

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](#).

Now that a deal has been agreed, this is the start of a new relationship, which, in itself, will take time to bed in. Although there will be inevitable tweaks and changes to the ways of working and the increase in bureaucracy & regulations, now is the time to focus on the next chapter of Brexit

## **The UKI Consumer Products Industry**

Prior to the events of 2020, the consumer products industry was already in flux. While previously, CPG firms won through scale and established brands, we have recently seen a shift to speed and agility becoming the new drivers of success. Consumer products firms must be able to bring new ideas to market quickly; large incumbents are now being challenged by the many smaller, niche players are able to do this and challenge the status quo by entering and going to market through network plays, outsourcing key operational activities to lower barriers to entry. To maintain growth and competitive position, veteran consumer products firms must now embrace business networks and intelligent technologies that enable agility.

Covid-19 has accelerated this disruption and UK-based consumer products now also firms face significant, enterprise-wide disruption due to Brexit. In our increasingly VUCA environment and facing the prospect of years of trade fluctuations, consumer products firms must invest in resilience, flexibility, and agility. “Locals”, or UK-based consumer products companies whose operations, customers, and consumers, are primarily in the UK and EU, face particular challenges in the coming years. Because these companies rely heavily on import and export with the EU, and manufacturing and consumer footprints that span both the UK and the EU, new border controls and customs regulations between the UK and the EU will drive complexity, cost, and delays across the consumer products value chain. Further, consumer products firms will require additional operational activity to manage increased customs requirements.

Remaining competitive in the post-Brexit world will require a holistic approach with a range of agile decisions to be made across the enterprise. Here’s how SAP can help your business thrive:

**Supply Chain:** Consumer products firms should expect shortages of key raw materials, increased COGS due to tariffs, delays at border crossings, and new suppliers. Consumer products companies must reassess their supply chain strategies and reconfigure their supply chains to build up a network of local and non-EU suppliers.

### **Additional Resources:**

[GTS](#)

[Ariba Network](#)

[Ariba Supply Chain](#)

[SAP Logistics Business Network](#)

**Inventory optimisation:** To succeed in the face of post-Brexit uncertainty, consumer products firms can increase revenue by optimising safety stock across the supply chain, planning inventory for the short-, medium-, and long-term

**Additional Resources:**

[Integrated Business Planning](#)

**Manufacturing:** Firms with manufacturing footprints across the UK and EU may face increased complexity and costs as Brexit fractures connections between factories and distribution centres. Consumer products companies can counteract this impact with better demand forecasting capabilities, increased manufacturing flexibility, and the ability to outsource manufacturing.

**Additional Resources:**

[Integrated Business Planning](#)

**Logistics:** Successful firms will adjust their distribution centre strategies and will determine how to reallocate production of goods and procurement of packaging material for optimally efficient transportation.

**Additional Resources:**

[Transportation Management and Logistics](#)

**Research & development:** Firms may need to develop new SKUs to address changing consumer demand as product availability changes due to trade restrictions

**Additional Resources:**

[Product Lifecycle Management – Product Development](#)

**Regulatory compliance:** Product quality standards, customers tariffs, and packaging requirements are all subject to increasing complexity as the UK increases trade with non-EU nations, each with their own set of regulations.

**Additional Resources:**

[Governance, Risk, & Compliance](#)

[Global Trade Services](#)

**Margin optimisation:** Increased investment in R&D may be required to reconfigure products to maintain profitability in the context of reduced consumer spending, altered supply chains, new tariffs, and regulations with new trade partners.

**Additional Resources:**

[Product Lifecycle Management](#)

**Human capital:** The UKI talent landscape will change dramatically, with EU citizens and their families requiring different employer support. The pool of available talent in the UK has already changed and will continue to shift as EU nationals seek EU-based rather than UK-based roles. Consumer products firms likely will increasingly need to attract and retain new types of talent.

**Additional Resources:**

[SuccessFactors Human Capital Management:](#)

*Contingent Workforce Management:*

*Contingent Worker Profile Management:*