



Confidence comes from within



# BREXIT Recommended Preparations

February 2019





## Brexit

### Recommended Preparations

It's nearly three years since the UK voted to leave the EU and the deadline for departure is fast approaching – 29th March 2019.

With so much uncertainty and a wide variety of potential scenarios, it has been very difficult for business to prepare.

Moove has prepared this information to help its customers during the coming weeks, recognising that the situation may vary significantly.

#### **BREXIT – What does it mean?**

In the 2016 referendum, the UK narrowly voted to leave the EU. Although the UK is due to leave the EU on 29th March 2019, Britain is still very much open for business.

The UK government has made it very clear: BREXIT does not represent a re-treat from the rest of the world – it simply represents a different way to work.

Moove Pro-Brands is part of a multi-national company and although its manufacturing base is proudly British, our outlook and philosophies are just as proudly international! We look forward to working with all of our international customers as closely as ever.



Moove's view is that the world and business will not stop for BREXIT.

Disruption 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'.



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#### 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 extending some stocks of key materials and finished products
- Moove does not hedge currencies
- Moove will supply customers on a first-come, first-served basis

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 will likely 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.

We do not know whether or not these disruptions will be immediate, short-term and one-off or medium and long-term and more protracted.

Effectively managing stock to facilitate a period of 'finding a new normal' is the most proportionate action to take.



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#### 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.

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 product in everything' - BREXIT does not mean engines have become less sophisticated or that lubrication ceases to be warranty critical and...

**...Talk with your Moove Pro-Brands Sales Manager now to discuss your stock planning for February and March and let's devise a plan to mitigate any potential disruption**

#### General Enquiries

**Tel:** +44 (0)1474 564 311

**Fax:** +44 (0)1474 333 000

**Email:** enquiries@uk.moovelub.com

#### Technical Enquiries

**Tel:** +44 (0) 1474 546 318

**Email:** technical@uk.moovelub.com



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