



Innovation a UK perspective

By Alistair Brown

The high-cost economies of Europe have forced manufacturing and increasingly service companies to compete and differentiate themselves on value, not on price. This has in turn driven a need for increased innovation in many aspects of business, often to survive. The UK, despite having a lower-cost economy than some other Western European countries, has also been feeling the pressure of low labour costs in the Far East, Indian sub-continent and Eastern Europe.

How companies are able to adapt to this changed competitive environment is dependent on leadership 'vision', but also on the resources available:

- large companies, such as Vodafone, have developed completely new business models, for example, the breakthrough mobile payment solution developed with Sagentia, described on page 10
- medium-sized companies can pursue an independent innovation strategy, but are generally more limited, simply through the number of people they have available, to make major moves away from their core business
- small companies, where there is limited and possibly insular R&D capability, find

the changes required difficult, if not impossible. External intervention, typically through Regional Development Agencies (RDAs), is needed in these instances.

We have observed that broad industry support and 'blanket' programmes have limited success. A recent investigation into this issue by Sagentia UK highlighted that Small to Medium-sized Enterprise (SME) interventions need to be carefully tailored to the technology and market opportunities directly relevant to these companies. We've learned that this tailored approach can create a disproportionate return – a high demand on the change agents usually working on behalf of the RDAs. To succeed, the support given needs to be adaptive, flexible and have a broad skill base to draw on.

Sagentia has been heavily involved in the management and delivery of regional innovation programmes in five out of the 11 UK regions. In one example, our work with RDA Yorkshire Forward has to date brought about £38m of additional sales for the participating SME companies, and has created and safeguarded some 1300 jobs in the advanced engineering and metals sector.

This very much 'hands on' style of intervention has in several cases been able to catalyse what can only be described as 'quantum changes' in the SME's performance. Sagentia has been able to deliver both the capability and confidence to make a significant step forward, and working closely with the SME a business transformation has been possible. One such example is the work we have been doing as part of the Yorkshire Forward programme with Brandon Medical. Brandon, as a result of our intervention, has been able to capitalise on the emerging LED lighting technology and a new reflector design by Sagentia has resulted in significantly reduced costs.

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