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Welsh Government

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# Food and Drink Wales Industry Board: update from the Chair (June 2023)

The latest on the Welsh food and drink industry.

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As we approach the halfway point of 2023 it's a good time to reflect.

Talking to food and drink businesses, I hear of exciting innovation and growth whilst at the same time I'm learning of stress and frustration caused by the world experiencing a level of disruption and business risk not seen in generations. The reality is that some companies are freezing and failing, while others are innovating, advancing, and even thriving. In my opinion, the difference is business resilience.

Business resilience is really no more than an organization's ability to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets and overall brand equity. It is the ability to absorb stress, recover critical functionality, and thrive in altered circumstances. In short, it positions organizations to prepare for anything and that's why I believe Business Resilience is so important to Welsh food and drink businesses.

There are many aspects to business resilience and much advice available, but I would just like to highlight two aspects for consideration.

Firstly, an important aspect of business resilience is investment in innovation and R and D with the express purpose of improving growth and efficiency and reducing waste which helps businesses to compete and remain competitive. I fully appreciate that the current environment is difficult with the cost of finance rising regularly, so clearly the timing of this investment is crucial. I just wanted to highlight that there is support from **UK Government for R&D Tax Credits**. In addition, The Association of Taxation Technicians also has a well written guide R and D relief for small and medium sized companies [att.org.uk](http://att.org.uk).

Another option is to consider UK Smart Grants where UK registered organisations can apply for funding for game-changing and commercially viable R&D innovations that can significantly impact the UK economy. Although the current funding round has just ended, I am more than sure that there will be future funding available from this initiative which is provided by **Innovate UK**.

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I really believe that planning to create resilient businesses is crucial. However, for some businesses it may be too late. Worryingly, a high number of businesses are struggling through a combination of volatile and rising costs, labour issues, supply chain challenges and the cost of service debt. Its particularly frustrating to hear of good and normally viable businesses who have recently invested in innovation and efficiency and are now struggling to service the debt they have taken on.

So, if you're in this position, where can you go to get help if you feel your business is beginning to struggle?

A great place to start is the Welsh Government "Investor Ready Programme" which can provide support, including advice, practical support like preparation of cashflows, projections and introductions to finance providers. The Investor Ready team comprises of qualified accountants, banking specialists, as well as food industry specialists who have led food businesses.

Businesses should also talk to their own accountants and banks, particularly if they need to organise repayment holidays to help preserve cash.

Interestingly, I recently presented at an **Institute for Turnaround (IFT)** conference and was impressed by their range of services and connections. The IFT is the UK's leading membership organisation for turnaround experts. Their members are accredited to the highest standards and together with corporate partner organisations, help underperforming businesses avoid unnecessary insolvencies.

The message is simple - don't leave it too late before you ask for help if your business is struggling.

And finally, in July, we're all looking forward to another fantastic Royal Welsh Show. Let's hope it's not swelteringly hot like it was last year! Whilst being an enjoyable event, its also a great opportunity to meet with industry colleagues to

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discuss the many opportunities and challenges that exist. Members of the Food and Drink Industry Board will be at the event, so come and tell us what you think and what you need to continue driving forward the growth of our fantastic industry in Wales.

And for those farmer readers of this newsletter – best wishes for a successful harvest!

**Andy Richardson, Chair of the Food and Drink Wales Industry Board**

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