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BUSINESS BEYOND BREXIT



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Background

On June 23rd, the UK voted to leave the EU. This decision has resulted in some significant implications for businesses in the United Kingdom.

There will be uncertainty for many months as the detailed political and legal issues are worked out and confidence in the market will be impacted as a result. All political parties agree that initially the break from the EU, and the uncertainty associated with it, will be damaging to the UK economy and indeed the rest of Europe.

It is also generally accepted that longer-term business will come through Brexit and "business as usual" will return. As always, it will be the best businesses that thrive and prosper.



Our view is that businesses should continue to seek improvement and adopt best practise. In particular, they must ensure that they're prepared for 'Business beyond Brexit'.

Now is not the time for companies to do nothing and just wait to see what happens next. Now is the time for making business improvements and being ready to succeed when the economy recovers.

The Implications of Brexit

We are already starting to feel the effects of the decision to leave the EU. The UK has experienced volatile financial markets and concerns around the impact of falling share prices on pensions. George Osborne has confirmed that tax rises and spending cuts will need to be made to deal with the shock to the economy.

Within days of the Brexit vote, the UK has already lost its AAA credit rating with S&P and rival agency Fitch has also reduced its rating. Companies and organisations are naturally concerned that Brexit will damage their business.

It will inevitably take time to put in place a new relationship between the UK and the EU. Whatever model is adopted, it will take prolonged negotiations and then many more years to fully implement.



The impact on UK businesses, during the path to Brexit and beyond will be considerable. Most economists agree that the impact of a Brexit can be summarised as follows:

- Enhanced Budget**

The UK was a net contributor to the EU so should have an increased budget post Brexit. However, there is a lack of clarity on how this additional budget will be allocated and whether it will help businesses.
- Industrial Policy**

In general terms, the UK will get more flexibility over its industrial policy although it will lose some benefits from EU collaboration, e.g. research funding.
- Uncertainty**

It will take many years to implement Brexit and this will create uncertainty, which is bad for business. This will have a negative impact, particularly in the build-up to Brexit.
- Trade in Europe**

Divergence from the EU is likely to lead to a new trade agreement. Exporters may face a higher cost of trade, which could lead to a negative impact on volumes.
- Foreign Investment**


There is an expectation that the UK will become less attractive as a gateway to Europe and European HQs may move to other EU locations. There may also be less direct investment from the EU.
- Regulation**

Although there is likely to be less regulation post Brexit the UK is likely to lose benefits from operating in the single market
- International Status**

The ability to influence economic and political negotiations through the EU will be lost. The UK will also have less leverage in trade negotiations.
- Financial Services**

The UK's high standing as a financial services hub will be reduced as it will find it harder to provide services to EU markets.
- Immigration**

The UK may negotiate restrictions on immigration and this could have an impact on human resource scenarios. This is likely to increase costs and have a negative impact on competitiveness.



Although we understand the key implications of Brexit, it is unclear how this in real terms will affect the UK economy and individual businesses. Over the longer term, many economists argue that the impact of Brexit on businesses is likely to be considerably less significant than other factors, such as productivity improvements.

UK businesses have demonstrated previously that they are adaptable and innovative when confronted by new challenges and opportunities. It's important that businesses don't get consumed in "Brexit grief" and that they focus more than ever on business improvement.



Business Improvement

These are the three key areas where companies and organisations should put their focus in order to achieve business improvement:

1. Customer Relationships

It's always essential to manage customer relationships but particularly during times of market stress. Giving customers a positive user experience is an increasingly important element when companies want to win and retain customers.

Great companies communicate in a way that ensures they respond effectively to customer demands and requirements, aiming to keep them satisfied at all times.

Businesses can adopt various techniques to manage customer relationships including:

- Establish customer KPIs (key performance indicators) and monitor performance against these metrics
- Collect performance or product information from customers in order to monitor and improve products and services
- Benchmark against competitors
- Share customer information across the business to keep everyone informed
- Gather feedback from customers to understand their needs and requirements – both face-to-face at the time of transaction and through written surveys.
- Develop staff so that they are skilled in customer care



CRM Software

Customer Relationship Management software, such as Microsoft Dynamics CRM, can be used to help companies deliver exceptional customer experiences. Using in-depth knowledge of their customers' needs and requirements, businesses can form trusted and long term relationships.

It's able to personalise customer experiences, determine the next best interaction with a customer and uses analytics to predict customer engagement.

Effective CRM can help to provide data for marketing, improve sales efficiency and support the delivery of amazing customer experiences.

Microsoft Dynamics CRM provides a complete and intuitive solution that can help a sales force be more productive, allowing them to concentrate on providing fantastic customer service.



2. Productivity and Supply Chain Management

Productivity is a critical requirement for all businesses, particularly as a result of technological advances, increasing customer expectations and globalisation. Businesses need to ensure that they are focused on resource effectiveness, better purchasing and management of working capital.

Process control should be established by mapping each process and getting more control over day-to-day operations. Individuals and teams need to be connected so they can collaborate and focus together on continuous improvement.

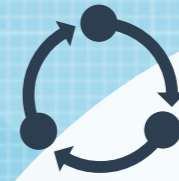
Businesses need to actively manage supply chain activities in order to achieve customer value and a sustainable competitive advantage.

While many businesses will focus on what is happening within their organisation, this can result in less focus on the entire chain of activities. It's often the case that external activities will only be managed on a limited basis.

Many supply chains are disjointed, making them ineffective. Without a clear view of how they operate, it's almost impossible to be able to recognise this and make improvements.

There is an opportunity for businesses to improve supply chain activities like product development, sourcing, production, logistics and information systems used to coordinate these activities.

Successful supply chain management requires a change from managing individual functions to integrating activities into key supply chain processes. Business process integration requires collaborative working between buyers and suppliers, joint product development, common systems and shared information.



Supply Chain Management Software

Microsoft Dynamics NAV Supply Chain Management provides the tools required for businesses to work effectively with their partners.

This will allow them to improve customer satisfaction, pursue new market opportunities, and increase profitability.

Using Microsoft Dynamics NAV you can tighten the distribution process, improve inventory management and handle order processing and demand planning.



3. Business Reporting

Businesses need to more actively monitor activity and performance. This will allow them to predict trends, uncover insights and operate continually at peak performance. This can be achieved by analytical reporting and review of business metrics. A deep understanding of the business activities leads to improved performance.

The ability to make quick and confident decisions will be constrained by reporting that takes too much time and effort to produce. This will often provide inconsistent views of performance and give little real or useful insight into the metrics.

Businesses need to address the following key requirements when reporting:

- Performance metrics need to show the success and progress of the business strategy
- Avoid solely measuring financial measures, since they are backward looking
- Using real-time data should direct you to where action needs to be taken today
- Information needs to be accurate, up to date and consistent
- Reporting processes need to be efficient in order to ensure employees don't spend too much time on data collection
- Reporting needs to be agile enough to adapt quickly alongside any strategy or direction changes

Businesses need to define the metrics at each level of the business so they can monitor performance and deliver on their strategy.

An enterprise-wide solution is required, which provides the organisation with dashboards and scorecards along with costing and profitability management solutions. Having the right information at all levels of the business will help difficult decisions to be made quicker and confidently.



Business Reporting Software

The business analytics, intelligence and reporting features in Microsoft Dynamics NAV allows all relevant employees to collaborate closely and access the exact information they need in order to be most effective.

With the addition of Power BI, you are able to display and see all of the business critical data that is held within Microsoft Dynamics NAV.

You'll get a global view through out-of-the-box dashboards, reporting on sales, monthly goals, and revenues vs expenses.

With all of this data right at their fingertips, everyone who can access it will be able to make better, more informed decisions for your business.



To Brexit, and beyond

Just how Brexit will affect the future of the UK is uncertain, but we do know that change is coming. Businesses who don't adapt, evolve and adjust their business practices to reflect this may not be around to see any potential benefits.

In order to thrive and prosper in an insecure market, don't get bogged down in post-Brexit angst. By adopting best practise and improving processes now, businesses can ensure that they'll be in a position of strength when the dust settles.

Want to learn more about the Microsoft Dynamics Business software range?

Please visit our website www.erpcentral.co.uk where you will find lots more whitepapers, case studies and brochures.

Alternatively give us a call on 0844 8241259.



Contact us today to find out more

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