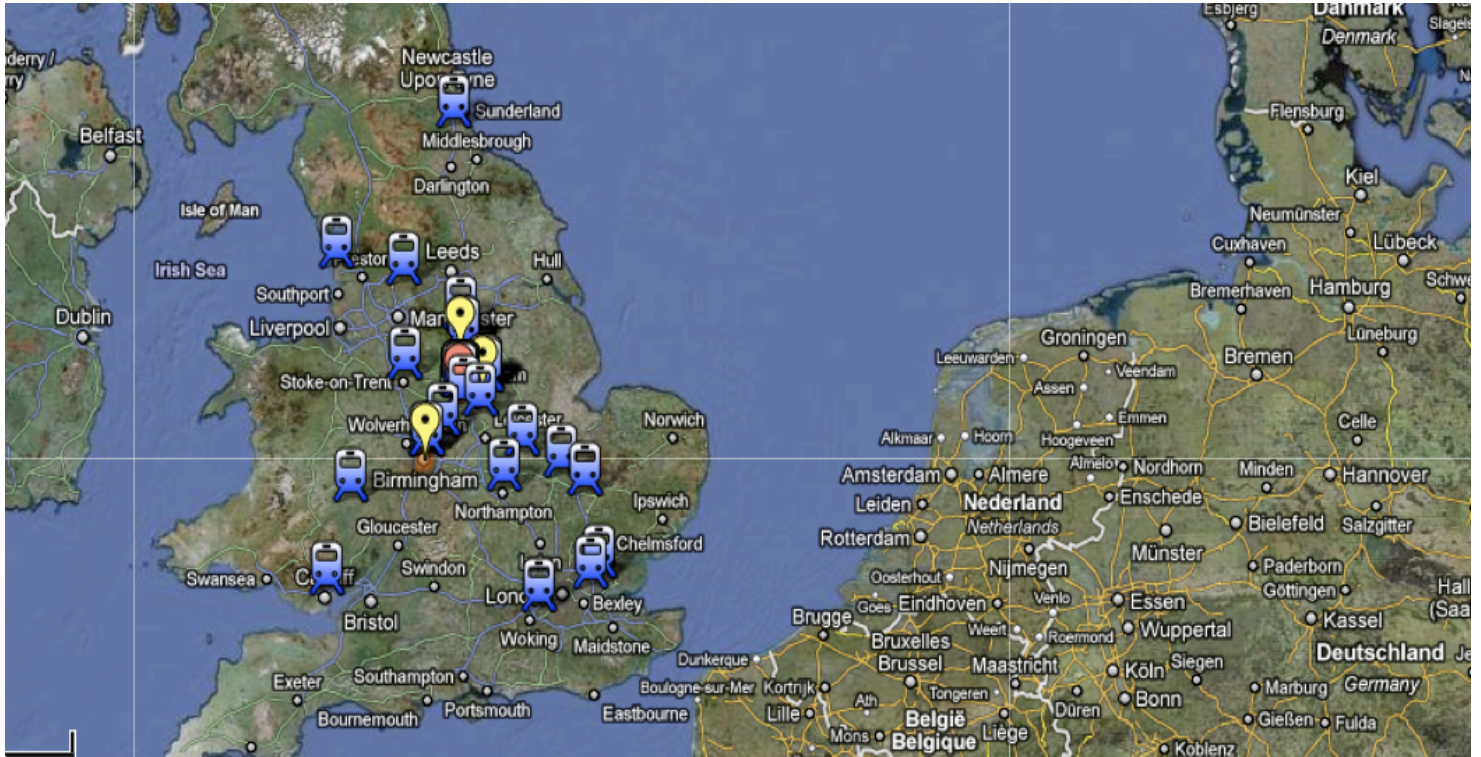


Bombardier/Siemens Survey by Survation for UNITE– an independent survey on the impact of Bombardier potentially losing the Thameslink contract to Siemens for rolling stock on UK businesses.



Interactive impact map available at: <http://g.co/maps/6hu2>

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## Methodology

Survation interviewed 125 companies (primarily their Managing Directors) operating in the UK that supply Siemens and/or Bombardier for train manufacture. They were surveyed about the potential impact to their business of Bombardier losing the *Thameslink* contract to Siemens -on the basis that rolling stock would be manufactured mainly in Siemens' facilities in Germany versus Bombardier's UK plant. The interviews were conducted between Friday August 26<sup>th</sup> and Thursday September 1<sup>st</sup>.

The sample was intended to represent a cross-section of UK businesses involved in supplying services, components and parts to the global train manufacturing industry. Seventeen observations were collected via a web-based invitation survey with the remainder (108) via telephone interviews. The questions were the same for both methods.

Survation is a member of the British Polling Council, more information can be found at <http://www.britishpollingcouncil.org>

## Executive Summary

- 1) Almost half of the suppliers interviewed rely on Bombardier for at least 5% of their sales; while at the other extreme 6% of those interviewed rely almost entirely on Bombardier.
- 2) Only 24% of UK Suppliers currently supply Siemens, indicating that they are poorly positioned to provide the Siemens with future train manufacture. The shortfall in business from the Bombardier plant in Derby not manufacturing Thameslink trains would, in many suppliers' views, not be supplemented by orders from Siemens.
- 3) 40.59% of the companies we interviewed plan to execute job losses. Indeed, some suppliers have already laid off workers. 55.6% of those that plan job losses have done so or plan to do so within the next 3 months. Of those expecting job losses 73.7% expect them within the next six months. Despite the government looking to review the UK's procurement process in the light of recent job losses suffered at Bombardier, the announced 1-year delay to the *Crossrail* contract is unlikely to help the employment picture as many jobs will already be lost.
- 5) Businesses holding one or both of these opinions (a substantially negative impact on growth or sales) could be found nationwide, from Abadare to Witney (See A-Z impact tables 1 and 2 below). While the greatest number of impacted companies were found in Derby – (the UK's rail production hub) – Nottingham and Chesterfield were also identified in the survey in terms of the number of businesses facing job losses. Only one respondent believed Bombardier's loss of contract to Siemens would have a positive impact.
- 6) Overall, Small-Medium Enterprises (SMEs) will likely see the largest impact on their businesses if Bombardier loses the Thameslink contract. They face higher job losses as a proportion of their business and they are likely to execute job losses in a shorter period. Almost two third (65.6%) of do not currently supply Siemens, compared to the survey average of 53.6%.<sup>1</sup>

<sup>1</sup> Defined in The Company Act 2006 as a company with a turnover of not more than £6.5 million and no more than 50 employees. <http://www.legislation.gov.uk/ukpga/2006/46/contents>.

## Overview of the Companies Suration Interviewed

Suration interviewed 125 companies nationwide. Of those who would answer the question, their turnover/revenues range from approximately £50,000 to £90 million with a mean of £8.1million. Most companies (36%) employed between 10-50 employees followed by 20% employing between 1-10. A descriptive break down is found in tables 1.1-1.3 below.

### Number of employees.

Number of People Employed	Number of Companies	Percentage of Companies
0-10	25	20
10-50	45	36
50-100	15	12
200-500	7	5.6
500-1000	1	0.8

### Company Revenues

Table 1.1 - Company Revenues (£)	
Min	50,000
Max	90,000,000
Mean	8,116,757
Median	2,150,000

## The Importance of Bombardier to the Supply Chain

**Q 1. In general terms, how will your business be affected by Bombardier losing the *Thameslink* contract to Siemens?**

**Table 1**

Businesses who believe Bombardier's loss of Thameslink contract will impact;	
Substantially on Growth	19.2%
Substantially on Revenue	32.0%

Of the 125 respondents, 77.6% disclosed that they were suppliers to Bombardier. When asked how they will be affected by Bombardier losing the Thameslink contract to Siemens, responses ranged from “none” to “substantial”, and in some cases complete closure. We found that of the total sample, 19.2% of businesses believed it would have a substantial negative impact on growth and almost a third (32.0%) believed it would have a substantial negative impact on sales.<sup>2</sup>

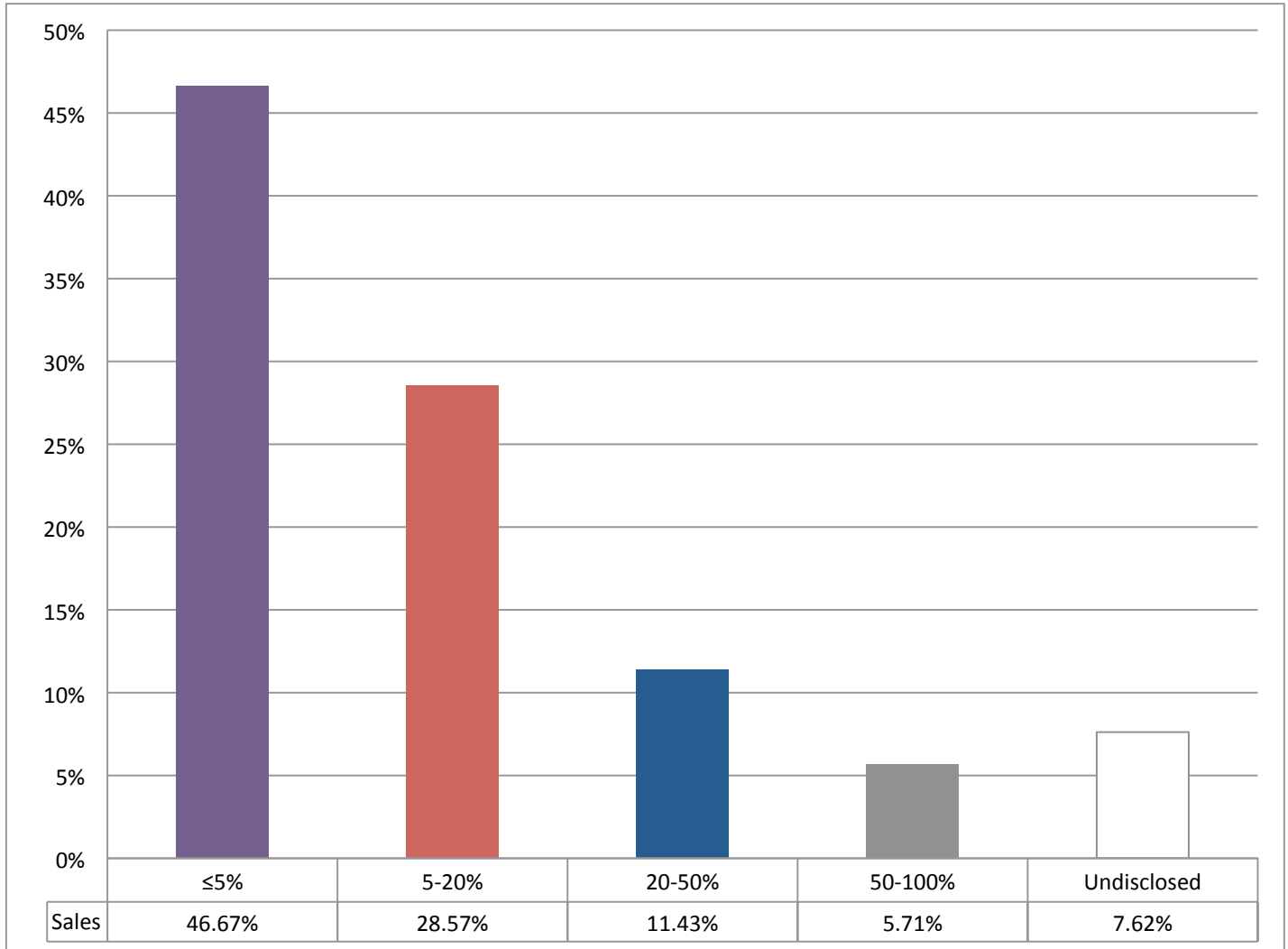
Businesses holding one or both of these opinions (a substantially negative impact on growth or sales) could be found nationwide, from Abadare to Witney (See A-Z impact tables 1 and 2 below) but the greatest number were found in Derby. Only one respondent believed Bombardier’s loss of contract to Siemens would have a positive impact. This provided early indication of the importance to Bombardier’s to the train manufacturing supply chain.

<sup>2</sup> Substantial is defined as; a direct, large, major or similar description used by the respondent to describe the impact on sales or revenue.

**Q.2 What proportion of your sales are to Bombardier?**

Figure 1 shows that sales to Bombardier are not evenly distributed among suppliers. While for most businesses (46.67%) Bombardier accounts for 5% or less of their sales, there is a cohort of suppliers more reliant on the company. Almost half (45.71%) of those surveyed have sales to Bombardier that are greater than 5%, indicating a potential threat from Bombardier losing the Thameslink contract. Clearly those that will likely be under the greatest strain are the 5.71% of businesses relying either solely or extensively ( $\geq 50\%$ ) on sales to Bombardier.

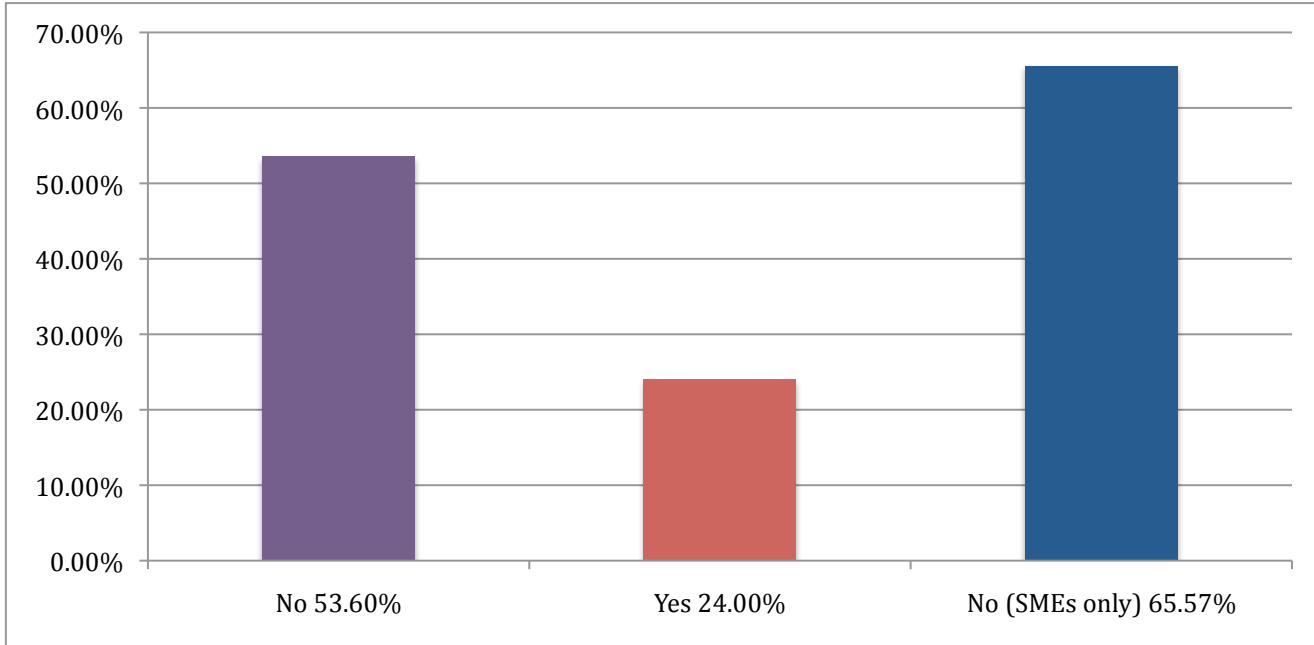
**Figure 1**



## The Importance of Siemens to the Supply Chain

### Q. 3 Do you currently supply Siemens for business related to train manufacturing?

Figure 2 (Of those that disclosed their Siemens relationship to Survation)



### Q. 4 What Proportion of sales are to Siemens?

Figure 3

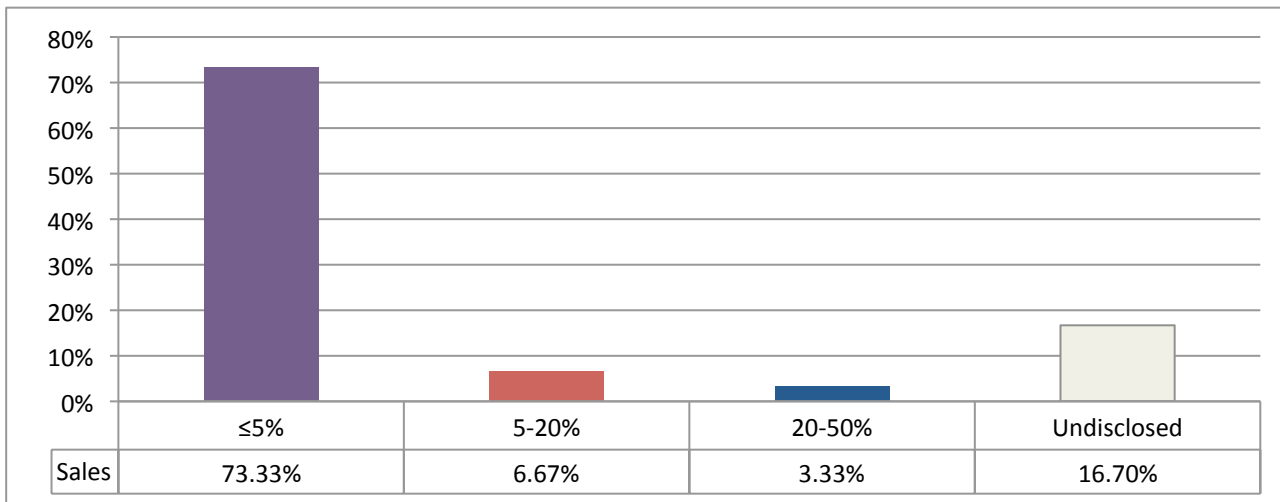


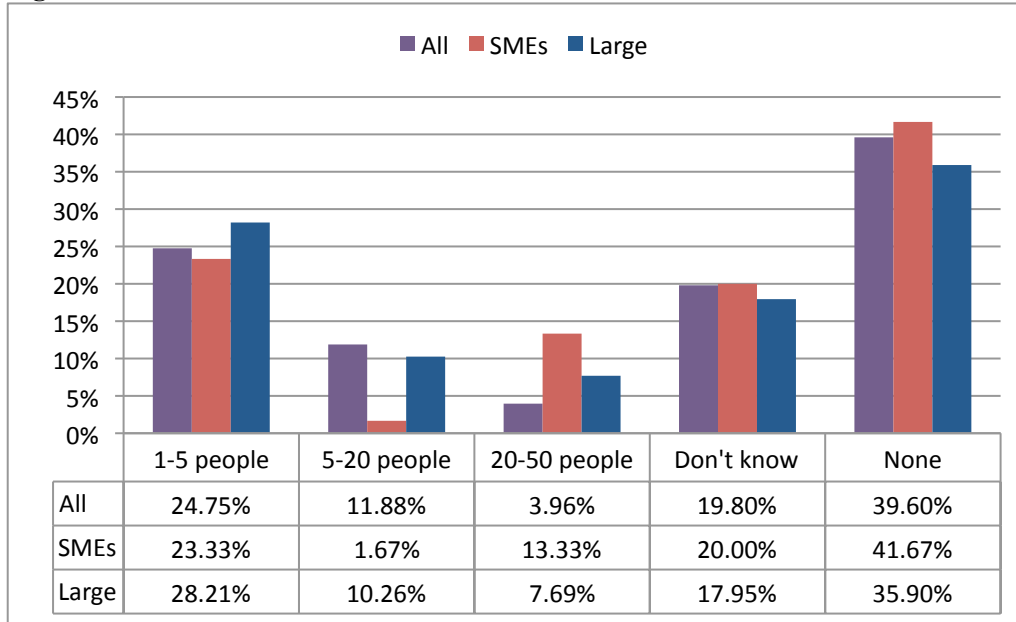
Figure 2 and Figure 3 indicate that UK suppliers are poorly positioned with Siemens. This suggests that the shortfall from trains not being constructed in Derby will not automatically ‘net off’ from sales to an alternative bid winner.

Firstly, only 24% of companies surveyed currently supply the firms for business related to train manufacturing; compared with 77.6% supplying Bombardier. Secondly, for 73.33% of Siemens suppliers in the UK sales equate to 5% or less. There is also an absence of any business solely reliant on Siemens for its sales. This indicates that to an overall majority of UK train manufacturing suppliers, Siemens is currently a minor part of their customer chain, if at all. The figure is higher for Small and medium businesses with 65.57% of SMEs not currently supplying Siemens.

## Jobs and Small-Medium Enterprises

### Q. 5 What are the potential job losses if Bombardier loses the Thameslink contract?

Figure 4



Overall, 40.59% of businesses see potential job losses if Bombardier loses the Thameslink contract. A further 19.80% remain unsure. However, the impact is more acute on small-medium size enterprises (SMEs).<sup>3</sup>

Sixty-one businesses surveyed were SMEs. Within this cohort 13.33% envision job losses in the highest range of 20-50 people. This is substantially higher than what large businesses reported. What is more, even job losses of between 1-5 people will represent a much larger proportion of employees within small businesses. Twenty-three (37.7%) of SMEs surveyed only employed between 1-10 people.

Finally SMEs appear to face higher level of uncertainty with a larger number of businesses not knowing the potential for job losses compared to the average or larger companies.

*“Losing a major customer, will have to try to appeal to other customers” - Business Development Manager, Nottingham.*

Using the midpoint of each job loss estimate per company we assess the potential for 251 job losses within our sample alone – and this does not include the 19.8% who said they didn’t know.

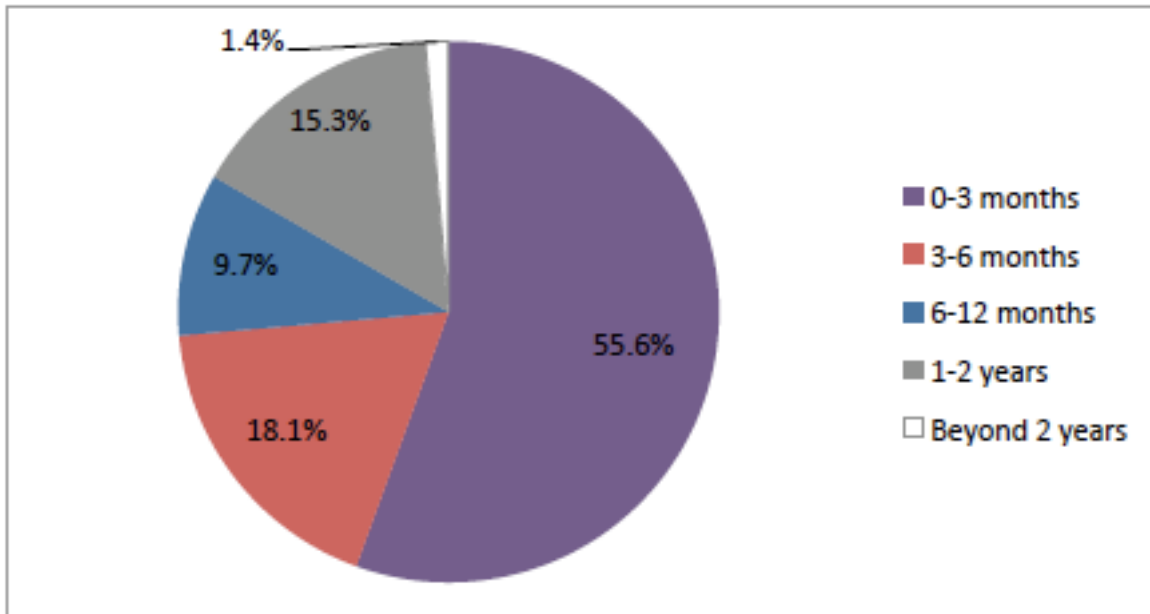
<sup>3</sup> Defined in The Company Act 2006 as a company with a turnover of not more than £6.5 million and no more than 50 employees. <http://www.legislation.gov.uk/ukpga/2006/46/contents>.

**Q.6 What would be the approximate timing of these job losses?**

Figure 5 shows that an overall majority (55.6%) of business that are expecting job losses report they have laid off staff already or will be doing so in the next three months. Moreover, 73.7% expect job losses to occur in the next six months, and 83.4% within the next year. The situation is more prescient for the SMEs. Figure 6 shows 56.1% expect of job losses within the next three months, and 87.3% within the next year.

The fact that some suppliers have already laid off workers and most plan to execute their job losses within the near future the announced delay to the Crossrail contract is unlikely to help the job picture despite government looking at reviewing the procurement process.

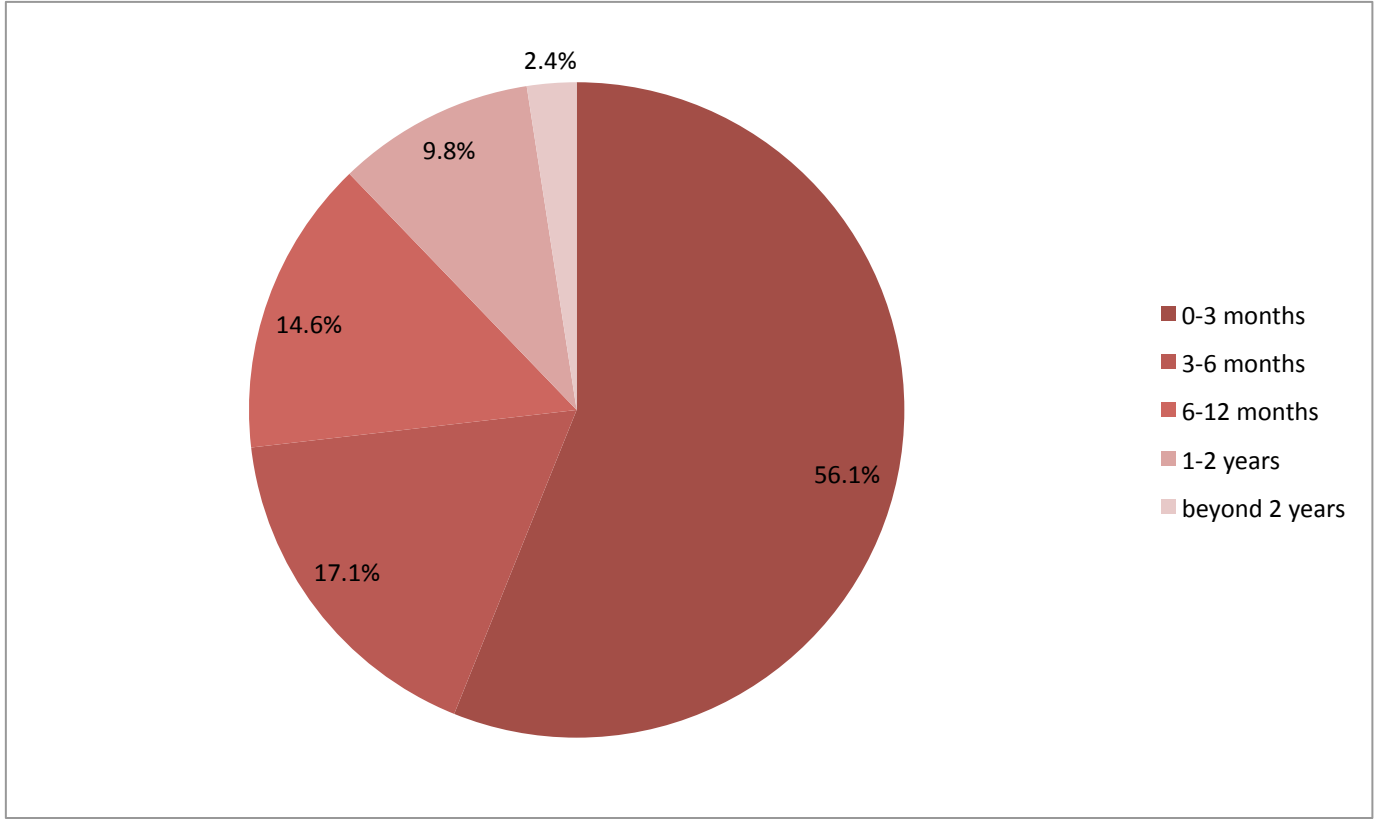
**Figure 5**





**Q. 6.1 What would be the approximate timing of these job losses (SMEs only)?**

**Figure 6**



**The National Effect**

The survey found 41 companies across 22 areas of the nation who disclosed to us that they explicitly plan job losses if Bombardier fails to win the Thameslink contract. The most affected areas maps and a complete list follows:

**Table 2**

Highest impact		
Area	Number of Businesses Expecting Job Losses	Percentage of Sample
Derby	15	12.0%
Nottingham	4	3.2%
Chesterfield	3	2.4%
Birmingham	2	1.6%
Nationwide	41	32.8%

**Companies facing Job losses with areas most impacted. (Locations shown are nearest population centres not locations of companies themselves).**



Interactive impact map available at: <http://g.co/maps/6hu2>

**Data Tables**

A-Z Impact Table 1		What could be the potential job losses be if Bombardier loses the Thameslink contract to Siemens?							
Name of City /Town?		Non-respond	1-5 people	20-50 people	5-20 people	Don't know	None	other	Total
N/A (not stated)		2	0	0	0	0	2	0	4
Abadare		1	0	0	0	0	1	0	2
Aberdeenshire		1	0	0	0	0	0	0	1
Accrington		1	0	0	0	0	0	0	1
Andover		0	0	0	0	0	1	0	1
Aylesbury		0	0	0	0	0	1	0	1
Baccup		0	0	1	0	0	0	0	1
Barnsley		1	0	0	0	0	0	0	1
Bedfordshire		0	0	0	0	0	1	0	1
Belper		0	1	0	0	0	0	0	1
Bicester		1	0	0	0	0	0	0	1
Birmingham		0	1	1	0	0	2	0	4
Blackpool		0	1	0	0	0	0	0	1
Bournemouth		0	0	0	0	1	0	0	1
Brambley		0	0	0	0	0	1	0	1
Bridgnorth		1	0	0	0	0	0	0	1
Burgess Hill		1	0	0	0	0	0	0	1
Burnham		1	0	0	0	0	0	0	1
Burton on Trent		0	0	0	0	0	1	0	1
Cambridge		1	0	0	0	1	0	0	2
Cardiff		0	0	1	0	0	0	0	1
Chelmsford		0	0	0	0	1	0	0	1
Chesterfield		1	3	0	0	0	0	0	4
Corby		1	0	0	1	0	0	0	2
County Durham		0	0	0	0	0	1	0	1
Coventry		0	0	0	0	1	0	0	1
Crick		1	0	0	0	0	0	0	1
Cumbria		0	0	0	0	1	0	0	1
Dartford		0	0	0	0	0	1	0	1
Derby		0	6	1	8	4	8	2	29
Durham		0	0	0	1	0	0	0	1
East Sussex		0	0	0	0	0	0	1	1
Eastcote		0	0	0	0	1	0	0	1

Gainsborough	0	0	0	0	0	1	0	1
Grantham	0	0	0	0	0	1	0	1
Hampshire	0	0	0	0	0	1	0	1
Harworth	0	0	0	0	1	0	0	1
Hertfordshire	1	0	0	0	1	0	0	2
Horsham	0	0	0	0	0	1	0	1
Huntingdon	0	1	0	0	0	0	0	1
Keighley	0	0	0	0	0	1	0	1
Kirton, Lincolnshire	0	0	0	0	1	0	0	1
Lancashire	0	0	0	0	1	0	0	1
Leeds	0	0	0	0	1	0	0	1
Leighton Buzzard	0	0	0	0	0	1	0	1
London	0	0	0	0	1	0	0	1
long eaton	0	0	0	0	0	1	0	1
Loughborough	0	1	0	0	0	0	0	1
Loughton	0	0	0	0	1	0	0	1
Mapperley	1	0	0	0	0	0	0	1
Melbourne	0	0	0	1	0	0	0	1
Newcastle- under-Lyme	0	0	0	0	0	1	0	1
Northampton	0	1	0	0	0	1	0	2
Nottingham	0	4	0	0	0	0	0	4
Nuneaton	0	0	0	0	0	0	1	1
Oldham	1	0	0	0	0	0	0	1
Oxford	0	0	0	0	0	0	1	1
Rainham	0	1	0	0	0	0	0	1
Reading	0	0	0	0	0	1	0	1
Redditch	0	0	0	0	1	0	0	1
Shadwell	0	0	0	0	0	1	0	1
Sheffield	0	1	0	0	0	1	0	2
Skelmersdale	0	0	0	0	0	1	0	1
Stoke on Trent	0	1	0	0	1	0	0	2
Stonehouse	0	0	0	0	0	1	0	1
Sutton Coldfield	1	0	0	0	0	0	0	1
Tamworth	1	0	0	1	0	0	0	2
Telford	0	0	0	0	0	2	0	2

Tunbridge Wells	0	0	0	0	0	1	0	1
Warley	0	1	0	0	0	0	0	1
Warwickshire	0	0	0	0	1	0	0	1
Watford	0	0	0	0	0	1	0	1
Weobley	0	1	0	0	0	0	0	1
Weybridge	0	1	0	0	0	0	0	1
Witney	0	0	0	0	0	2	0	2
<b>Total</b>	<b>19</b>	<b>25</b>	<b>4</b>	<b>12</b>	<b>20</b>	<b>40</b>	<b>5</b>	<b>125</b>

**What proportion of your sales are to Bombardier?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Non-disclosed	19	15.2	15.2	15.2
0-5%	49	39.2	39.2	54.4
20-50%	12	9.6	9.6	64.0
5-20%	30	24.0	24.0	88.0
50-100%	6	4.8	4.8	92.8
Don't know	3	2.4	2.4	95.2
Not a current supplier	1	.8	.8	96.0
Won't disclose	5	4.0	4.0	100.0
<b>Total</b>	<b>125</b>	<b>100.0</b>	<b>100.0</b>	

**Do you currently supply Siemens for business related to train manufacture?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Non-disclosed	19	15.2	15.2	15.2
Don't know	6	4.8	4.8	20.0
No	67	53.60%	53.6	73.6
Won't say	3	2.4	2.4	76.0
Yes	30	24.00%	24.0	100.0
Total	125	100	100.0	

**What proportion of your sales are to Siemens?**

	Frequency	Percent	Valid Percent	Cumulative Percent
≤5%	22	73.33%	73.3	73.3
5-20%	1	6.67%	3.3	76.7
20-50%	2	3.33%	6.7	83.3
Undisclosed	5	16.70%	10.0	93.3
Won't say	2	6.7	6.7	100.0
Total	30	100.0	100.0	

**What could be the potential job losses be if Bombardier loses the Thameslink contract to Siemens?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Non-disclosed	19	15.2	15.2	15.2
1-5 people	25	20.0	20.0	35.2
5-20 people	12	9.6	9.6	48.0
20-50 people	4	3.2	3.2	38.4
Don't know	20	16.0	16.0	64.0
None	40	32.0	32.0	96.0
Other	5	4.0	4.0	100.0
Total	125	100.0	100.0	

**What would the approximate timing of these job losses be?**

	Frequency	Percent	Valid Percent	Cumulative Percent
0-3 months	23	37.7	37.7	37.7
3-6 months	7	11.5	11.5	55.7
6 months to one year	6	9.8	9.8	65.6
1-2 years	4	6.6	6.6	44.3
Beyond 2 years	1	1.6	1.6	67.2
Don't Know	3	4.9	4.9	72.1
None	17	27.9	27.9	100.0
Total	61	100.0	100.0	

A-Z Impact Table 2

Number of  
Companies  
with  
Substantial  
Impact of  
Revenue

Number of  
Companies  
Substantial  
Impact of  
Growth

Name of City  
/Town?

Abadare	0	0
Andover	0	1
Aylesbury	0	0
Baccup	1	0
Bedfordshire	0	0
Belper	1	1
Birmingham	1	2
Blackpool	1	0
Bournemouth	0	0
Brambley	0	1
Cambridge	0	0
Cardiff	0	0
Chesterfield	2	0
Corby	1	0
County Durham	1	0
Coventry	0	0
Cumbria	1	1
Dartford	0	0
Derby	15	5
Durham	1	1
East Sussex	0	0
Gainsborough	0	0
Grantham	0	0
Hampshire	0	0
Harworth	0	0
Hertfordshire	1	1
Horsham	0	1
Huntingdon	1	0
Keighley	0	0
Lancashire	0	0
Leeds	1	1
Leighton Buzzard	1	1
London	0	0
Loughborough	0	1
Loughton	0	0
Melbourne	0	1
Newcastle-under-Lyme	1	0
Northampton	1	1
Nottingham	2	1
Nuneaton	1	0
Oxford	0	0
Reading	0	0
Redditch	0	0



Shadwell	0	0
Sheffield	0	0
Skelmersdale	0	0
Stoke on Trent	1	1
Tamworth	1	0
Telford	2	0
Tunbridge Wells	0	0
Warley	1	1
Warwickshire	0	0
Watford	0	0
Weobley	0	1
Weybridge	0	1
Witney	1	1
<b>Total</b>	<b>40</b>	<b>25</b>

Report written and compiled by Damian Lyons Lowe and Kevin Conroy from the Suration research team.

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