



An Roinn Gnó,
Fiontar agus Nuálaíochta
Department of Business,
Enterprise and Innovation

Brexit

A National **SME** Study

September/October 2019

Prepared by
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RESEARCH
& INSIGHT



Research Methodology



Sample = **1,016** SMEs across ROI



The sample was quota controlled by:

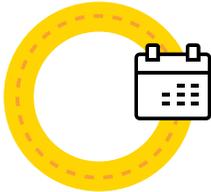
- Size
- Company type
- Region

to match CSO stats.

Sample is identical to Credit Demand Survey.



Telephone interviewing



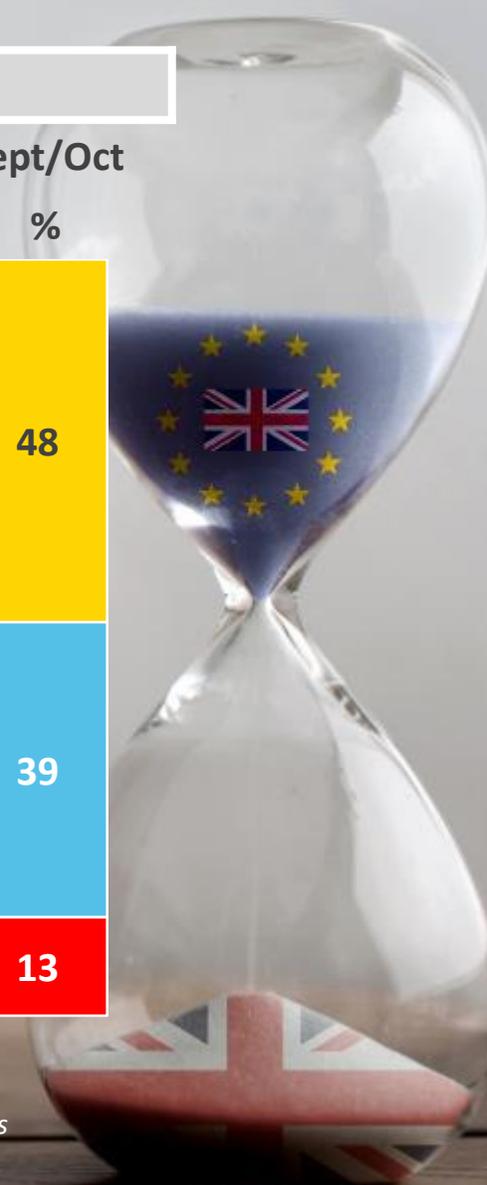
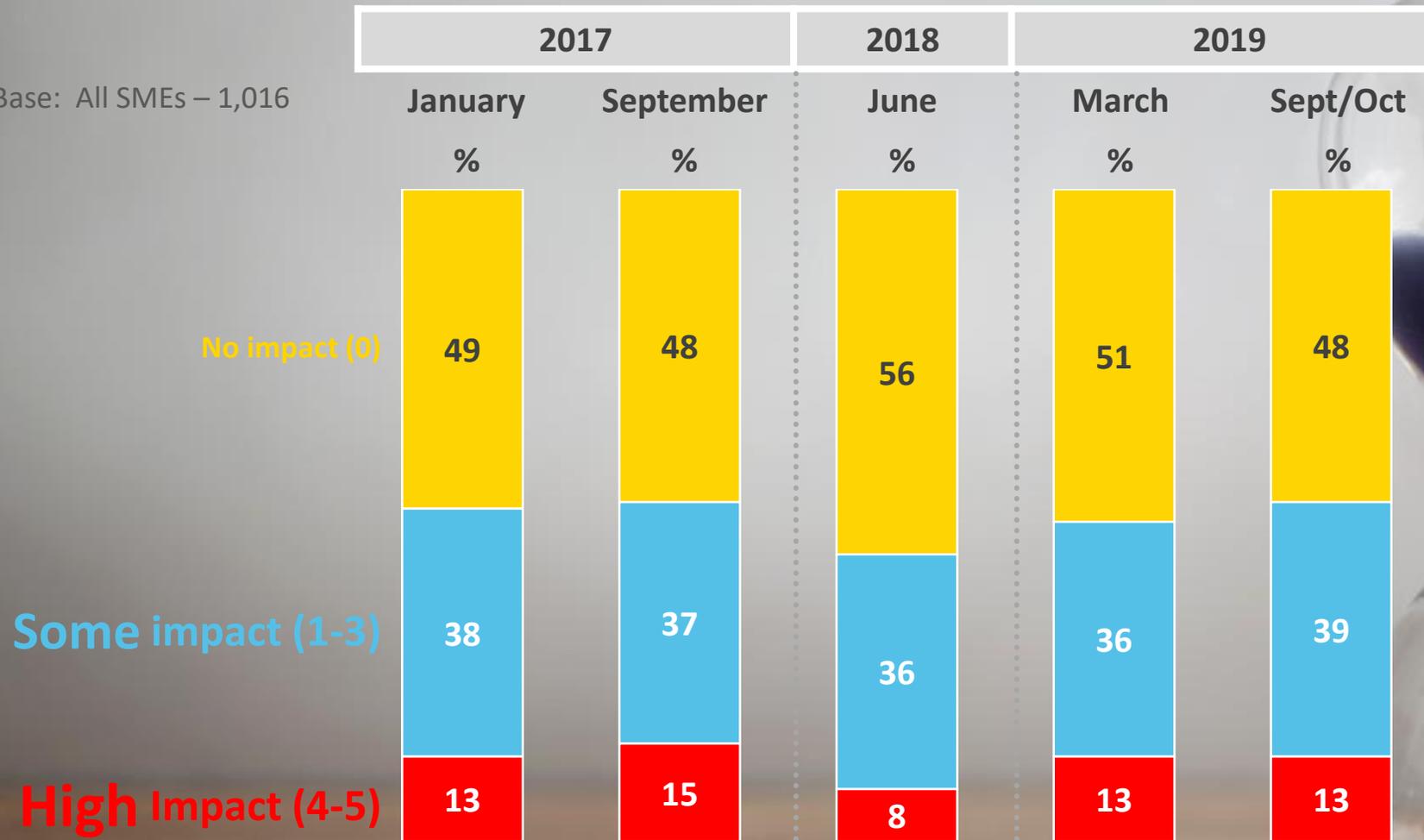
Fieldwork on the project took place between the **19th September and 11th October, 2019.**



1. Brexit Impact

Brexit Impact to date: A consistent half of all SMEs have experienced a Brexit impact. No further movement since earlier in the year.

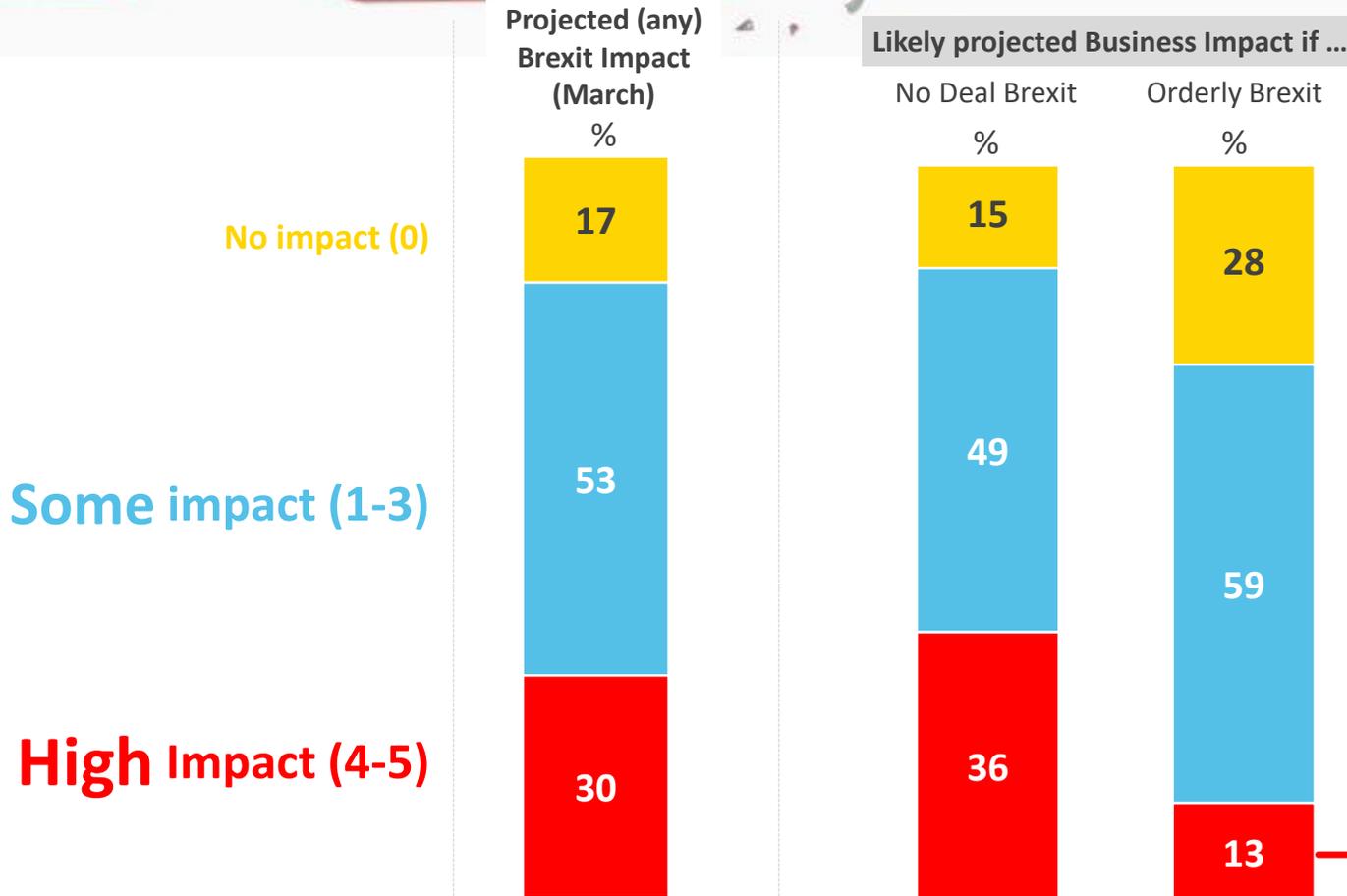
Base: All SMEs – 1,016



Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.

Projected Brexit Impact: Clear differences in expectations of likely impact depending on whether we reach a Deal or No Deal Brexit

Base: All SMEs – 1,016



These are mainly different to those with a current impact. The figures are..

| Impact Level | % |
|-------------------|----|
| No impact (0) | 8 |
| Some impact (1-3) | 58 |
| High Impact (4-5) | 34 |

among those with high impact currently.

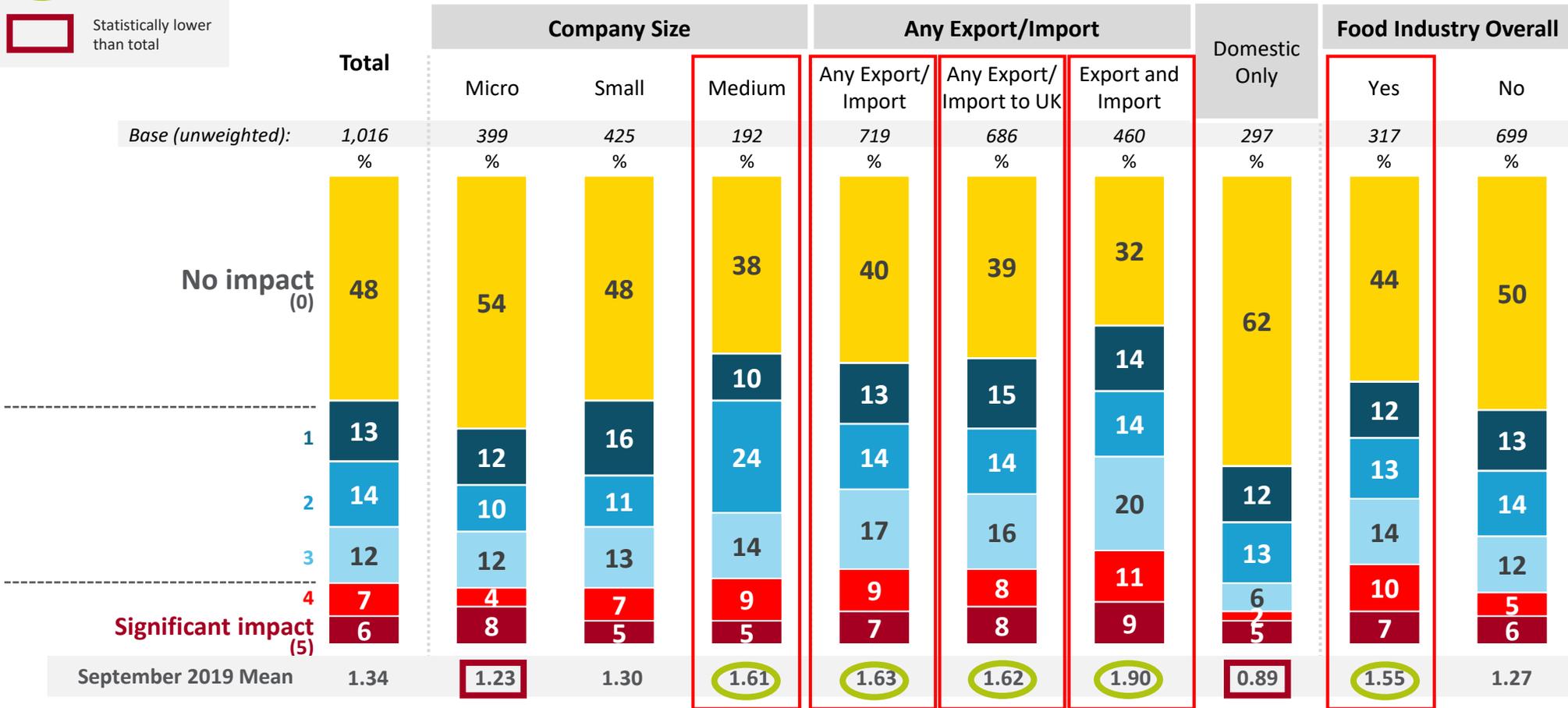
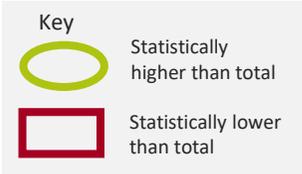
Q.11(March survey) And looking forward over the medium term, say the next 18 months or so, on a scale of 0-5 how much impact, if any, do you expect Brexit will have on your business?

Q.14 (October survey) Now can I get you to anticipate two different scenarios in turn. Firstly, let's assume a no deal Brexit, on a scale of 0-5 how much impact, if any, do you expect such a Brexit will have on your business? 0 means no impact and 5 means you are expecting a significant level of impact.

Q.15 (October survey). And now if we take the other position – what if there is an orderly Brexit. Under these circumstances on a scale of 0-5 how much impact, if any, do you expect such a Brexit will have on your business? 0 means no impact and 5 means you are expecting a significant level of impact.

Current Brexit Impact: Most impact being experienced among medium sized companies, those exporting/importing and those operating in the food industry.

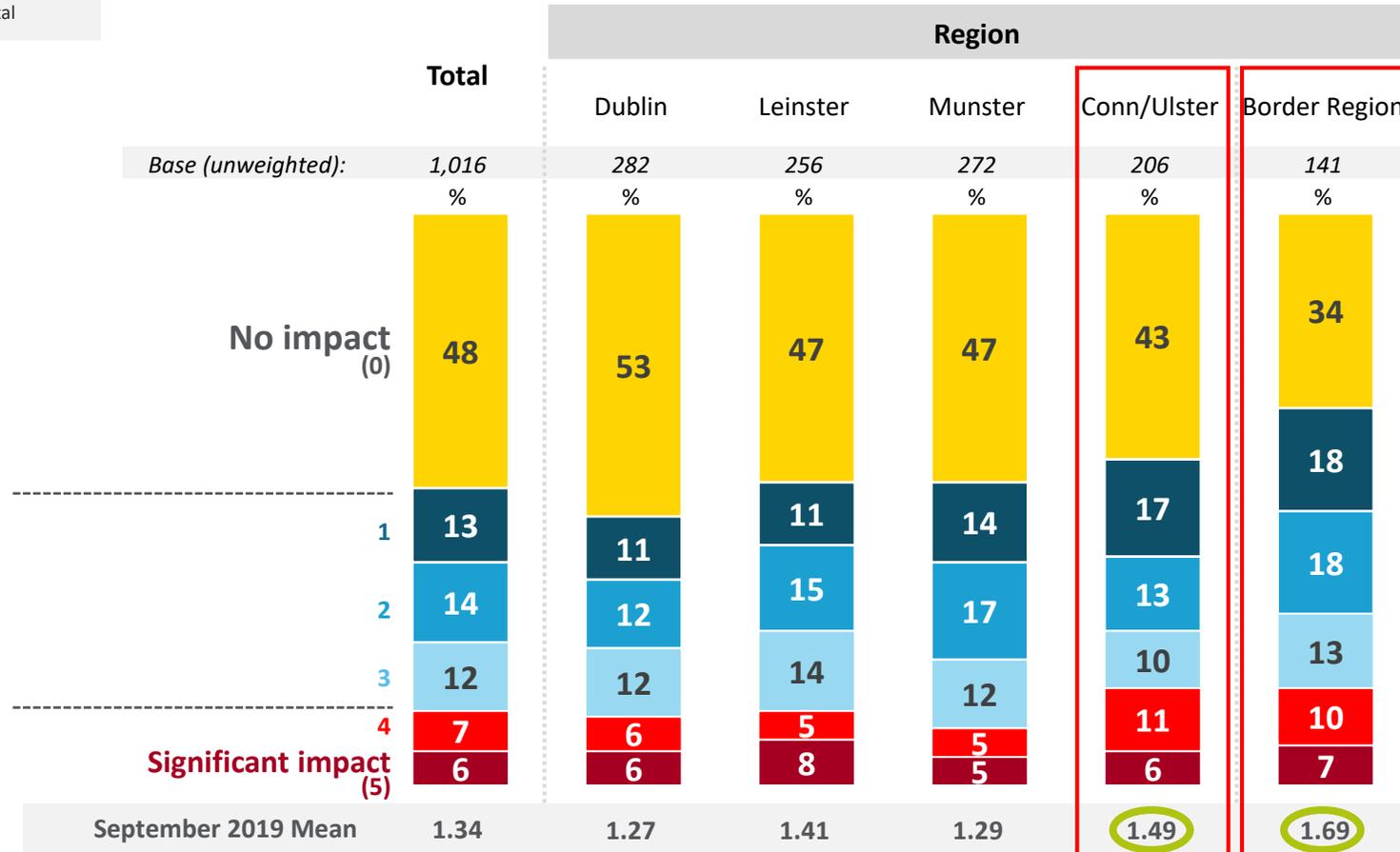
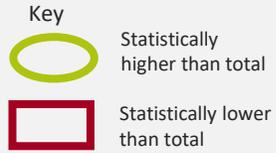
Base: All SMEs – 1,016



Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.

Current Impact of Brexit: Regionally the impact has been felt most by those in the Border region.

Base: All SMEs – 1,016



Border Region
Counties: Cavan, Donegal, Leitrim, Monaghan, Sligo, Louth

Conn/Ulster Region Counties: Cavan, Donegal, Leitrim, Monaghan, Sligo, Galway, Mayo, Roscommon

Q.8 On a scale of 0-5 how much impact, if any, has Brexit had on your business over the past year? In this case 0 means that it has had no impact and 5 means that the impact on your business has been significant. Bear in mind that the impact, if any, can be positive or negative and we will evaluate that later.



Postponement of business decisions and investments taken in the past 12 months due to potential implications of Brexit are increasing.

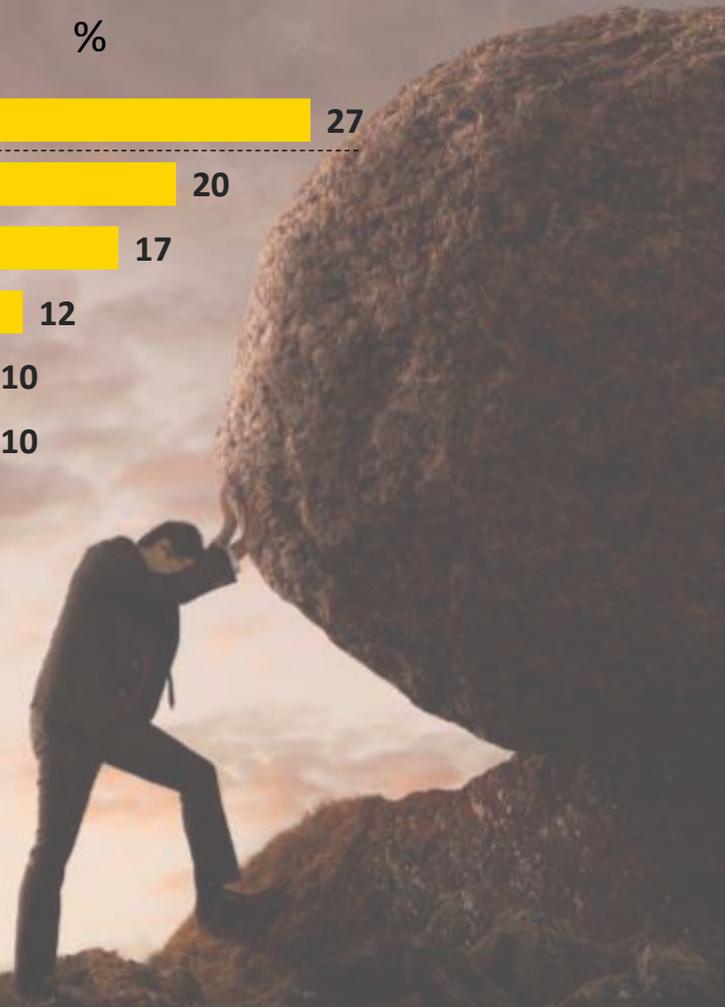
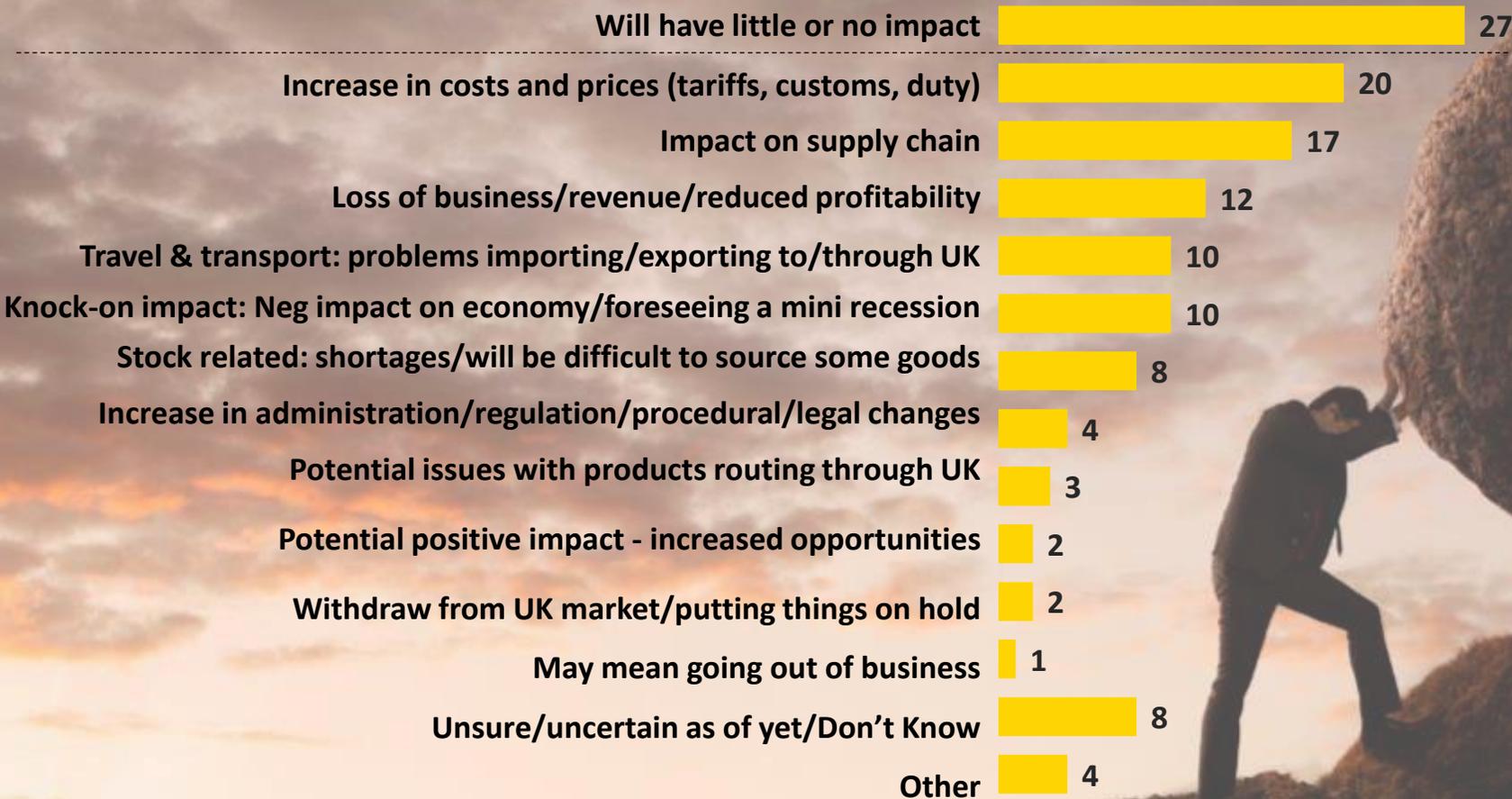
Base: All SMEs – 1,016

| | March | October | Any Export/Import | | | Domestic Only |
|--|-------|-----------|-------------------|-------------------------|-------------------|---------------|
| | | | Any Export/Import | Any Export/Import to UK | Export and Import | |
| Base (unweighted): | 1000 | 1,016 | 719 | 686 | 460 | 297 |
| | % | % | % | % | % | % |
| Postponed a business decision | 11 | 17 | 21 | 21 | 25 | 11 |
| Postponed a business investment | 10 | 15 | 19 | 18 | 21 | 9 |
| Any postponement | 21 | 32 | 40 | 39 | 46 | 20 |
| Have become more concerned/concerned about a business decision/investment you made prior to the announcement of BREXIT | 7 | 13 | 16 | 17 | 16 | 8 |
| Accelerated a business decision | 7 | 9 | 12 | 14 | 11 | 4 |
| Accelerated a business investment | 3 | 6 | 7 | 8 | 8 | 3 |
| Any acceleration | 10 | 15 | 19 | 22 | 19 | 7 |
| Balance of dynamics | 11 | 17 | 21 | 17 | 27 | 13 |

The key Brexit implications that are top of mind are **tariffs, customs, duty, supply chain problems, reduced profitability and UK as land bridge.**

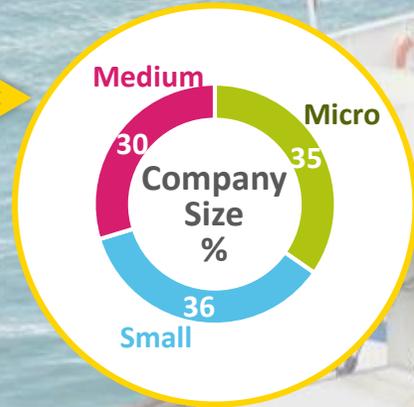
Base: All SMEs – 1,016

Total
%

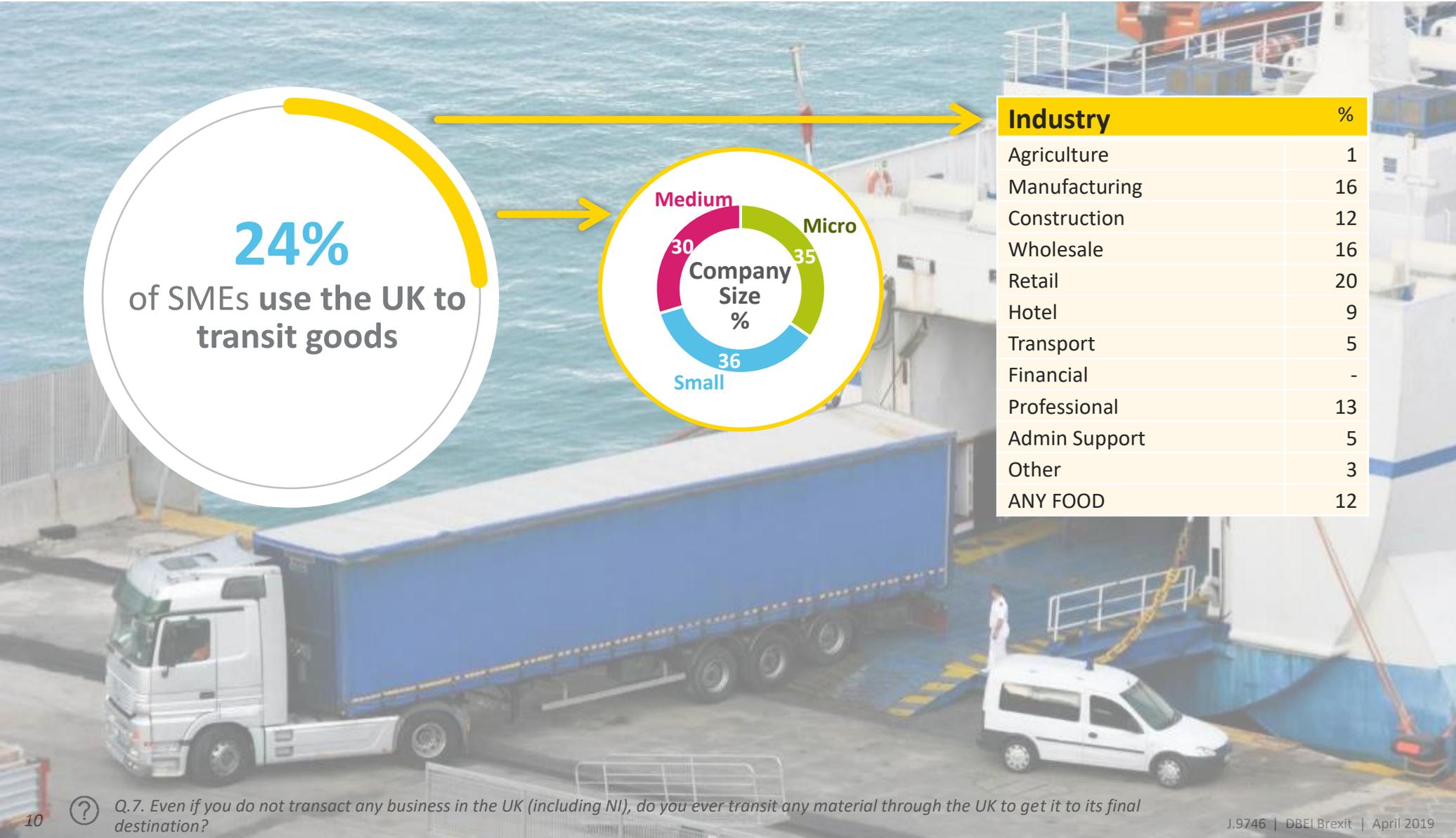


The landbridge: A quarter of SMEs use the UK to transit goods

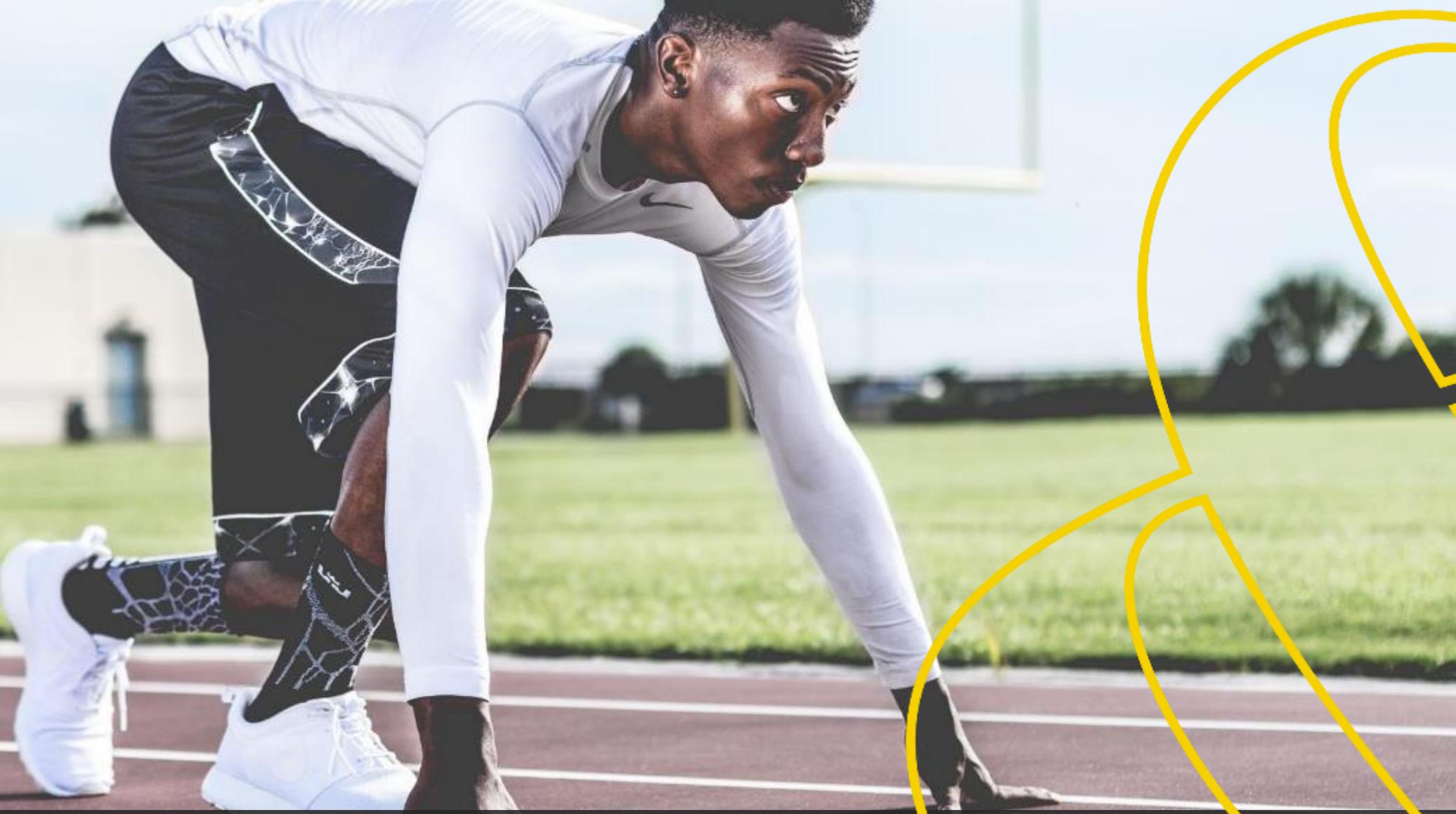
Base: All SMEs – 1,016



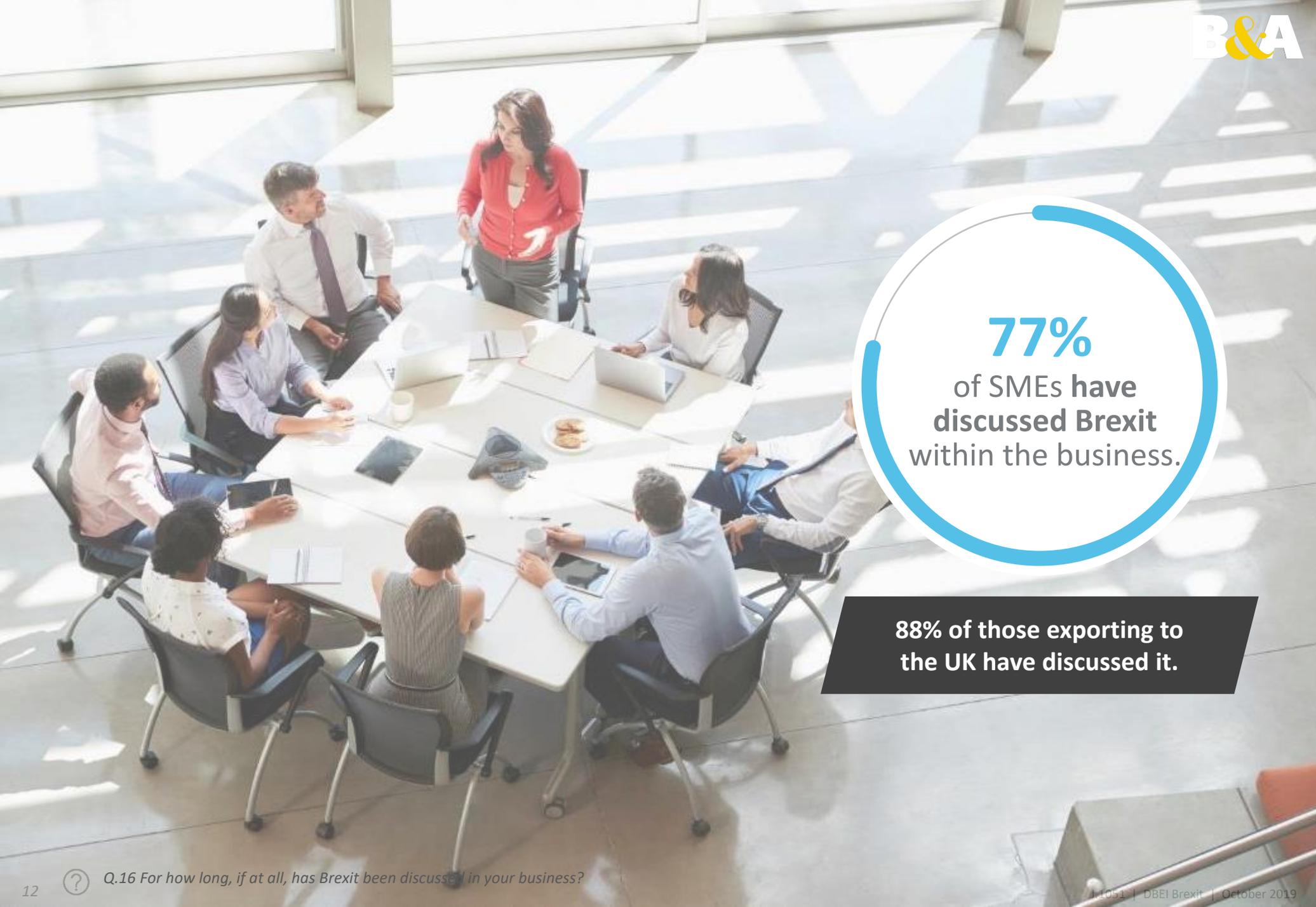
| Industry | % |
|---------------|----|
| Agriculture | 1 |
| Manufacturing | 16 |
| Construction | 12 |
| Wholesale | 16 |
| Retail | 20 |
| Hotel | 9 |
| Transport | 5 |
| Financial | - |
| Professional | 13 |
| Admin Support | 5 |
| Other | 3 |
| ANY FOOD | 12 |



Q.7. Even if you do not transact any business in the UK (including NI), do you ever transit any material through the UK to get it to its final destination?



2. Getting Brexit ready



77%
of SMEs have
discussed Brexit
within the business.

88% of those exporting to
the UK have discussed it.

Over a third of SMEs have been discussing Brexit within their business since it was announced. This has now grown to 77% and is even higher among those involved in exports.



Base: All SMEs – 1,016

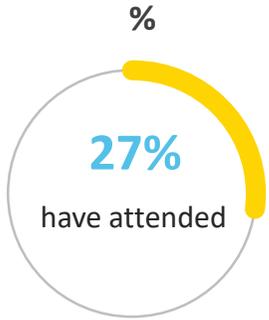
| | Total | Company Size | | | Any Export/Import | | | Domestic Only | Food Industry Overall | |
|--|-----------|--------------|-----------|-----------|-------------------|-------------------------|-------------------|---------------|-----------------------|-----------|
| | | Micro | Small | Medium | Any Export/Import | Any Export/Import to UK | Export and Import | | Yes | No |
| <i>Base (unweighted):</i> | 1,016 | 399 | 425 | 192 | 719 | 686 | 460 | 297 | 317 | 699 |
| | % | % | % | % | % | % | % | % | % | % |
| Past 3 months | 4 | 5 | 5 | 2 | 4 | 4 | 2 | 5 | 5 | 4 |
| Past six months | 10 | 11 | 9 | 10 | 11 | 11 | 11 | 8 | 7 | 11 |
| Past year | 19 | 16 | 22 | 21 | 20 | 20 | 20 | 18 | 22 | 18 |
| Past 18 months | 8 | 5 | 11 | 8 | 9 | 10 | 12 | 7 | 10 | 8 |
| Past 2 years/since it was announced | 36 | 35 | 33 | 41 | 41 | 41 | 41 | 27 | 35 | 36 |
| <i>Any discussions held</i> | 77 | 72 | 80 | 82 | 85 | 86 | 86 | 65 | 79 | 77 |
| Brexit is not on our agenda. We don't think it will impact us/we are small indigenous Irish only company | 9 | 10 | 10 | 6 | 4 | 4 | 4 | 17 | 7 | 10 |
| Brexit is not on our agenda. It may impact us but we have no idea how and will just deal with it if and as it arises | 8 | 10 | 7 | 8 | 7 | 7 | 6 | 10 | 8 | 8 |
| Other/ We haven't ever discussed it/not discussed | 5 | 8 | 3 | 4 | 4 | 3 | 4 | 8 | 6 | 5 |
| <i>No discussions held</i> | 33 | 28 | 20 | 18 | 15 | 14 | 14 | 35 | 21 | 23 |

Preparation for Brexit

Base: All SMEs – 1,016

*Any information seeking re Brexit
60%

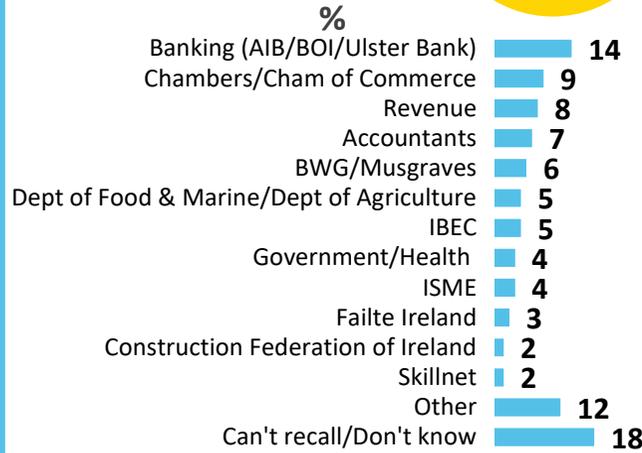
Attended Roadshow



21% in March 2019

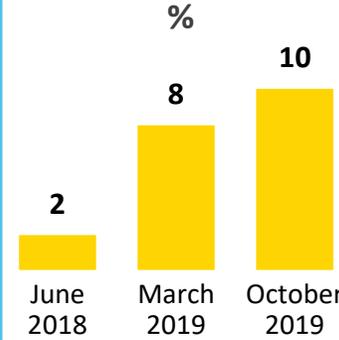
Q.20a Have you or has anyone from your company attended a Brexit roadshow or information session?

Who?



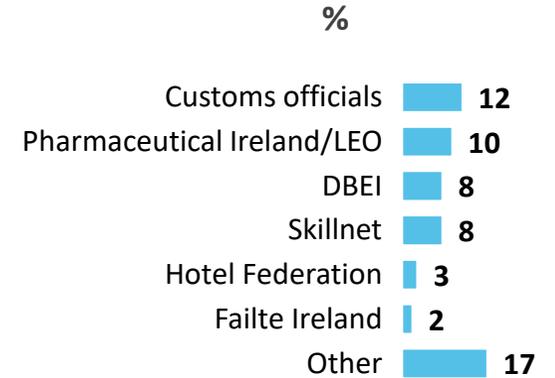
Q.20b As best you recall, who ran this or these Brexit roadshows?

Applied for Brexit Supports Supplied by State Bodies



Q.21 Have you applied for or availed of Brexit supports provided by any State bodies including information, advice, financial support, that could be available through organisations like Enterprise Ireland, Intertrade Ireland, the Local Enterprise Boards, Bord Bia, and others?

Who?



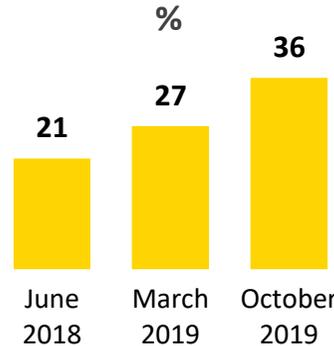
Engaged with Representative Body in Relation to Brexit

(Base: All those with Rep Body)



Q.23 Have you engaged with your representative body such as ISME, IBEC in relation to Brexit looking for information, supports, training, toolkits, that kind of thing?

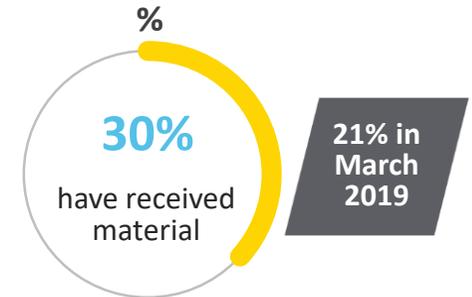
Received Anything that was Intentionally Guiding Business to Websites and Sources of Information Regarding Brexit



Q.24 Have you received anything from your representative body that was intentionally guide you to websites and sources of information regarding Brexit and your business?

Received Anything from Financial Advisors/Institution that was Intentionally Provided to Help Guide and Support Regarding Brexit

(Base: All SMEs)



Q.25 Have you received anything from financial advisors/institution that was intentionally provided to help guide and support you regarding Brexit and your business?

* Was 40% in March

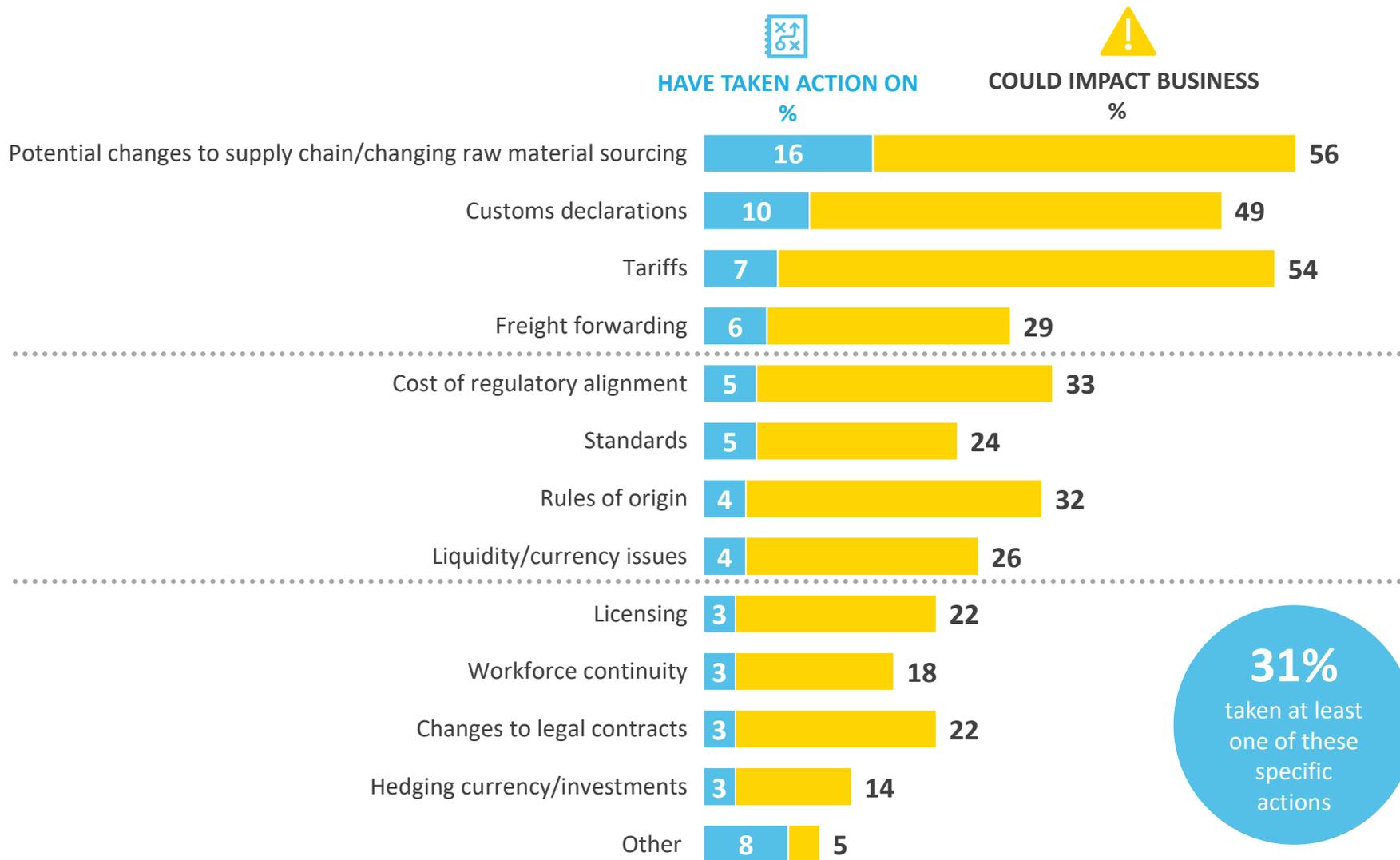




3. Actions taken

What actions have been taken to date? Fewer companies have acted on any of these issues than discuss them.

Base: All SMEs – 1,016

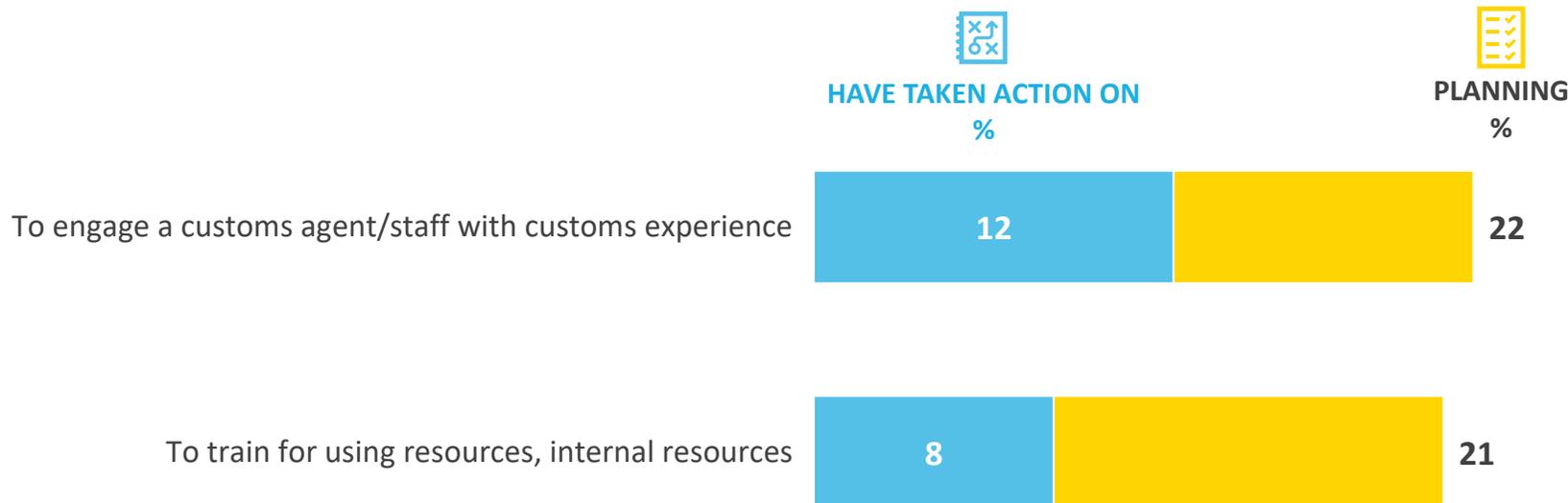


31%
taken at least one of these specific actions

Q.18a If Brexit takes place, which if any of the following issues seem likely to be ones that could impact your business?
Q.18d And finally which if any have you **taken action on** at this point?

Planning for customs procedures in particular: Action levels are low to date.

Base: All importing/exporting to UK - 686



Q.19a In the event of a No Deal Brexit the UK will become a third country, this means that customs declarations will be required. How are you planning to manage customs procedures?

Q.19b What actual steps if any have you taken with regard to these potential customs changes that are likely to be impacted by Brexit?



Summary of current position

ALL SMES

77%

**Discussing
Brexit**



ALL SMES

60%

Have **informed**
themselves about
Brexit

*Rising to 67% among those
exporting/importing with
UK*

ALL SMES*

31%

Have taken **action**
*Rising to 42% among
those
exporting/importing
with UK*



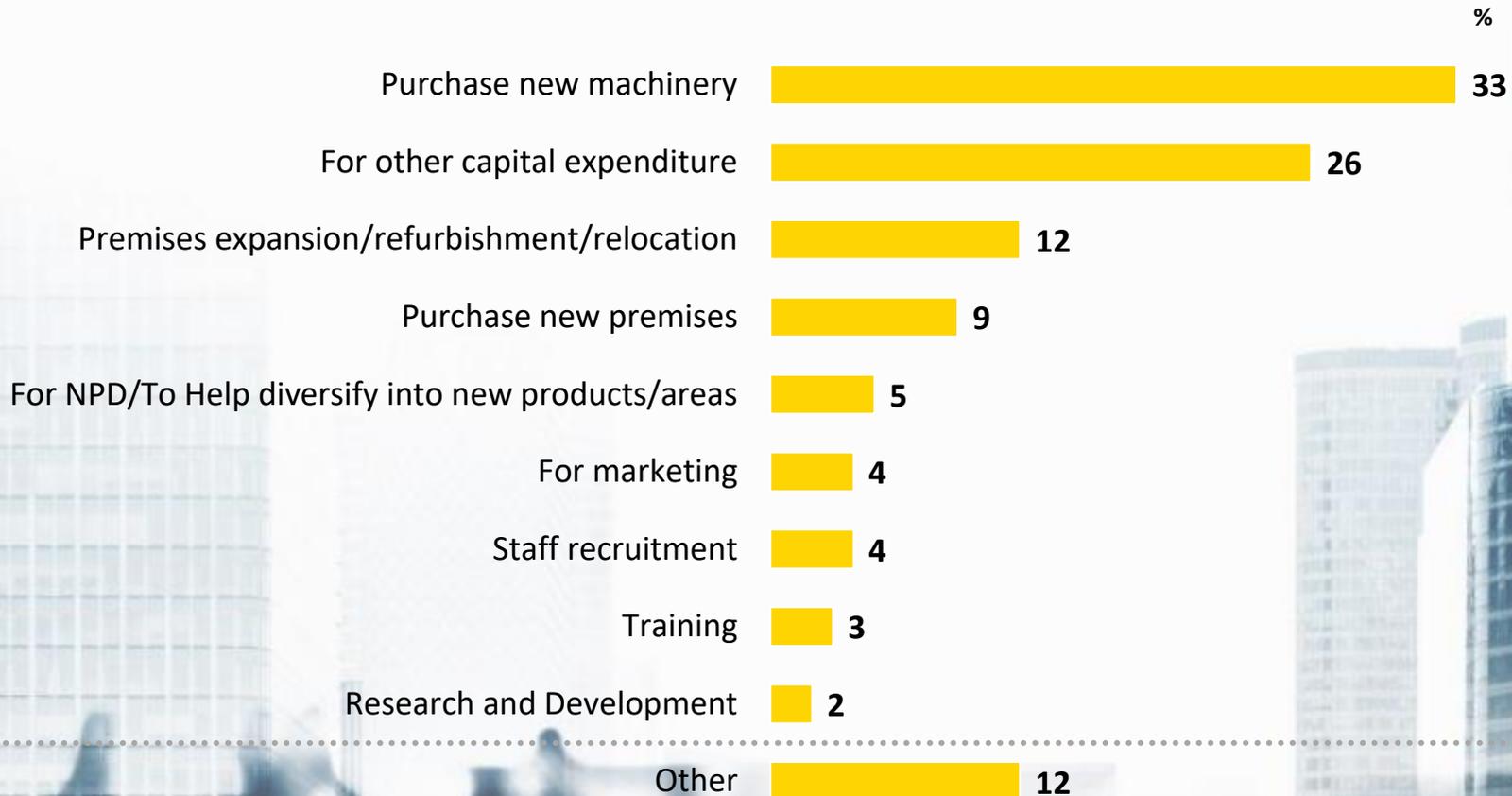
**Discussing/taking action on issues from a list presented, including engaging customs agents and training.*



4. Business Funding

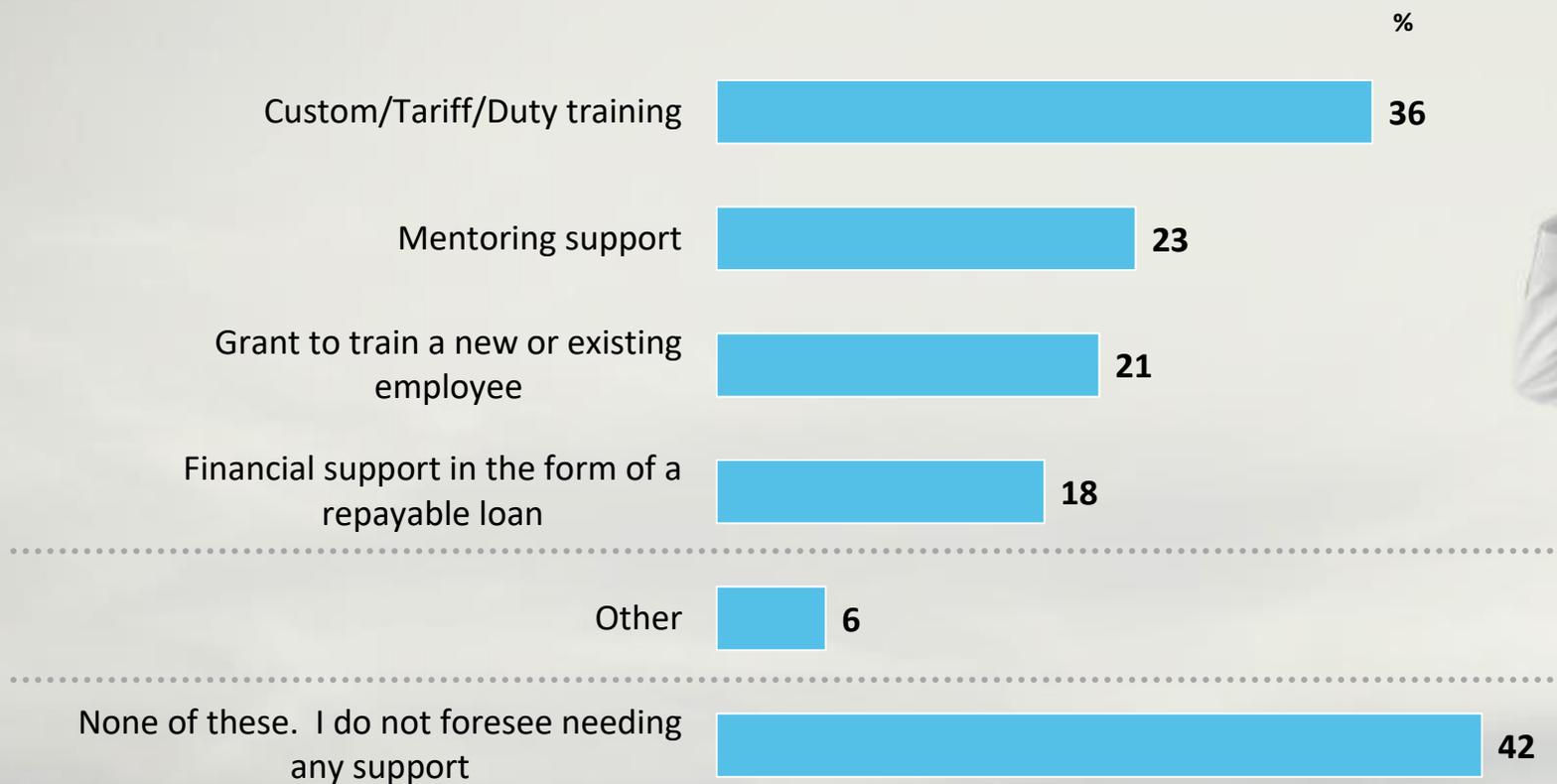
Reason for seeking funding

Base: All SMEs requesting funding - 137



Most useful supports looking ahead

Base: All SMEs – 1,016





5. Summary of key findings

BREXIT IMPACT

- Since we began to measure impact, the story remains much the same.



Currently experiencing significant Brexit impact.



Half report no impact.



report some impact.

- Looking ahead, **72%** expect an impact even with an orderly Brexit.
- Critically, **32%** (up from 21%) of SMEs have **postponed a business decision or investment** while only **17%** (up from 11%) **have accelerated a business decision or investment**. This means that there is **more stalling than previously**. It is even higher for those in export business.
- Those most impacted are..



Medium sized companies (50+ employees)



Exporting or importing (particularly within the UK)



Food industry



Those in North West & border regions

Half SMEs currently impacted. 72% expect to be impacted in the future. Clear evidence of stalling on business decisions and investments.

BREXIT PREPAREDNESS



have discussed Brexit within their business (86% of UK exporters).



- Brexit discussions are continuing to increase within business. An extra **14%** of SMEs were **drawn into the debate** within the past 6 months.

- Key areas of debate and concern are **supply chain, tariffs and customs protocols**.



have sought information through attending a workshop, applying for supports or reading information they received. This compares with **40%** in March.

A majority of SMEs are discussing Brexit – even higher among exporters. 60% have informed themselves about Brexit at some level.

ACTION



have taken some action.



This is mainly on **supply chain (16%)**, **customs declarations (10%)**, **tariffs (7%)** and **freight forwarding (6%)**.



of UK importers/exporters plan to engage a customs agent (12% have already actioned this).



will train someone internally (8% already actioned).

31% (42% of those exporting to UK) have taken at least one action that is Brexit related. It may still be difficult for SMEs to act when the challenges are not yet known.



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Delve Deeper