

The global pandemic is further compounding the challenges of Brexit. A recent report by the LSE suggests that the dual impact of the global pandemic and Brexit will leave little time and resources for businesses to adapt and mitigate risk. Many businesses have used up reserves and stockpiles earmarked for Brexit during the pandemic, leaving them further exposed.

As a result of the uncertainty, Brexit remains a key topic on the risk registers of many organisations and according to the [2020 Deloitte Report of Reports](#), 24% of organisations cite it as a principal risk to their business strategy whilst a further 42% include it within a broader risk category. Brexit is also a key topic on mid-year earnings calls for 40% of the companies of the FTSE 100 industries analysed by [FactSet](#).

The UK Cargo transportation and Logistics Industry

The demands of running global supply chains are more challenging than ever. Cargo transportation and logistics companies are taking steps to ensure they remain competitive as new, digitally savvy competitors enter the marketplace. They are increasing operational efficiency while developing strategic ways to enhance customer experience. In addition, new processes are being established to manage regulatory compliance and sustainability standards in a supply chain this is still steeped in paper-based processes. The industry is also trying to navigate the shift in the global trade patterns by focusing on fast-growing services and redoubling efforts in emerging markets.

Covid-19 has created a significant disruption to the flow of goods around the world and disrupted the industry operations. Brexit is also a concern as the industry is deeply impacted by international politics. The EU is the UK's largest market, accounting for nearly half of all British goods exports. From Jan 1, 2021, the free movement of goods across the English Channel is due to end for the first time in half a century. Tariffs, guarantees, documentation, minimum wage and clearance procedures may change. There are concerns about severe congestion at British highways and ports, and additional customs procedures may add to trucking congestion and further delays for cargo movements by road. The sector also depends on a large workforce in the form of drivers and operators, crossing borders constantly, and any impact on their availability and ability to operate continuously may amplify existing challenges. Amidst all this disruption and volatility, there are some opportunities as well. Increased global trade post-Brexit (and post-Covid-19) will create new potential for the industry to flourish. For instance, it is widely recognised that UK needs a world-class global air freight hub to connect businesses with their customers and suppliers in global markets. This will require businesses to stay on top of current processes and drive operational excellence in order to make the most out of new revenue opportunities.

The cargo transportation and logistics industry will need to adjust to accommodate and manage the EU exit related uncertainty and prepare for a digital economy where disruption is just part of the new landscape.

Supply chain operations: Whatever the form of the UK's trading terms with the EU and the world, supply chains will recalibrate, and customer demand will evolve. Tariff-related trade barriers will affect the cost of goods and to mitigate this impact, manufacturers (in the UK and the EU) could relocate to new locations or restructure their businesses to be a part of the single market. Businesses are also exploring alternative transport options, such as air freight, as there are warnings of queues up to 7,000 vehicles long at the ports. Therefore, supply chains of cargo transportation and logistics companies will need recalibration in response to the changing customer needs. This is an opportunity to reimagine supply chain operations to ensure they are fit for the future.

Additional Resources:

[Supply Chain Logistics](#)

[Global Trade Management](#)

Transportation management: Land transport fleet is expected to experience a significant slowdown as it passes through customs which will most likely involve more bureaucratic procedures, such as permits, licences and traffic and export declarations. Cargo transport and logistics players can reduce the overall transportation complexity by integrating fleet and logistics management, consolidating orders, improving demand forecasting and adapting shipment volumes accurately.

Additional Resources:

[Transportation Logistics](#)

Workforce management: Shortage of labour has been a problem for the industry before the referendum and post-Brexit the inability to recruit EU personnel will exacerbate the problem. Attracting the right workforce needs a strategic focus to protect and expand the market shares and profit.

Additional Resources:

[Talent Management](#)

[Employee Experience Management](#)

[Contingent Workforce Management](#)

Finance operations: There is already a demand to expand Heathrow as the country's global air cargo hub since air freight demand is expected to increase. The industry will also play a very important role in distribution of Covid-19 vaccine across the world. As the whole industry ecosystem adapts to changing global trade patterns, there is a possibility of new revenue streams opening. Finance processes such as receivables management, invoicing, collection management etc. will need efficiency, effectiveness and real-time visibility.

Additional Resources:

[Accounts receivable automation](#)

[Cloud Accounting Invoicing](#)

Contract management: Many contracts that companies continue to rely on will be affected by Brexit regardless of the outcome of the negotiations. Contractual areas which may need to be reviewed are invoking of terms such as force majeure; risk allocation between parties as a result of border delays and tariff costs; changes to payment terms etc.

Additional Resources:

[Manage your Contracts in One Solution: Introducing SAP S/4HANA® Cloud for Enterprise](#)

[Contract Management and Assembly](#)