

Brexit: What Does It Mean For Businesses?

By Gordon Tredgold



Being UK citizen, I had the simple pleasure of being able to work in Belgium, Holland, Czech Republic and Germany during the last 20 years, thanks to the UK being part of the European Union. But with the referendum voting to end that agreement this could have a dramatic effect on businesses, both within the UK and Europe.

The exact solution that Britain will implement is still to be defined, and whether we go for something like the Norwegian option, where the UK retains access the single market and freedom movement, or whether there is a complete separation and new trade agreements need to be made is still up for discussion.

Businesses face several potential impacts from the [Brexit](#) vote including higher export tariffs, higher staffing costs, staffing issues and reduced or delayed investment, although these could be partly balanced by the drop in currency which could make UK products more attractive abroad.

Higher Export Tariffs

The UK Exports around 44% of its trade with the EU countries, and any increase in tariffs would have a direct impact on profitability and pricing, as it's unlikely that the EU will give the UK the same deal as it has now.

Higher Staffing Costs/ Staffing Issues

Membership of the EU gave UK firms access to the entire European labor force, and many highly skilled workers migrated to take up work within the UK. Without access to these resources, staff costs will go up as demand for the UK born resources increases and it could lead to staffing shortages too. There are over 850,000 Polish workers in the UK who took advantage of the opportunity to come here.

There is also the threat of a 'brain drain' as highly skilled British workers choose to move abroad now, to benefit from the opportunities, such as the ones I enjoyed.

Reduced/Delayed Investment

With a smaller workforce and limited markets is unlikely that the UK will be seen as a good investment opportunity for foreign companies. It could see this money go elsewhere, to countries which have full access to the EU workforce and markets. With the uncertainty over the solution, and what the long-term impact would be, I would expect any short- to medium-term investments to be put on hold until the situation becomes clearer.

For large international businesses, the impact could be mitigated by moving their offices abroad, which would have an additional detrimental impact on the UK economy. But for many, given their international nature, it would be possible for them to move their offices to Paris, Madrid or Berlin, and consequently retain access to the markets.

The only thing certain for the UK for the unforeseeable future is uncertainty. Given the need to select a new Prime Minister,

who will have to create a Brexit plan, and the possible departure of Scotland and Northern Ireland from the UK

Uncertainty is rarely good for business, and I expect tough times ahead for the UK.

About the Author: Gordon Tredgold is a Leadership Expert, Speaker, Mentor and Published writer. His experience ranges from 20 years in executive leadership practice, employment at large blue-chip companies, managing budgets of hundreds of millions of dollars and teams in the thousands. Tredgold has published three books on leadership practice in big business (most recently F.A.S.T.) and over 800 articles on the topic too, including being a contributing writer to The Huffington Post and Inc. Magazine. His thriving blog, Leadership Principles is considered one of the most successful leadership blogs and he has recently been credited as the top three leadership experts to follow on Twitter.