

# Bankwest Future of Business

Innovation Report Overview

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FOR BUSINESS

# Innovation Report Overview

The Bankwest Future of Business Series explores a range of topics that are imperative to the success of Australian small and medium sized businesses (SMBs), including productivity, leadership, economy and finance and innovation. Throughout the series, we focus on the opportunities, challenges and strategies that define the success of SMBs.

The Bankwest Innovation Report, the fourth and final report in the 2016 series, examines the extent to which SMBs are embracing innovation in their corporate strategy and culture. It also explores the role of 'disruptive innovation' (radical advances that alter the basis for competition in an industry) in SMBs and the tactics they are using to plan for disruption in their industry.

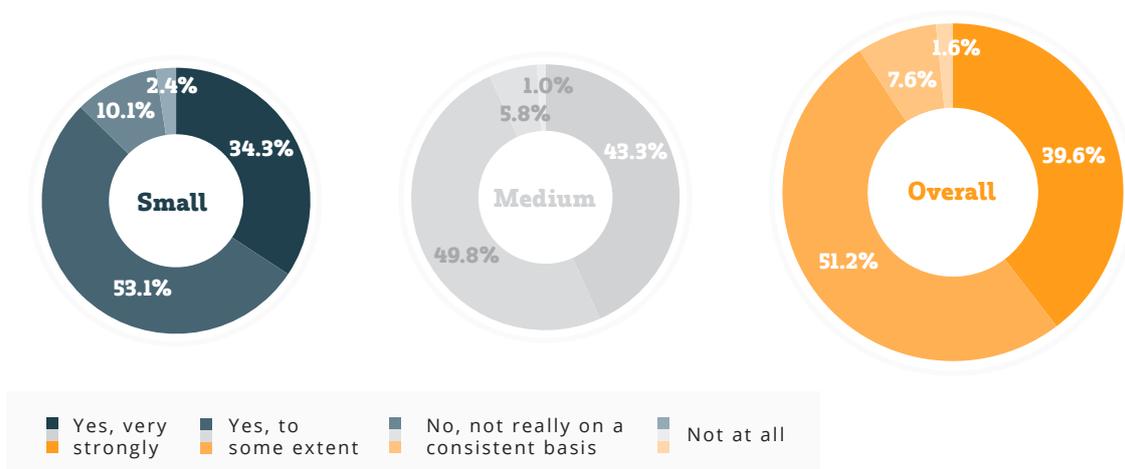
In a low growth environment, there is a risk that innovation is considered too costly, however SMBs recognise that being innovative doesn't have to cost a fortune. The Report also demonstrates how SMBs are innovating on a budget to overcome a key barrier in the quest for innovation – financial resources.

## SMBs embracing innovation to drive growth and efficiency

Innovation means different things to different people, however for SMBs it most commonly means:

- Growth and success (50.0%),
- More efficient work processes (44.6%), and
- Improving existing products and services (43.8%).

## Does your business embrace innovation?



Reflecting the widely perceived role of innovation as a key ingredient for business success, the vast majority (88.8%) of SMBs say their business success depends on their ability to innovate. Given this, more than nine in 10 (90.8%) say their business embraces innovation, with nearly two in five (39.6%) claiming their business very strongly embraces innovation and a further half (51.2%) embracing innovation to some extent.

SMBs also recognise that innovation drives value to the business and their customers. Business growth (46.6%) and revenue growth (43.8%) are the most commonly cited benefits of innovation to SMB businesses, while an overall positive customer experience (62.0%) and better products and services (61.4%) are most frequently cited as the value that innovation brings to customers (62.0% and 61.4% respectively).

Recognising that innovation drives value to the business and customers, one in three (33.4%) SMBs have specific innovation strategies planned for the next 12 months. These strategies typically involve:

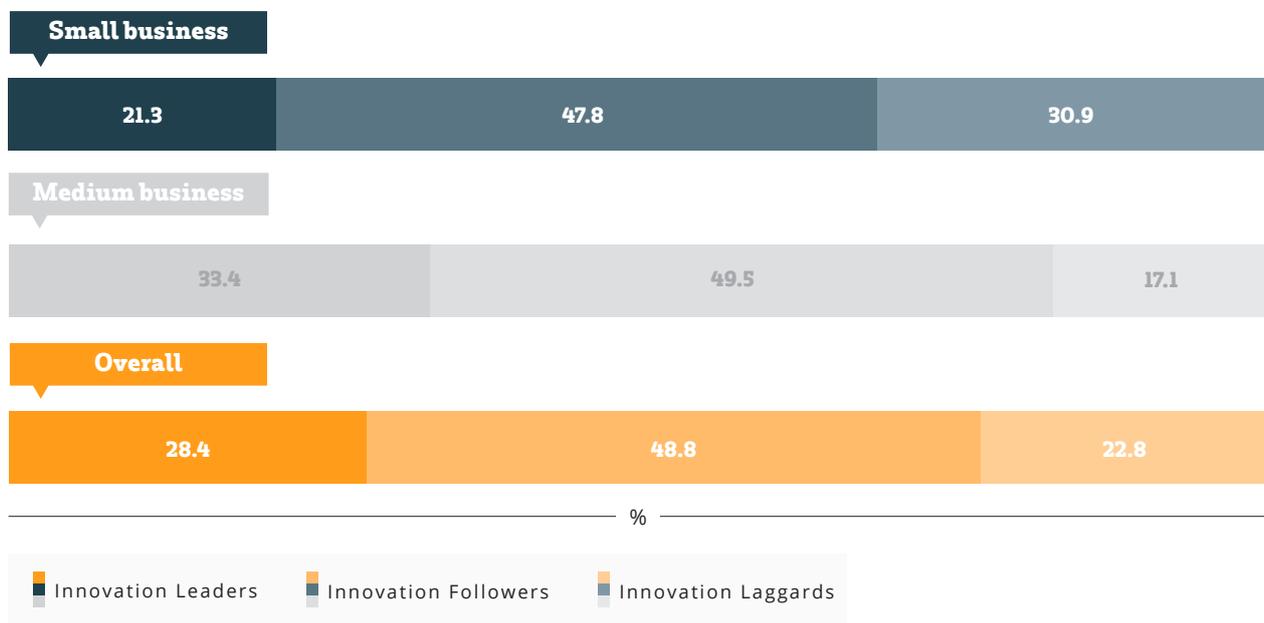
- Greater use of technology, including social media, applications and cloud computing,
- Reviewing and refining processes, and
- Introducing new products and services or expanding into new markets.

### Three in 10 SMBs are Innovation Leaders

Nearly three in 10 (28.4%) SMBs are classified as Innovation Leaders. Close to one in four (22.8%) are classified as Innovation Laggards and almost half (48.8%) are Innovation Followers.

Medium businesses are more likely than small businesses to be Innovation Leaders (33.4% vs. 21.3%), while small businesses are much more likely to be Innovation Laggards (30.9% vs. 17.1%).

### Innovation Index (By Segment)



SMBs scored an average of 5.2 out of 10 in the Innovation Index, indicating that Australia’s small and medium size businesses are most commonly Innovation Followers.

On average, medium businesses outperform small businesses in the Innovation Index (5.6 vs. 4.8). Despite having a higher average score, however, the Innovation Follower classification is the most common among medium businesses.

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