



# Have you Brexit-proofed across the board?



## Brexit Maturity Assessment

**KPMG can help kick-start your Brexit preparations or set them on the right path again with a quick, practical and proportionate plan in time for Brexit.**

**Whatever the outcome post an extension, there are considerations across every corner of your organisation.**

**Do you know the questions to ask, how to be prepared and how to thrive in uncertainty?**

Governance	Financial	Supply Chain	Data	People
<p>Businesses now urgently need to identify their Brexit weak spots and form a response.</p> <p>That includes being clear about how much risk are you prepared to carry.</p> <p>Do the right people in the firm have the right focus on this?</p>	<p>Hits on investment, working capital, currency and tariffs can all pressure your financial position.</p> <p>Companies need detailed projections and forecasts, including cash flow.</p> <p>How extensive is your counterparty risk and possible WTO tax exposure?</p>	<p>Do your suppliers properly understand their exposure on Brexit, and do you understand how the answer could, in turn, affect your operations?</p> <p>What's your back-up plan?</p>	<p>Cross-border data flows and the security of information could be severely undermined in a no deal scenario.</p> <p>What's the potential impact for you?</p>	<p>The number of EU nationals working in the UK – or planning to move here – is falling.</p> <p>How vulnerable are you to a drain of EU talent? Are you sending out the right messages to staff – and taking steps to secure your pipeline of critical skills and expertise?</p>

**Have you also considered...**

- Contractual implications?
- Regulatory compliance issues?
- Changing customer demand?

## How we can help

**Road-testing your plans**  
 Most businesses we work with have started some form of Brexit risk analysis. It's our job help you ensure your impact assessments have drilled down far enough.

**Building a readiness checklist**  
 Be clear about exactly what needs to be done, where and by when. Our Brexit Maturity Assessment framework, drawn up by our multi-disciplinary team, delivers systematic, highly-practical solutions.

**Spotting your off-radar risks**  
 KPMG's Brexit risk framework quickly identifies the gaps you might have missed, from changing rules on product labelling to working capital readiness.

**Strengthening governance**  
 Build a structure that spots risks faster – and identifies where any new opportunities lie. We help ensure that the governance of your Brexit programme is watertight – and led from the very top of the business.

**Managing your biggest risks**  
 We work hand in hand with your Internal Audit and Risk Management teams to address the biggest dangers in priority areas.

**Responding proportionately**  
 Responding to Brexit isn't about throwing money at the problem. Discover the best and most cost-effective way of investing your resources and time.

## Case study: Highlighting the Brexit risks for a high-street retailer

### The challenge

**In early 2018, a high-street retailer asked us to help identify the Brexit vulnerabilities in its operations and then to form a plan to tackle them.**

The company had slipped behind its rivals in assessing its risk, yet they fully understood the dangers of not preparing for a disruptive Brexit. This is a pan-European company, employing tens of thousands of staff across Europe and it also imports a large proportion of its stock.

Would it still have access to talent after Brexit? Could it still source those products if tariffs dimmed the UK's attraction for the big global suppliers? The company depends heavily on its ability to buy in bulk so it needs to understand how tax and customs regimes could affect that.

The client was anxious to fix these issues, but it couldn't just throw money at the problem. Red-hot competition means customers are exacting in their standards and margins are slim. As consumer confidence clouds the outlook, Brexit mitigation actions had to be balanced against cost.

### The action

Alongside the client's Internal Audit team, we began by running a Brexit maturity assessment to identify their key risks – drawing on the experience from dozens of previous Brexit projects across the economy.

We needed to dive deeper into higher-risk departments: Supply and Operations, Finance and Tax, and People (both within the company and staffing at suppliers).

With a clearer sense of its vulnerabilities, we brought in our subject matter specialists – supply chain strategists, value chain experts, immigration lawyers, working capital analysts – to draw up detailed issue-specific action plans.

The result was practical and proportionate 10-point checklist that allowed the client to flex its response depending on negotiations in Brussels and the future EU-UK trading relationship.

### Gaining clarity

Plans are only as good as their implementation however. The client needed a governance framework to make sure every planned action was followed through and every risk quantified. For example, they needed to know what the financial effects would be of building up stock levels to a particular point; what a hike in the wholesale prices would do or the effects of a shift in demand around Brexit Day.

Senior level buy-in was essential. In order for everyone to be clear about the business-critical priorities, its level of risk appetite and the investments needed, we helped establish an executive steering committee and armed its members with the data they needed to make informed decisions.

### The result

Our maturity assessment gave our client the knowledge and tools it needed to kick-start vital Brexit work. Today it is more agile and prepared, knows where the hidden threats lie and what it must do to avoid Brexit pitfalls in an already challenging market.

It is already making dozens of changes across the business to implement a jointly-designed action plan, all set against clear milestone targets.

Now management is freed up to focus on the core business and to start asking itself what opportunities Brexit might also provide.



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Having led KPMG's own Brexit impact assessment and resilience planning, Hannah's knows the vital importance of getting a mitigation plan right. She brings insight from working alongside dozens of blue-chip companies, spanning the high street to manufacturing. And as our assurance lead on Brexit, she developed our Brexit Heath-check framework to reveal clients' less obvious risks.

Hannah frequently appears on national radio and television to talk about business risk and Brexit.



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Katie's extensive experience of assurance, risk and governance with a range of national and international organisations means that she trains a laser focus on the complex range of risk and governance issues Brexit is throwing up for clients.

Working closely alongside KPMG's multidisciplinary team of experts, Katie has helped Internal Audit clients across multiple sectors develop a thorough yet flexible response.

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