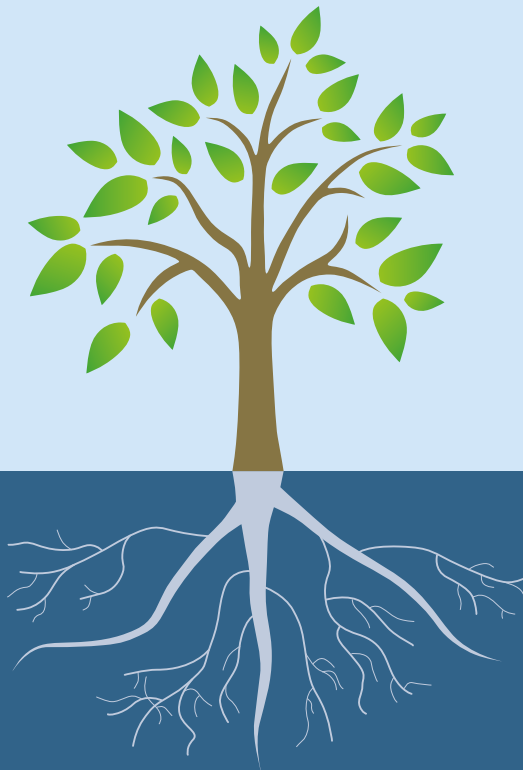


Goldman
Sachs

**10,000
small
businesses**

RETHINKING PRODUCTIVITY

A 2018 Survey of *10,000 Small Businesses* UK graduates



RETHINKING PRODUCTIVITY

Productivity is a fundamental measure of the success of an organisation. The UK faces a productivity crisis, remaining 23% behind the US and 15% behind the G7 average. Small businesses account for more than half of UK GDP, yet many are unaware of how to improve their productivity and further their growth.

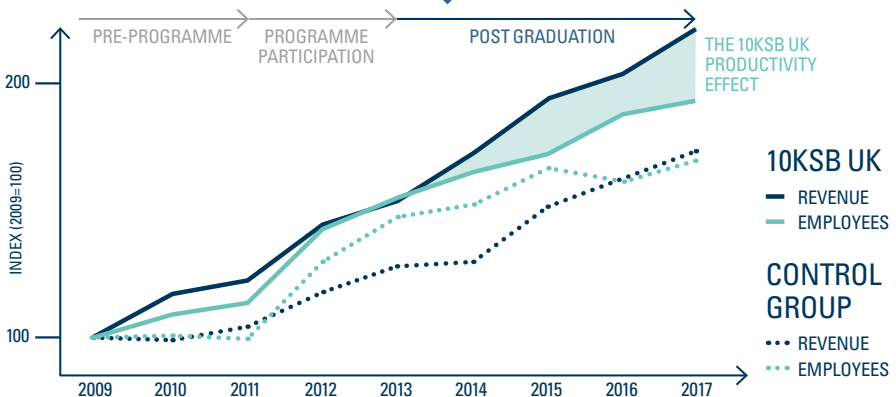
Through *Goldman Sachs 10,000 Small Businesses (10KSB) UK*, our programme of business and management training for the leaders of UK small businesses, we aim to develop a high-growth mindset, and give participants an understanding of the strategies that can deliver rapid growth.

We are pleased to see that after analysing their business performance and controlling against a similarly high-growth group of UK small businesses, 10KSB UK graduates have a 22% increase in productivity in excess of what they would have achieved without participation in the programme, four years after graduating.

To understand how they achieve these growth and productivity increases, we surveyed over 400 10KSB UK graduates on their behaviour across a range of areas associated with increased productivity, including leadership, digital adoption, innovation, and their capability to export. In each area, 10KSB UK graduates exhibited higher engagement than other UK small businesses, suggesting that focus on these areas may be the answer to unlocking increased productivity for UK small businesses.

Richard J. Gnodde, CEO, Goldman Sachs International

10KSB UK GRADUATES SHOW AN ADDITIONAL **22%** INCREASE
IN PRODUCTIVITY OVER FOUR YEARS



Productivity is defined here as the measure of revenues generated per person in an organisation. Analysis of 10KSB UK data over four years following graduation (2014–17) against a control group of similar businesses shows that they grow faster in terms of both turnover and employment. Turnover growth outstrips employment growth throughout the four years after graduation, as the people brought in to deliver the business' growth ambitions begin to generate revenue, in turn producing increasing productivity gains.

LEADERSHIP AND MANAGEMENT

10KSB UK focuses on developing the programme participants' leadership and management skills to position their businesses for growth: 77% of 10KSB UK graduates attribute a change in their leadership style as a result of participating in the programme.

This change in leadership style develops a growth mindset, with 89% of 10KSB UK graduates expecting to grow turnover in the next 12 months, versus 40% of UK SMEs generally.¹

Across critical leadership traits, graduates report that as a business owner, they feel empowered with new leadership skills.



94%
ARE A CHANGE MAKER
IN THE BUSINESS



90%
EFFECTIVELY
PROBLEM-SOLVE



68%
DEVELOP THEIR
EMPLOYEES SKILLS



75%
USE DATA EFFECTIVELY
IN DECISION MAKING



79%
CLEARLY COMMUNICATE
BUSINESS OBJECTIVES,
VALUES AND VISION
WITH STAFF

Graduates report that as a result of participating in 10KSB UK:



89%
SEEK EXTERNAL
PARTNERS



81%
DEVELOP NEW
SKILLS FOR THEIR
PEOPLE



75%
HAVE CREATED
A HIGH
PERFORMANCE
CULTURE

“ *Small businesses are the backbone of our economy and the UK has a deserved reputation as one of the best places in the world to start and grow a business, with a new business starting up every 75 seconds in the UK. Through our modern Industrial Strategy we're committed to supporting small businesses and our recently announced Business Productivity Review will help increase the productivity of SMEs, exploring how firms across the country can take advantage of leading technologies, management practices and business support services. Initiatives like Goldman Sachs 10,000 Small Businesses are important examples of the meaningful impact that practical management training has on the productivity of high growth small businesses.* ”

Rt Hon Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy

INTERNATIONALISATION

10KSB UK encourages participants to do business internationally, enabling greater access to new markets.



44%

10KSB UK GRADUATES ARE TWICE AS LIKELY TO SELL DIRECTLY TO OVERSEAS CUSTOMERS AS OTHER UK SMALL BUSINESSES – 44% VS 22%²

INNOVATION

10KSB UK teaches the importance of developing new products, systems and structures as central to business strategy. Across key innovation measures, 10KSB UK graduates prioritise and integrate methods that increase productivity.

Over the last 12 months:

**PRODUCT
INNOVATION**

58%

OF 10KSB UK GRADUATES HAVE BROUGHT TOTALLY NEW PRODUCTS TO MARKET, COMPARED TO 31% FOR ALL UK BUSINESSES²

**PROCESS
INNOVATION**

81%

OF 10KSB UK GRADUATES HAVE INTRODUCED NEW OR SIGNIFICANTLY IMPROVED FORMS OF ORGANISATION, BUSINESS STRUCTURES OR PROCESSES, COMPARED TO 36% OF ALL UK BUSINESSES²

Over the last three years, 10KSB UK graduates have innovated across systems and processes, with a focus on research and technology:



81%
COMPUTER
HARDWARE



67%
INTERNAL R&D



91%
SOFTWARE

BUSINESS PRACTICES

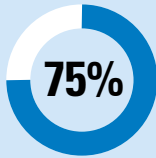
10KSB UK encourages a strategic focus on process improvements and high levels of employee engagement, improving graduates' business output.



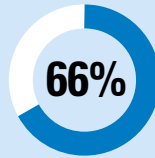
79%
HAVE A SYSTEM
TO REVIEW AND
DEVELOP EMPLOYEES
ANNUALLY



69%
INVEST IN FORMAL TRAINING FOR THE
LEADERSHIP AND MANAGEMENT OF THE
BUSINESS COMPARED WITH 32% OF UK
SMALL BUSINESSES¹



OF 10KSB UK GRADUATES
REPORT EFFICIENCY
GAINS OVER THE
LAST 12 MONTHS

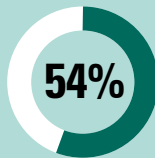


OF 10KSB UK GRADUATES NOW
MEASURE AND MONITOR THE
EFFICIENCY OF THEIR STAFF

DIGITAL ADOPTION

10KSB UK highlights the importance of technology adoption across platforms and services, allowing participants to streamline their processes, analyse consumer trends and effectively interpret data.

**DIGITAL
STRATEGY**



OF 10KSB UK GRADUATES HAVE A DEFINED DIGITAL
STRATEGY THAT IS CENTRAL TO THEIR BUSINESS,
AND NOT MERELY A SUPPORT FUNCTION¹

10KSB UK graduates utilise digital and web-based technologies:



83%
USE SOCIAL NETWORKS FOR
ADVERTISING OR SELLING COMPARED
TO 45% OF UK SMALL BUSINESSES⁴



74%
USE CLOUD-BASED COMPUTING
COMPARED WITH 33% OF UK
SMALL BUSINESSES³



68%
USE CUSTOMER RELATIONSHIP
MANAGEMENT SOFTWARE (CRM)



Goldman Sachs *10,000 Small Businesses* (10KSB) UK is a comprehensive programme of business development and leadership support for small businesses with high growth potential, designed to help them achieve that potential. Piloted in late 2010 and launched in early 2011, to date, over 1,400 entrepreneurs from across the country have graduated from the programme. 10KSB UK is a partnership between Goldman Sachs, the Goldman Sachs Foundation and leading UK universities.

The survey data for this fact sheet was gathered from over 400 10KSB UK graduates in Q2 2018 by the Aston Centre for Growth, Aston Business School.

#10KSBUK
#MakeSmallBig
@GS10KSmallBiz
gs.com/10ksb-uk

1. Department for Business, Energy & Industrial Strategy, Longitudinal Small Business Survey 2017: SME Employers, 2018
2. Department for Business, Energy & Industrial Strategy, The UK Innovation Survey: Headline Findings 2014 to 2016, 2018
3. International Data Corporation, The Road to the Digital Future of SMEs, 2017, 4. Lloyds Bank, UK Business Digital Index 2017, 2017

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