



Manufacture Newsletter

Spring 2018

Audit / Tax / Advisory / Risk

Smart decisions. Lasting value.

Welcome to the second
Manufacture of 2018.





Nearly half of the UK's manufacturers remained concerned about their ability to access skills post-Brexit according to the Engineering Employers' Federation (EEF) report, *Navigating Brexit: the migration minefield*. With widespread stories of some European Union employees returning to Europe, permanently, companies are struggling to recruit suitably skilled staff in the UK. EEF's report shows that 47% of manufacturers are increasing training programmes for all existing employees with 37% increasing apprenticeships and/or graduate recruitment programmes.

In this edition of Manufacture we look at succession planning to replace experience and how companies can secure the skills they need in the future.

Manufacturers seem to be approaching Industry 4.0 adoption as a gradual evolution rather than a revolution. Industry 4.0 introduces businesses to immersive technologies to add to their digital transformation strategies, this is just one of many advantages. Our article on augmented reality (AR) and virtual reality (VR) in manufacturing on page 22 examines this further.

If you want to hear more about AR/VR and other I4 technologies, we will be hosting an event at the Manufacturing Technology Centre on the 10 July 2018. With a distinguished panel

of speakers who will be discussing the issues and opportunities facing manufacturing businesses. Find out how to book on page 18.

Later in this edition we take a look at Servitisation, and why it is becoming so important to manufacturers, producers and distributors.

Cybercrime is a huge threat to all manufacturers; and it's only going to increase as machinery and systems become ever more digital and connected. Read our article on page 4 for a clear guide on the different forms of cybercrime and what it means for you and your business.

If you would like to discuss any of these topics further or to understand more about how we can help support you and your business, please get in touch.



Jonathan Dudley, Partner and Head of Manufacturing, Crowe



There is an epidemic of fraud in the UK

In our last edition of Crowe's Manufacture Newsletter we covered why fraud is a threat for manufacturing businesses, how it typically manifests, and the tools and processes available to protect manufacturing businesses. In this edition, we have teamed up with the Fraud team at Lloyds Bank Commercial Banking Team to consider in more detail how fraud affects businesses in the manufacturing sector.

There is an epidemic of fraud in the UK. The latest crime statistics report that over half (54%) of all reported crime in the UK relates to fraud and cybercrime. Manufacturing businesses are not immune.

Crowe's latest research about the financial cost of fraud shows that, on average, businesses lose 5.95% of their expenditure every year. According to the 2017/18 *Kroll Annual Global Fraud & Risk Report*, 86% of manufacturing executives reported that their companies fell victim to at least one instance of fraud over the past 12 months – two percentage points higher than the global average across all industry sectors.

Typically, a single case of fraud costs a UK business on average £57,000 with some individual cases in excess of £2 million. As well as the financial implications, a case of fraud can cause reputational damage, disruption and impact on staff morale. If there is a cyber component, as there often is, there is also the risk of data loss and subsequent legal sanction by the Information Commissioner's Office.

It is vital that manufacturing businesses take a proactive approach that focuses on deterrence and prevention. Doing so is much more cost effective than reacting to frauds when they occur. Management teams need to have a clearly defined responsibility for reducing fraud vulnerabilities, be tasked with specific actions, and report regularly about the delivery of counter fraud work.



Over half of all reported crime in the UK relates to fraud and cybercrime

On average, businesses lose 5.95% of their expenditure every year



86% of manufacturing executives reported that their companies fell victim to at least one instance of fraud over the past 12 months



A single case of fraud costs a UK business on average £57,000



So, how do fraudsters target manufacturing businesses?

There is no definitive list of fraud types or methods. Fraud changes and evolves all the time, and the best way to think about it is like a clinical virus that responds and adapts as processes and systems change. Crowe's specialist Forensic and Counter Fraud Services team work with businesses across a wide range of sectors. Below are some examples of the types of frauds manufacturing businesses have encountered.



Phishing

Many cyber frauds start with a phishing email which is specifically targeted to capture secure information or trick the recipient into downloading malware by disguising it as a genuine email message. These emails are often made to look like they've been sent by your bank and may contain hyperlinks or attachments to fake websites or malware downloads.

Malware is malicious software is deliberately designed to deceive a PC or its user. It can allow a fraudster to secretly and remotely view information on a PC network or capture keystrokes and passwords, which could be used to access a firm's online bank accounts as well as many other operations.



CEO Fraud

Instruction purporting to have originated from a senior official (e.g. CEO, Finance Director) requesting an urgent payment to a specified bank account. These instructions commonly replicate language, terms and phrases regularly used by the supposed sender and will often express urgency and privacy to encourage the recipient to act quickly without asking questions.

Such frauds may combine a cyber breach that enables the fraudsters to misdirect emails and view correspondence between the CEO and their contacts.





Invoice fraud

Redirection of a payment to a genuine supplier/contractor. An instruction is received advising of a change of bank account or a forged invoice, which appears to be from a regular supplier/contractor requesting payment to a nominated account.

This is a common fraud that relatively simple processes and procedures will help to prevent.



Vishing (telephone scam)

Call purporting to originate from a trusted source, often allegedly from the Bank's Fraud Dept. The intention is to trick the call recipient into taking action under the misapprehension that it is required to protect the firm's money. This could be to download software allowing the attacker to take remote control of the computer, or to disclose passwords/ card – reader codes to allow the attacker to set up fraudulent payments, or to trick the victim into moving money to accounts described as safe/secure.



Prevention is better than cure... some practical steps that you can take to protect your business:



Phishing

- Ensure your business' cyber security is as good as it can be by commissioning periodic penetration tests. Use certified and specialist experts and ensure the pentest report includes the solution to any vulnerabilities identified.
- Train staff about malicious emails and commission your own mock-phishing exercises. Such exercises can help to identify employees that click email links they should not and flag up the people that need additional training.



CEO fraud

- Have a process in place to ensure that all payment instructions are confirmed regardless of whether the instructions says it's 'urgent' and/ or 'strictly confidential'. Refer to the sender or someone else in authority if the sender is unavailable.
- Do not rely on the email address appearing to be legitimate or the wording to be familiar – fraudsters often intercept emails and modify the details contained within. Use other forms of communication to verify the details e.g. phone and face to face.



Invoice fraud

- Authenticate any instruction to change details of a supplier/contractor, particularly if the notification is a change of beneficiary bank account number. Call the supplier/contractor on a number independently sourced e.g. supplier's website.
- Have a process in place to validate that invoice requests are legitimate.



Vishing (telephone scam)

- Authenticate a call by calling the organisation back on an independently sourced number e.g. bank website.
- Never rely on the number appearing on your caller display as confirmation of the source of the call. These numbers are easy to 'spoof'.
- Remind all staff that banks will never call to ask for full passwords, PIN's, card/reader codes.
- Have dual authorisation set with your online banking provider to set up new payment instructions.
- Only download software from sources you trust. Be highly cautious if asked to download software from a caller that you have not authenticated.



General advice

- Raise awareness of these fraud attack methods with all staff and remind them of key messages on a regular basis.
- Obtain Cyber Essentials Plus accreditation. It is a government supported standard that is estimated to prevent 90% of the most common cyber incidents.
- Implement a clear and documented procedure for payments e.g. dual authorisation.
- Review your internal controls and procedures to ensure you minimise the risk of fraud e.g. ring-fence employee access to data, review internet usage and consider restriction of some websites.
- Use a good quality Anti-Virus software suite, updating regularly to ensure you are using the latest version.
- Conduct periodic (annual) penetration tests to ensure your cyber security is as effective as it should be.
- Don't rely on a phone's caller display to identify a caller, as fraudsters can make the phone's incoming display show a genuine number.
- Never divulge online banking passwords or online banking secure codes to anyone on the telephone, or via email, even if you think it's the Bank contacting you.
- Backup regularly, to a source that is independent of your network. This will enable machines and systems to be restored in the event of infection, without a significant impact.
- Regularly test your recovery process and if you are targeted, retain the original cyber extortion emails. Maintain a timeline of the attack, recording all times, type and content of the contact and report it to Action Fraud.
- Have a documented process for employees to follow which ensures that email requests to set up or amend payment details are verified as genuine. They should use known contact details, other than email to make these checks and apply the same caution to all payment related emails from both external and internal sources.
- If you do identify that a fraudulent payment has been made, let your bank know immediately and then report it to Action Fraud.





Where to go to for more information

If there is anything related to fraud and cybercrime you would like to discuss, contact Crowe's Forensic and Counter Fraud Services team. The head of the team, Jim Gee, would be happy to discuss your particular circumstances and what specific steps would be most appropriate for your business.

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If you would like to speak to the Lloyds Banking team to discuss Fraud and cybercrime in further detail please contact

Dave Atkinson, UK Head of Manufacturing, SME & MM Commercial Banking
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Useful links

www.lloydsbank.com/fraud

www.bankofscotland.co.uk/fraud

www.takefive-stopfraud.org.uk

www.actionfraud.police.uk

www.cyberaware.gov.uk

www.getsafeonline.org/business

www.ncsc.gov.uk



Funding your business into the 2020's

Providing effective and affordable funding for your company has always been a challenge for manufacturers whether it's for new 'kit' or for working capital.

The onset of Industry 4.0 and the need to invest in new technologies and techniques; some of which could have short lives due to the continual advancement of technology, will drive a need to be well advised on the right funding methods to ensure successful investment programmes.

Growth into new product lines, markets, and territories will also require continual management of working capital and its funding

- how much do you need
- how do you get it
- how do you secure it

With automation and centralisation of banking services, especially for SME's, the backbone of our manufacturing base, access to a banker that knows your business is, and will continue to be, more and more difficult to achieve or maintain.

Funding applications will therefore need to be increasingly comprehensive and will need to anticipate lenders' requirements in order to be successful.

Also, the original deal that you struck for working capital funding is overlooked as a business grows and changes. Businesses can, as a result, find themselves paying more than they need to. It is common to find that funding provision that might have worked for you in the past, will not going forward.

In addition, there continues to be a seemingly bewildering variety of government aided funding and grant schemes which may or may not benefit businesses based on sector, product, customer, markets or, often most frustratingly, based on postcodes.

At Crowe we have built a team of experienced and knowledgeable advisors who can help you through this 'minefield' and give you sound advice that is independent of the banks and other lenders.

If you are planning capital investment, and or growth, we can advise you on what government incentives may be available to you and also advise you on the best source of commercial funding.

Likewise, we can help you work out your working capital requirements and how to fund them.

If you have an existing funding stream we can also provide a review of your facilities; a funding health-check that is already saving many businesses, thousands of pounds.

Please get in touch if you would like to know more.

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How do you 'succession plan' to replace experience?



When we talk about succession planning invariably the focus is on family and shareholder succession. This then tends to lead on to tax planning and ensuring that the correct documentation is in place. But in some industries – manufacturing is a good example – there is the question of 'experience' succession.

The saying 'no one is irreplaceable' has an element of truth to it. However, losing someone with decades of experience of your company, your products and services and your culture, can leave a hole that is both costly and time consuming to fill.

These are non-shareholder issues that require addressing in good time, otherwise they have the ability to create problems.

A business will have a workforce that is varied and will include experienced people who have worked at the company for many years. They will have technical knowhow and may have built up a wealth of knowledge and understanding over the years about the business.

How can you replace that kind of experience? That instinctive understanding of how the business works and what is important to its success?

The answer is that you need to plan for it.

In the longer term, this involves identifying young managers coming through the ranks and mentoring and fostering them.

We know we have a skills issue across the UK and in attracting graduates and school leavers into the manufacturing industry. There is a big push on apprenticeships at the moment, and we are at the start of a government initiative involving the new 'T Levels'.



The manufacturing sector in particular is struggling to find key staff because of skills shortages and an ageing workforce. According to research almost a million replacement workers will be needed in the manufacturing sector by 2020 and the problem is only likely to get worse.

Compared to other industries, proportionately more job vacancies in manufacturing are deemed hard to fill, and there is the ever-present risk of retirement announcements, staff moving to competitors and even illness, which can create problems in the short to medium term.

The manufacturing sector is not the only industry that has issues related to an ageing workforce, though it does have a particularly high number of workers in the 35-55 age range.

Larger companies may be able to attract 'new blood' into their business, but across the board there is not enough of these talented youngsters to even begin to replace the experience that some members of staff have.

The time where people leave or retire can come at any stage in the business cycle, which can put the employer in a difficult position if it has not been given prior consideration.

The ongoing skills drive will eventually see more and more people coming into the manufacturing industry, but this will take time.

Succession is normally something that, on a day-to-day basis, is not discussed in any detail, and management and board meetings rarely cover it.

At Crowe, we have been working with business leaders to talk specifically about key individuals within the organisations and help them plan for succession issues that could one day suddenly become an urgent matter.

Are you fully aware which roles carry the most risk for your organisation if you had to find a replacement at short notice?

Plans need to be put in place and this takes thought and time. You need to understand the experience employees hold and how this can be shared. Working with specialist advisors can help business owners look at the business from a unique perspective.

It is important to have a continuing dialogue with your emerging talent to understand their career aspirations. Do some individuals have the potential to move into roles that hold the highest value to the business? Who are they and what support and training do they need to make an orderly transition?

Working through succession planning means that plans can be put in place to react quickly and in an orderly fashion when the inevitable call comes that an experienced, valuable and valued member of your team is set to leave the business.

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Event Invitation

Crowe would like to invite you to join us at our seminar at the Manufacturing Technology Centre on the **10 July 2018**.

What we will cover

Hear from a distinguished panel of experts on the issues and opportunities facing manufacturing businesses, and how to raise funding to retool for I4.

Tours of the Manufacturing Technology Centre will take place after the seminar.

Please pass this on to your colleagues if you think this is relevant.

Programme and Presenters

Rachel Eade, a Consultant at Crowe will discuss the challenges and opportunities facing Manufacturing companies.

Johnathan Dudley, Head of Manufacturing, Crowe, will cover raising funding in the financial markets to fund retooling for I4.

- **Richard Hill** from Natwest will discuss NatWest's Future Fit Programme.

Mark Miles from Render Media will cover VR and AR in Manufacturing.

We look forward to seeing you there. Please contact stephanie.hart@crowe.co.uk if you would like to attend.



Date

Tuesday 10 July 2018

Venue

MTC Limited
Antsy Park
Coventry
CV7 9JU

Time

09:30	Registration and breakfast
10:00	Seminar starts
11:00	Seminar close and tours of MTC commence
12:30	Lunch
15:00	Close

Servitisation

Servitisation is the practice of taking a product and providing a service with it to add to its value.

A good example of servitisation is Rolls Royce's 'Total Care' option for aero engines. The aircraft operator pays for use of the engines by flying hours. Ultimately this approach minimises the impact of reliability issues for the aircraft operator and gives them a predictable cost base. The latter is obviously critical to a business with a traditionally high fixed cost base.

How did it come about in manufacturing and how has the trend progressed?

Manufacturers have traditionally differentiated themselves on capacity and machinery, particularly at the more 'technical end', such as precision engineering. For every Original Equipment Manufacturer (OEM) there is a large supply chain and the OEMs have a reputation for using their buying powers both to squeeze on price and payment terms and requirements for 'cost downs', particularly for production runs, are a common occurrence.

The advancements in technology and digitisation of manufacturing processes has both made availability of machinery and capacity. Scarce resource has become the 'human expertise' borne of experience.

It is a logical progression for manufactures who have that knowledge to 'sell' the product of problem solving as a 'hedge' against OEM pressures and to differentiate themselves.

If a customer has a problem, then the provision of an engineering solution that solves that problem, provides a good deal of 'value add', which in turn enables a better negotiation on pricing and payment.

An engineering problem that 'stops the line' at say, a car assembly plant or puts back the design programme of a new model, has a premium impact to the OEM buyer or is very expensive to the 'first tier' customer, who could be signed up to a frightening penalty clause.



How should manufacturers approach servitisation and what benefits will they see as a result of this approach?

The key to servitisation is for the manufacturer to understand customers' needs. The successful companies are the ones that have done this, are able to tailor their manufacturing and service provision to meet the customers' needs and to be flexible enough in the provision of this service to provide a slightly different model for other customers whose needs differ. This is highlighted above in the Rolls Royce example, a product ideally suited to aircraft operators.

How does servitisation link in to the wider trend around Industry 4.0?

The onset of Industry 4.0, presents the opportunity for 'smart' manufacturers to achieve just that in a servitised process. Artificial Intelligence (AI) can provide a limitless resource of experience if knowledge is transferred and the machines 'learn' from the experienced engineers. 3D printing will enable prototype components to be manufactured in minutes that traditionally would have needed weeks to be engineered.

In some cases, 3D technology will enable the manufacture of parts and components that have previously been impossible to manufacture using traditional techniques.



The successful servitised manufacturer of the future will therefore have:

- capability to transfer and enhance its expertise into an AI 'Bot' that can expand problem solving expertise and even advance expertise into the future
- routines that compartmentalise the service provision such that customers 'feel' that they are receiving a tailored service even though large elements of the process are, in fact, generic
- integrated manufacturing systems that combine traditional manufacturing capability with advanced 3D technology and robotics.

This will invariably require many companies to make significant investments and for some, this just will not be possible. Therefore, it is highly likely that we will see more collaboration between companies to provide a clustered solution service and, especially where such alliances prove to be successful, quite possibly some significant merger and acquisition activity in the future.

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Discovering the business value of Virtual and Augmented Realities in Manufacturing

Businesses are adding immersive technologies to their digital transformation strategies ready for Industry 4.0.

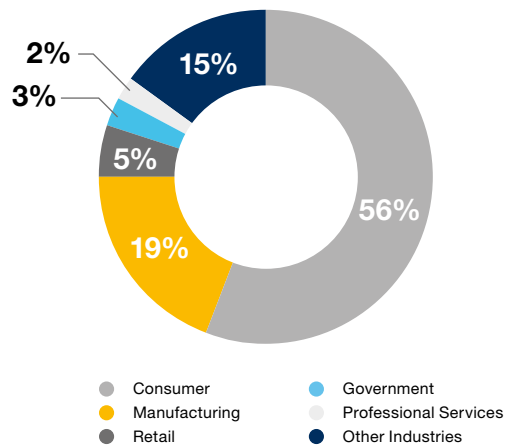
Imagine being able to cut product development time from several days to a few hours. That is what Ford Motor Company did when they applied Virtual Reality (VR) to their grille design process, slashing the number of design iterations required. Now imagine cutting your sales cycle, notoriously long in the manufacturing sector, from months to weeks.

Such is the potential of VR and AR by offering a whole new dimension in communication where seeing and experiencing complex products and services in a real life, room-scale context delivers value in spades.

To some, VR and AR are still the realm of sci-fi film and gaming, but the reality is different. As IDC states, 19% of all VR and AR spending in Western Europe in 2017 was in the manufacturing sector. In fact,

IDC anticipates that 85% of all VR and AR spending worldwide will be in commercial sectors by 2021; a staggering amount that can be explained by the number of business challenges VR helps address.

Top industries based on 2017 ARVR market share



Western European spending on Augmented Reality/Virtual Reality. Source: IDC Worldwide Semi-annual Augmented and Virtual Reality Spending Guide, February 2017.



Image supplied by RenderMedia

Business challenges

Geographical limitations

In a global economy, teams and resources are spread across countries and continents. Language and time zone differences constrain departments and teams so they inevitably operate in isolated silos that don't facilitate efficient interaction and agile communication.

Complex sales messages

Sales teams can struggle to articulate the potential of products and services to solve critical customer needs, while customers have difficulty truly understanding how and even where they might work. This all too often means a lengthy sales cycle with iterative proposals and extensive documentation.

Staff churn and knowledge drain

The above challenges are compounded as corporate knowledge is lost as people leave to pursue increasingly dynamic career paths. It's expensive and time consuming to get new starters up to speed, especially in manufacturing which can involve travel to far away destinations. In many scenarios, there's a level of risk that needs to be managed – working at heights, in remote locations and so on.

VR and AR opens up new possibilities

As Industry 4.0 continues to materialise, businesses are rapidly embracing digitisation with broad reaching transformation programmes. VR and AR are central to digital transformation strategies, heralding a new way of doing business, where processes are more efficient and effective, thanks to digital technology.

The advantage of VR is that it transcends borders and physical spaces, delivering virtual experiences where people all over the world can be in the same room at once, visualising and shaping everything - from an aeroplane interior to a small piece of safety equipment - working together in a virtual space. AR meanwhile allows real products and data to be superimposed on the physical world, a customer's site for example, facilitating another layer of communication again.

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Manufacturing is a classic sector for VR and AR technologies. In the sales environment alone, customers can be immersed in a complex product environment, a virtual sales room for example, without the time and cost constraints that come with physical travel. Or they can be immersed in an environment you can't physically see otherwise – that's powerful!

Mark Miles, CEO, Render



Image supplied by RenderMedia

Studies show that users in a VR environment are engaged 34% longer than traditional 2D messaging with a 27% higher reaction.

Applications include:

Product development and engineering

Designers and customers can collaborate in the product design phase and reduce errors. Prototypes can be tested to see if all the components fit together as expected, or products can be assembled in real time as if the user were present in a 'clean-room' facility.

Sales

Imagine being able to invite customers into your virtual sales room to share your latest products and showcase where and how they are used – that is redefining the customer experience. If you sell safety equipment for oil rigs, for example, the customer can be right there on deck seeing and using the equipment in action.

Marketing

By allowing the audience to experience the finer details of your products, processes and services, not just read about them, customers engage more fully with them and understand how and where they can suit their specific requirements.

The result: a shorter sales cycle and a happy customer whose expectations now match what they will actually receive. In fact, the more complex or spatially-oriented a product is, the more valuable it is to adopt a visual selling strategy.

Introduce the customer into the product design process through VR and AR and you have another level of efficiency and customer engagement again.

Training & Health & Safety

VR is also ideally suited to training. In a virtual environment, you can familiarise staff with products and services in context, perhaps an oil rig or air field, from wherever they may be located. This can be multi-user and directed by a real instructor in the form of an avatar. Pratt and Whitney's customer training division is using VR for training jet engine maintenance mechanics. Where the work is high risk, users can practise in a safe, controlled environment, while getting to grips with the task at hand.



Is it cost prohibitive?

All this is presumed to be expensive and yet the entry point is surprisingly advantageous as most manufacturing firms tend to have a large inventory of 3D CAD content, which is a good starting point. There is inevitably an initial investment required, but it's a long-term investment, unlike other mediums. The advantage of VR and AR over film, for example, which is comparative in cost, is that VR and AR are upgradable and expandable. Like video games, incremental updates can be added as new products and services are developed.

All in all, it's a compelling proposition and one that Render is excited about.

Is it time you made the VR/AR leap?

Mark Miles, CEO at Render

Mark Miles will be speaking at our event in July at the Manufacturing Technology Centre. Join us to find out more on AR/VR in manufacturing. (See page 18.)

Working with MSA Latchways

MSA Latchways is a leading manufacturer of personal protection products that keep workers safe in hazardous conditions. In 2017, MSA asked Render to develop a ground-breaking initiative for the health and safety sector. The result was a VR experience where prospective customers can scale a high building and carry out maintenance tasks safely using MSA's personal protection equipment combined with engineered lifeline solutions.



Image supplied by RenderMedia

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Render is helping us transition from using 2D demo visuals to creating something more visceral, allowing our prospective customers to experience our products and how they work together for real. We've always used film as the core of our customer communications. But every time we needed a new version, we'd have to go back to square one by re-editing and re-rendering. Now we have an immersive solution that's far more flexible and can be updated more easily.

Render's VR solution is an ultra-engaging communications tool that conveys products in a representative environment while empowering us with an incredibly efficient real time content pipeline.

Evelyn Webb, Global customer marketing communications manager, Fall protection, MSA



Jargon buster

What is Virtual Reality (VR)?

VR is a computer-generated scenario that simulates experience. The immersive environment can be similar to the real world or it can be fantastical, creating an experience not possible in our physical reality.

What is Augmented Reality (AR)?

AR is a technology that superimposes a computer-generated image on a user's view of the real world, thus providing a composite view.

What is immersive technology?

Immersive is a collective term for technologies like virtual and augmented reality where technology blurs the line between the physical and digital world, thereby creating a sense of immersion.

Whistleblowing services for manufacturing businesses



Running a manufacturing business is not easy and it is difficult for those at the top to ensure employees do not engage in wrongdoing. If they do, senior management want to know quickly so that swift action can be taken. A properly implemented whistleblowing service helps increase transparency and set the right tone from the top.

Why do you need a whistleblowing service?

A whistleblowing service encourages employees to report issues of concern to them. The information gathered can provide an early warning and reduce the impact of



Too often the senior management in a business do not hear about issues adversely affecting their employees and the organisation until it is too late and the damage is done. For example, an employee subjected to bullying

may resign and bring a business to an employment tribunal, or fraud can remain unreported resulting in increased costs and reduced profitability.

Well publicised and clear reporting channels ensure that employees know where, when and with who they can confidentially raise concerns.

A properly implemented whistleblowing service that ensures confidentiality and addresses employee concerns about job safety and reprisals by colleagues encourages individuals to come forward and speak out when things are not right.

Manufacturing businesses can also benefit by making their whistleblowing service available to suppliers and sub-contractors. Doing so encourages sharing of information about wrongdoing in supply chains and even protects suppliers from unfair demands by a business' own employees.

Providing a means for employees to report wrongdoing via an external and independent channel is proven to help organisations identify wrongdoing in the workplace. It increases senior management's visibility about what is really happening in a business and removes the risk of issues being hidden from senior management. It is also part of demonstrating to employees that an organisation has an open culture that wants to actively discourage and address wrongdoing.

Creating a safe and transparent environment for employees to speak helps an organisation to deliver its code of ethics and objectives. Under the Bribery Act 2010, it is an offence for any commercial organisation to fail to prevent bribery. A whistleblowing service demonstrates your organisation is following 'adequate procedures' to prevent bribery.



How a whistleblowing service should operate

There should be an independently operated service that does not involve people working for the business. Employees are much less likely to report if the service is hosted internally.

The independently operated service should have trained call handlers who know how to take a report and the information necessary to record. Reports of wrongdoing should be shared back into the business and should ideally go to at least three people. It is important that the reports go to multiple people to avoid potential conflicts of interest with reported wrongdoing.

Information about the business' whistleblowing hotline should be included in the employee induction process and periodic refreshers should be provided to all staff. Communication about the service should emphasize its independence, confidentiality, and encourage employees to use the service by highlighting the benefits to everyone when wrongdoing is reported. Employees should be informed about how the organisation will respond to information provided via the service. For example, where will reports go in the organisation, what will the organisation do with reports, and will the employee making a report hear about what happened?

This sort of information does not need to be overly detailed, but it should help reassure employees that their contributions are valued and taken seriously.

What Crowe offers

Crowe has a new whistleblowing service. It can be deployed quickly and is very cost effective.

- Employees can anonymously report concerns 24 hours a day, 7 days a week, 365 days a year by phone, email or web portal.
- All calls are free to the caller (if geographically possible).
- All calls and reports are dealt with by an experienced team of trained interviewers.
- Where the caller is a non-English speaker, a translator will be used.
- Posters are provided for businesses to internally advertise the whistleblowing service.
- Regular confidential reports sent directly to a nominated Authorised Receiver of Information.

For more information and a no obligation discussion please contact a member of the Forensic and Counter Fraud Services team.

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About Us

Crowe UK is a national audit, tax, advisory and risk firm with global reach and local expertise. We are an independent member of Crowe Global, the eighth largest accounting network in the world. With exceptional knowledge of the business environment, our professionals share one commitment, to deliver excellence.

We are trusted by thousands of clients for our specialist advice, our ability to make smart decisions and our readiness to provide lasting value. Our broad technical expertise and deep market knowledge means we are well placed to offer insight and pragmatic advice to all the organisations and individuals with whom we work. Close working relationships are at the heart of our effective service delivery.

www.crowe.co.uk