



**10,000  
small  
businesses**



## **NEW REPORT FINDS SMALLER BUSINESSES KEY TO SOLVING UK'S 'PRODUCTIVITY GAP'**

- As UK productivity levels have slowed, smaller businesses remain engines for growth, creating 60% of all private sector jobs and £1.6 trillion of revenue
- Increasing internationalisation and innovation among smaller businesses are key to helping close the productivity gap, fostering continued growth and job creation
- Encouraging domestically-focused UK SMEs to start or expand exporting could bring an additional £1.15bn gross value add to the UK economy within the first year

**London, 16 November 2015**

Goldman Sachs, in partnership with the British Business Bank and the Enterprise Research Centre with support from the Scale-Up Institute and Saïd Business School, Oxford University today released a new report detailing the critical role UK SMEs (small and medium-sized enterprises) can play in addressing the UK's 'productivity gap', a deficit identified in the *UK Government's Productivity Plan (July 2015)*.

The report, ***Unlocking UK Productivity – Internationalisation and Innovation in SMEs***, finds that smaller businesses have the potential to contribute to UK economic growth in three key ways:

- stimulating innovation
- spurring competition
- accelerating job creation.

UK smaller businesses are key contributors to UK growth, with around 10,000 high growth SMEs representing less than 1% of established businesses in the UK but generating 20% of all UK job growth. Despite this, innovation and internationalisation represent largely unexplored opportunities for boosting productivity growth in the sector.

More than 110,000 UK SMEs have the potential either to start exporting or expand their existing exports. If successfully encouraged, £1.15bn gross value ('GVA') could be added to the UK economy in the first year.

There is also evidence of a clear 'growth ambition gap' between UK SMEs and their counterparts in other G8 economies. In order to close this gap, the report recommends improvements in the entrepreneurial ecosystem to help build growth ambition – with improved access to capital and expanded business education being identified as critical enablers.

Alongside the report, Goldman Sachs today announced the expansion of the *10,000 Small Businesses* programme in the UK. At a time when further engagement is needed to support the UK economy and boost productivity, the programme will be opened up to businesses throughout the UK, beyond the four

current hubs. By expanding the programme's reach, developing new partnerships and leveraging technology to deliver a new online and residential learning experience, including new modules on internationalization and innovation, *10,000 Small Businesses* will support the entrepreneurial community and the UK's overall growth agenda. This week in partnership with Bloomberg L.P. and Programme Co-Chair Michael Bloomberg, we are also hosting the inaugural *10,000 Small Businesses* UK Coaching Session, which brings together hundreds of high-growth small businesses for a day-long series of training sessions with experts from Goldman Sachs and Bloomberg L.P. experts designed to give these entrepreneurs the confidence and skills to tackle and overcome challenges and accelerate growth.

The Rt Hon Sajid Javid MP, Secretary of State for Business, Innovation and Skills said:  
*"This report by Goldman Sachs and the British Business Bank highlights the important role that small firms can play in boosting productivity across the UK. Small businesses are the backbone of the British economy and I want to see more of them growing and creating jobs. There is support out there from Government and from programmes like the Goldman Sachs 10,000 Small Businesses initiative, and I would urge any small firm with big ambitions to consider it."*

Michael Sherwood and Richard Gnodde, co-CEOs of Goldman Sachs International added: *"We are very pleased to continue our commitment to supporting high-growth small businesses in the UK through our '10,000 Small Businesses' programme. We believe the private sector can make important contributions to supporting small business growth, creating jobs and boosting economic growth."*

Ron Emerson, Chairman, British Business Bank, said: *"As a champion for smaller businesses in the UK, we are well aware of the importance of high growth SMEs to the nation's economy. We are therefore delighted to have contributed to this report and welcome the expansion of Goldman Sachs Small Business 10,000 programme."*

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#### **Contacts:**

**Goldman Sachs**            Fiona Laffan  
   +44 (0) 207-774-9649 or [Fiona.Laffan@gs.com](mailto:Fiona.Laffan@gs.com)

#### **British Business Bank**

Scott Shearer, British Business Bank  
[scott.shearer@british-business-bank.co.uk](mailto:scott.shearer@british-business-bank.co.uk)

Nick Taylor, Seven Hills  
+44 20 7199 6185 or [nick.taylor@wearesevenhills.com](mailto:nick.taylor@wearesevenhills.com)

#### **Notes to Editors:**

##### **Goldman Sachs**

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

### **Goldman Sachs 10,000 Small Businesses UK**

The 10,000 Small Businesses programme is an investment by the Goldman Sachs Foundation to provide high quality, structured and practically focused support to small business leaders who are seeking to grow their businesses with a view to growing economies. The programme is designed specifically for the leaders of established small businesses who have the ambition and the potential to generate substantial growth in their enterprises. Participants benefit from a full package of support with a strong focus on structured peer learning and the creation of communities of entrepreneurs.

### **British Business Bank**

The British Business Bank was established to make finance markets for smaller businesses work better, enabling the sector to prosper, grow and build economic activity. Its objectives are to:

- increase the supply of finance available to smaller businesses where markets don't work effectively
- help create a more diverse and vibrant finance market for smaller businesses, with a greater choice of options and providers
- build confidence in the market by increasing smaller businesses' understanding of the options available to them
- achieve this whilst managing taxpayer resources efficiently and within a robust risk management framework.

British Business Bank plc is a development bank wholly owned by HM Government. The British Business Bank operates through a number of subsidiaries, including British Business Financial Services Limited. Neither British Business Bank plc nor British Business Financial Services Limited is authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such. More information can be found at [www.british-business-bank.co.uk](http://www.british-business-bank.co.uk)

### **About the Enterprise Research Centre:**

ERC is the UK's leading independent research institute on the drivers behind the growth and success of small and medium-sized enterprises (SMEs).

ERC is producing the new knowledge around SMEs that will allow us to create a business-friendly environment nationwide, grounded in hard evidence. We want to understand what makes entrepreneurs and firms thrive so we can spread the lessons from best practice and make the UK a more successful country.

Our work covers six key themes: ambition, business demography, diversity, finance & governance, innovation & exporting and leadership.

We have 28 staff across 5 of the UK's leading universities and business schools (Aston University, University of Birmingham, Imperial College London, University of Strathclyde, Warwick Business School). <http://www.enterpriseresearch.ac.uk>

### **About the Scale-Up Institute:**

The Scale-Up Institute is a private sector-led organisation that is focused on closing the 'scale-up gap' by creating a supportive public and private sector ecosystem that enables scale-up companies to fulfill their potential.

The Scale-Up Institute will build on the pioneering research and recommendations published in the 2014 Scale-Up Report, collaborating with policy makers, corporate partners, cities, business organisations and educational establishments to make a real and identifiable impact.

The institute is supported by the Business Growth Fund, Google, the London Stock Exchange, Olswang, Smith & Williamson and a range of other advisory, finance, research and industry sector parties.

A 'scale-up' company is defined as having more than 10 employees, with average growth in employees or turnover greater than 20% per annum for 3 consecutive years, there are in the region of 10, 000 scale-ups in the UK.

The Scale-Up Institute was announced in June 2015 and is Chaired by Sherry Coutu CBE, its CEO is Irene Graham.

### **About Saïd Business School**

Saïd Business School at the University of Oxford blends the best of new and old. We are a vibrant and innovative business school, but yet deeply embedded in an 800 year old world-class university. We create programmes and ideas that have global impact. We educate people for successful business careers, and as a community seek to tackle world-scale problems. We deliver cutting-edge programmes and ground-breaking research that transform individuals, organisations, business practice, and society. We seek to be a world-class business school community, embedded in a world-class University, tackling world-scale problems.

In the Financial Times European Business School ranking (Dec 2014) Oxford Saïd is ranked 10th. It is ranked 10th worldwide in the FT's combined ranking of Executive Education programmes (May 2015) and 22nd in the world in the FT ranking of MBA programmes (Jan 2015). The MBA is ranked 7th in Businessweek's full time MBA ranking outside the USA (Nov 2014) and is ranked 5th among the top non-US Business Schools by Forbes magazine (Sep 2013). The Executive MBA is ranked 2nd worldwide in the Economist's Executive MBA ranking (Sep 2015) and 9th worldwide in the FT's ranking of EMBA's (Oct 2015). The Oxford MSc in Financial Economics is ranked 14th in the world in the FT ranking of Masters in Finance programmes (Jun 2015). In the UK university league tables it is ranked first of all UK universities for undergraduate business and management in The Guardian (Jun 2015) and 2nd in The Times (Sept 2015). For more information, see <http://www.sbs.ox.ac.uk/>