



Confidence comes from within



# **BREXIT**

## **Recommended Preparations - Update**

September 2019





## Brexit

### Recommended Preparations

Since our first BREXIT preparations update in January, the political landscape in the UK and Europe has changed. BREXIT was not completed by the 29th March 2019 deadline.

At the time of writing (September 2019) the new British Government has affirmed its commitment to complete BREXIT by 31st October 2019 - with or without a deal. The EU position on the Withdrawal Agreement remains unchanged. The prospect of a 'hard' or 'no deal' BREXIT has become more likely.

#### Considerations in BREXIT planning

- Moove considers the most proportionate potential BREXIT contingency plan to be around stock management.
- Like most businesses with a secure and reliable supply chain, we operate on lean and efficient, stock minimisation practices. **For our BREXIT planning, we consider that stock can provide a useful contingency for us in transitioning to a new, normal operating environment.**

#### Consider the roles played by each product category in your business...

##### Destination

The products that customers can only come to you for  
(Typically play a profit generation role)

##### Routine

The high-frequency products that customers come to you and your competitors for  
(Typically drive the total business finances)

##### Seasonal

Limited opportunity to sell but can be used to augment 'usual' income  
(Typically plays a cash generation role)

##### Service

What you offer as a way of differentiating yourself and giving customers another reason to choose you  
(Typically should offer a profit opportunity)

#### 'Routine' category products should be a focus category...

- They are the products that customers develop strong purchase habits and loyalty around
- They usually indicate a customer's key trading relationships
- They are the products that are typically purchased in the highest frequency and cause customers the most inconvenience when not available
- If unavailable, customers are unlikely to wait for a 're-stock' – instead, more likely to switch their supply source

**For most businesses in the automotive sector, lubricants are a 'Routine' product – most service work can't take place without lubricant!**



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Moove's view is that the world and business will not stop for BREXIT. Disruption in the three areas mentioned previously is possible but certainly not insurmountable. It may be worth making some pragmatic preparations to help alleviate any potential disruption to facilitate a period of 'finding a new normal'.

This planning should be a best-case collaboration between supply chain partners – Moove looks forward to working with its customers as well as its suppliers to minimise disruption to current 'business-as-usual'.

#### Considerations in BREXIT planning - Lubricants

If you are considering to build additional stocks in your business, we would recommend you ensure lubricants is one of the product categories covered. There are some simple principles that can be considered in your lubricants stock build:



Ensure your highest value (margin) and most popular lines are held in most sufficient stock



Don't tie all your stock investment in barrels – 199ltrs in a single barrel could service 40 cars from one workshop. 200ltrs in forty, 5ltr packs could service 40 cars from 40 workshops!



As a general rule, newer lubricants technology is more likely to be backwardly compatible than older technologies - bias your stock towards what you've sold in the last 12 months, rather than what you purchased over the last decade



Think about brands that satisfy the widest range of customers - flagship brands won't satisfy 'cost conscious' customers and unknown trade brands won't satisfy all 'quality focus' customers – most customers will accept a 'quality-value' proposition



Keep it vehicle-specific – don't think that you can beat technology by putting 'a standard C3 in everything' - BREXIT does not mean engines have become less sophisticated or that lubrication ceases to be warranty critical and...

...If you'd like to take additional stock during the month of September or October, please talk now with your Moove Sales Manager as soon as possible



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#### General Information for all customers:

Moove relies on a global supply chain

- We have longstanding, strong supply chain relationships and an established dialogue with suppliers around BREXIT contingency planning
- Our supply chain includes:
  - Raw materials suppliers
  - Components suppliers
  - Hauliers and transportation companies
- Moove will be increasing its stock holding of key materials and finished products and may apply surcharges for orders
- Moove does not hedge currencies

Whatever scenario by which the UK leaves the EU, businesses can reasonably anticipate several potential, direct areas of disruption.



#### Currency

- The value of the £GBP may fluctuate up or down, depending on the BREXIT scenario
- This can affect the relative price paid by our customers



#### Compliance

- Lubricants products and their components may need to become compliant with additional regulatory standards
- Moove's Compliance Team will ensure Moove products adhere to new standards



#### Customs

- The import and export of lubricants raw materials and finished products may be affected
- There may be some delays and additional costs incurred with logistics

#### Moove's new stock profiling tool...

Unrelated to BREXIT, Moove has developed an innovative new tool that harnesses the vast amount of vehicle lookup data collated at CommaOil.com, paired with the latest UK vehicle parc data to provide regional stock profiles. This tool is intended for use with workshops but can easily be used to help profile motor factor branch stock holdings!

