Navigating Brexit: Risk or opportunity?

What Swiss companies should consider

September 2016
Navigating Brexit – Risk or opportunity?

Current status and indicative time line

So what happens now?

The Leave vote will trigger a chain of events against a backdrop of global political change, particularly in Europe and the USA.

Little may change immediately but **strategic action now can maximize opportunity**

By understanding the possible risks and opportunities, businesses can effectively prepare for the path ahead

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**June 2016**

*Referendum*

**13 July 2016**

*New Prime Minister*

Theresa May appointed Prime Minister with responsibility for negotiating the UK’s exit

**As of 1 January 2017**

*UK triggers Article 50?*

The formal process of negotiating exit begins

**November 2016**

US Presidential Election

**March 2017**

Dutch general election

**April/May 2017**

French Presidential Election

**August-October 2017**

German Federal Election

*Treaty provides for two years* could be shorter if agreed or longer if extended by unanimity

**2017/18**

*Deal reached?*

EU Commission negotiates the withdrawal, for approval by the Council of Member States after ratification by the EU Parliament

**1 January 2019**

*UK exits?*

It is unclear whether the withdrawal agreement - or a separate one - would cover the UK’s future relationship with the EU

2019

*Extension granted?*

Only possible in the event of a unanimous agreement

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Navigating Brexit – Risk or opportunity?
### Pivotal questions to consider

| Change | • As actions become necessary, what is the organisation’s change management strategy?  
• Have you conducted scenario and contingency planning?  
• Do you know already what events during the Brexit process will trigger necessary actions for your organisation? What have you communicated with staff and do you have a communications plan? |
| --- | --- |
| Finance and accounting | • Are you comfortable in the strength of business relationships with non-UK based distributors, customers and suppliers?  
• Are there any risks to supply contracts, including outsourcing, as a result of the vote?  
• Is there a plan to mitigate the impact of possible increases in import costs? |
| Treasury and Risk | • What is the impact of a steep fall in sterling on the business?  
• Have you challenged your banks services for cash pooling and payments?  
• Are you comfortable with your financing given the risk of interest rate rises to bolster sterling and a likely re-rating of the risk profile of UK assets? |
| People | • How accurately have you identified who is at risk of losing their right to work in the UK?  
• What workforce strategy opportunities are you exploring (considering also digital, contingent workforce and global business services)?  
• What are your plans to attract, retain and motivate the workforce (both skilled and unskilled)? |
| Tax & Legal | • Do you benefit from cross-border customs and VAT simplifications with respect to the UK market?  
• Do you utilize Free Trade Agreements when importing/exporting goods to/from the UK?  
• Do you have an EU hub transacting with the UK? Do you have a UK hub within your group?  
• Does it change your withholding tax position? Where is the location of current and future Intellectual property?  
• Have you consider which contract could be beneficial under Swiss vs. foreign (UK) law? |

### Proceeding with caution and accessing opportunities

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Set up governance (accountable executives, initial working party, shared vision for contingency planning, probably crisis management team)</th>
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<tbody>
<tr>
<td>Step 2</td>
<td>Define scenarios (determine the organization’s assessment of likelihood and scale of impact, agree/prioritize scenarios to include in the planning exercise)</td>
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<td>Step 3</td>
<td>“Heat map” approach (operating/business model as starting point, workshops to determine impact per area/service/geography, mobilise central program)</td>
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<td>Step 4</td>
<td>Conduct impact (assess impact of scenarios on processes, people, systems and data, war game planning/use cases)</td>
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<td>Step 5</td>
<td>Develop contingency plan (for each prioritized impact, determine mitigation response; including, in advance of Day 1, what on Day 1 etc.)</td>
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<td>Step 6</td>
<td>Implement, test and refine contingency plan (test the plans, including chain-of-command, refine plans)</td>
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