



# WHAT'S IMPACTING MANUFACTURING?

The UK itself is currently the 9th industrial nation in the world, accounting for 45% of the country's exports and 69% of its R&D activity. Despite global economic uncertainty, UK manufacturers remain resilient and resourceful. Investment in automation and technology, combined with a focus on high-value manufacturing, is high on the agenda. The Government's Industrial Strategy has identified some key areas of opportunity for innovative manufacturers which promotes significant growth potential. As the need to be sustainable is becoming essential rather than desirable, more manufacturers are stepping up to meet the environmental concerns – and making cost savings in the process.

## KEY CHALLENGES



### PEOPLE AND SKILLS

An estimated 186,000 new UK-based engineers are required each year until 2024 and currently this target is not within reach. Manufacturers should review their future talent requirements and incentivise existing staff to encourage retention. Maintaining and increasing investment in training at all skill levels is key. Manufacturers investing in new systems and equipment are also much more likely to invest in the personal development of their people. Funding is now available as part of the Government's Industrial Strategy to support Knowledge Transfer Partnerships and strengthen leadership skills.



### INNOVATION

The UK is one of the world's top five most innovative economies, according to the Global Innovation Index. To innovate effectively, manufacturers face challenges in balancing competing demands of winning new contracts, delivering projects and helping customers. Manufacturers are leading the way with investment in R&D and opportunities exist to utilise tax incentives, such as R&D tax relief and the Patent Box regime. Making the most of these reliefs will leave manufacturers with more funds to invest in building a stronger business and recruiting skilled staff.



### TECHNOLOGY

Manufacturers need to utilise the latest technology to stay relevant, innovative and competitive. Their biggest challenge is how best to use technology to achieve operational goals such as reducing costs, improving quality, productivity and safety whilst pushing product innovation. Without investment in automation and other digital technologies, they risk losing market share to competitors. Strategic investment in AI and robotics is increasingly crucial to deliver long-term value and business sustainability. Embracing Industry 4.0, particularly the Internet of Things (IoT) and the IIoT (Industrial Internet of Things), opens doors for manufacturers to create a more digital focus, including real time tracking and quality management.



### SUSTAINABILITY

To strengthen their position as global suppliers, UK manufacturers must continue to invest in boosting their sustainability credentials and drive efficiencies in the process. Growing public awareness of environmental damage requires businesses to adopt a proactive approach and take steps to mitigate their carbon footprint and reduce waste. Britain's manufacturers are implementing a growing range of sustainability measures and reaping cost-saving benefits. According to Make UK's Sustainability Report, manufacturers are beginning to look beyond the initial cost-saving benefits and instead focus on the long-term benefits of sustainable approaches within their organisations.



### PRODUCTIVITY

According to the UK's Office for National Statistics, recent figures suggest that labour productivity declined in the manufacturing sector by 0.9%. Manufacturers must explore ways to close this productivity gap and secure a competitive advantage. Data is now available to identify areas where streamlining the production cycles improves efficiency. Good examples of this are the development of lean manufacturing systems, performance dashboards and predictive maintenance.

# WHAT OUR CLIENTS SAY



*ATC have been a client of Menzies for over 25 years and have been impressed with not only the provision of core compliance processes, but the advice and support given to help develop the strategic direction of our business. We feel Menzies have our best interests at heart and we have benefited from the advice and support provided. This has included restructuring of the Group to ensure protection of Company assets and also carrying out R&D tax documentation to maximise claim values.*

*ATC Group Limited are manufacturers of high accuracy medical devices supplied to large Blue Chip organisations across the globe. We also supply some products into the aerospace market.*

*We have confidence in Menzies' expertise and innovative approach to issues, we are pleased to be associated with them and would have no hesitation in recommending their services.*



**Guy Lord**  
CEO  
*Automatics Tooling Company Ltd*



*We have been impressed by Menzies' blend of attention to detail and commercial acumen. We engaged Menzies Advisory to review one of our business units and provide us with their findings. The delivery, insight gained, and follow up support has led us to engage other Menzies tax advisory and statutory services. It's clear the team genuinely care about us and the business, and are tenacious in their approach to help us grow and be successful. They understand what's important to us as a family and management team, which is really crucial for any partnership.*



**Hugh Wells**  
Finance Director  
*AJ Wells & Sons Limited*



*As part of a wider Menzies team who steered us successfully through a major acquisition, our advisors played a vital part in planning and managing all of the staff related issues. We almost doubled our manufacturing workforce over-night and both businesses had a full order book. Any disruption was going to be very damaging, but an acquisition inevitably brings with it some anxieties and distractions for staff in both businesses. There were naturally some people and departments that we needed to bring together quickly, and some reorganisation to be done, in order to realise the value of the combined operations. Well ahead of the 'go-live' date, the Menzies team helped us to plan every aspect of the communication and consultation that would be necessary. They planned it down to who would be saying what, to whom, when and where during the vital hours before and after the finalisation of the transaction. We were very well prepared as a result and our staff had immediate access to information and answers for all their concerns.*

*The businesses didn't miss a beat and employee relations remained positive throughout. The Menzies team also provided hands-on support with reorganising some parts of the business and finding solutions to contractual and remuneration issues.*



**Gareth Capel-Williams**  
Managing Director  
*PelGar International Ltd*



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