

SCALING UP SME MANUFACTURERS

KEY FINDINGS

1. GREAT AMBITIONS:

Almost 2 in 3 SMEs aspire to grow into large businesses in the next 5-10 years, despite the common myth that many small businesses do not want to grow. If we can harness the ambition of the sector and help manufacturers scale up, we could add approximately £83bn to manufacturing GVA, propelling us to becoming the 7th largest manufacturer in the world by value.*

2. LABOUR AND SKILLS:

Labour is the top challenge cited by SMEs wanting to grow, including both engineering and leadership skills. The number of apprenticeships starts has declined by 42% since the Apprenticeship Levy's inception, leaving a strong need for reform.

3. ACCESS TO FINANCE:

4 in 5 SMEs say they struggle to access finance during the seed to early growth stages of investment. Solving the challenges to accessing finance could increase UK manufacturing investment by £9.2bn annually.

4. EXPORTING:

Only 22% of manufacturers are direct exporters. SMEs need access to capital and information to increase their exports. By focussing on widening access to export finance, we can help SMEs grow by accessing the world.

5. AWARENESS:

Business engagement with public support is at an all-time low, and a lack of awareness is the greatest barrier to SME engagement. The wealth of data available to the UK Government should be used to micro-target SMEs at exactly the right moment of their growth journey, where they will be most receptive to the types of support they need.

THE PRIZE FOR SCALING UP OUR SMEs?



£83 BILLION for the economy
& **THE UK RISING TO 7TH**
in the manufacturing world rankings*

RECOMMENDATIONS TO GOVERNMENT

SKILLS

- Improve accessibility skills funding provision with the transition to the Growth and Skills Levy.

DIGITAL

- Provide long-term funding and strategic reinforcement for the Made Smarter Adoption programme to ensure sustained SME engagement in digital transformation.

FINANCE

- Introduce a super-growth-allowance (150% capital allowance).
- Create an enhanced Growth Enterprise Investment Scheme (GEIS).

TRADE

- Introduce an Export Development Scheme to improve access to trade finance.
- Expand Export Finance services to incorporate additional risk management support.

AWARENESS

- Create a British business version of the Bürokratt software, to pool data collected by bodies including HMRC and the ONS and use it to micro-target support to identified companies.
- Review existing legislation to enable Government to actively use any data at its disposal to micro-target information to businesses, as long as it leads to positive economic benefits.

RECOMMENDATIONS TO MANUFACTURERS

- SMEs should collaborate more with the education sector, by sharing information to shape future skills needs. In turn, educational institutions must create clear channels that allow SMEs to engage in an accessible way.
- Industry should work together with Government to develop an online platform which pools information on all SME business support to increase engagement with the sector.
- Be open about the challenges you face when growing your business, and actively engage with public support solutions. Regular participation improves the quality of feedback, enabling providers to also improve their support.
- Large manufacturers have a responsibility to help their SME suppliers identify and navigate government bureaucracy and available support schemes. By sharing knowledge and providing guidance, large companies can empower their suppliers to access funding, enhance capabilities, avail of procurement opportunities, and scale up effectively.

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