

Don't blame the pound for weaker profits: Top industrialist says productivity must improve

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Firms must stop blaming the strong pound for weaker profits and focus on improving productivity, one of Britain's most respected industrialists has warned.

John Neill, chairman and chief executive of Unipart Group, a non-executive director at Rolls-Royce and a former director of the Bank of England, said: 'I keep saying the strong pound is an excuse, we need to improve productivity.'



Productivity must improve: John Neill, chairman and chief executive of Unipart Group

'The pound has strengthened about 6.5 per cent against the dollar but the productivity gap is 20-30 per cent. We have the solution in our own hands which is the productivity of our businesses.'

'A low skill, low productivity economy – you can't go there. We can't decide to go down market, we have to compete on value added and innovation, and we have to have the most comprehensive productivity improvement.'

A string of FTSE 100 companies including BAE Systems, drinks giant Diageo and engineer GKN have seen their bottom line hit by a strong pound. At the same time, the UK's productivity performance has been extremely weak.

'I have been looking at our relative productivity performance versus global competitors for many years and we continue to lag them by more than 20 per cent,' Neill said. 'We have not bridged the gap. US productivity has continued to improve and in the UK we are going backwards.'

Neill, 66, created Unipart out of the remnants of British Leyland – a byword for poor productivity and trade union militancy – and developed the 'Unipart Way' to improve performance.

The firm is now one of the UK's largest employee-owned companies and operates in manufacturing, logistics and consulting.

Read the rest of this article at: <http://www.thisismoney.co.uk/money/news/article-2733286/Dont-blame-pound-weaker-profits-says-industrialist.html#ixzz3BOF6XWVP>