

# news release



17 June 2014

## **BRITAIN'S SMES UNLOCK THE X-FACTOR**

### **YouGov and Vodafone UK uncover stark cultural divide between progressive SMEs and the rest**

- Vodafone-commissioned research uncovers the factors that SME employees believe make them 'progressive': customer satisfaction, employee engagement and entrepreneurial leadership take the top spots, above financial growth.
- 46% of SME employees would describe the company they work for as 'progressive', yet only a third of employees in Britain's SMEs say they have seen their company's revenues grow over the last three years.
- Two-thirds of employees in 'progressive businesses' used smartphones and laptops as well as other mobile technologies, suggesting that they take more action to ensure their employees and customers interact more flexibly and more efficiently.

Britain's small and medium-sized enterprises (SMEs) are living up to being the growth engines they are often held up to be but there is more to becoming a leader than just financial success. These are the key insights from a new YouGov study undertaken on behalf of Vodafone UK to identify the driving factors characterising Britain's most progressive businesses.

### **Progressive companies focus on customers, staff and technology – not just financial performance**

The survey of 1,000 managers and employees of SMEs (businesses with 2 to 249 employees) found that a third (33%) of employees in British SMEs have seen their company's revenues grow over the last three years. Around a fifth (18%) of these are high-growth companies, according to the OECD criteria of having realised at least 20 per cent revenue growth annually over the last three financial years.

However, the survey also uncovered that financial performance alone does not make a progressive company in the eyes of those surveyed.

Only a third (36%) of all respondents listed strong financial performance and growth as a criteria for a progressive business. Even among those working for high-growth companies, fewer than half (48%) deemed it a characteristic.

Instead, customer satisfaction (61%), employee engagement and loyalty (56% each) topped the list when it came to defining a progressive business. Other highly rated factors included efficient systems and processes (47%) and an entrepreneurial, inspiring or open-minded leadership team (46%).

Nearly half of respondents (46%) described their companies as progressive, based on these criteria.

## **Vodafone UK**

Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England  
[www.vodafone.com](http://www.vodafone.com)

### **Vodafone UK Media Relations**

Telephone: +44 (0) 1635 666777

While around two-thirds of employees in progressive businesses said the company used smartphones and laptops in (64% and 66% respectively), this number dropped to less than half in non-progressive organisations (43% and 41%). Progressive businesses were also more than twice as likely to use unified communications, tablets, web-based systems, instant messaging and video conferencing.

Jonathan Kini, Enterprise Marketing Commercial Director for Vodafone UK said: *"Today's customers expect more from the people they buy from and employees expect more flexibility from the company they work for both in management style and technological ability. SMEs can tap into this by making sure their employees are able to best respond to customers while working in a way that suits them. Our report shows a strong link between responsiveness to both customer and employee needs, and the company's ability to be considered progressive."*

## **Cultural rift emerges**

By contrast, poor employee engagement (50%), restrictive or old fashioned leadership (47%) and lack of information about the firm's performance (39%) were the three top reasons for organisations to be labelled as not progressive (42%).

While over half of those working in non-progressive businesses paid lip service to the importance of customer satisfaction in defining a progressive business (53%), only 11% highlighted poor customer satisfaction as hindering them from becoming progressive.

The findings suggest that these organisations may be lagging behind due to a lack of customer focus – an assumption corroborated by the fact that progressive businesses are significantly better equipped with the kinds of technologies that enable a greater responsiveness to customer needs.

## **Reform needed to drive SME growth engine**

Jonathan Kini continued: *"While many of Britain's SMEs are driving the country's economic recovery, the report suggests that a cultural change is needed to drive true innovation and financial growth. To unlock the X-Factor, SMEs need to focus their efforts on becoming more responsive to customers, and this can only be achieved by finding better ways of working for their employees, so they can deliver great customer service."*

*"To achieve this, there is an overwhelming case for greater organisational flexibility and better communication both internally and externally, and technology is going to be critical to facilitating this transformation."*

While most of those working in progressive businesses highlighted their corporate culture as flexible (60%), relaxed (53%) and sociable (51%), those who worked for non-progressive businesses were more likely to describe their culture as hierarchical (37%), slow (34%) and inflexible (32%).

Nearly half of employees who said their company was not progressive also felt that it had no vision for growth (48%), and only 14% considered their job to be very important to helping their company achieve growth plans, compared with 40% in progressive companies.

## Additional statistics

- 33% of employees in Britain's SMEs say their company has grown its revenues in the last three years. 18% of these say they have grown by at least 20% year-on-year over the last three years – meeting the OECD's definition of a high-growth business.
- Progressive businesses were more likely to have mobile technologies such as unified communications (18% compared to 7%), tablets (30% compared to 12%) video-calling (26% compared to 9%), web-based systems (30% compared to 14%) and instant messaging (23% compared to 10%)
- Employees who did not think that their company was 'progressive' cited a lack of engagement (50%), restrictive or old fashioned leadership (47%) and a lack of information about company performance (39%) as the main factors preventing their company from becoming a progressive business.
- Employees who said their company was not progressive were more likely to describe their work culture as slow (34% compared to 2%), hierarchical (37% compared to 9%), inflexible (32% compared to 3%) and restrictive (29% compared to 3%)
- Senior managers and above were more likely to think their companies are progressive than employees with no managerial responsibility (56% vs. 39%).
- Employees in the 18-34 bracket are less likely to describe their company as progressive than older employees (42% said it was progressive vs 46% average).

## Notes to editors

- The [OECD](#) defines high-growth companies as: '*All enterprises with average annualised growth greater than 20% per annum, over a three year period should be considered as high-growth enterprises. Growth can be measured by the number of employees or by turnover.*'

***All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1001 adults working in SMEs (excluding sole traders). Fieldwork was undertaken between 13th - 16th May 2014. The survey was carried out online.***

**For further information, please contact:**

**Vodafone UK Media Relations**

Tel: +44 (0) 1635 666777