



Simple steps to prepare & protect your small business for Brexit

PREPARATION & ACTION
FOR MICRO-ENTERPRISES

Forewords

No matter how the UK's exit from the EU happens, there will be economic uncertainty and changes for most businesses in Ireland.

Much focus has been placed on businesses who do business with the UK, but the impact will be much broader. Even if your business only trades solely within the Republic of Ireland, you may have to operate in a different way due to potential cost increases and cashflow problems in your business.

Microfinance Ireland in conjunction with the LEO Network and Bofin Consultancy is very pleased to bring you this simple guide to Brexit which hopefully will help you in taking some small yet very important steps that are needed to protect your small business in Ireland. We hope you find it useful in helping you navigate your way through Brexit.

Garrett Stokes

CEO - Microfinance Ireland



Brexit is and will remain a very real concern for small businesses in Ireland.

Whether or not your business is trading directly with the UK, you may be affected by the knock-on implications of Brexit, including a slowdown in the Irish economy that may occur in the aftermath.

The 31 Local Enterprise Offices (LEOs) are the 'first stop-shop' for anyone seeking information, expert advice and practical supports on running a small business in Ireland.

Local Enterprise Office teams can also help you manage your Brexit response through a variety of supports including Mentoring, Training, Financial Supports etc.

On behalf of the LEO Network, and in conjunction with Microfinance Ireland and Bofin Consultancy, I am very pleased to bring you this guide to help you prepare your business for Brexit.

Oisín Geoghegan

Chair - Network of Local Enterprise Offices



Preparation & Action for Micro-Enterprises

One thing we know for certain is that the UK's decision to leave the EU will have considerable impacts for how businesses in Ireland will operate into the future. Irrespective of what industry sector your business is in, the size or scale of your operation or where you do business, you may need to adapt your business to operate successfully in the new environment.

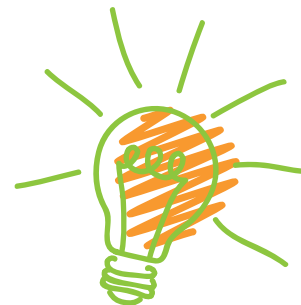
While undoubtedly, Brexit will bring many challenges to small businesses in Ireland, it will also bring many opportunities too and that is why Microfinance Ireland in conjunction with the Local Enterprise Office Network is focused on helping as many small businesses as possible navigate their way through Brexit.

This guide has been developed with micro-enterprises specifically in mind and aims to provide a simple framework to help you prepare and protect your business for Brexit.

We would encourage you to consider and action each of the 5 simple steps below so as to be as prepared as you can be for inevitable changes that will arise.

5 Simple Steps for Micro-Enterprises:

1. Assess the Risks
2. Manage the Business Financials
3. Consider sales opportunities & diversification into new markets.
4. Review/Update Business Systems & Processes
5. Consider Legal documentation, compliance & contracts.

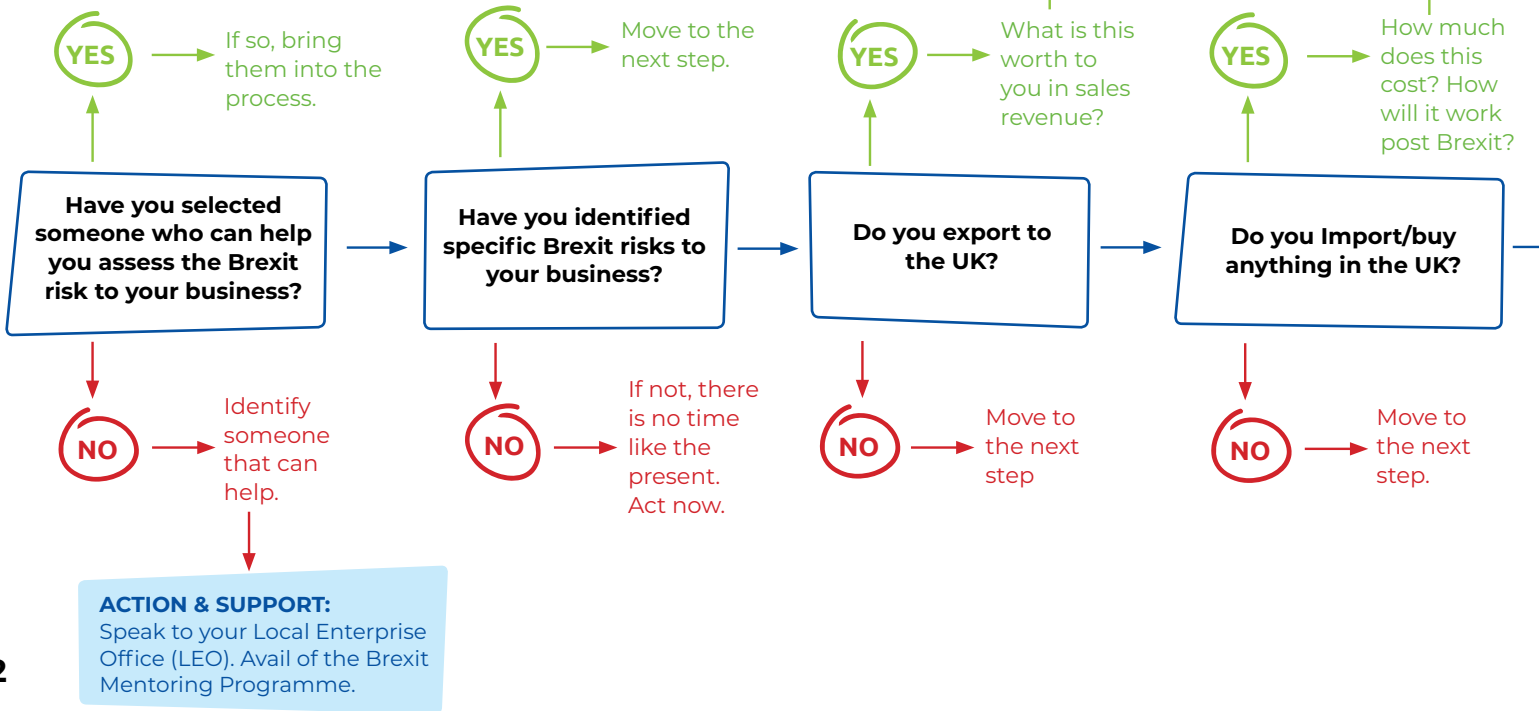


1. Assess the Risk



ACTION & SUPPORT:
Consider entering new markets and product diversification. Discuss a sales supplier agreement with your UK customers or those that receive your product through the UK.

ACTION & SUPPORT:
Source & research alternative suppliers. Consider and check any new cost implications. Discuss a supplier agreement to your UK suppliers /or to suppliers/wholesalers that provide their product through the UK.

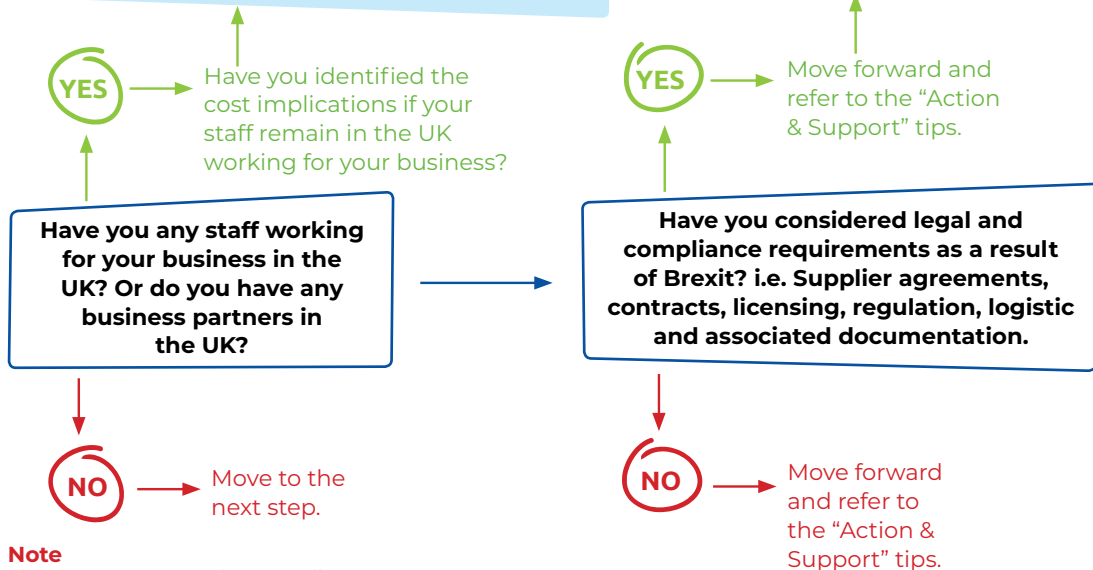


ACTION & SUPPORT:

- Check with the Department of Justice & Equality for further information on residency requirements.
- Visit www.revenue.ie for further information on income tax and related payments for those travelling to the UK for work reasons.
- Check and review the regulation, licensing and certification requirements that may affect some of your staff.
- Contact your local LEO office for Brexit support and view an outline of their supports here: www.localenterprise.ie/Discover-Business-Supports/Brexit/

ACTION & SUPPORT:

- Contact your Local LEO office for advice and mentoring support if required.
- Check with your sector support organisations (i.e. National Standards Authority of Ireland, Bord Fáilte, Bord Bia, Road safety authority etc.) for further information on possible requirements.
- Engage a commercial law expert in assisting with any changes you need to make to any business documentation.



Note

The Common Travel Area will remain and this will allow Irish and UK citizens to travel freely between the UK, Ireland and Northern Ireland and to work and access public services in each country as they do at present.

SUMMARY

Now that you have assessed all the risks, you should have a clear understanding of what the potential impacts and risks to your business as Brexit unfolds.

If you have any further queries please do contact your local LEO office for more information.

2. Manage the Business Financials



Having sufficient cash to manage your business on a day to day basis is critical to sustaining a successful business in the longer term. While nobody can be certain how the economy will be in Ireland post Brexit, the following may help you in managing the financial challenges that Brexit may bring.

Costs

- **Review your fixed costs** (e.g. Rent, Rates, Loan Repayments etc.) - ensure that all bills are paid on time and by the due date. Know what you need to set aside every week/month to cover these fixed costs.
- **Identify your variable costs** - Is there anything that can be reduced or eliminated? Where can you cut your cost cloth and/or renegotiate to reduce costs: i.e. reduced stock orders, product packaging costs, insurance, subscriptions, accreditations, equipment etc.
- **New suppliers** - If you are changing suppliers, what are the cost implications and will that affect cashflow? Understand what the additional costs, tariffs and duties are.
- **Review your Bank Fees & Charges** - Speak to your bank with a view to identifying alternatives which can help reduce your Bank Fees & Charges.

- **UK suppliers** - renegotiate terms and/or agree preferred product pricing for staying with existing suppliers to limit the increased costs post -Brexit.
- **UK customers** - agree revised contract terms to retain the UK/NI customers you already have.
- **New Markets** - Speak to your accountant regarding potential revenue streams for your business, and examine VAT, Tax implications etc.

Currency

If you trade with the UK/Northern Ireland, you may be affected by changes in currency exchange rates

- Review your **Cashflow** and **forecasts** to identify the impacts of currency fluctuations
- Review your **pricing model** using a number of scenarios based on currency fluctuations
- Currency fluctuations may affect your **margin/cashflow** – how can you safeguard against this
- Meet with your **Bank** to identify potential solutions to protect your business against **currency risk**

Stock

Having the correct stock levels is very important for any business. Holding too much stock ties up valuable cash and with potential for obsolescence.

Consider the following:

- Identify the **minimum stock levels** you need to carry for your business.
- Identify specific **stock volumes** you will require at **busy times** of the year; e.g. seasonal, Christmas etc.
- If you are ordering from UK/NI suppliers, **negotiate** a stock element to a **Supplier Agreement** whereby you are guaranteed minimum stock levels within a specific timeframe.
- Check your **insurance cover** in the event of delayed stock delivery.

Product / Service Pricing

A business who trades in any manner with the UK/ Northern Ireland will need to review your pricing model. If there are added costs as a result of Brexit, your pricing model may need to change.

Actions/ Options:

- Review your **full pricing model** including profit margins on every product/service that you offer – make sure they are realistic
- Consider the **potential added Brexit costs**; i.e.

customs, tariffs etc. This may alter how you price your product/service in the future.

- Consider how competitive you are against competitors in the UK. If you are unable to remain competitive, it may be worth considering other **new market opportunities** instead.

Cashflow

Businesses that run a ‘tight ship’ with their business finances and particularly Cashflow, are usually better positioned to manage the financial challenges that may arise. Now more than ever, it is really important to monitor your Cashflow closely

Some tips for managing Cashflow.

- At a minimum, schedule a **monthly review** of your **actual cashflow** and review against your forecasts, projections and sales targets
- Review your **agreements with suppliers** with a view to improving credit terms – see also Managing New Suppliers below
- Review your **payment terms** with customers - see Managing Debtors tips below
- Keep a close eye on costs – save wherever you can and even small amounts on an individual basis all add up

In the end, you may find that your cashflow is continually under pressure and you need finance (e.g. working capital) to manage the day-to-day running of the business. **Microfinance Ireland** provides loans

from €2,000 to €25,000* to support your working capital requirements. Find out more on www.microfinanceireland.ie or enquire at your Local Enterprise Office.

** Up to €50,000 available in a No Deal Brexit scenario*

Managing Debtors

How and when you receive payment for your products/services will affect your business cashflow.

- Set up **Payment Plans** with your customer at the outset. This means that both parties know how much will be paid and when
- Offer a **discount/incentive** for early/prompt payments. Be mindful of discounting - will getting paid early be of benefit and worth a reduction in the cost to you?
- Ask for a **deposit** or a **partial payment** against large orders and/or longer term projects. That way your business can generate enough cash to finance materials, overheads etc. at the start of an order/contract.
- **Smart Invoices** - provide your invoice by email and consider using an online payment option i.e. stripe to encourage easy and immediate payment. On some specific orders, why not provide the invoice on day of order confirmation, this means certain payment can be processed in advance and is in your bank earlier, it also reduces the chasing of debtors and time associated with same. This can also reduce the number of steps involved in processing payments.

Managing New Suppliers

You may find that you will need to seek new suppliers so that you avoid UK tariffs, customs and potential logistics delays.

If you are sourcing new suppliers, you need to consider the following from a financial perspective:

- **Work out purchasing objectives in advance** – is price the main factor or are good credit terms, quality or reliability more important? Depending on your needs, shop around for suppliers to best meet your needs
- **Negotiate the best credit terms possible** but worse-case scenario is to expect to pay up-front for goods and services until you build a relationship with new suppliers
- Before you **agree payment terms** - make sure that you can commit to them and then stick to them - late payments can seriously damage your reputation
- Don't be afraid to ask for a **discount for prompt payment** or a better price against a repeat order

Lastly, with the best will in the world, things don't always go according to plan. If you are in difficulty, flag it early with your creditors. If you can, pay off a portion of what you owe and agree a repayment plan.

3. New sales opportunities & diversification into new markets



If a considerable portion of your sales revenue comes from UK/Northern Ireland, you may have to consider moving into new markets and/or looking at new sales opportunities.

If you have sales & marketing activity currently focused on the UK market (e.g. Advertising, Sales team etc) which may be impacted, you may need to change in the short to medium term.

Things to consider when moving into/selling to new markets

- Assess **new markets** which can fill the gap of any potential loss from UK clients/customers.
- Contact your **Local Enterprise Office (LEO)** to see what supports are available to you or go online to find out more **www.localenterprise.ie/**
Discover-Business-Supports/Brexit/
- Review your **sales & marketing activity** to see how it may be affected. For example, a brand that worked well to date in the UK may have to be revised for your new target market
- Contact **Enterprise Europe Network (EEN)** which

covers 60 countries with experts to support you in foreign markets.

- Contact **Enterprise Ireland** for further support, assistance and liaison contacts to help you develop new markets overseas.

SALES TARGETS & FORECASTS

- Review the key **sales figures** in your business – are your sales plans and forecasts realistic?
- Consider how/if your **sales forecast** may be affected and if so, by how much.
- Look at your projected spend for **your sales & marketing budget**, - is there anything that should be reduced or should some of the sales and marketing budget be reallocated?

SUPPLIERS

Currently, Irish small businesses are buying goods and services for their business in one of the following ways:

- Buying from Irish suppliers
- Buying direct from UK /Northern Ireland suppliers

- Buying from other countries but the products are actually coming via the UK/Northern Ireland

If you are buying direct from UK suppliers or from UK/Northern Ireland wholesales or distributors you will need to review your supplier list and the supply process.

Consider the following:

- Contact your supplier(s) with a view to **confirming/negotiating/agreeing** a simple Supplier Agreement for continued business with them. A Supplier Agreement can be very simple and outlines all of the key information and terms of operation for you and them so everyone is clear what they can expect
- Remember, UK suppliers value your business too and will stand to possibly lose business if a Supplier Agreement is not in place.
- Consider using **Irish suppliers** or other **European** (excluding UK) **suppliers** of service/product

A Supplier Agreement should include:

- Terms of supply
- Terms of the order & delivery process
- Supply forecast

- Credit Terms & Payment Agreement
- Goods /services description
- Price
- Security reference
- Safety reference
- Terms for product return or defects

Many Irish businesses who trade with the UK use the “Landbridge”, which is a transport route for goods and services to the Republic of Ireland.

Post Brexit, the Landbridge will face new rules and regulations. To prepare for any changes to the Landbridge and continued use of it, you need to:

- Consider applying to Revenue to avail of **transit simplifications** which may allow you to move goods directly to/from your premises.
- If you continue to trade with the UK after Brexit, you will need to register for your **EORI Number** from Revenue – apply for this number easily on www.revenue.ie

4. Review / Update Business Systems & Processes

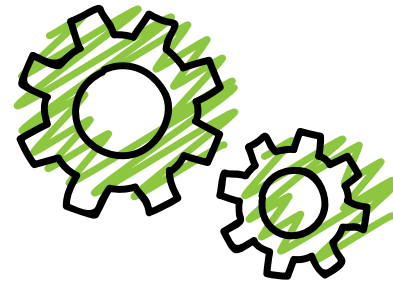


The systems and processes within any business are an integral part and a key driver of business success and sustainability in the longer term. Business systems, process and procedures should be reviewed regularly to make sure they are operating as efficiently and effectively as possible and with a view to improving customer experience. In light of Brexit, it is more important than ever to review these and see if any changes need to be made:

Here are a few things that you may need to review and/or consider

- **Sales process** - this may need to change if you are moving out of the UK market or updated if you decide to continue to operate in the UK. Above all, keep it simple, and define and document your revised process
- **Business development process** - If you are moving into new markets or considering alternative or new opportunities, you need to consider what will you need to do to develop these new market opportunities. What and how will you connect with new markets, what new opportunities are available and how can you capitalise to benefit from this?

- **Marketing process** - Consider what will work in terms of future marketing activity what will you need to do differently and will you need to review your marketing communication and collateral (flyers, brochures, the website, advertising, editorial, social media etc.) to take account of the new environment
- **Operations Process** - Identify what changes (if any) need to be made internally due to changes in Customs, Logistics etc.
- **Payments process** - Identify if this can be streamlined or improved



5. Legal Documentation, Compliance & Contracts



As the saying goes, “Being forewarned is forearmed” so any relevant and current paperwork within your business should be reviewed in the context of Brexit.

Contracts

- Review all contracts associated with your business; i.e. sales, legal, banking, supplier, data protection etc. to identify any potential Brexit issues.
- Ensure that you specifically review the terms associated and included in any contract you are party to. Check if any changes are required to any and all of your contracts.
- You may need to speak to a legally qualified professional, with your bank, as well as your suppliers to review your current contracts.
- Refer to the **Incoterms** which are an internationally recognized set of rules which are used for international and domestic contracts for the sale of goods.

Contact the following for information and support on this:

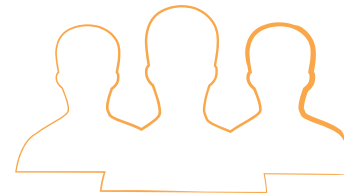
- Your Local Enterprise office (LEO)
- Your local Chamber of Commerce.

Insurance, Certification, Licensing, Regulation requirements

Brexit may require you to have additional insurance, certification, licensing or enhanced regulations to continue to trade, to import or export with the UK. Check with industry bodies, member organisations etc. you are affiliated or certified with for any of the above and check if updates to your certifications, licensing etc. are required.

Quotations & Invoices

Check how Brexit will affect your quotation and invoice layout. The figures may need to change to reflect for example VAT implications, new Tariffs, or currency exposure.



Finance available - Microfinance Ireland



Microfinance Ireland (MFI) is a not for profit lending organisation that is government funded and set up to provide unsecured loan finance at an affordable price to micro-enterprises that are having difficulty in accessing credit through commercial lending providers.

MFI offer 4 Loan Packages between €2,000 to €25,000 for a wide variety of purposes from working capital, to capital expenditure and business expansion. Loan terms are available usually from 3 to 5 years. Whether you are scaling up or need to change some aspect of your business as a result of Brexit, MFI has a loan package to suit your business needs.

Any business (Sole Traders, Partnerships and Limited Companies) with fewer than 10 employees and turnover of less than €2million annually are eligible to apply.

You can apply for loan finance through your Local Enterprise Office and avail of a 1% discount on the rate bringing it to 6.8% APR.

In addition to loan finance, MFI offers expert one-to-one mentoring to approved loan applicants through Local Enterprise Offices. This is an important support for successful loan applicants in helping business owners develop the sustainability of the business over the longer term. Find out more information on www.microfinanceireland.ie

Support Programmes & Advice - Local Enterprise Office



The 31 Local Enterprise Offices (LEOs) are the 'firststop-shop' for anyone seeking information, advice and practical supports on starting or growing a small business in Ireland and there is lots of support available to guide you and your business through Brexit.

From Customs Training Workshops to the Brexit Mentor Programme, your Local Enterprise Office can help your business deal with both the opportunities and challenges through:

- Scorecards to help with planning
- One-to-one mentoring
- Specialist training and consultancy
- Financial supports
- Access to worldwide support networks

Find out more information on www.localenterprise.ie or contact your Local Enterprise Office.

Bofin Consultancy



Bofin Consultancy is a recognized Irish All Star award winning and accredited revenue growth specialist & business consultancy.

Bofin Consultancy works with SME businesses who may be struggling with marketing, sales, operations, specific business challenges, profit planning and strategy, to show them how they can overcome specific business challenges, reach more of their ideal clients, develop a strategy for revenue growth with simple and smart solutions.

Bofin Consultancy works with focused and committed clients in Ireland, the UK and Sweden.

In conjunction with Microfinance Ireland and the LEO Network, we are delighted to provide this very simple guide to support micro business owners and managers to address and prepare simply and smartly for Brexit. Regardless of business size, it is essential that you take a good look at how you can be prepared and plan for Brexit.

We hope that this guide helps you and is of use to you in your business. Remember, it will only be of use if there is use made of it.

Mags Boland Murphy

Principal consultant & Founder at Bofin Consultancy

Key Support Contacts

Microfinance Ireland

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E: info@microfinanceireland.ie

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Local Enterprise Offices:

www.localenterprise.ie

Enterprise Ireland:

www.enterprise-ireland.com

E: brexitunit@enterprise-ireland.com

T: 01 727 2000

InterTradeIreland:

www.intertradeireland.com

E: brexit@intertradeireland.com

T: 048 3083 4100 (028 from NI)

Strategic Banking Corporation of Ireland:

www.sbc.gov.ie

E: info@sbc.gov.ie

T: 01 238 4000

Revenue:

www.revenue.ie

E: brexitqueries@revenue.ie

T: 01 738 3636

Department of Agriculture, Food and the Marine:

www.agriculture.gov.ie

E: brexitcall@agriculture.gov.ie

T: 076 106 4443

Department of Business, Enterprise and Innovation:

www.dbei.gov.ie

E: info@dbei.gov.ie

T: 01 631 2121

National Standards Authority of Ireland:

www.nsai.ie

E: brexitunit@nsai.ie

T: 01 807 3800

Health and Safety Authority:

www.hsa.ie

E: wcu@hsa.ie

T: 01 614 7000

Competition & Consumer Protection Commission:

www.ccc.gov.ie

T: 01 402 5555

LEARN MORE:

www.gov.ie/brexit

