

Brexit – how may we be affected?



Our customers have asked us how we are anticipating potential impacts arising through the current Brexit negotiations. The following Q&As detail the top ten queries which we have received to date, and our response.

1. Is SMI making preparations for a potential “no deal” scenario?

Yes. Our Procurement team monitor political and sector circumstances, proactively undertaking scenario-based risk identification and implementing mitigation for potential impacts. As a result, we have defined our policy and approach dependent upon the outcome of negotiations in full.

We can confidently assert that the Brexit negotiations will not impact our supply chain, production, manufacture or procurement as a result of our industry monitoring and forward forecasting to adapt to potential supply chain or procurement implications. We have a strong and stable financial standing which provides additional security against potential market fluctuations, amended trade scenarios and no-deal impacts.

2. Does SMI manufacture in and/or export goods from the European Union (EU)?

No. Over a number of years, SMI has forged and maintained strong, healthy and positive partnerships with our supply chain across Asia. We purchase from supply chain partners in India, China and Pakistan.

This safeguards our operations in the event of potential impacts issuing from the EU referendum and Brexit negotiations, placing us in a stable position with regard to mitigating risks and maintaining seamless procurement and production.

3. Does SMI export services from the European Union?

No. All of our services are undertaken in-house through employed technicians and operatives. We do not export any services from the European Union.

We have invested in our in-house capabilities for services including heatseal and embroidery, affording stable operations in the event of any negative impacts from the Brexit negotiation and ultimate outcome.

4. Does SMI rely on any logistics in and/or distribution from the EU?

No. Our distribution channels are all contained within Great Britain. We have a longstanding partnership with our couriers, who are a UK-based firm with a solid track record and strong foothold across the UK. No logistics or distribution is sourced from the EU.

5. Does SMI envisage any disruption to supply chain in the event of a “no deal” outcome?

No. As our supply chain is all located in Asia, we do not envisage any disruption, but rather feel optimistic that the Brexit negotiations, whatever the outcome, may serve to strengthen our positive trading position with our current suppliers.

6. Would SMI experience a disruption to operations if access to EU labour was restricted?

No. We have a workforce of local staff, all of whom are UK citizens and residents. We do not sub-contract any element of our business operations. All of our team are employed rather than working on an associate or contractual basis. This means that amendments to EU labour legislation or restrictions will have no bearing on our existing capacity to fulfil customer requirements promptly, and maintain the quality and affordability of our service for clients.

7. Would Just-in-Time (JIT) ordering be impacted for stock replenishment? If so, what kind of lead times do we envisage applying?

No. We have invested in LEAN processes and adopted a ‘Just in Time’ approach to maximise efficiency and streamline our operations and processes. Our lead times will not be affected through the EU/Brexit implications, as our processes are aligned with those of our Asian supply chain. We have a solid supply chain with multiple outlets to source from should one be compromised, ensuring that our customers can confidently maintain the timescales for order processing and fulfilment regardless of European issues pertaining to stock replenishment.

8. Would SMI envisage an impact on the prices of our goods and services?

No. While our customers benefit from consistent pricing and an often fixed product pricing year on year, we cannot accurately predict how currency fluctuations and the strength of the Pound may potentially impact our industry. That said, we will maintain our commitment to absorbing as much impact as possible through inflation and currency fluctuations. However, we wish to be as transparent as possible and therefore do not have the foresight to categorically state that prices may go up (or down) in direct response to the strength of the Pound in the broader context of international rates and positive or negative fluctuations.

What we can guarantee is that we will never seek to profit from fluctuations, will be vigilant in maintaining a competitive and favourable rate for our customers, and work hard to minimise pricing fluctuations through a determined and resilient Procurement team.

9. Would SMI operations be impacted by a potential loss of any EU recognised licensing and certification of goods and services?

No. While we have often adopted EU certification standards as they have generally been more stringent and exacting than UK legislation in terms of quality, safety and durability, we will not be impacted in any way by potential loss of recognised licensing or certification.

As we do currently, we will monitor the industry and seek to certificate our product suite to the highest possible standards, whether these are UK, EU or global quality levels. We are unique in our industry in comparison with many of our competitors, as we have our own range of Workwear, which affords us the ability to enhance safety and respond quickly to legislative best practice relating to safety and quality.

10. Does SMI envisage any further areas of impact on goods and services supplied?

Not at all. While we are being proactive in monitoring the industry and identifying potential risk and impacts which may affect both our own organisation and those of our customers, we are confident that our current supply chain, operations and procurement workstreams are resilient, and will not be compromised through the Brexit negotiations – regardless of the outcome.

Should you feel that your organisation still has some queries, please feel free to get in touch with us so that we may allay your concerns and answer any further questions which you may have. Thank you.