

Chairman's report – reflections on the year 2020-21

Well, what a year that was! One we'll never forget.

Our conversation has been dominated by a vocabulary that a short time ago would never have been dreamt of – Covid, Lockdown, R-number, and of course . . . Brexit! The Chinese have an adage "It's not good to live in interesting times". Well these have certainly been probably the most interesting times that our generation has ever seen, and not just for the expansion of the OED into words we wish we'd never heard of.

For most of the many SHAPA members I've spoken to recently, the last 12 months seems to have been a busy time. In spite of the inactivity in large parts of the economy and the effective nationalisation and moth-balling of every business associated with leisure and social interaction, our sector has remained surprisingly buoyant and some have even had record-breaking out-turns. This has not been achieved easily – whilst most engineering and commercial people seemed to make the transition to working from home pretty smoothly, the necessary re-arrangements of manufacturing plants to ensure distanced working has been a bit of a headache, and those who provide service or installation work on site have had a harder time, especially where it involves foreign travel. But overall, success has been good. Many of our members are small companies with pretty flat management structures, and the innate responsiveness and flexibility of such businesses has been a real strength.

We're into our second on-line AGM now. SHAPA has kept its business rolling throughout the pandemic, by moving all our activities on-line. Courses like Digital Marketing have been as successful as ever at attracting numbers, our Technical and Marketing subcommittees have both been going great guns with on-line meetings and I'd like to pay tribute to the members of both for the tremendous hard work they have done, against difficult conditions, to keep their output flowing for the benefit of all members. Remember these people have their own jobs to do, their own companies to run but they give up their time to benefit the rest of you. So PLEASE make sure their efforts are rewarded – go to the TECHNICAL section of the SHAPA web site and check out all the marvellous resources there to help you with many challenging design and commissioning issues, and participate in the activities laid on to promote learning and stimulate business.

One slightly surprising thing to me is that our quarterly meetings have not been as well attended on-line as they usually are in person. I had thought that perhaps avoiding the time and cost of travel and accommodation would lead to more people joining, but not so. What this says to me is that the thing people really value about our meetings is having that personal face to face networking, and it's worth the cost and time to do it. I think this is an important lesson. Speaking personally, the thing I have missed most when managing my team through this time has been the "water-cooler moment". Doing everything on-line has forced a discipline so that our meetings are probably better organised, more focused and



more efficient than they used to be, but we miss out on the passing word in the corridor, the five minutes after a meeting walking back to the office, or the chat while the kettle boils. We shouldn't under-rate how much these informal and unplanned interactions bring to our business. They tell you more about how people really feel about things, their hopes and fears, and their own takes on things. I think a lot of innovation of all sorts – technical, business, commercial – is initiated through these unplanned and unstructured interactions, and without them there's a danger that we'll just become more efficient at doing the same old thing, missing out on the new ideas that we need to take our businesses forwards. As things start to unlock we'll find ourselves meeting together more often – hopefully we'll have a SHAPA in-person meeting in June – and we'll regain some of this, but make no mistake, this will not be a simple one-way street. There will be season recurrence, new variants and also remember this, vaccination does NOT stop you catching and spreading Covid – it just stops most of us from getting severely sick. Distancing, new restrictions and some lock-downs will be on the cards for the indefinite future, and it's likely that we'll never go back to the same level of people working physically together that we had before. So you need to find new ways to stimulate the generation and development of ideas amongst staff members.

And let's not forget that the huge pay-outs over furlough and government support schemes will have to be paid back, and it's inevitable this will result in a slow-down in all sectors before we are out of the woods, so in spite of the buoyancy of our sector right now, likely there will be hard times ahead. Against all of this, Brexit has been a bigger stumbling block for many of our members. International trade and supply chains are a fact of life for all of us, even down to simple things like getting batteries for electronics has suffered price hikes and delays. New paperwork systems for exporters have been difficult, slow and expensive and I know many of you are still struggling to find ways of getting this right. The UK replacement of the CE marking system with CA marking and all the attendant re-qualification, and the crazy situation where we now have to have the same set of tests done twice (once in the UK and once in Europe, even though by the same company!) if we want to export, has set many of us back financially and in time. It seems to have blown a bigger hole in UK exports than in imports, the reasons for this are many-fold and it's not unreasonable to see a bit of a conspiracy behind that, but it has become obvious that Brexit will indeed knock a big hole in the UK economy for years to come, much as we all expected. Going forwards, we see a degenerating relationship with China and this is a really complex matter that is going to affect us all. We've all become addicted to cheap imported goods and components from China, which has given them a massive boost – and like all addictions, it's gradually killing the addicts. By this offshoring, we've made ourselves completely dependent so that now, we can't live without them. We don't have anyone in the West making electric motors or batteries, to name a couple of many basic commodities that we can't do without. At the same time we see more severe and strident human rights abuses in China, and understandably people in the West don't like to see that – but we've given them the upper hand, so making any sort of stand is going to hurt us much more than it hurts them. With China taking a more active stance on foreign affairs, and heavy state investment into securing basic commodities in the developing countries and building more and faster export routes to the West (the "Belt and Road" project), this is going to get very messy.



All these things have hit, and will further hit, supply chains security. “Just in time” systems that have been finely honed over the years to maximise efficiency, have proved very fragile against these problems. When somebody sneezed in Wuhan, Toyota had to stop making cars in Sunderland. So what of the future? There are many uncertainties, but a few things are abundantly clear. The businesses that will do well in the future it seems to me will give an increased priority to three things:-

First, keep flexible to exploit opportunities for growth, new markets and new products where you can find it, but be prepared to deal with bumps in the road.

Second, find ways of stimulating business and technical innovation in the absence of “water cooler moments”, maybe through structured ways of getting people to interact informally.

Third, try to build in robustness to your supply chain, and balance efficiency and cost saving against flexibility.

Take a lesson from the world of animal evolution. In times of stability, it’s the specialists who do well and grow to great size and ubiquity. But through all the times of difficulty and mass extinction, it’s those very specialists that have gone extinct first, and the Earth has been inherited by the little guys, the opportunistic foragers who can survive on a varied diet, and that’s made space for whole new families of animals to evolve. Which category is your business in?

Hopefully the next meeting I’ll be in front of you in person. In the meantime, keep safe and keep busy.

Mike