

# IMPACT OF BREXIT

## Supply Chain

**There is still significant uncertainty regarding the outcome of Brexit. However, now is the time for Supply Chain leadership to plan for a variety of scenarios to ensure their supply chains are prepared for any outcome of the Brexit negotiations.**

Businesses that plan effectively and put in place the capabilities to manage the post-Brexit world will minimise disruption to their customers and maximise potential to benefit from new opportunities.

### Pressures on Supply Chain

- The exchange rate re-set is already a reality and impacting raw material costs and exports
- Access to lower skilled labour is already becoming harder for UK businesses with net migration falling
- Tariffs, duties and other cost changes could redefine the optimal footprint and routings of a supply chain
- New customs borders will increase deliver times, process workload and systems complexity
- Restrictions on free movement of workers could reduce availability of international skills and talent in the UK
- Access to grants and incentives will change, providing opportunities and threats
- Legal implications could impact supplier contracts that have not accounted for Brexit
- Changes in regulations regarding IP, data privacy and data storage will add complexity across the supply chain that needs to be managed
- Exchange rate fluctuations will likely continue, creating volatility in export and import demand signals.

### Key FTI Consulting services

FTI Consulting's Business Transformation practice has the skills and experience to help clients prepare their supply chains for the challenges ahead.

#### Supply chain strategy

- Develop a revised or enhanced supply chain strategy in response to Brexit and other business challenges
- Prioritise the changes and reassess the organisation, operating model and tax structure
- Determine operational requirements and capabilities to develop
- Create detailed functional change plans to manage the transition around the Brexit process

#### Rapid performance improvement

- Identify and deliver cost savings and performance improvements across the supply chain
- Evaluate supply chain complexity and customer cost-to-serve to identify priority areas to be addressed in the wider Brexit change programme

#### Distribution network design

- Reassess the optimum logistics network configuration as a result of Brexit impacts
- Define the future capacities, service levels and capabilities needed to successfully compete in the market
- Support the implementation of changes to minimise disruption for customers during the Brexit transition

#### Digital capabilities

- Identify the digital capabilities needed to support the new supply chain post Brexit
- Develop digital operations/ Industry 4.0 strategies, business case and roadmap to solve business and operational issues with connected technologies
- Structure and manage key implementation projects

#### Scenario planning

- Assess potential impacts of different Brexit outcomes on the end-to-end supply chain to identify risks and opportunities
- Forecast key cost and volume changes under alternative scenarios
- Identify mitigations for key risks and alternative courses of action to address them

#### Procurement

- Assess key contract and supply risks as a result of legal implications of Brexit e.g. data ownership, customs borders, etc.
- Support the re-negotiation of key contracts
- Define new sourcing strategies and performing rapid sourcing activities to address cost challenges

#### Manufacturing footprint

- Redefine the optimal manufacturing strategy and footprint based on new tariffs, duties, volumes and costs
- Conduct site assessments to identify opportunities, risks and implications for any network changes

#### Transaction / M&A support

- Provide support to assess new acquisitions or divestments needed that could result from Brexit
- Perform buy-side or sell-side operational, financial and commercial due diligence
- Support carve out and integration processes to minimise business disruption

# What are the key considerations for your organisation?

-  Are you aware of the key risks to your supply chain as a result of different Brexit scenarios?
-  Have you determined how your supply chain priorities and capabilities (people, process, technology) may need to change in a post Brexit business world?
-  Is your supply chain performance and cost optimised today to be resilient to adverse effects in the future?
-  Is your approach to Brexit 'wait and see' or 'assess, plan and be ready to act'?
-  Have you assessed if your manufacturing and distribution footprint is fit for the post Brexit world?
-  Are you aware of the lead times required to implement the supply chain changes needed before Brexit?
-  How will the impact on your customers be minimised during the Brexit transition processes?
-  Have you determined how you can create competitive advantage through acting faster or smarter post Brexit?

## Why FTI Consulting?

### About our Supply Chain Team

- **Senior team** with industry and consulting experience from the board room to the shop floor
- **Pragmatic and results focused approach** with strong financial rigour
- Industry experts across sectors including Consumer, Retail, Logistics, Industrial, Chemicals and TMT

## Further insights and support from FTI Consulting:

- HR People & Change
- International Trade
- Economic Consulting
- Tax Advisory
- Strategic Communications

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EXPERTS WITH IMPACT

### About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

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