

BREXIT IN THE BOARDROOM: THE VIEW FROM BUSINESS

EXPERTS WITH IMPACT™

Executive Summary

Our findings show that while 64% of businesses across Europe are concerned about the UK's departure from the EU, the vast majority are also relatively optimistic about the likely impact that Brexit will have on their business growth. Yet with much still to be determined around the outcomes of Brexit, and our results showing that much is still to be done for businesses to be ready, is this sentiment overly optimistic?

This survey was conducted during and following Phase 1 of the Brexit negotiations in December 2017. We asked over 2,500 companies in the UK, Germany, France and Spain for their thoughts about Brexit and its likely impact on their business.

The questions have been divided into three parts: (i) what businesses think will happen in the negotiations; (ii) what they believe the impact will be on their business; (iii) how they are preparing themselves.

Key findings include:

- **Timing:** 75% of firms expect clarity on the UK/EU relationship by June 2018, at which point 'irreversible changes' will be made to their business planning.
- **UK deal:** 65% of all businesses believe the UK will retain tariff-free access for goods, 59% that free movement will remain and 52% that ECJ jurisdiction will continue.
- **Impact on turnover:** 88% told us that they expected to see turnover remain the same or increase in the first year following the UK's exit from the EU in March 2019.
- **Impact on employees:** 64% of all firms expect to see some increase in employees following Brexit. Only 10% anticipate a decrease.
- **Level of concern:** 74% of UK business expressed concerns about Brexit's potential impact compared to an average of 61% for German, French and Spanish firms.
- **Preparedness:** Unsurprisingly perhaps, UK firms appear to be the most prepared of all four countries we surveyed, closely followed by Spain, then Germany and, least prepared, businesses in France. In all four countries the industry that felt best prepared for Brexit was financial services, whilst manufacturing firms demonstrated lower levels of preparedness.
- **Response of business:** 85% of UK firms have established Brexit response structures, with 84% in Spain, 82% in France and 80% in Germany. However, only 40% are focused on dealing with supply chain issues and just 24% are planning to engage with or influence policy makers.

We are therefore left with a slightly contrasting set of conclusions. On the one hand, companies are telling us that they believe the outcome of Brexit may not be substantially different from the status quo and that the impact will be less severe than many others have predicted. On the other hand, they are also clearly taking it seriously enough to allocate resource and money to internal teams that are preparing for and managing events as they unfold.

This duality should be of concern to both policymakers and business leaders. It's an indication that the potential severity of Brexit has not yet been fully factored into business planning – perhaps because the outcome of negotiations is still unclear at this stage, because businesses simply believe that a 'soft Brexit' deal will be done, or because the wider macroeconomic conditions appear relatively positive so any impact is offset by general economic improvement.

Whatever the reason, the data our survey has produced will provide food for thought for UK authorities and the EU institutions, as well as those companies who have potentially not addressed the full range of issues that are arising from Brexit or the maximum range of outcomes. We believe that if they have not done so already, they should now consider doing so.

We end the report by highlighting a range of different business structures adopted by companies across a variety of sectors in response to Brexit. There is no one-size-fits-all approach, but best practices can be identified to ensure that firms are well placed to address the various operational, financial and legal issues that will inevitably arise.

To view the full report, please visit: www.fticonsulting.com/brexit

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How we can help

FTI Consulting has established a dedicated team to help clients address the challenges to their business posed by Brexit. We offer a full range of services ranging from policy analysis and intelligence, counsel on potential implications for operations, supply chains and employees, as well as advice on the regulatory systems across EU jurisdictions. Our presence in major European capitals enables us to offer these services across the continent and provides us with reach to policymakers on both sides of the negotiations.

