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One of the most disgraceful aspects of the handling of Brexit has been the failure by Government ministers to ask for independent advice on the implications and impact of our departure upon supply chains. Obviously, it is a hugely important issue in terms of supply, but also in human resource management, since logistics is as much a people and services business as it is a shipment of goods sector.



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For many years, I was a senior executive working in supply chain management, covering a variety of market sectors including; Operations Director of Exel plc (now DHL), a Board member of TDG plc and Chairman of Europe for Tibbett and Britten plc. I am also Fellow of the Chartered Institute of Logistics. Anyone - from Government to individual companies - who underestimates the people aspect of supply chain service to intermediate and end customers does so at their peril. If the Government or any business continues to do so, they are going to come badly unstuck as well as suffer severe competitive disadvantage. In 2017, 62 percent of all UK exports went to the EU at a total value of £33.1 billion. The UK's top import partner was Germany and worth £17.6 billion. The disruption to this trade is already taking place in lost orders and investments (whether capital or people). Any of the numbers aren't pretty.

Almost two thirds of European Union businesses that work with suppliers located in the UK expect to move part of their supply chains elsewhere and out of the UK according to a survey by the Chartered Institute of Supply. Forty percent of UK businesses are looking to replace their EU suppliers, and sixty-four percent of businesses say that their supply chains will become more expensive or logistically much more complex from a paperwork and compliance point of view.

The recent Institute of Exports survey found that only thirty percent of respondents have any strategy for avoiding the administration and risks involved with customs compliance. Currently the UK has the lowest examination rate at its ports of any EU country but, in the wake of Brexit, businesses will face an exponential increase in form-filling and bureaucracy to start (re)proving everything.

The regulatory burden on the people and businesses involved will rise dramatically as compliance checks increase; while applications for the correct documentation/licences will take longer. There may also be severe cash-flow problems. *The Guardian* reports that we can expect a five-fold rise in customs checks at UK Ports after Brexit and that HMRC estimates that the number of customs declarations at Dover and elsewhere could rise from 60m annually to 300m a year. This increased compliance will stretch already overworked people and facilities at ports such as Dover, since more vehicles will have to be stopped - currently only about three percent are subject to checks. Yet there is no room to expand the port! Should the UK no longer be part of the EU aviation partnership, insurance and safety issues could mean that planes from 44 countries will no longer be able to depart or leave the UK with disastrous

consequences for air freight which currently handles nearly forty percent of imports.

But what will be the effect on specific sectors? With 14,000 trucks crossing the channel every day, any delays to crossing will result in costly disruption to the UK's food supply chains, compounded by the just-in-time philosophy most industries now operate. The Road Haulage Association states that approximately thirty percent of all food consumed in the UK comes from the EU and is transported in trucks. The border delays will particularly affect short life chilled products - so expect empty shelves in the supermarkets especially for fresh produce, yogurts and other healthy easily spoilt foodstuffs! Unfortunately, human nature being what it is, the impact of these supply chain driven food shortages will be compounded by people buying more to stockpile and store at home.

The CEO of Astra Zeneca has warned of widespread shortages of medicine if Britain fails to agree a customs deal with the European Union. With a complex supply chain that involves multi-shipment manufacturing components of medicines, across and throughout Europe, any friction at the border will cause severe - possibly life-threatening - delays. To pick one example, there could be an acute shortage of vaccines with batches of vaccine expiring because they cannot reach the UK by their use-by dates. Britain's pharmaceuticals industry has already been told by Heath Secretary to ensure it has six weeks additional supply of medicines on top of their normal stock holdings in order to avoid the potential chaos of a no-deal Brexit. Industry figures show that more than 2,600 drugs have some stage of their multi-location manufacturing process in Britain. In general, Brexit threatens the free flow of goods in the short and medium term. This not only affects people but also animals and animal welfare.

There are signs that many EU companies are currently holding back on using British firms as an integral part of their supply chains - since this involves parts and people criss-crossing borders several times - because they still don't know about the tariffs, compliance and regulatory frameworks - plus paperwork - that will apply. Big aviation firms are already requesting British suppliers warehouse a months worth of stock - at their own expense - to offset the risk of Brexit border delays. Some major automotive companies have already announced either closures or three day working weeks in order to try to deal with the problems of the shortage of supply. It is estimated that the additional stock holding will push up costs dramatically and the total is estimated to be worth £40bn. So how too will people be affected? There are many consequences, so here are a few easily picked at random. The cost of living already affected by the decline in the value of sterling will rise further as a consequence of the increasing costs, not least due to supply chain inefficiency. Someone has to pay for the extra storage costs and for vehicles and drivers to be stood in miles of traffic queues at ports and borders not to



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Is SCM a strategic component
in your business?

50% Yes

50% No

mention the additional costs of investment in computer systems and border security personnel - not least the employees and, of course, the consumer. There will be job losses as companies in the UK become less competitive as a direct result of supply chain inefficiency. In a recent Chambers of Commerce survey, twenty-four percent of International companies said they would cut recruitment if there is no deal. Under EU law, there are only 103 International permits required for the UK currently with over 300,000 journeys, how is it to be decided which firms and drivers get these?

Spare a thought too for all the many traffic controllers and drivers as they try to cope with the severe delays at borders and complicated by the drivers' hours regulations. There will be a shortage of HGV drivers - to supplement those parked up and whose route timings suffer ongoing delay - as many more will be needed. Currently there are over 50,000 unfilled vacancies, and it is well known that the logistics sector is heavily dependent on non-UK labour. From the EU we have; 43,000 HGV drivers, 113,000 warehouse staff and 22,000 van drivers. These numbers are significantly greater at seasonal peak times, of course, so it is obvious that restricting migration would make it difficult for many of our key agricultural sectors to operate efficiently. So, all-in-all, UK and EU supply chains - whether of people, goods or services - are already at breaking point before any impacts and fallout from Brexit really begin to take hold.

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