposure. Time spent preparing for possible scenarios and impacts is time well spent. Business insights will put you in a strong position whatever the outcome, and may even help lift your current profit margins. For example, consider your exposure to increased costs associated with any EU-based elements of your supply chain. Can you still be profitable if you experience an increase in costs associated with price increases and trade tariffs?



4.

Focus on your people

A tightened squeeze on the labour market will increase the need for effective retention and recruitment strategies. Relationships and recognition are vital. Understanding the mood of your employees will help identify actions you can take to ensure that you mitigate the risk of reduced productivity. Salaries matter but making people feel appreciated in other ways can really make a difference. Take advantage of the agility of mid-market businesses to move people into new development opportunities when the chance arises. This survey and the world today tell us that skills migration is inevitable and necessary.



5.

Benefit from collaboration

Make connections with the individuals and organisations which understand or share the challenges you face. By getting to know your business, they can act as allies when you need support during the unpredictable times ahead. Consider opportunities to share good practice or to look at things differently. Collaborate with your supply chain, including competitors. Make relationships with advisors who can help you chart the most profitable course through unknown territory. There is just no need to face Brexit alone.

Summary



Since the Referendum result in June 2016, we have been speaking to mid-market businesses about what Brexit means for them. We undertook this survey to learn more about the sentiment of mid-market business leaders in the UK and to gain an insight into the sentiment of their European counterparts.

As most of the debate in the UK so far has centred on the UK's own attitudes and expectations, we sought to gain an understanding of the bigger picture and drive some clarity around what plans need to be in place for when the negotiations end.

The key finding from our report is that businesses are less confident than Government that a Brexit deal can be done within two years. Market sentiment is that there is a lack of guidance over what will happen if no deal is done; the result being that businesses are finding it hard to make any concrete plans for the future.

Our European counterparts echoed these concerns indicating a doubt that a trade deal can be done within two years. There was also a sentiment that other trade deals will in the future be harder to achieve with the likes of Russia, China and the US.

Businesses are also deeply concerned about the impact of labour restrictions on an already strained skills gap.

The reality is that Article 50 notification starts two negotiations and there are two sides to any negotiation. Firstly, there is the formal separation arrangement: What is our exit bill? What is the status of citizens living abroad? What happens to the pan-EU regulatory bodies?

Secondly, and in many ways more importantly, there is the deal for our long term trading relationships with the EU and the rest of the world. Only time will tell.

If businesses are to be ready for the post-Brexit world, it is essential that they take advice now to fully prepare.



The view from mid-market business

General sentiment

The more completely we remove ourselves from the EU, the better trading terms we will have from them in the long term. The EU has shown to be totally inflexible, autonomous and completely undemocratic.

Sports and construction

We can reach out to new countries we do not currently trade with. We have big opportunities to start manufacturing and not rely so heavily on imports.

Construction

We are all hoping that the deal is done swiftly. Let's get it over with as quickly as possible so we know where we are and what we have to do.

Advanced manufacturing

The rest of the world cannot offer us more trade than the EU currently does. We have a trade and budget deficit that weakens our negotiating position.

Energy

We will keep trading with Europe. Our customers need our products and will not stop buying. We have to be creative about how we handle potential tariffs.

Healthcare

Our EU customers are already saying that they will choose EU suppliers where possible.

Advanced manufacturing

There is freedom to trade with the rest of the world with a more UK-centric approach, without having to agree with the overly burdening raft of EU legislation and their inward facing trade agreements.

Trading

If there are significant tariffs or customs barriers, we will move our operations to our largest market - the EU. The UK market is too small to sustain us.

Advanced manufacturing

Why would we choose to do less business with our neighbours in order to do more with people in different time zones and thousands of miles away? It's impractical.

Marketing

This is a retrograde step that looks like it will force us to move part of our distribution back into the EU, reducing jobs here and reducing profitability.

Manufacturing and distribution

It is all blind optimism.

Advanced manufacturing

There is a poor likelihood of current EU funds allocated to projects, like infrastructure, being maintained by the post-Brexit Government.

Packaging

Our industry is impacted and restricted by many unnecessary EU requirements and directives. We see more opportunities to our business by having greater control of our own destiny.

Sports and landscaping

I believe that the UK has a number of very strong-minded business people that will thrive in the conditions.

Real estate

We trade in many countries and the most difficult ones are within the EU. Being part of the EU is no guarantee of prosperity ... ask the Greeks or the Portuguese.

IT services

It will stimulate creativeness and competitiveness.

Water

Whilst I believe that the country will get through it, I do not believe that it is the best thing that could have happened. But not by that much.

Financial

Personally, the threat to freedom of movement and ability to live and work as I wish within the EU is alarming. I am signing new clients every week who are looking at moving functions, jobs and investment out of the UK.

Education

Brexit will severely damage the hugely positive balance of trade from which UK institutions and practitioners have benefitted incrementally since the single market and free movement.

Arts and music

Some actions underway

We have had to undertake surgeries to advise and support colleagues about immigration costs and routes.

Education

We are getting behind our clients who are more at risk and offering solutions.

Business services

Engaging through trade associations to highlight risks to the size of the potential workforce.

Social care

Ensuring enterprise resource planning systems are fit for purpose, and setting up distribution hub in mainland Europe.

Healthcare

Diversification and separating the company into separate units

Construction and highways

Our strategy is to materially decrease reliance on the UK as a market and focus much more global and EU setups.

Energy

Potential merger with a EU-based business.

Automotive

The focus is more on London rather than the UK regions which we anticipate will stagnate.

Real estate

We are buying far more from British manufacturers: changing from EU cars to Jaguar, buying JCB excavators only, etc.

Construction

About the survey

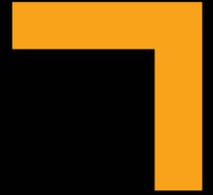
During February 2017 we used independent research company Boost Evaluation Ltd to survey mid-market leaders across the UK, excluding Scotland, to understand their reactions and responses to Brexit.

The report is based on the responses of 426 cross-industry 'C-suite' senior executives of businesses with an annual turnover of between £20m and £130m. Most (73%) have between 50 and 500 employees and over 78% have been operating for over 20 years.

We also captured insights by surveying a panel of 54 business leaders and stakeholders, drawn from 22 EU countries.

The survey asked questions on topics identified as key areas of impact, including trade, immigration, and the UK's influence. Additional sector-specific questions were asked to UK respondents in five sectors: advanced manufacturing, education, energy, healthcare, and real estate.

Respondents were a very engaged audience, and the results provide both quantitative trends and rich qualitative data.



Contact us

brexit@shma.co.uk

03300 240 333

www.shma.co.uk