

# Innovation is a mindset

Innovation is a mind-set that requires business owners to embed a culture of idea generation leading to product and process improvement throughout the business.

**T**HE UK HAS A STRONG culture of innovation, research and development. According to the EU Innovation Scorecard, the UK's business population innovates 15% more than the EU average, and produces some of the best research and intellectual property in the world. For small businesses, however, product and process innovation remains below the EU average. We need to ensure that we are at the forefront of innovation to spur further growth.

New products and services are clearly crucial in driving business growth, and innovating is not driven by luck – entrepreneurs need to build processes that promote innovation within their businesses. The best ideas can come from all levels inside your business, so make sure that there are processes in place that allow these ideas to rise – whether through full-team meetings or an email suggestion box. Even when an idea is unsuccessful, encourage people to speak out to avoid dampening the innovative spirit among your employees.

Innovation also needs to be visible in your senior team. Engaging in idea generation and development, and

embedding it in the same way as finance or marketing, will encourage organic innovation.

Businesses should also look to innovate iteratively through existing product lines. By introducing processes and systems that allow for continuous small improvements, small business owners can sustain their existing advantage.

The extraordinary performance we see in *10,000 Small Businesses* UK graduates can be explained by the level of innovative behavior; it is almost twice that of the UK small business population generally. Within the first year of completing the programme, 92% of graduates introduce new processes and 64% launch an entirely new product. This propels them to average revenue growth of 81% per year.

In the case of Rana Harvey, a *10,000 Small Businesses* UK graduate, and founder and managing director of Monster Group, her growth comes from an extensive programme of process improvement and product innovation.

“It can be simple things, like strengthening the feet on a shelving rack, integrating a thermometer into the system, or just making the power cables longer, but it works exceptionally well.”

Rana has complemented this iterative process by building a new research and development facility, allowing her team to develop new products even faster.

Her journey demonstrates the need for a holistic mindset that catalyzes innovation in development of both new and existing products, and encourages her team to do the same. By reforming processes within the organization, instilling a culture that enables new ideas to rise to the top, and then resourcing those new ideas and championing them from her position, she created a business that is leading the way with an offering of innovative products.

This is a model for how a UK small business can sustain advantage through a vibrant culture of process-driven iterative innovation. With continuous improvement and development of products and services, other British small businesses can close the innovation gap, and ensure the UK remains a competitive economy.



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