

Smaller firms can wield great power too

SMEs make up the vast majority of private sector businesses in the UK, but often feel that they lack the clout of larger enterprises. This does not need to be the case, argues Victoria Montag*, Gambica's sector head for industrial automation.

There is a perception that larger businesses have an advantage in the world. In particular, it is thought: that their size lends them better protection than SMEs against economic and political turbulence; that they have the resources to invest, maintain a competitive advantage and thus become bigger; and that they will be the first in line for legislative, fiscal or regulatory benefits.

After all, the Nissans and Apples of this world can wave their sites that employ large numbers – and support even more jobs via the supply chain – in the face of governments to get invitations to private meetings with premiers, and to make sweetheart deals on tax and investment.

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Nissan's Sunderland plant, for example, employs 7,000 people and supports an estimated further 24,000 supply chain jobs. At Apple's site in Cork, Ireland, the corresponding figures are 4,000 and 2,500.

Apart from these two widely reported examples, how much of this perceived advantage is “real”? Large companies are not invincible – Woolworths had more than 800 stores and employed 27,000 people when it entered administration in 2008. One

month after the government agreed to bail out the banks to the tune of £37bn, there was no “sweet” deal for the purveyors of pick-and-mix.

However, it is true that the bigger the group of voices, the louder and the harder to ignore their message will be. This is why trade associations came into being – bringing together many organisations with a common interest to further the successful development of their industry, with all lending their voice to create a single loud message.

You might think that if we were just to play an employee numbers game, then trade associations could fully represent an industry with memberships comprising only of a few large companies. But this is not the case. In 2016, large companies accounted for 40% of private sector jobs in the UK and 53% of annual turnover, but made up only 0.1% of private sector businesses.

A staggering 99.3% of private sector businesses are defined as small (having 0–49 employees) with medium-sized

Some of them export, others don't. A company might have a portfolio of hundreds of products, or they might sell just one. And so, to understand fully an industry's interests, a trade association needs not only to represent as much of the industry as possible, but also to have a membership base as diverse as the industry that it represents.

Right now, between the UK's departure from the EU and the single market – which raises a number of potential challenges around regulation, international trade, recruitment, economic and currency stability and simply an extended period of uncertainty – and the post-referendum government's decision to develop a national industrial strategy, government says that it is listening. A consistent message that speaks for the whole industry is what they should be hearing. Which is why SMEs – in particular, small businesses – need to get in on the conversations. Otherwise large businesses really will have that advantage. ■

businesses (with 50–249 employees) making up the final 0.6%. So, if only large companies get involved, not only would trade associations be overlooking 60% of the workforce, but also 99.9% of companies in their sectors. That's not very representative, is it?

Furthermore, companies are individual organisms. They differ not only in size, but also in culture and make-up, and they each have their own concerns and priorities.

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