

# 7 Steps to Brexit-proof your business

As is the case in so many markets, a significant number of the goods being sold are either imported or have a significant content that is imported. This means a big impact from Brexit will most likely be an increase in operational costs. Studies suggest tariffs would impose extra costs of around £5bn to 6bn a year on UK exports. Importers would face higher costs; exporters could see their competitiveness hit significantly. Tariff levels vary by product type. What's your potential exposure to tariffs? What's the impact on your supply chain? Of course, tariffs have received most of the attention but here are 7 other key areas to consider;

## **PREPARE FOR A WEAKER CURRENCY**

The pound has lost significant ground to the dollar since the referendum in June 2016 and it could fall even lower. How will this affect your business numbers and impact profit and cash flow?

## **CONCENTRATE ON EXISTING AND FUTURE CUSTOMERS**

High inflation coupled with low wage growth will sooner or later hit consumer spending in the UK and dent business profits. Have you examined the vulnerabilities in your business to see you through the uncertainty ahead in the aftermath of Brexit? What other markets outside the UK do you have customers in or considering expanding into?

## **EXAMINE YOUR EMPLOYMENT CONTRACTS AND STRATEGY**

A great number of the UK's employment laws and procedures come directly from the European Union, and no one can say for sure exactly how an exit would affect these laws. Secondly, if you or your business rely on foreign workers, in particular, EU nationals, have you considered the impact? What alternative solutions/provisions are you putting in place? Also, to consider; what are the likely changes to immigration law? How will that affect your current and future employees?

## **EXPLORE INTERNATIONAL TRADING OPTIONS**

The prospect of international trade is scary for many SMEs. For those at the lower end of the size spectrum, the prospect of hopping on a plane to travel halfway across the world simply won't be feasible. Even so, if relations with the EU do become strained, it's vital that companies explore markets further afield. Having a diversified client base will be even more important in the future. What steps are you taking today to secure your business future? Have you considered partnerships, mergers or acquisitions?

## **PLAN FOR WITHHOLDING TAX CHANGES**

Dividends paid by EU subsidiaries to UK holding companies are generally exempt from withholding tax. However, when the UK leaves the EU, dividend payments will no longer be protected by EU directives and may be subject to withholding tax. Do you have UK based holding companies? What steps have you taken to review tax treaties and formulate a strong tax strategy for each country in which you have subsidiaries?

## **THINK ABOUT YOUR CURRENT AND FUTURE MARKET STRATEGY**

The European Single Market is the world's largest economy. Companies inside it have unrestricted access to 500 million consumers and therefore by far more attractive to foreign investors. Most experts agree, now is the time to start formulating the right to protect your business and allow future growth. What steps are you taking to remain in the Single Market? How will you serve and grow your European customers in the future? What type of access does your business need to flourish and compete in the future?

## **PROTECT AGAINST THE FUNDING IMPLICATIONS OF BREXIT**

Brexit effects including uncertainty and disruption could impact the availability of funds available for start-ups – in tricky economic times, investors are less likely to back an untried business. In addition; EU funding that comes directly from EU membership is significant with the European Investment Bank, for example, invested over €31.3bn in the UK economy of which 17 percent funded innovation and smaller businesses. In the tech and life sciences sector, the European Investment Fund is a key source of finance, supporting 27,700 SMEs. If you are one of these companies receiving significant EU funding, what steps have you taken to secure continuity and your future business prospects? If you are a start-up, how will Brexit impact your sources of funding?