An Roinn Gnó,
Fiontar agus Nuálaíochta
Department of Business,
Enterprise and Innovation

Brexit

A National **SME** Study

September/October 2019

Prepared by
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B&A RESEARCH & INSIGHT

1. Research Objectives

Research Objectives & Methodology

- Brexit represents a significant potential disruption to the Irish economy. The level of 'uncertainty' regarding the timing of Brexit and what the final outcome will look like creates a challenge for business planning.
- The Department of Business, Enterprise and Innovation is tasked with getting SMEs Brexit ready. They are providing as much information as is possible to SMEs and encouraging them to develop Brexit plans.
- To check on business sentiment, activity and the impact of Brexit discussions to date, it has commissioned quantitative research to explore these issues and Brexit preparedness among Irish SMEs.

Research Methodology

Sample = **1,016** SMEs across ROI

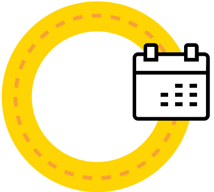
The sample was quota controlled by:

- Size
- Company type
- Region

to match CSO stats.

Sample is identical to Credit Demand Survey.

Telephone interviewing

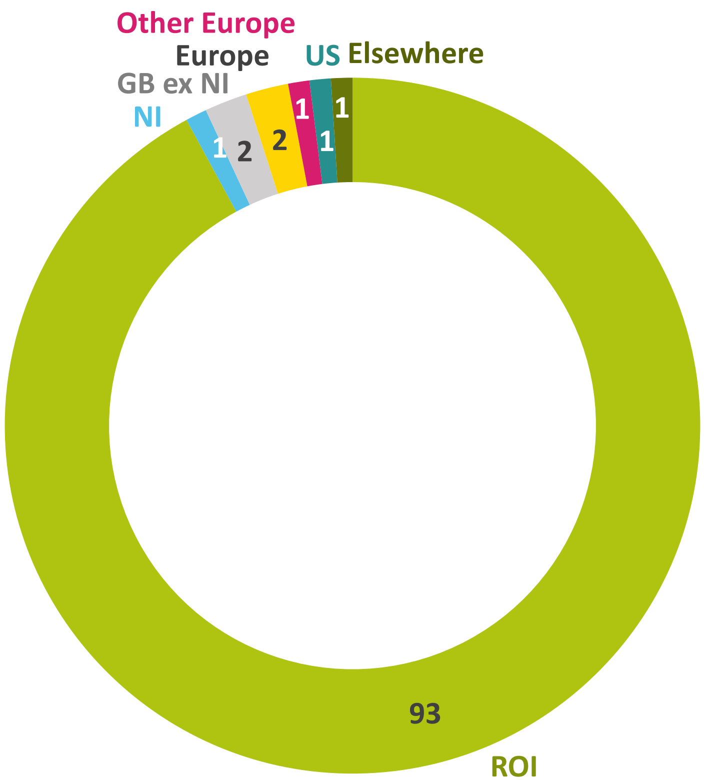


Fieldwork on the project took place between the **19th September and 11th October, 2019**.

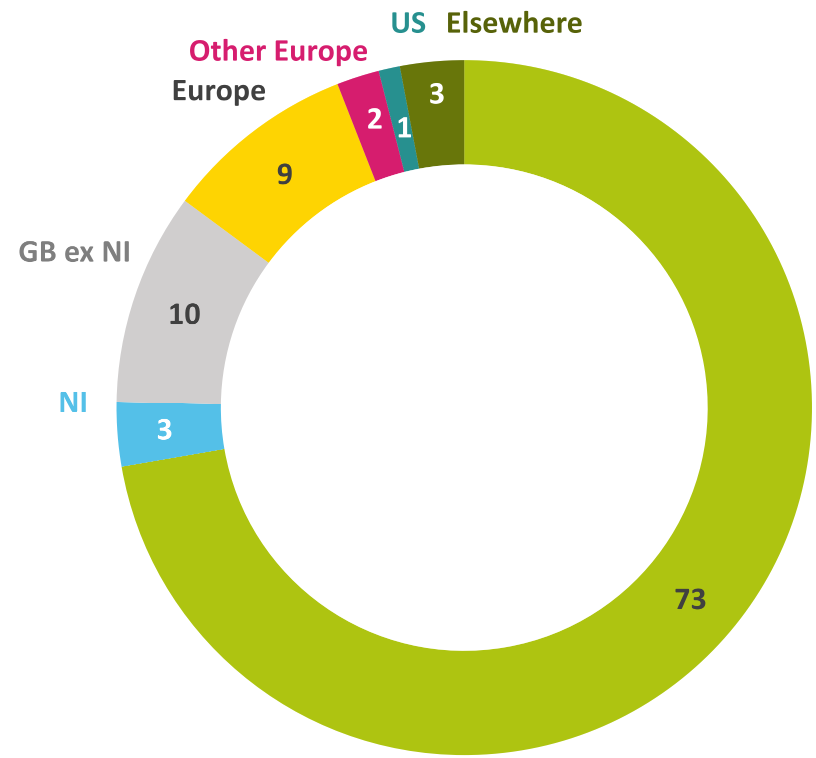
Profile of Irish SMEs - Revenue and estimated % of inputs

Base: All SMEs - 1016

% Revenue estimates drawn from…
%



% Estimates of where source material comes from
%



Revenue sources and inputs almost identical to March survey

Q.5 And approximately what percentage of your ***revenue*** *comes from …?*
Q.6 Recognising that investment can be in people, equipment, property, channel development, anything - approximately what percentage of the ***source or input material for your business*** *comes from ..*

Sample Structure by Industry Sector & Region

Base: All SMEs - 1016

		Target Quotas	Unweighted Sample	Weighted Sample
Total		100%	100%	100%
Q.3 Industry	Agriculture	2%	3%	2%
	Manufacturing	12%	11%	12%
	Construction	9%	8%	9%
	Wholesale/Retail	31%	30%	31%
	Hotel, Restaurant	11%	12%	11%
	Transport Storage Comm	4%	5%	4%
	Financial	3%	4%	3%
	Professional, Science, Tech	15%	13%	15%
	Admin Support	6%	5%	6%
	Other	7%	10%	9%

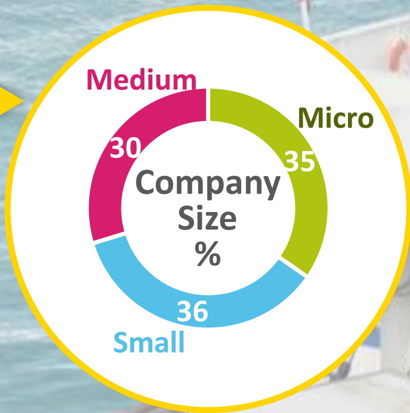
J9746Brexit		Target Quotas	Unweighted Sample	Weighted Sample
Total		100%	100%	100%
Q.1 Region	Dublin	32%	30%	32%
	Leinster	24%	26%	24%
	Munster	27%	26%	27%
	Conn/Ulster	17%	19%	17%
Q.1 Region NUTS III	Border Region	12%	13%	12%
	West Region	7%	9%	7%
	Midland Region	6%	6%	6%
	Mid-East Region	8%	10%	8%
	Dublin Region	32%	30%	32%
	South-East Region	12%	12%	12%
	South-West Region	13%	13%	13%
	Mid-West Region	9%	9%	9%

The landbridge: A quarter of SMEs use the UK to transit goods

Base: All SMEs – 1,016

24%

of SMEs **use the UK to transit goods**



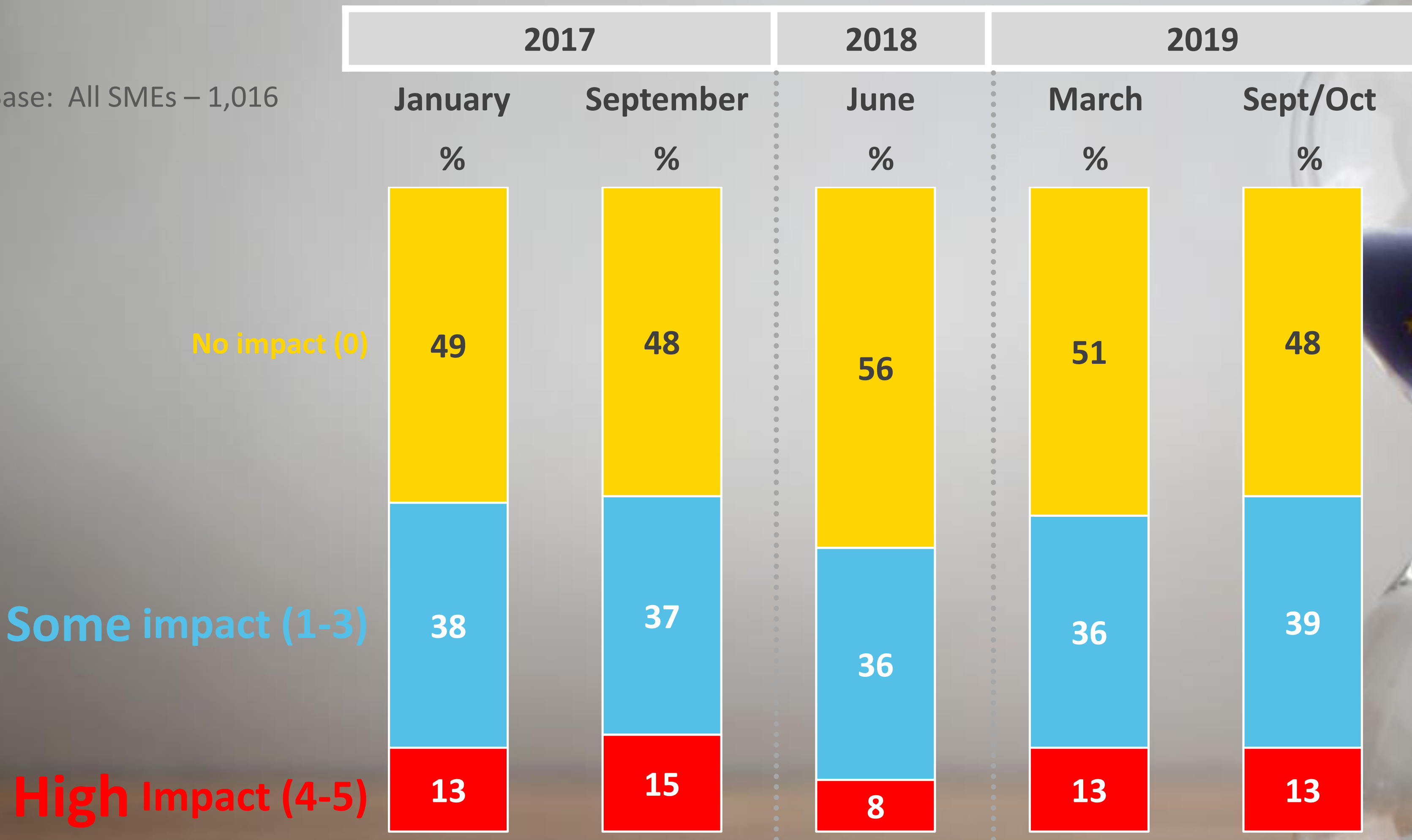
Industry	%
Agriculture	1
Manufacturing	16
Construction	12
Wholesale	16
Retail	20
Hotel	9
Transport	5
Financial	-
Professional	13
Admin Support	5
Other	3
ANY FOOD	12

Q.7. Even if you do not transact any business in the UK (including NI), do you ever transit any material through the UK to get it to its final destination?

3. Brexit Impact

Brexit Impact to date: A consistent half of all SMEs have experienced a Brexit impact. No further movement since earlier in the year.

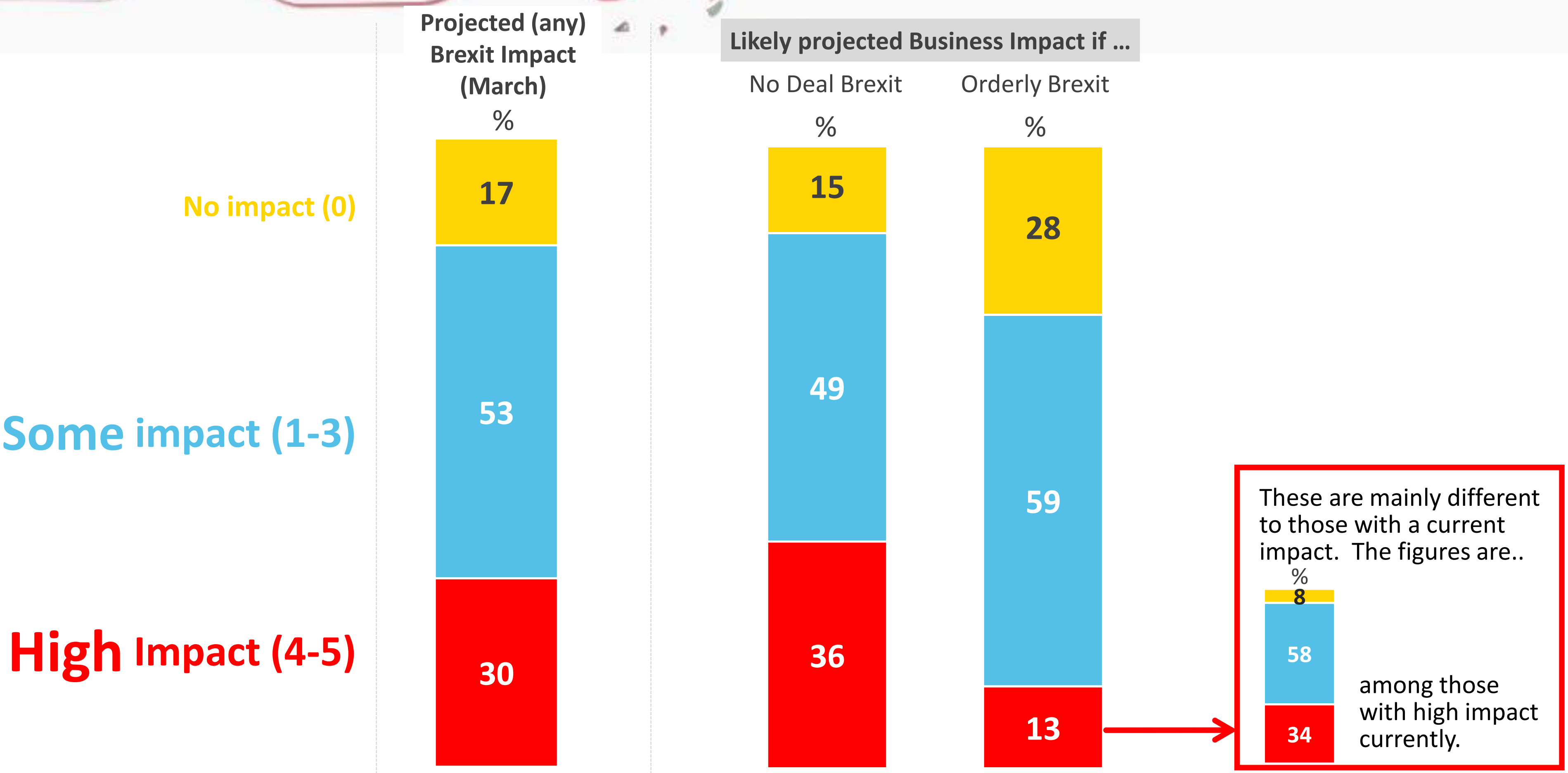
Base: All SMEs – 1,016



Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.

Projected Brexit Impact: Clear differences in expectations of likely impact depending on whether we reach a Deal or No Deal Brexit

Base: All SMEs – 1,016



Q.11(March survey) And looking forward over the medium term, say the next 18 months or so, on a scale of 0-5 how much impact, if any, do you expect Brexit will have on your business?
Q.14 (October survey) Now can I get you to anticipate two different scenarios in turn. Firstly, let's assume a no deal Brexit, on a scale of 0-5 how much impact, if any, do you expect such a Brexit will have on your business? 0 means no impact and 5 means you are expecting a significant level of impact.
Q.15 (October survey). And now if we take the other position – what if there is an orderly Brexit. Under these circumstances on a scale of 0-5 how much impact, if any, do you expect such a Brexit will have on your business? 0 means no impact and 5 means you are expecting a significant level of impact.

Postponement of business decisions and investments taken in the past 12 months due to potential implications of Brexit are increasing.

B&A

Base: All SMEs – 1,016

	March	October	Any Export/Import			Domestic Only
			Any Export/ Import	Any Export/ Import to UK	Export and Import	
Base (unweighted):	*1000*	*1,016*	*719*	*686*	*460*	*297*
	%	%	%	%	%	%
Postponed a business decision	*11*	**17**	21	21	25	11
Postponed a business investment	*10*	**15**	19	18	**21**	9
Have become more concerned/concerned about a business decision/investment you made prior to the announcement of BREXIT	*7*	**13**	16	17	16	8
Accelerated a business decision	*7*	9	12	14	11	4
Accelerated a business investment	*3*	**6**	7	8	8	3
Developed a plan to move people from the UK (including Northern Ireland) to the Republic of Ireland	*1*	1	1	1	1	0
Developed a plan to move people from the Republic of Ireland to the UK (including Northern Ireland)	*1*	1	1	1	3	1
Developed a plan to move a profit centre out of the UK (including Northern Ireland) and to move it to the Republic of Ireland	*1*	1	0	1	1	1
Developed a plan to move a profit centre into the UK (including Northern Ireland) and out of the Republic of Ireland	*1*	1	1	1	3	1
None of these	*77*	64	57	55	54	76

Q.31 Which if any of the following have you undertaken in the past 12 months directly because you are thinking of potential implications of Brexit?

Postponement of business decisions and investments taken in the past 12 months due to potential implications of Brexit are increasing.

Base: All SMEs – 1,016

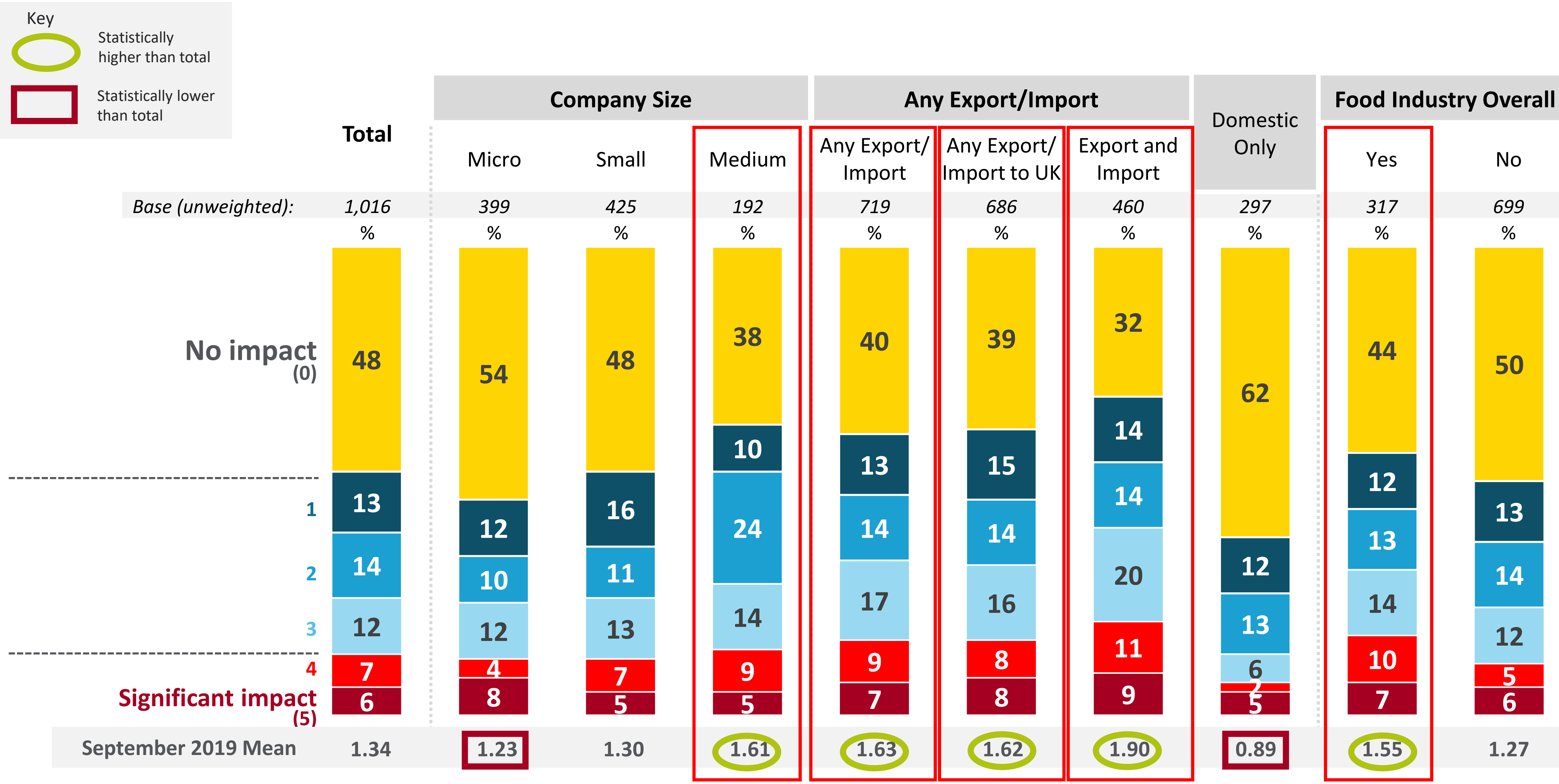
	March	October	Any Export/Import			Domestic Only
			Any Export/ Import	Any Export/ Import to UK	Export and Import	
Base (unweighted):	*1000*	*1,016*	*719*	*686*	*460*	*297*
	%	*%*	*%*	*%*	*%*	*%*
Postponed a business decision	*11*	**17**	21	21	25	11
Postponed a business investment	*10*	**15**	19	18	**21**	9
Any postponement	*21*	**32**	40	39	46	20
Have become more concerned/concerned about a business decision/investment you made prior to the announcement of BREXIT	*7*	**13**	16	17	16	8
Accelerated a business decision	*7*	9	12	14	11	4
Accelerated a business investment	*3*	**6**	7	8	8	3
Any acceleration	*10*	**15**	19	22	19	7
Balance of dynamics	*11*	**17**	**21**	17	**27**	13

Q.31 Which if any of the following have you undertaken in the past 12 months directly because you are thinking of potential implications of Brexit?

4. Who is being impacted?

Current Brexit Impact: Most impact being experienced among medium sized companies, those exporting/importing and those operating in the food industry.

Base: All SMEs – 1,016

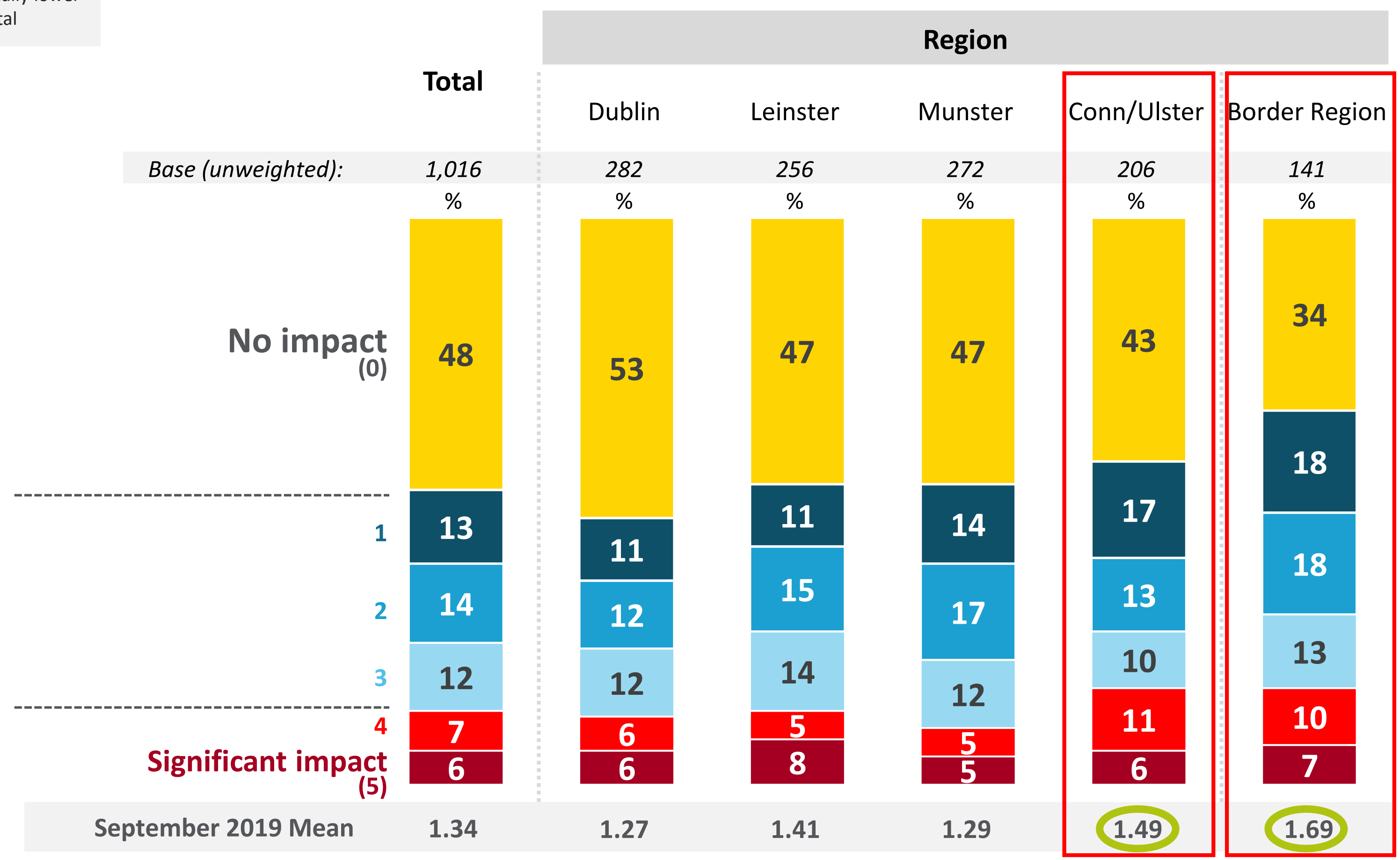


Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.

Current Impact of Brexit: Regionally the impact has been felt most by those in the Border region.

Base: All SMEs – 1,016

Key
- Statistically higher than total
- Statistically lower than total



Border Region Counties: Cavan, Donegal, Leitrim, Monaghan, Sligo, Louth

Conn/Ulster Region Counties: Cavan, Donegal, Leitrim, Monaghan, Sligo. Galway, Mayo, Roscommon

Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.

Current Brexit Impact: Some minor differences in the level of impact evident. A key finding is that the levels of impact for exporting companies is a little higher than March.

Base: All SMEs – 1,016

Key
- Statistically higher than March
- Statistically lower than March

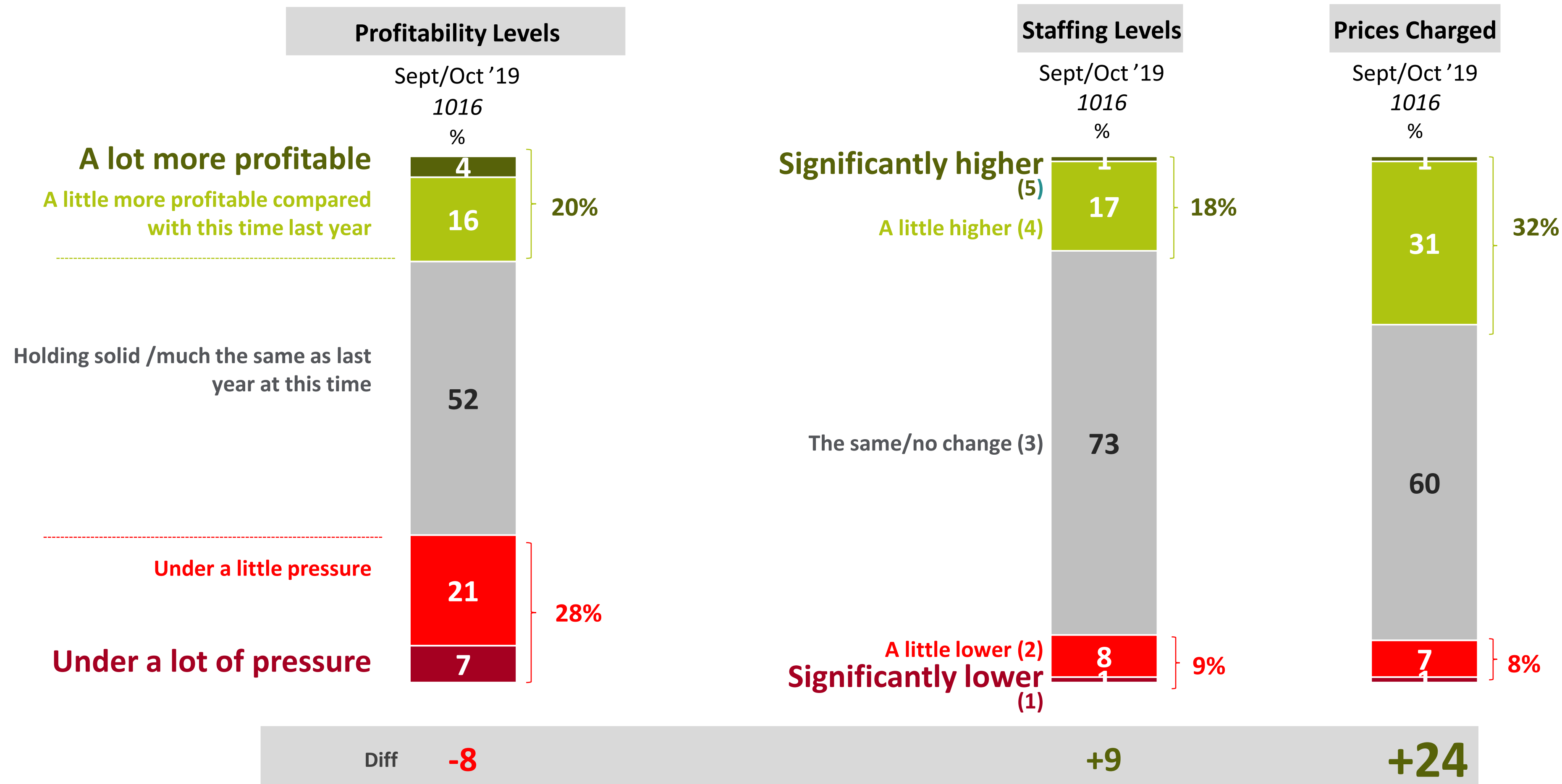
	March 2019 No Impact %	March 2019 Average (out of 5)	Sept/Oct 2019 No Impact %	Sept/Oct 2019 Average (out of 5)
Total	51	1.26	48	1.34
Company Size:				
Micro	59	1.02	54	1.23 (statistically higher than March)
Small	53	1.22	48	1.30
Medium	38	1.74	38	1.61 (statistically lower than March)
Export/Import:				
Any Export/ Import	45	1.48	40	1.63 (statistically higher than March)
Any Export/ Import to UK	43	1.53	39	1.62
Export and Import	36	1.70	32	1.90 (statistically higher than March)
Indigenous Only	63	0.92	62	0.89
Food Industry Overall:				
Yes	43	1.49	44	1.55
No	55	1.18	50	1.27 (statistically higher than March)

Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.

What about the major KPIs: There are more firms reporting pressure on profitability compared with those who are reporting they are more profitable than last year. While a high proportion of companies are maintaining employment levels, there is evidence that a higher proportion of firms are increasing employment than reducing employment. On pricing, significantly more companies have increased prices over the past year than have reduced them.

Key
Statistically higher than total
Statistically lower than total

Base: All SMEs – 1,016

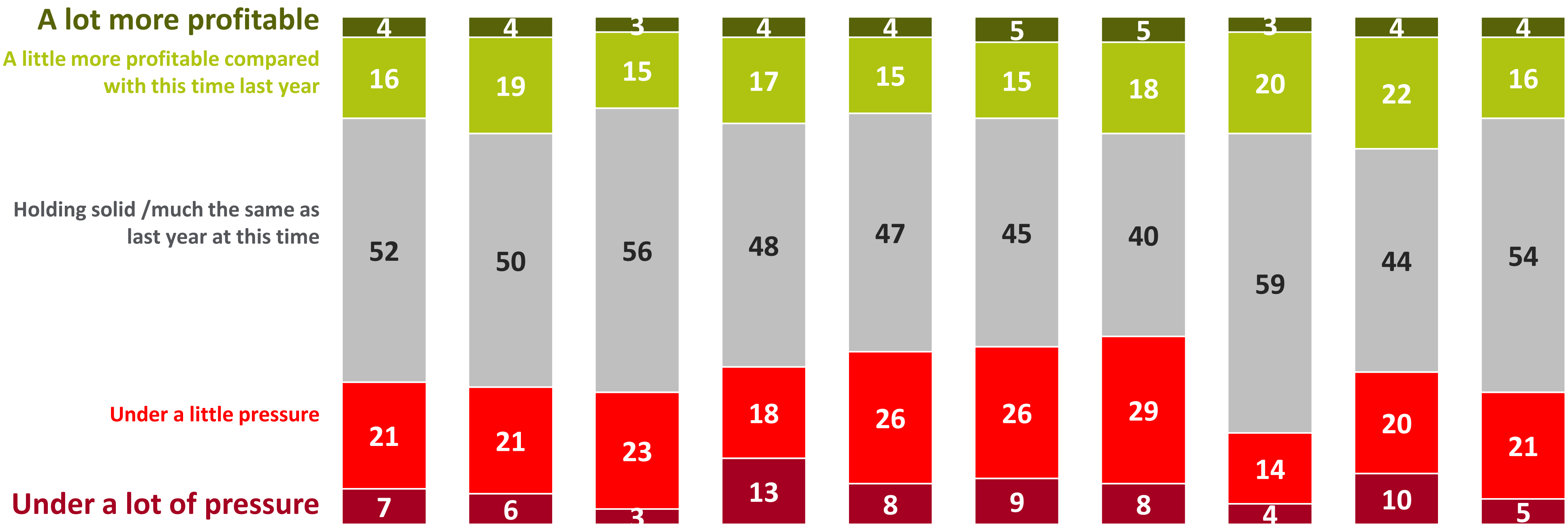


*Q.9 We are now going to evaluate any impact of Brexit in more detail. Let's begin with profitability. Over the past year, would you say your profitability levels are .. **READ OUT.***
*Q.10 And what about staffing levels. Over the past year, are your staffing levels now.. **READ OUT***
*Q.11 And finally what about prices charged. Over the past year, are prices .. ….**READ OUT***

Deep dive into profitability levels: There are more firms reporting pressure on profitability compared with those who are reporting they are more profitable than last year. A higher proportion of exporting companies are reporting higher levels of profitability pressure compared to other types of firms.

Base: All SMEs – 1,016

Key
- Statistically higher than total (circled)
- Statistically lower than total (boxed)



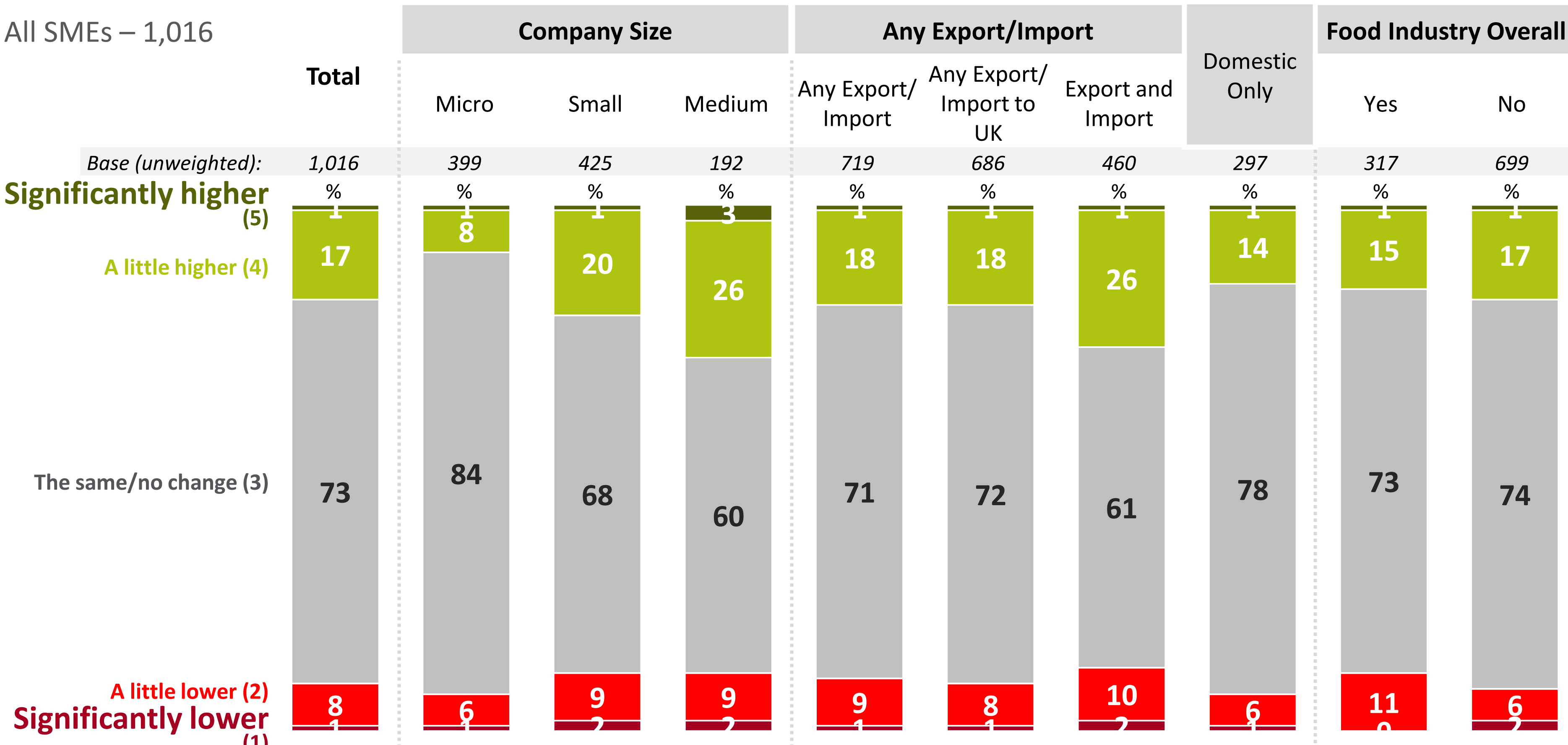
- ANY Higher	20	23	18	21	19	20	23	23	26	20
- ANY Lower	28	27	26	31	34	35	37	18	30	26
Diff	-8	-4	-8	-10	-15	-15	-14	5	-4	-6

*Q.9 We are now going to evaluate the possible impact of Brexit, if any, in more detail. Let's begin with profitability. Over the past year, would you say your profitability levels are .. **READ OUT.***

Deep dive into staffing levels: There is evidence that a higher proportion of firms are increasing employment than those reducing employment and this is most evident among medium sized firms.

Key
- Statistically higher than total (circled)
- Statistically lower than total (boxed)

Base: All SMEs – 1,016



	Total	Micro	Small	Medium	Any Export/ Import	Any Export/ Import to UK	Export and Import	Domestic Only	Food Industry Overall: Yes	Food Industry Overall: No
- ANY Higher	18	9	21	29	19	19	27	15	16	18
- ANY Lower	9	7	11	11	10	9	$\boxed{12}$	7	11	8
Diff	9	2	10	+18	10	10	+15	8	5	10

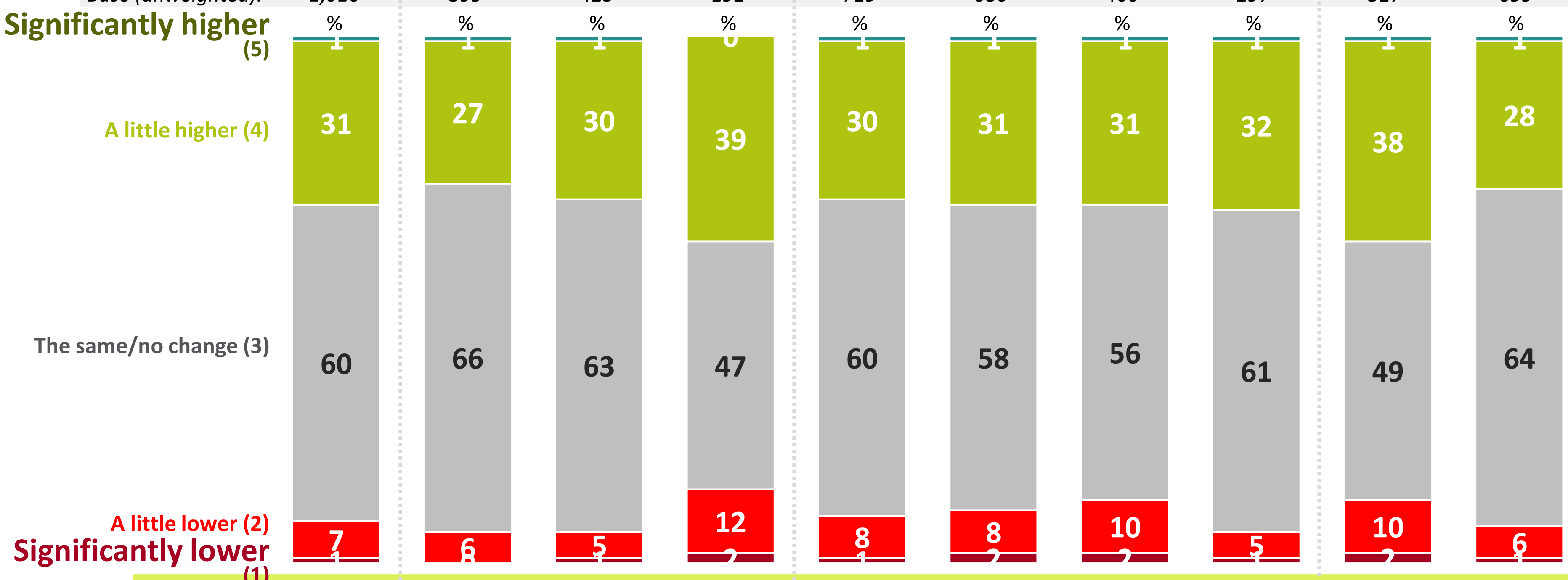
*Q.10 And what about staffing levels. And finally what about prices charged. Over the past year, are prices .. ….***READ OUT**

Deep dive into prices charged: **A higher proportion of firms across all firm profiles are reporting they increased their prices than are reporting lower prices charged. There are more medium sized and food industry firms increasing prices compared with their counterparts.**

Key: Statistically higher than total (green oval); Statistically lower than total (red box)

Base: All SMEs – 1,016

	Total	Company Size: Micro	Company Size: Small	Company Size: Medium	Any Export/Import: Any Export/ Import	Any Export/Import: Any Export/ Import to UK	Any Export/Import: Export and Import	Domestic Only	Food Industry Overall: Yes	Food Industry Overall: No
Base (unweighted):	*1,016*	*399*	*425*	*192*	*719*	*686*	*460*	*297*	*317*	*699*
	%	%	%	%	%	%	%	%	%	%

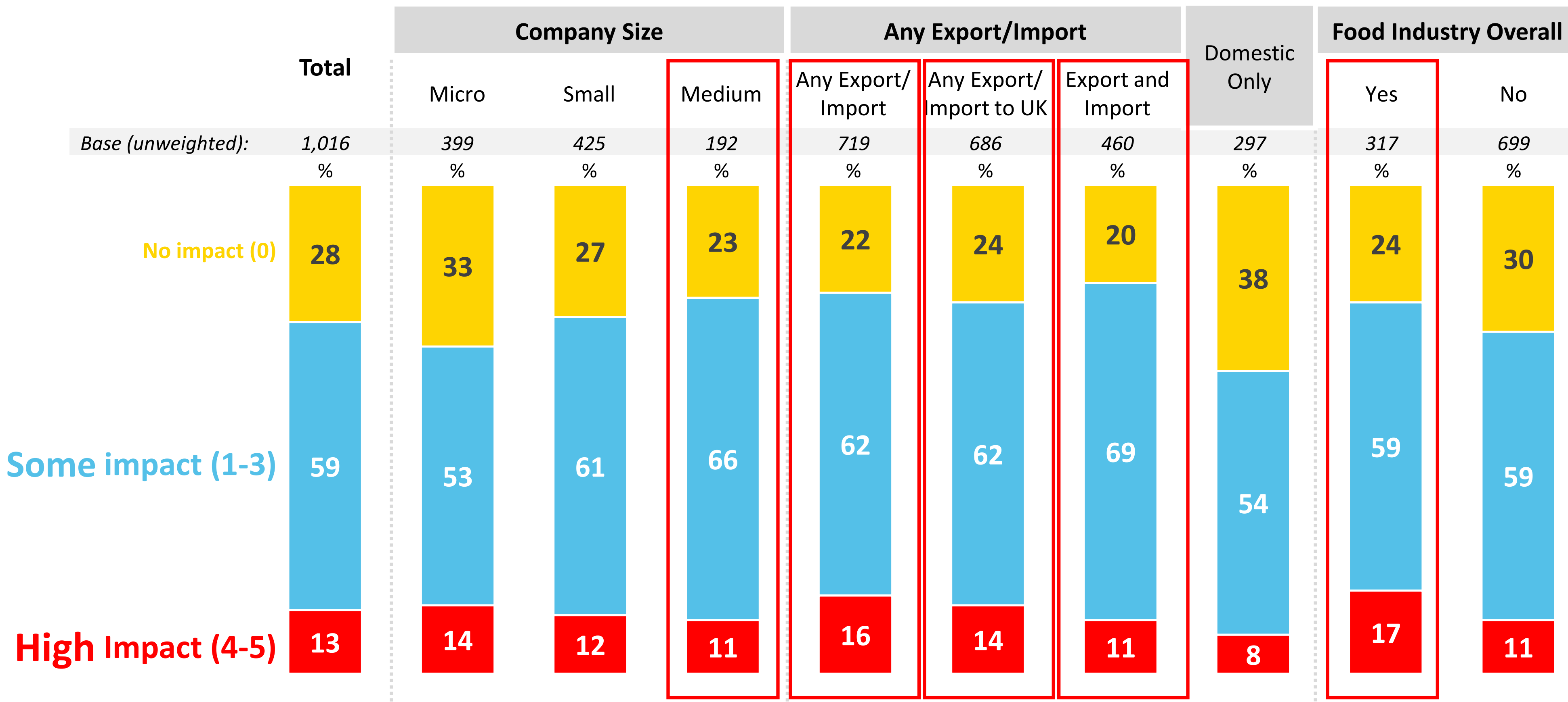


	Total	Micro	Small	Medium	Any Export/ Import	Any Export/ Import to UK	Export and Import	Domestic Only	Yes	No
- ANY Higher	32	28	31	39	31	32	32	33	39	29
- ANY Lower	8	6	6	14	9	10	12	6	12	7
Diff	**+24**	**+22**	**+25**	**+25**	**+22**	**+22**	**+20**	**+27**	**+27**	**+22**

*Q.11 And finally what about prices charged. Over the past year, are prices .. ….**READ OUT***

Future Brexit Impact assuming an orderly Brexit shows the same groups most concerned.

Base: All SMEs – 1,016



Q.15 (October survey). And now if we take the other position – what if there is an orderly Brexit. Under these circumstances on a scale of 0-5 how much impact, if any, do you expect such a Brexit will have on your business? 0 means no impact and 5 means you are expecting a significant level of impact.

Specific Brexit implications are of greater significance to medium sized, exporting companies and those involved in food industry in particular.

B&A

	Total	Company Size			Any Export/Import			Domestic Only	Food Industry Overall	
		Micro	Small	Medium	Any Export/ Import	Any Export/ Import to UK	Export and Import		Yes	No
Base (unweighted):	*1,016*	*399*	*425*	*192*	*719*	*686*	*460*	*297*	*317*	*699*
	%	%	%	%	%	%	%	%	%	%
Will have little or no impact	27	31	26	21	17	17	15	42	25	28
Increase in costs and prices (w/ tariffs, customs, duty)	20	17	19	**24**	**26**	**27**	**29**	10	**24**	18
Impact on supply chain (may have to change suppliers or distributors to avoid UK/change frequency or way in which we order)	17	14	17	**22**	**21**	**22**	15	10	16	17
Loss of business/revenue/reduced profitability/reduced competitivity/narrower customer base/loss of staff	12	12	11	13	13	12	**19**	10	**20**	9
Travel & transport: problems importing or exporting from/to/through UK/delay/longer shipping/delivery times/issues across NI border & freedom of movement	10	6	**14**	10	12	13	**17**	6	8	10
Knock-on impact: through potential neg impact on economy/customers/clients: customer uncertainty/cutting back or reluctance to spend/farming industry/ foreseeing a mini recession	10	11	10	9	8	9	8	**13**	**13**	9
Stock related: shortages/will be difficult to source some goods/stock availability/may have to change stock/will have to or are already stockpiling	8	6	8	10	**10**	**11**	7	4	**11**	7
Potential issues with products routing through UK/changing transport routes to avoid UK	3	3	4	3	5	5	5	0	3	3
Potential positive impact - increased opportunities/could make us more competitive/company growth	2	1	1	3	2	2	2	1	2	2
May mean going out of business	1	1	0	-	0	0	1	1	1	1
Unsure/uncertain as of yet/Don't Know	8	9	8	5	7	7	6	9	5	9

Q.17 If Brexit takes place, what specific implications, if any, will this have for how you operate your business?

5. Brexit Preparedness

B&A

77%

of SMEs **have discussed Brexit** within their business.

88% of those exporting to the UK have discussed it.

Q.16 For how long, if at all, has Brexit been discussed in your business?

Over a third of SMEs have been discussing Brexit within their business since it was announced. This has now grown to 77% and is even higher among those involved in exports.

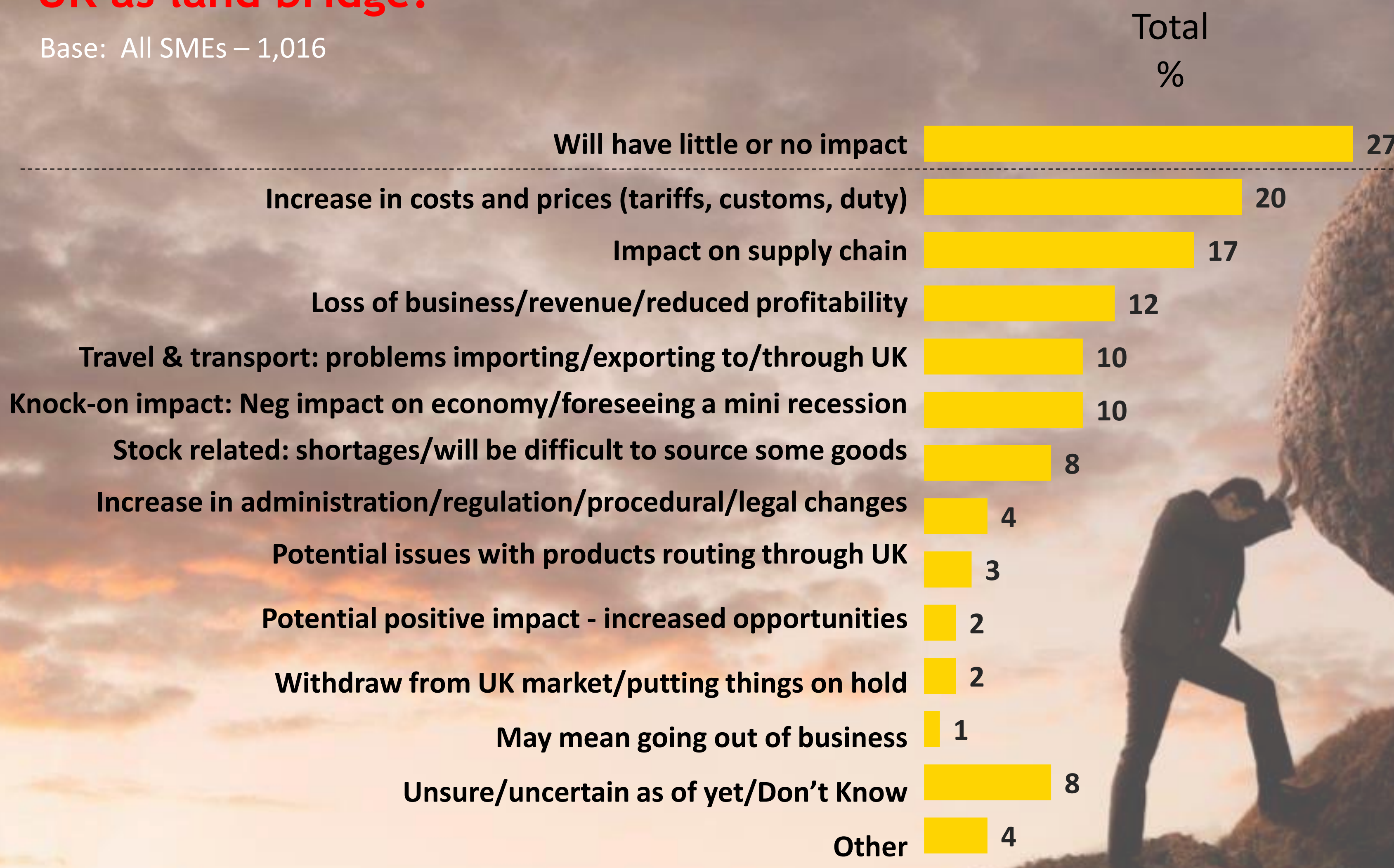
Base: All SMEs – 1,016

	Total	Company Size			Any Export/Import			Domestic Only	Food Industry Overall	
		Micro	Small	Medium	Any Export/ Import	Any Export/ Import to UK	Export and Import		Yes	No
Base (unweighted):	*1,016*	*399*	*425*	*192*	*719*	*686*	*460*	*297*	*317*	*699*
	%	%	%	%	%	%	%	%	%	%
Past 3 months	4	5	5	2	4	4	2	5	5	4
Past six months	10	11	9	10	11	11	11	8	7	11
Past year	19	16	22	21	20	20	20	18	22	18
Past 18 months	8	5	11	8	9	10	12	7	10	8
Past 2 years/since it was announced	**36**	35	33	**41**	**41**	**41**	**41**	27	35	36
Any discussions held	***77***	***72***	***80***	***82***	***85***	***86***	***86***	***65***	***79***	***77***
Brexit is not on our agenda. We don't think it will impact us/we are small indigenous Irish only company	9	10	10	6	4	4	4	17	7	10
Brexit is not on our agenda. It may impact us but we have no idea how and will just deal with it if and as it arises	8	10	7	8	7	7	6	10	8	8
Other/ We haven't ever discussed it/not discussed	5	8	3	4	4	3	4	8	6	5
No discussions held	**33**	28	20	18	15	14	14	**35**	21	23

Q.16 For how long, if at all, has Brexit been discussed in your business?

The key Brexit implications that are top of mind are tariffs, customs, duty, supply chain problems, reduced profitability and UK as land bridge.

Base: All SMEs – 1,016

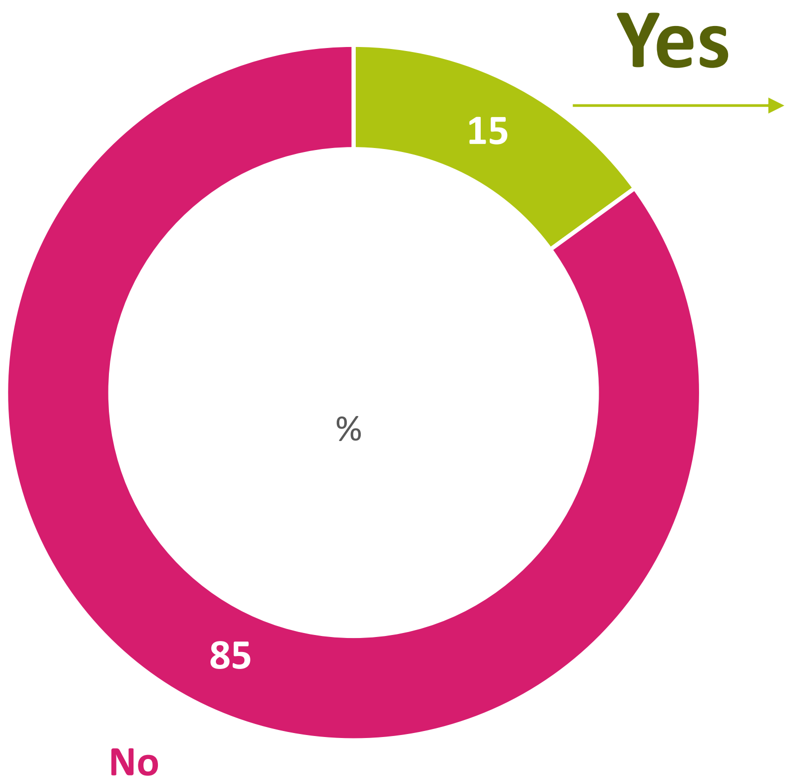


Q.17 If Brexit takes place, what specific implications, if any, will this have on how you operate your business?

Operational Changes to date: Only 15% have made operational changes to the way they operate their business due to Brexit thus far.

B&A

Base: All SMEs – 1,016



Highest for:	
Export and Import (both)	27%
Any export	27%
Exporting to UK	30%
Exporting non food	28%
Importing from further than Europe	28%
Those in agriculture	27%
Those in wholesale	27%

Q.12a To date, have you made any operational changes to the way you operate your business due to Brexit?

What operational changes have been undertaken? Among those where change has already taken place, supply chain changes dominate. Still there is evidence of some stockpiling, changing transport routes and scaling back.

Base: All SMEs making changes – 175

Bear in mind as a % of total SMEs, this is small. The top one accounts for 5% of total SMEs.

Q.12b Can you provide some detail on operational changes you have made? TYPE IN

What are business owners discussing? Considerable discussion about supply chain, tariffs and customs declarations.

Base: All SMEs – 1,016

	HAVE DISCUSSED WITH BUSINESS %	COULD IMPACT BUSINESS %	Conversion from relevance to discussion %
Potential changes to supply chain/changing raw material sourcing	42	56	75
Tariffs	39	54	72
Customs declarations	36	49	73
Freight forwarding	22	29	61
Rules of origin	21	32	66
Cost of regulatory alignment	20	33	76
Liquidity/currency issues	20	26	77
Standards	20	24	83
Licensing	16	22	73
Changes to legal contracts	16	22	73
Workforce continuity	15	18	83
Hedging currency/investments	12	14	85
Other	4	5	

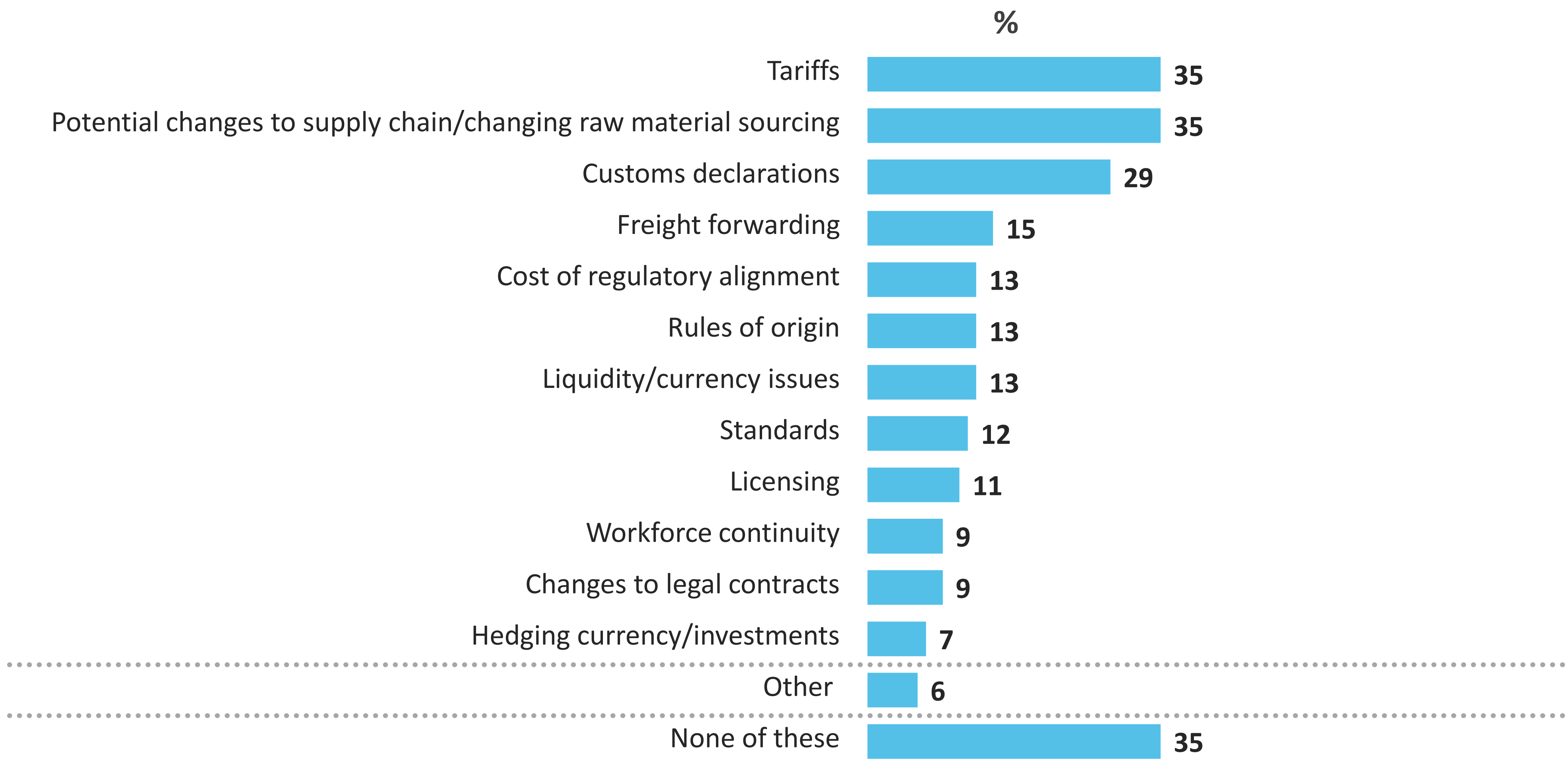
80% at least one impact

64% have discussed at least one of these issues

Q.18a If Brexit takes place, which if any of the following issues seem likely to be ones that could impact your business?
Q.18b And which if any of the following have you discussed within your business – as a result of Brexit?

Supply chain, tariffs and customs declarations most worrying if a No Deal Brexit was the outcome.

Base: All SMEs – 1,016



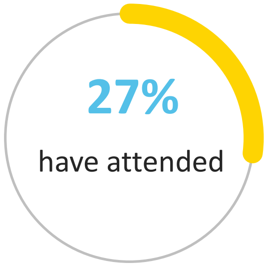
Q.18C And are any of these issues more worrying under circumstances of a No Deal Brexit?

Preparation for Brexit

Base: All SMEs – 1,016

Attended Roadshow

%

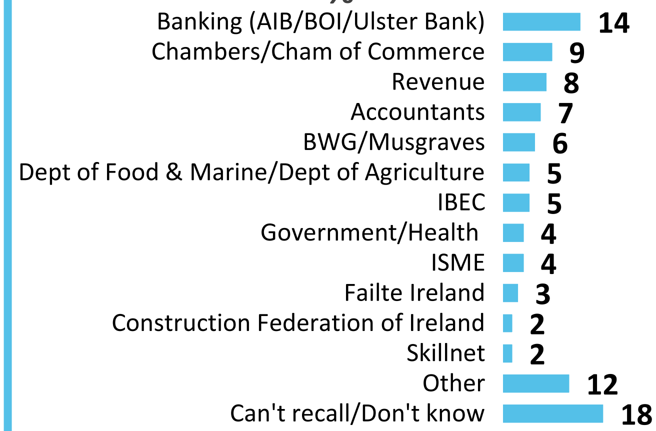


21% in March 2019

Q.20a Have you or has anyone from your company attended a Brexit roadshow or information session?

Who?

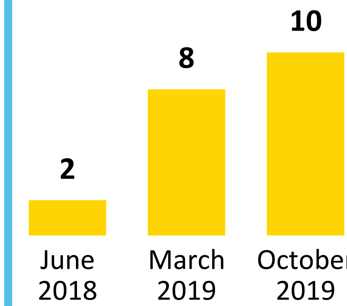
%



Q.20b As best you recall, who ran this or these Brexit roadshows?

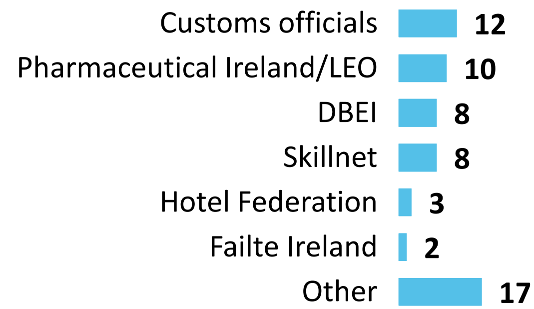
Applied for Brexit Supports Supplied by State Bodies

%



Who?

%

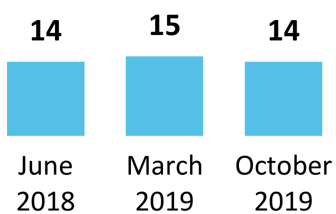


Q.21 Have you applied for or availed of Brexit supports provided by any State bodies including information, advice, financial support, that could be available through organisations like Enterprise Ireland, Intertrade Ireland, the Local Enterprise Boards, Bord Bia, and others?

Engaged with Representative Body in Relation to Brexit

(Base: All those with Rep Body)

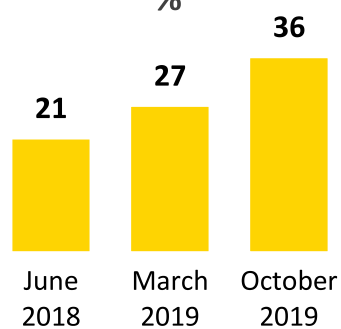
%



Q.23 Have you engaged with your representative body such as ISME, IBEC in relation to Brexit looking for information, supports, training, toolkits, that kind of thing?

Received Anything that was Intentionally Guiding Business to Websites and Sources of Information Regarding Brexit

%

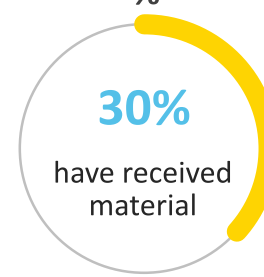


Q.24 Have you received anything from your representative body that was intentionally guide you to websites and sources of information regarding Brexit and your business?

Received Anything from Financial Advisors/Institution that was Intentionally Provided to Help Guide and Support Regarding Brexit

(Base: All SMEs)

%



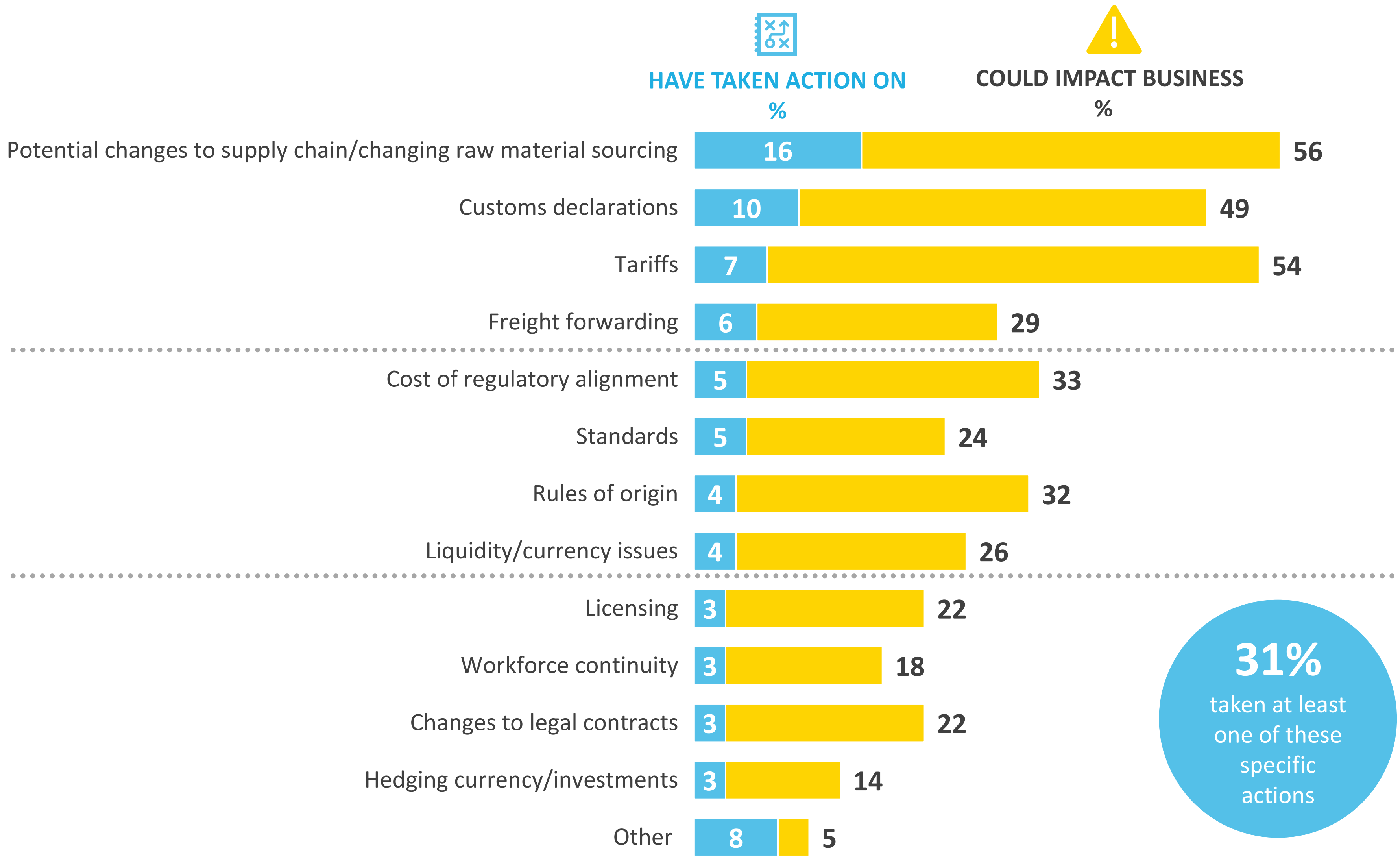
21% in March 2019

Q.25 Have you received anything from financial advisors/institution that was intentionally provided to help guide and support you regarding Brexit and your business?

* Was 40% in March

What actions have been taken to date? Fewer companies have acted on any of these issues than discuss them.

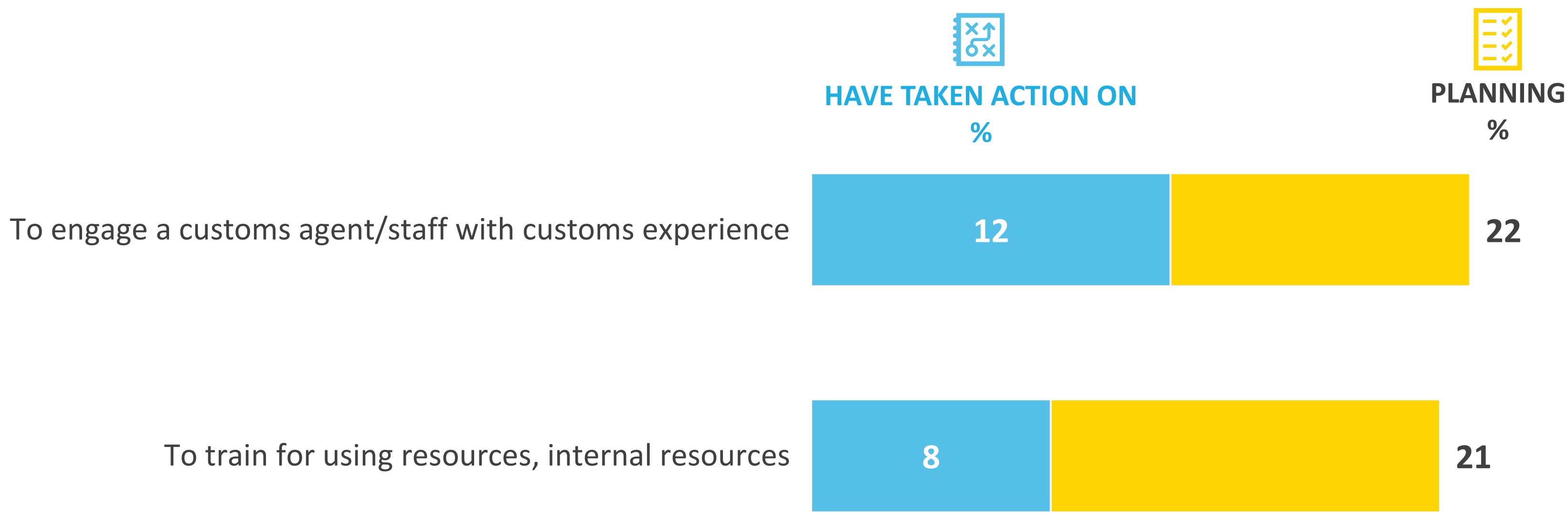
Base: All SMEs – 1,016



Q.18a If Brexit takes place, which if any of the following issues seem likely to be ones that could impact your business?
*Q.18d And finally which if any have you **taken action on** at this point?*

Planning for customs procedures in particular:
Action levels are low to date.

Base: All importing/exporting to UK - 686



Q.19a In the event of a No Deal Brexit the UK will become a third country, this means that customs declarations will be required. How are you planning to manage customs procedures?
Q.19b What actual steps if any have you taken with regard to these potential customs changes that are likely to be impacted by Brexit?

Summary of current position.

ALL SMES

77%

Discussing

Brexit

ALL SMES

60%

Have **informed** themselves about Brexit

Rising to 67% among those exporting/importing with UK

ALL SMES*

31%

Have taken **action**

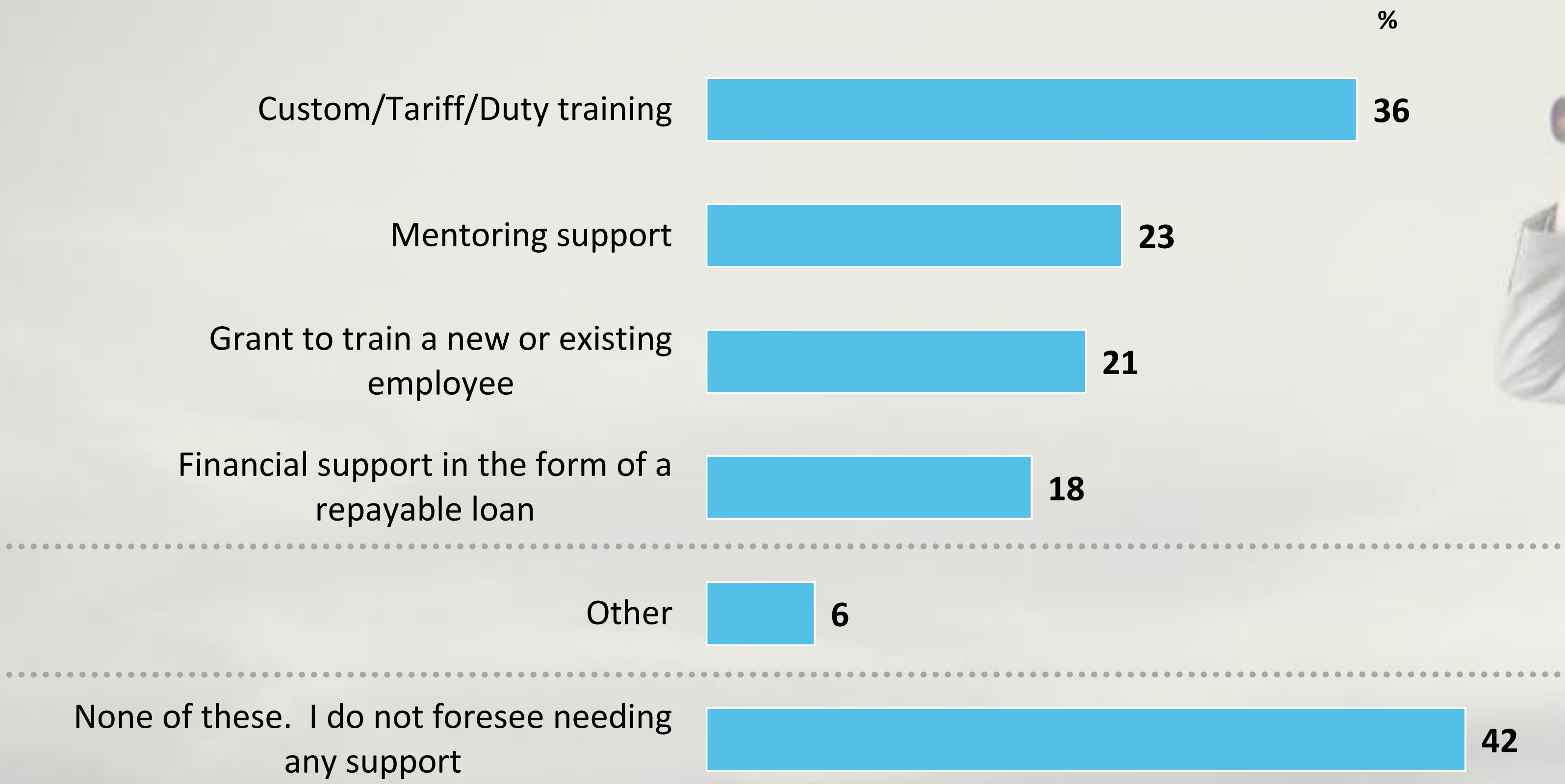
Rising to 42% among those exporting/importing with the UK

**Discussing/taking action on issues from a list presented, including engaging customs agents and training.*

6. Business Funding

Most useful supports looking ahead

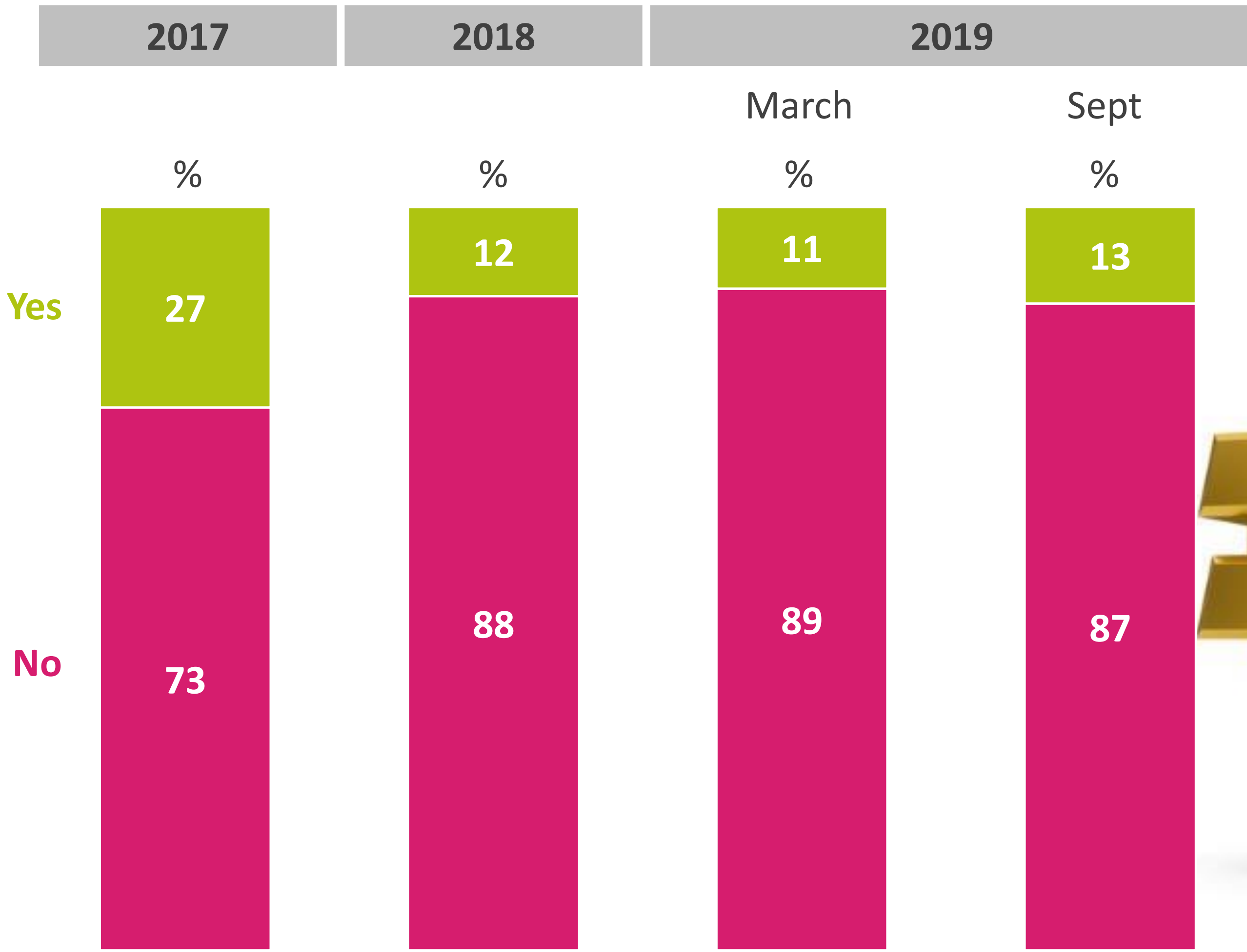
Base: All SMEs – 1,016



Q.26 Looking ahead to Brexit, which if any of the following supports would you find most useful?

Level of funding sought much the same as the middle of last year

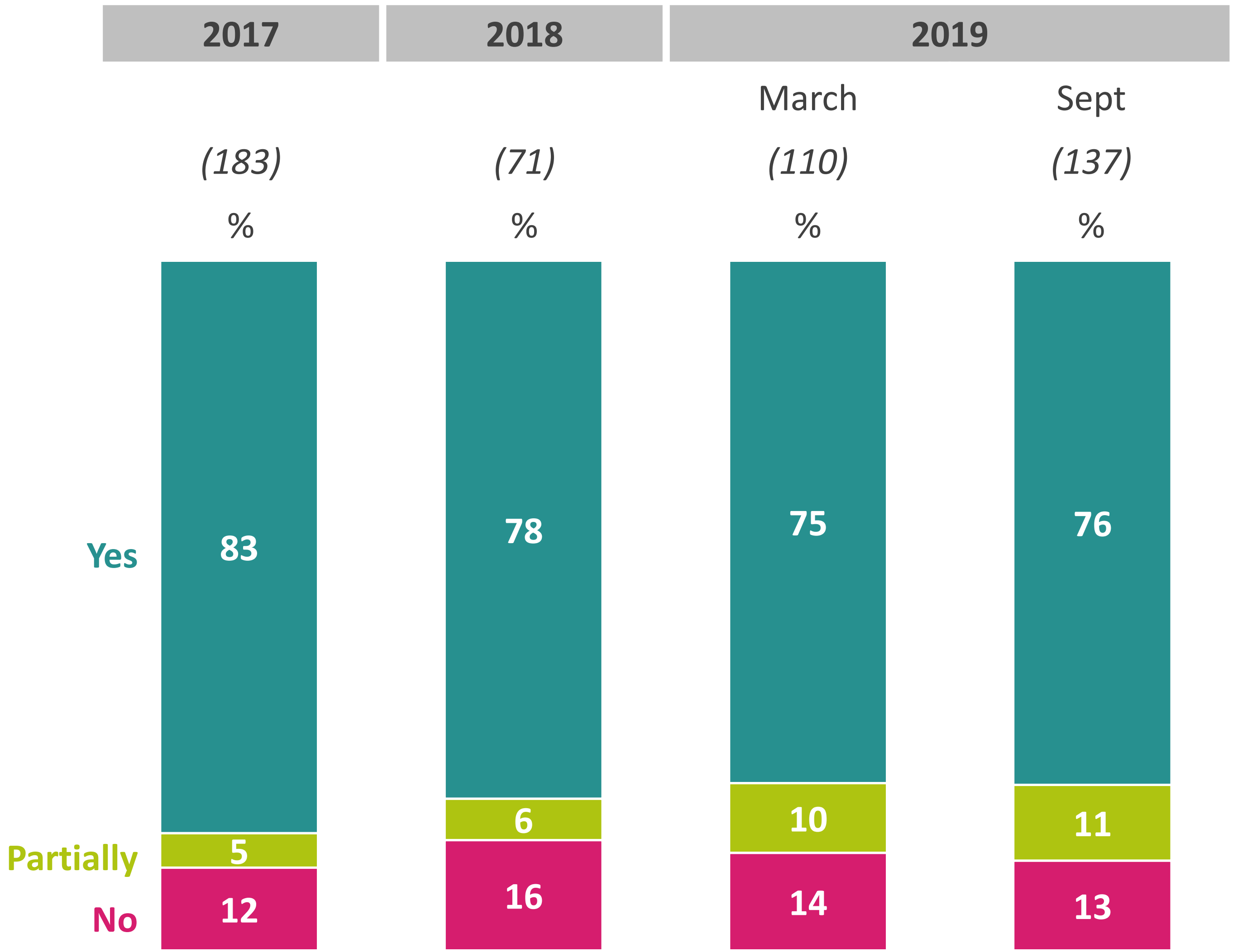
Base: All SMEs – 1,016



Q.27A Over the past 12 months, has your business **made a request** for funding for any business investment?

Success in Accessing External Funding similar

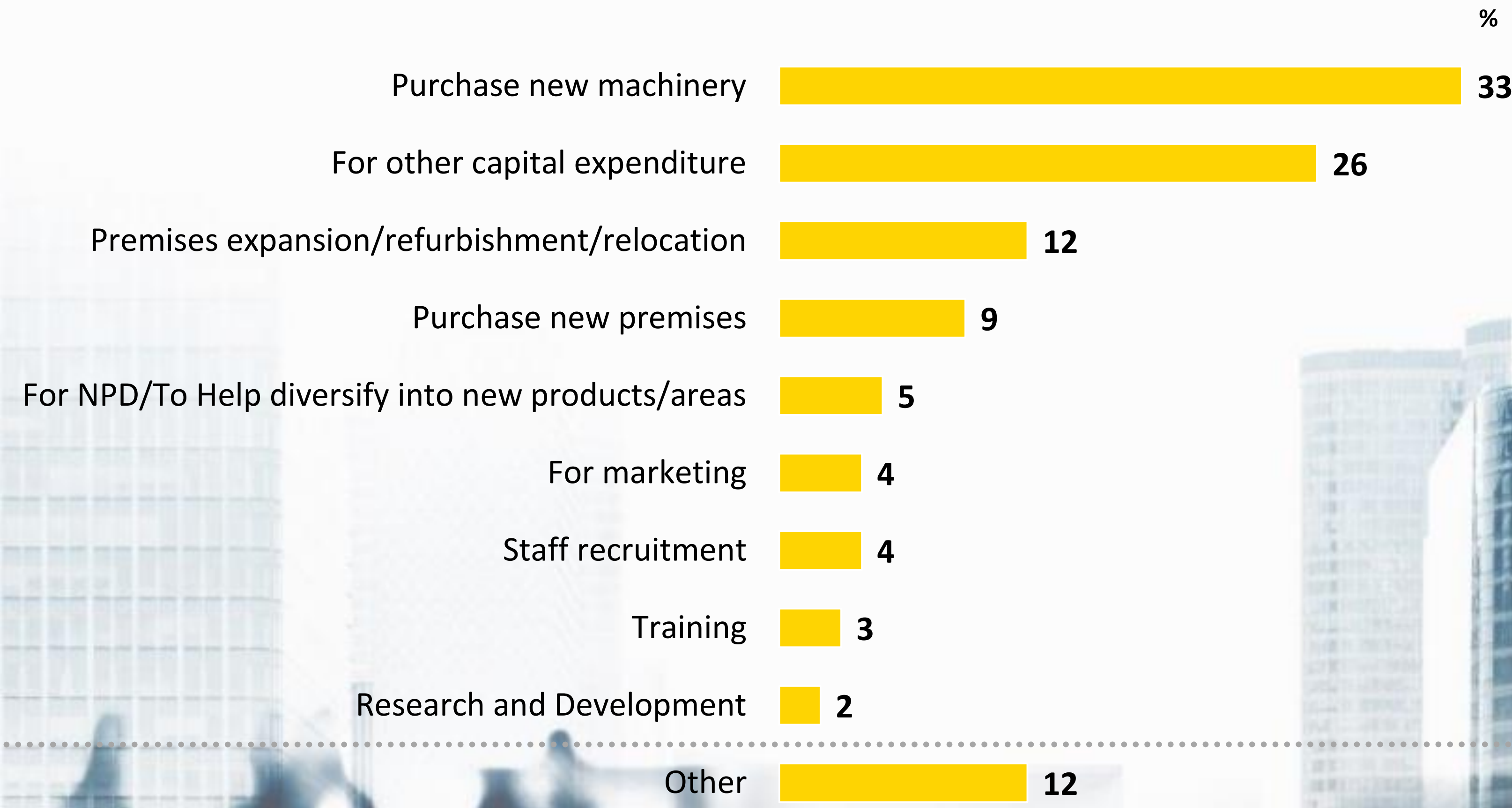
Base: All SMEs requesting funding - 110



IF YES: Q.27B And were you successful in this approach to that financial institution?

Reason for seeking funding

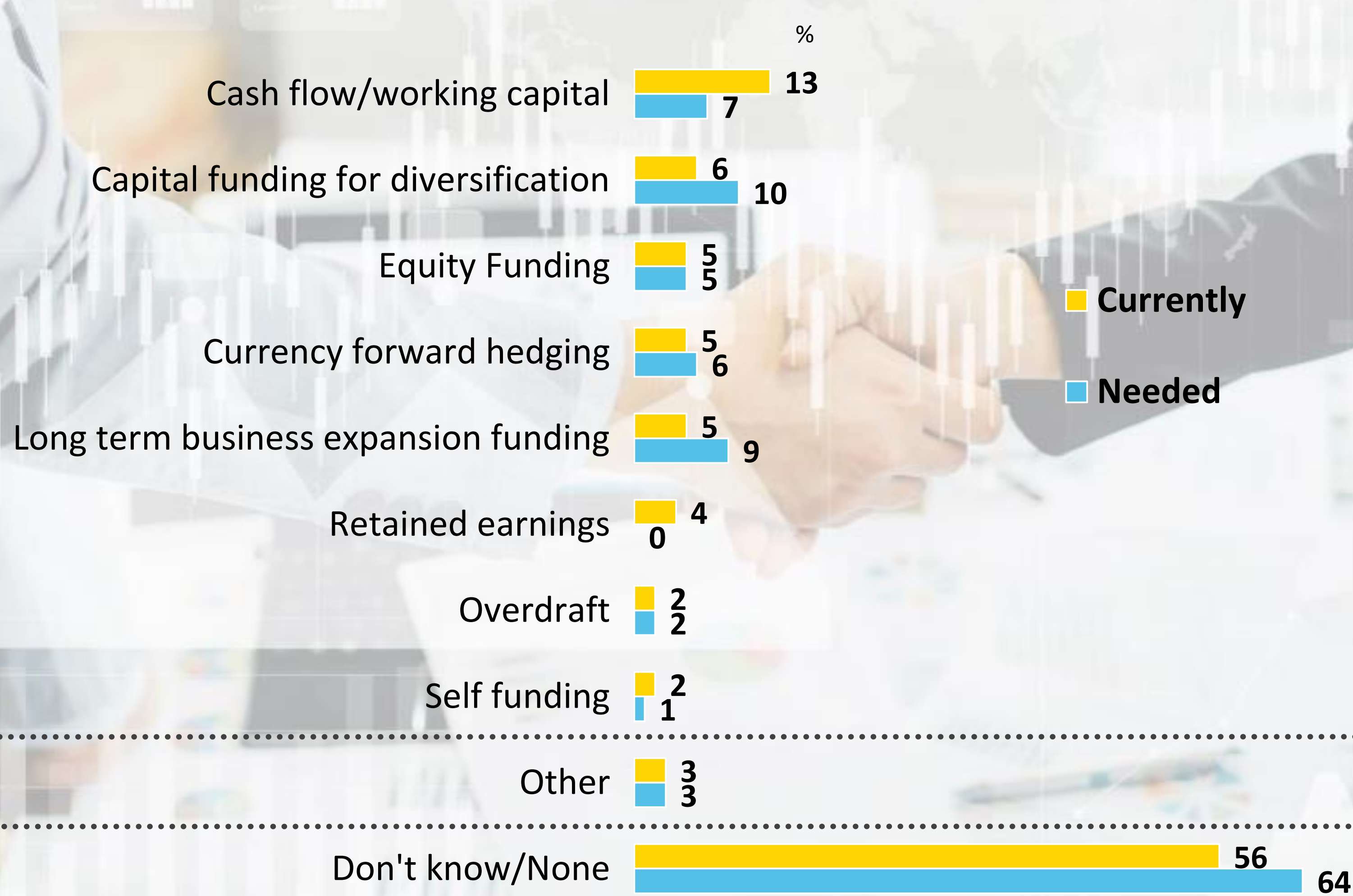
Base: All SMEs requesting funding - 137



Q.27c And what was the main reason for looking for this funding?

Dynamics of current finance market

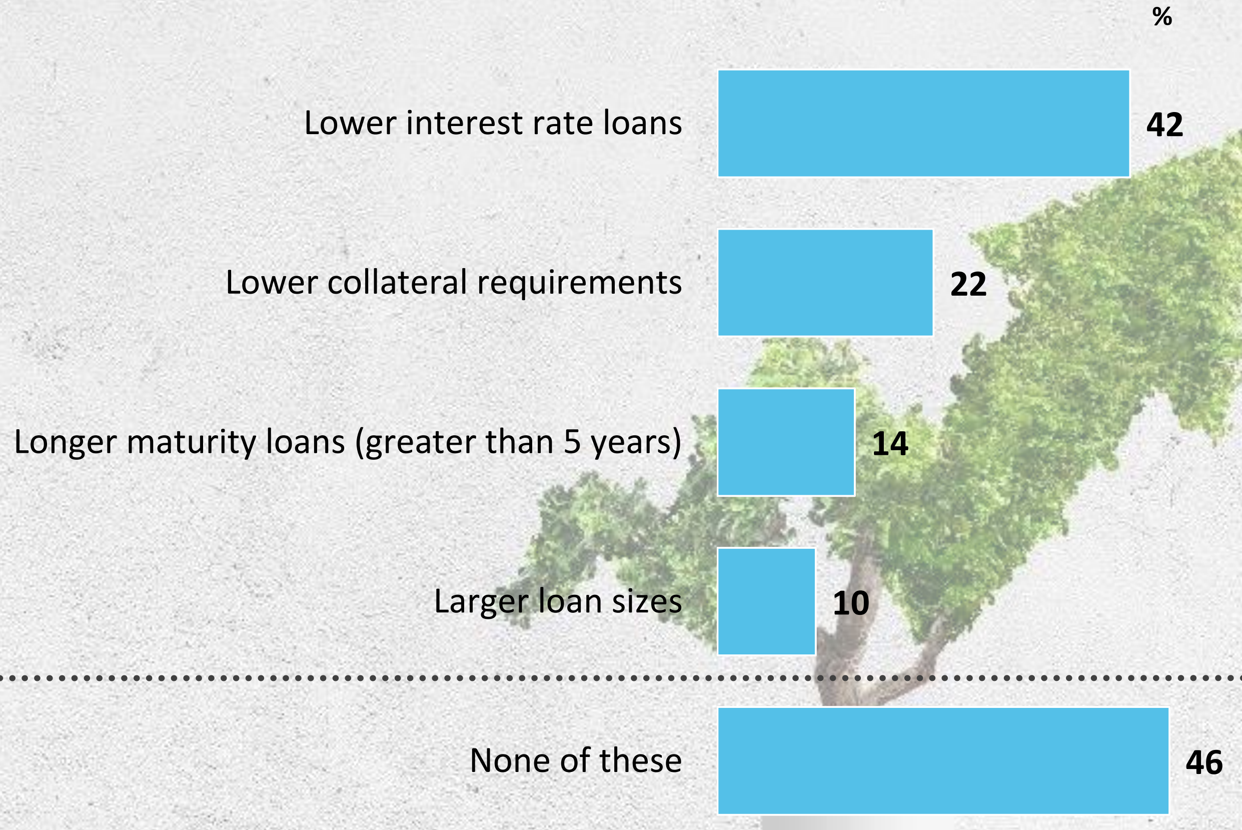
Base: All SMEs – 1,016



Q.28 Which of any of the funding measures does your business use currently?
Q.29 And which, if any, are you expecting you will need to use over the next 18 months or so?

Features deemed likely to encourage finance demand

Base: All SMEs – 1,016



Sept 2017 %	June 2018 %	March 2019 %
55	41	32
24	24	15
15	17	11
9	12	6
29	53	59

Q.31 Looking forward, which if any of the following features would encourage you to seek out finance for future investments?

5. Summary of key findings

Key Headlines:
Brexit Impact

- Fieldwork for the survey was conducted between the 19th September and the 11th of October, 2019. **Key dates during the fieldwork period are:-**
  - 24th September: **Supreme court bans prorogation.**
  - Oct 2nd: **Johnson sets out 'reasonable compromise'**
  - Oct 6th: **News that 'deal' is impossible**
- Of note is that still half of all SMEs report at least some Brexit impact.
- 13% report a significant impact (identical to March this year)
- In summary, the current impact story remains the same..
  - Half claim no impact (48%).
  - Over a third report some minor impact (39%)
  - 1 in 8 already feeling an impact at a significant level (13%)

Key Headlines:
Brexit Impact

- As SMEs look forward, **even in the event of an orderly Brexit, a higher proportion of firms (72%) project they will be impacted than are currently experiencing impact (52%).**
- The type of companies expecting most impact are:
  - Medium sized (50 employees+)
  - Exporting and or importing (particularly within the UK)
  - Food industry
  - Those in North West and border regions.
- Those expecting a lower level impact are
  - Micro companies (under 10)
  - Domestic only
  - Non food
  - Munster

Key Headlines:
Brexit Impact on main KPIs

- Of critical importance, we find evidence of increased levels of business decision or business investment **postponement** in the past 12 months due to Brexit concerns.
    - **Postponement** of business decisions or investments due to Brexit uncertainty now stand at **32% (vs 21% in March)** and **acceleration of any business decision or investment is at 15%** (up from 10%). This means that the direction of change remains **negative -17%** (up from -11% in March).
- **Profitability levels are quite dynamic** with 52% claiming that profitability is similar to this time last year while 20% report an improvement and 28% report a decline.
- On staffing levels we are continuing to see some minor shifts in the proportion of firms that are increasing employment over those reducing employment while the proportion of firms increasing **prices are definitely on the rise** – it would seem at a faster rate than previously.

* Change of question design to report on activity levels this year rather than since when Brexit was first announced.

Key Headlines:
Brexit Preparedness

- **Over three quarters** of SMEs have **discussed** some element of **Brexit** within their business (88% of those who export to the UK).
- Over a third have been discussing Brexit since the beginning and these levels have been increasing over the past two years. A further 14% of SMEs began discussing Brexit six months ago.
- The key areas that seem likely to impact SMEs are **potential changes to supply chain, tariffs and customs.**
- Other issues that have a reasonably broad potential impact include the cost of regulatory alignment and rules of origin.
- In considering the potential Brexit issues raised with the SMEs, 80% of SMEs believe that at least one of these issues will impact them and two thirds of SMEs have discussed at least one of these issues within their business.

Key Headlines:
Brexit Preparedness

- With regard to informing themselves, 27% have attended a roadshow (up from 21% in March). 10% have applied for Brexit support (up from 8% in March), 14% have engaged with a representative body (identical to March,) with 36% having received information guiding businesses to look at specific websites (up from 27%) and 30% had received something from their financial advisors (up 21%).
- Overall information gathering has increased from 40% in March to 60% now (October).

Key Headlines:
Brexit Action

- Action taken on these issues stands at 31% with the lead one being supply chain changes.
- Of the group of SMEs who are importing and or exporting to the UK about 1 in 5 are planning to engage a custom agent (in fact almost half of this group have already taken this step).
- 1 in 5 are also planning internal training. 28% of companies expecting this have taken this step at this point.

Key Headlines:
Business Funding

- The most helpful supports looking ahead are custom duty training (36%), followed by mentoring support (23%) and grants to train new or existing employees (21%) and finally financial support in the form of a repayable loan (18%). As such 58% of SMEs are of the view that they will require support as they look ahead.
- Currently 13% have sought funding for a business investment (much the same as March with three-quarters of these having been successful. The features deemed most likely to encourage finance demand are lower interest rates ahead of lower collateral requirements (42% versus 22%). These are both at a higher level than previously.

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Delve Deeper