

## The barriers to greater creativity in the smaller business

The start point of the review was to establish what stops small companies from being more innovative. During the investigation, I spoke to many companies, individually and collectively, and sought the views of the major business organisations, several of whom surveyed their members on my behalf. The following concerns emerged.

Many respondents spoke of lack of time or the high cost of innovation. That's another way of saying that they perceived neither the time nor the cost to be justified. In some cases, they might well be right, but numerous case studies prove that many companies simply don't recognise the opportunities or how to pursue them.

Risk aversion has to be overcome. That's not to imply a wish to see more of a 'gung-ho' attitude to running business, far from it, but too many businesses simply 'tick over' when, with a little more enterprise, they could grow and develop. It isn't the company that's ailing or in trouble that is the focus of this review; it's the company with unrealised potential. The challenge is to demonstrate how this potential can be exploited without jeopardising the business.

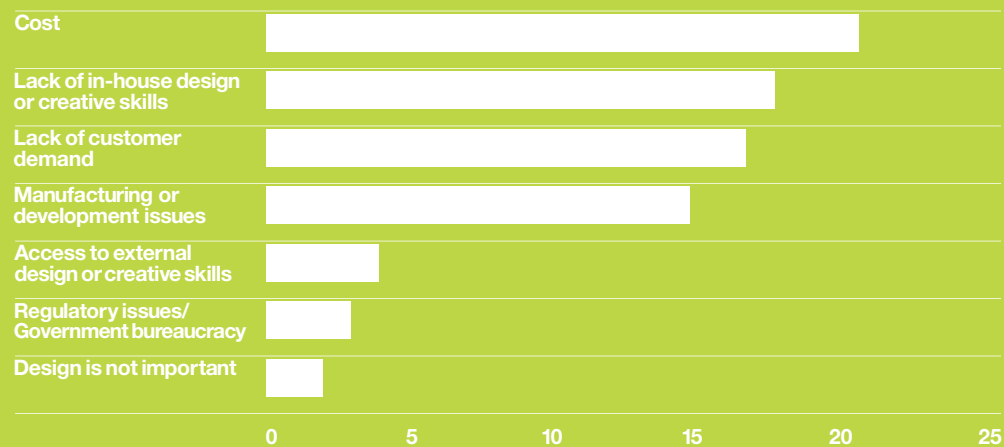


Considerations of the wider business environment and other pressures may be outside of the scope of this review but they cannot be dismissed. Access to funding, the regulatory burden and the economic climate (within a sector or a region, not just at a macro level) all have a major impact on a business's appetite for innovation.

Intellectual Property Rights (IPR) are an issue, although the subject was raised less widely than I expected. A Forum on the subject has only just reported and there is a Government commitment to address the issue and examine the role of copyright and other forms of IP in the digital age. For this reason, it does not figure in the recommendations of my review.

## There are a range of barriers to innovation, both real and perceived...

Survey of challenges facing organisations in making use of innovative design (% respondents)



Source  
Institute of Directors  
Business Opinion  
Survey 2005

**“SMEs have been telling us for some time that they want to use and apply design, creativity and innovation in their enterprises. The important thing is to identify and address the barriers.”**

**Stephen Alambritis,  
Head of Parliamentary Affairs,  
Federation of Small Businesses**

**“Government can’t do business’ job for it, but it has a major influence on creating the right business environment.”**

**David Frost, Director General,  
British Chambers of Commerce**

**“Too many UK manufacturers are still focused on cutting costs, as opposed to increasing margins through the application of design and innovation.”**

**Martin Temple, Director General,  
Engineering Employers Federation**

**“We can’t compete in the modern world simply by working harder or longer, we have to work smarter.”**

**Brendan Barber, General Secretary,  
Trades Union Congress**

I believe that the principal obstacles that can be tackled within the scope of this review can be summarised as:

- A limited understanding of where and how greater creativity could be used to business advantage
- A lack of confidence that the investment, in terms of time, money and disruption, will give a return
- A lack of knowledge of how to go about it, or where to turn for help.

The obstacles may be clear, but that doesn't make them easy to address. It might be clear what can be done on an individual company basis, but the challenge is to alter the thinking and understanding in thousands of companies. Many suggestions have been made during the course of this review, and several interesting ideas have been considered. The fact that they may not have been included within the recommendations does not imply that they are without merit: they were simply judged as not having the necessary scalability and impact. The challenge has been to identify those that could have a significant national effect, if pursued vigorously, and that comes down to just a few.

***'...The obstacles may be clear, but that doesn't make them easy to address...'***



The resulting recommendations are grouped under five headings:

- Raising awareness and changing behaviour
- Providing support and incentive
- Preparing future generations of creative specialists and business leaders
- Using the power of public procurement
- Creating greater visibility for the UK's creative capabilities.

The five areas of recommendation are quite distinct, and thus vary in terms of the degree of detail that it is appropriate to include here. They all require action by different government bodies – in some cases, by more than one body.