

## **Contribution of the Manufacturers Group to Manufacturing in Cornwall in 2013**

The Manufacturers Group came into existence in 2012 with the addition of sme manufacturers to the Manufacturers Forum of the largest manufacturing companies in Cornwall. Many different sectors from agricultural machinery to medical equipment are covered but what unites the group is that they can be loosely classified as being in Engineering. It now consists of 35 paid members.

### **Group contribution**

From our recent survey of members we can calculate the contribution that the 32 members who responded make. In headline terms they -

- Employ 3,235
- Have Sales of £475m
- Pay wages of £85.5m
- Locally source £38.5m

### **Jobs**

That means that £124m is directly paid into the Cornish economy and the activity supports another 1,650 jobs. Therefore 4,885 jobs in Cornwall are directly or indirectly supported by the group. There is another multiplier type which includes tertiary effects which increases the multiplier to 2.1 which increases the total to 6,800.

What this means is, if we take the above figures for those employed in manufacturing that the Group members directly account for between 16% and 17% of the total.

### **Local Sourcing**

Interestingly the percentage of goods and services sourced locally is exactly the same for the larger and smaller companies (a big change from the last survey). Overall the group locally sources £38.5m out of total purchases of £213m (18.0%) and the sme's purchase £11m locally out of a total of £63m i.e. 18% also.

The average for the Group and the smaller and larger companies is-

<b>Average</b>	<b>Sales</b>	<b>Employees</b>	<b>Wages</b>	<b>Local Purchases</b>	<b>Total Purchases</b>
<b>Group</b>	£14.8m	101	£2.7m	£1.2m	£6.7m
<b>smaller</b>	£6.4m	57	£1.53m	£0.6m	£3.3m
<b>larger</b>	£27m	165	£4.4m	£2.1m	£11.5m

It must be remembered that these are averages as it should not be assumed that any members of the group conform to these numbers.

### **GVA**

We can also roughly calculate the GVA contribution using the standard definition of Turnover minus the Cost of sales (non wage costs) as we have those figures for the group, and it is £260m; i.e. 36% of the manufacturing GVA figure or about 3.6% of Cornwall's total GVA – a not insignificant amount.

### **Size**

What the Group members also bring are the benefits associated with larger companies; especially important in an economy where 92% of businesses employ fewer than 10 people. The Group average is around 100.

### **Exports**

What it also means is that while they are in the Cornish economy they are not dependent on it as 94% of the total output is exported out of Cornwall and 43% exported from the UK. Only 2 companies sold less than 20% outside of Cornwall and 69% sold either all or almost all (defined as 95%+). The difference between the larger and smaller companies was not marked with 95% of the larger leaving Cornwall compared to 91% for the smaller.

Exports from the UK varied more widely with 7 companies exporting less than 10% but one company exporting 100%. 43% of total sales were exported but there was a wider gap between the larger and smaller companies in the Group with 35% of the larger companies against 67% for the smaller. The large company figure is distorted by one company not exporting at all but even if that is taken out of the equation the figure is 59% still below the small company one.

In the light of those figures we are looking to work more closely with Export Cornwall to ensure they are maintained and even enhanced.

### **Outlook**

Competition is therefore not with other Cornish companies but is UK and worldwide – and in the case of the multinationals sometimes with other plants within the same company. The emphasis is therefore on controlling costs and finding an edge versus the competitors in national and international terms, not Cornish ones. This outlook distinguishes the group from the vast majority of Cornish companies which rely much more heavily on the Cornish economy for their success or failure.