

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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