

**Written evidence from the Graphics and Print Media Alliance to the Business, Energy and
Industrial Strategy Committee**

Inquiry into Small Businesses and Productivity

8 March 2018

1. Introduction

1.1 The Graphics and Print Media Alliance (GPMA) consists of trade associations representing companies operating in the graphics and print media industry supply chain. Between us, our members represent some 3,667 companies. The majority of these are SMEs which have a combined annual turnover of £9.1 billion and employ 81,000 people in the UK.

1.2 The GPMA welcomes the Committee's inquiry into small businesses and productivity, and the opportunity to input on behalf of our members. We welcome the opportunity to supply further information or oral evidence if required.

2. Management capability

How adequate is the availability of, and funding for, training courses aimed at SME managers? What more can be done to provide co-ordinated and high quality support to improve management capability throughout the UK?

2.1 The GPMA believes that there is, in general, a lack of adequacy and funding for training courses aimed at SME managers and that this has a detrimental impact on management capability in the UK. However, we would like to draw attention to where such training is being provided, and how the Government could better support it.

2.2 For example, our member organisation, the European Flexographic Industry Association (EFIA), works in partnership with Leeds Beckett University Leadership Centre to provide to provide skills-based education opportunities for junior, middle and senior management employees. Individuals can choose from three levels of Leadership & Management programmes, which include workshops, consultancy and customised programmes:



- The Effective First Line Manager - ILM Level 3 Award in Leadership & Management
- The Effective Middle Manager - ILM Level 5 Award in Leadership & Management
- Strategic Leadership Programme - ILM Level 7 Award in Strategic Leadership

2.3 Another member organisation, the British Printing Industries Federation (BPIF), offers apprenticeships in Team Leading Level 2, Leadership and Management Level 3 and Leadership and Management Level 5 (Foundation Degree equivalent). 220 people have completed Level 5 since 2013 with the 2018 cohort comprising a further 45 people. An MSc in Management is also available (in partnership with the Management Development Centre and awarded by the University of South Wales). Aimed at experienced professionals, the MSc allows individuals to gain a major management qualification whilst still in their jobs, as teaching takes place over residential weekends supplemented by online group support and learning.

2.4 Level 3 and Level 5 Management apprenticeships can currently be funded via the Apprenticeship Levy for large companies, or through Government investment (at 90% of the cost) for smaller businesses which do not pay the Levy. However, a key issue for many employers with the apprenticeship route is with the new funding rules requirement that the apprenticeship should be wholly completed during contracted working hours and that at least 20% of the training must be off-the-job (non-productive work) training. This is inappropriate for Senior Managers (for example, including company owners) who wish to improve their management skills while running their business and remaining 'on the job' full time. Prior to the introduction of the new funding rules, the BPIF found that Senior Managers had no objection to undertaking assignments and research in their personal time.

2.5 Whilst the Institute for Apprenticeships has recently agreed that qualifications can now be included as part of the new trailblazer standards, there needs to be further review. The 20% of off-the-job training for all apprenticeships and for all levels is not appropriate, particularly in the case of Senior Management. Candidates, especially those undertaking an advanced or higher apprenticeship, should be allowed to undertake and to declare work undertaken outside of their full-time working hours.

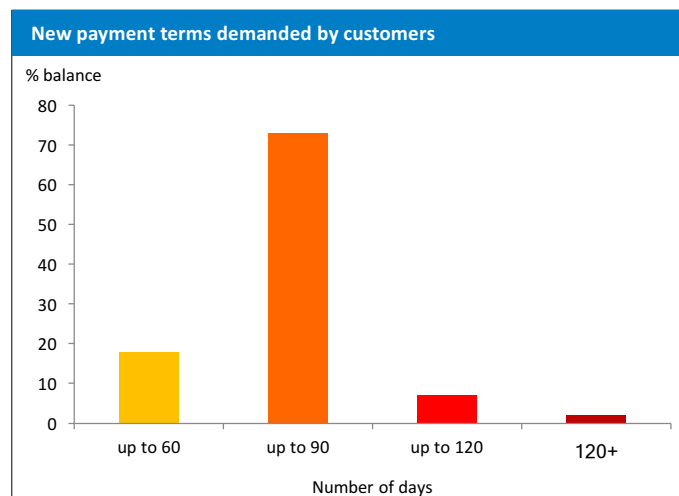
3. Fair treatment

How effective are measures in place to protect small businesses against systematic late payment practices of large companies; are the powers of the Small Business Commissioner to police poor payment practices strong enough?



3.1 Being certain that payments will be made, and on time, is critical to enable businesses to plan for the future. As such, late payments are often a blow to the cash flow of any small or medium business. Despite this, our respective member associations are continuing to report that their members are under pressure to accept longer payment terms by some customers. Almost half (48%) of respondents to a BPIF survey reported that they had been obliged to accept longer payment terms from customers in 2017 in order to help retain or secure business. Of these, 18% were for terms up to 60 days and 73% for up to 90 days. 7% felt obliged to accept payment terms of up to 120 days and a further 2% in excess of 120 days.

The illustration below demonstrates the balance of payment terms demanded by BPIF members' new customers:



3.2 The GPMA welcomes the appointment of the Small Business Commissioner and the establishment of the new claims process for small businesses to challenge larger businesses where disputes have arisen. Our member organisations will monitor the success of this new system closely. However, we believe more proactive steps should be taken to ensure shorter payment terms and compliant payments. While the Prompt Payment Code established in 2015 is a step in the right direction, much more can be done to safeguard small businesses, for example, the Government should consider:

- Making all public agencies pay all SME invoices within 30 days, and enforce compliance.
- Require that contractors used by the public sector pay their sub-contractors within the same period as the main contractor is paid.
- Require that all suppliers to the public sector sign up to the Prompt Payment Code.



4. Improving productivity

Improving productivity: what access do small businesses have to advice on improving efficiency and productivity through adoption of best business practices? What more should the Government do in this respect?

4.1 In relative terms, printing adds more value to the UK economy than any other manufacturing industry apart from pharmaceuticals. It generated £5.8bn in Gross Value Added for the UK economy in 2016. In fact, the UK is the fifth largest producer of printed products in the world. Sustaining a high level of productivity requires Government to support businesses to invest in both people and assets in a wide variety of ways. However, access to best practice to improve productivity is, we believe, an area where businesses need help.

4.2 Our member organisation, EFIA, supports and has helped to create a Best Practice Toolbox, via FTA Europe. The objective of the Toolbox is to improve business results by managing the complex production process as a total system in which the performance of each element is interrelated. The systematic application of best practices delivers business benefits through higher productivity and improved performance (as well as reduced waste, consistent quality, reliability, environmental performance, safer working and improve understanding and teamwork across the entire workflow chain). However, the project is naturally more accessible to larger companies than it is to SMEs, who may not be able to make the financial commitment the project requires. Government funding, directed at SMEs, to access consultancy services with the intention to improve performance and productivity should be considered.

4.3 We would also like to highlight that access to advice for SMEs is only one of a number of obstacles they face in terms of improving their productivity. For example, member companies of our associations report difficulties with grant systems which award funding based on the number of jobs created. In the print industry, as likely in many other manufacturing industries, investment in new equipment may increase productivity and performance without impacting job creation (though this of course may be a subsequent result of improved productivity). On this note, we urge the Committee to inquire more closely into productivity obstacles for SMEs more generally, and how the Government could better support SMEs to play what is a very important role in improving the UK's overall productivity.



Tom Bowtell
Chief Executive
British Coatings Federation
Federation

Charles Jarrold
Chief Executive
British Printing Industries

Anthony Evans
President
Association of Print and Communication Managers

Sidney Bobb
Chairman
British Association for Print &
Communication

Andrew Large
Director General
Confederation of Paper Industries

Debbie Waldron-Hoines
Chief Executive
European Flexographic Industry
Association

Peter Kiddell
Director
FESPA UK

Marian Stefani
Chief Executive
Independent Print Industries
Association

Andrew Mint
Chief Executive
PPMA Group of Associations

Bettine Pellant
Chief Executive
Picon – Printing Industry
Confederation

Clive Fricker
Executive Director
Rubicon Network

Jonathan Tame
Country Manager
Two Sides

