

## SMEs

## Lack of ambition in smaller firms

The lack of ambition in Irish SMEs is highlighted in a new report from a University College Cork which reveals that Irish small businesses are content to keep their business to their current scale, with only one in four looking to grow into a national or international business.

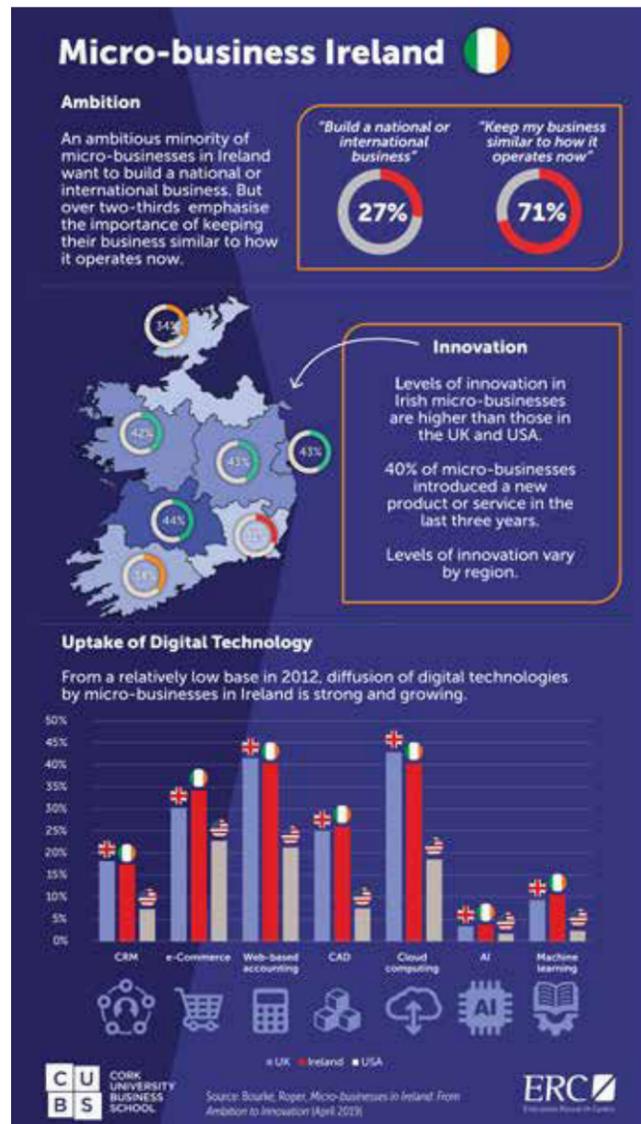
The study – Micro-Businesses in Ireland: from Ambition to Innovation – is one of the first reports to examine this important enterprise segment in Ireland, and to compare it with micro-businesses in the UK and the US. Micro-businesses are firms with between one and nine employees, and constitute 90% of business in Ireland, employing over 400,000 people. Micro-businesses account for almost 20% of all Gross Value Added in the Irish business economy.

Over 1,500 micro-businesses were surveyed to identify their ambition, innovation and adoption of digital technology, and this information was compared to the responses of over 6,000 micro-businesses in the UK and over 2,000 in the US.

The report found that 71% of Irish micro-businesses are keen to keep their business similar in scale to how it operates now and that just 27% of micro-business in Ireland want to build a national or international business.

More positively, adoption of digital technologies by micro-businesses in Ireland is strong and growing. In fact, uptake of digital technologies by micro-businesses in Ireland compares well with those in the UK and is considerably higher than those in the USA. However, three in five small business are failing to adopt common digital technologies such as cloud computing.

Drilling into the detail, the report found that microbusiness in the West (Galway & Galway city, Mayo & Roscommon) were amongst the most ambitious in the country and are especially keen to build a business with a view to exit while Dublin micro businesses were not markedly more ambitious than



micro-business across the country.

Overall levels of innovation in Irish micro-business in Ireland are higher than those in the UK and USA, but innovation varies across Ireland and is lower in peripheral regions – particularly the South East and Border regions.

The benefits of being your own boss are of particular importance to Irish small business owners, with most emphasising 'freedom and autonomy.' Some 77% of micro-businesses in Ireland are family owned, the ratio of male to female owners is 2:1 and the ambitions of male and female owners are broadly similar.

"These business are our plumbers, our builders, our accountants and our mechanics, they play an important role in the fabric of Ireland's national and local economy. This study lifts the lid on their ambitions,

innovation and growth aspirations and presents an in-depth economic picture of where Irish microbusiness are, versus their international competitors. Government policy is to grow small business but this may not be what small business want" commented the report's co-author Dr Jane Bourke, economist, Cork University Business School, UCC.

The Irish government has plans of improving Small and Medium sized enterprises' (SME) productivity by 1% by per year to 2025. While, Future Jobs Ireland, has identified the need to incentivise SMEs to invest in new technologies.

This report was authored by Dr Jane Bourke and Professor Stephen Roper at Warwick Business School and represents a collaboration between the Spatial and Regional Economics Research Centre (SRERC) at Cork University Business School, UCC and the UK's Enterprise Research Centre (ERC).

## DIGITAL

## Larger players leveraging innovation efforts better

Standout industrial companies have found highly effective ways to scale their digital innovation efforts, resulting in much higher returns on digital investment, according to global research from Accenture.

These "Champions" consistently scale more of their proofs of concepts (PoCs) and achieve higher-than-average returns on their efforts compared to their peers.

Accenture surveyed 1,350 senior and C-suite executives from industrial businesses across 13 industries, representing both discrete and process manufacturing. The key finding: while all companies surveyed were investing to scale their innovation efforts beyond the PoC stage, only a small group of them – the 22 percent Champions – reached expected earnings.

"Scaling innovation is critical for digital transformation success, but clearly presents a challenge for many organisations," said Mike Sutcliffe, group chief executive of Accenture Digital. "The key question is, therefore – how can companies succeed at it? The Champions we found in our research are very strategic. They leverage four specific management best practices to specify the value they're seeking to create, and then focus on changing their organization. To them, it's not about scaling more – even though they do that – it's about scaling better."

## The rewards for being a Champion

The best-performing companies in the sample scale more than 50 percent of their PoCs. They also expect much higher returns from their efforts than their peers. Most importantly, they tend to not only meet these high expectations – but to exceed them. Accenture's research found that, on average, Champions expected a Return on Digital Investment (RODI) of

22.3 percent – but realized 25.5 percent.

The other 78 percent of companies reported RODI figures far below these. "Contenders" – the group of about 65 percent of the sample that scales nearly as many PoCs as the Champions – said they expected returns of 7.2 percent. But they were only able to realise 6.4 percent, effectively earning RODI below industry average. The companies in the third and last group – "Cadets" – scaled less than half of their PoCs and realized 9.9 percent RODI, missing their target of 11.25 percent.

## The four actions Champions take

The research also indicates how Champions manage to be so much more successful than their peers: All the companies in the best-performing sample cluster tend to take four specific actions to drive the scaling-up of their innovations:

Defining the value that will guide innovation efforts: Champions assess the opportunities before them, and, at the senior-most levels, narrow in on the market opportunities they want to pursue. They then use that clarity to communicate with middle management, address-

ing two key challenges – "Digital value driven from the top down" and "Innovation that's stuck in the middle" – and direct their innovation efforts to secure expected returns.

Focusing on external value and internal change: Champions blend technology transformation efforts with organisational change to avoid a divide between the two – effectively creating what Accenture calls an "ambidextrous" organization. 63 percent of Champions said explicitly that this was an objective for them, while only 54 percent of the other groups said the same.

Enabling innovation in each business function: The research data shows that Champions are masters at matching investments to innovation requirements: they are very good at putting "enablers" – like data analytics platforms, new ways of working, or new models of functional collaboration – to those business functions that need them the most and will use them best.

Building in-house innovation factories: Rather than spinning off – or buying – corporate start-ups to innovate, Champions prefer building in-house innovation factories. These organizational units are then put into the service of already

existing business groups, which can work with them to innovate and scale new solutions.

"Successful digital reinvention can only be driven from within, with digital capabilities that sit inside the core functions of a business", said Aidan Quilligan, managing director and global lead for Accenture Industry X.0. "Champions know this. They first pinpoint what their customers most value, and then build digital factories to bring the might of their entire organisation behind delivering that very value. This is how they overcome the challenges to innovation that all companies are facing."

The challenges to innovation Findings from the research make it very clear how a company's capability to scale digital innovation is closely correlated to how it manages six specific organisational challenges: management alignment, measurement of digital value, skills, technology infrastructure, management of partnerships, and company culture.

The report offers an economic model that establishes a correlation between the management of these challenges and RODI, indicating how much companies could boost their RODI by better managing any of the six issues.

## BUSINESS TRAVEL

Wellbeing in the air  
by Yvonne Gordon

Travelling regularly and for business can be stressful, but one airline is looking at ways to improve the wellbeing and relaxation of its business passengers both in the air and on the ground. Cathay Pacific is taking steps to ensure the ultimate in passenger wellbeing with everything from healthy food menus to yoga and meditation in its lounges.

The Hong Kong-based airline started working with Pure Yoga last year to introduce a new inflight well-being programme, Travel Well with Yoga. Passengers can follow a series of videos, with Pure Yoga instructors, which help them ease into their journeys with yoga and meditation exercises and tips.

Also with Pure Yoga, the airline has created The Sanctuary, a dedicated yoga and meditation space in its business class lounge The Pier at Hong Kong International Airport. The area is divided into two zones: The Body Sanctuary for yoga, and The Mind Sanctuary, where travellers can meditate to focus and calm the mind. First class passengers can use The Retreat at the first class lounge in Hong Kong, which includes a bespoke service and massages.

Business class customers travelling from Dublin or London can also avail of restaurant-style dining on board the flight, with an à la carte menu with a choice of three appetisers, six main courses and three desserts, with the main course option including a wellbeing option.

The airline has also looked at other ways to improve passenger wellbeing in the air. "Our customers have told us that wellness is becoming increasingly important to them," says Elaine Lee, head of customer experience ground product at Cathay Pacific. "Passenger wellness is always a focus for Cathay Pacific, not just on the ground in our premium lounges, but in the air too. This is why we invested in the A350 aircraft, where the technology offers a real step change in inflight well-being,



"Both our A350-900 and A350-1000 aircraft provide a very quiet cabin, approximately 50 per cent quieter in perceived levels of external noise. The aircraft additionally benefits from a higher cabin pressure. This supplies more oxygen to the cabin which reduces passenger fatigue and improves their overall well-being."

The A350s also feature LED cabin mood lighting, with different colours giving a relaxed cabin ambience that helps passengers adjust to new time zones and reduce jetlag. Finally, a meditation podcast is also available on the inflight entertainment system.

Cathay Pacific's A350-900 aircraft offers three cabin classes: business class with fully-flat beds, premium economy and economy, and the airline operates four non-stop flights a week from Dublin to Hong Kong, with onward connections to more than 190 destinations. For more info, see [www.cathay-pacific.com](http://www.cathay-pacific.com)

**Avoid airport queues with an iris scan**

If you travel regularly through Schiphol airport in the Netherlands, check out the Privium service (€130 a year) which gives fast security and passport control clearance using special iris-scan technology. Members get access to a

priority waiting area for security and are then directed to the shortest queues, while incoming passengers can use the iris scan to skip queues at passport control. A Privium Plus membership (€215 a year) also gives lounge access, fast check-in and priority parking.

See [Schiphol.nl/en/privium](http://Schiphol.nl/en/privium)



**Wrinkle-free clothing**

Wrinkled clothing is the bane of the business traveller's life but check out these innovative products which offer a solution for business travel. The merino wool Voyager shirt (hardvark.co, €157) is anti-bacterial and anti-wrinkle and because it is breathable, natural and cotton-free, it can be worn for days at a time. Or to revive clothing and give it the just-washed and ironed look, try Day2 dry shampoo which you just spray onto clothes for a second wear, ([day2.com](http://day2.com), €4.65 for 75ml travel-size spray).

**COMMUNICATION**

**To inflate, put on the red tag**

Think about your message and your audience if you really want to be heard says Scott McInnes.

In 1981, when I was eight, my family emigrated to South Africa. It was my first time on a plane - back then, over 35 years ago, we didn't go on planes ten-a-penny as we do today. But I remember it - it was very exciting.

Fast forward to today and we fly all the time. Getting on a plane these days is as easy and cheap as getting on a train to Cork or a bus to Belfast. Just recently I flew to the UK to see a friend in his first play - at £14, my taxi ride from Manchester to Stockport was more expensive than my €9.99 flight.

The airline industry has changed enormously and, for passengers, very much for the better.

But one thing hasn't really changed - the in-flight safety briefing that, by law, airlines have to give before every single flight. Today, largely the same words are said in the same order on every flight around the world - that's 101,000 safety announcements A DAY! Yes, it's sometimes done with a

video or animation and some airlines get a famous personality to do it - but even they tend to deliver the same words in the same way.

Listening to it might just save your life, so it's kind of important (call me old fashioned but I quite like being alive!).

But people ignore it. Why? Because they've heard it loads of times, it's the same



things over and over again and they think they don't need to listen - even though their lives could depend on it.

**It's boring.**

And in many instances the same is true of how companies communicate with their staff.

It was Albert Einstein who said, "The definition of insanity is doing the same thing over and over again, but expecting different results", and we do it in work all the time.

The same old news, trotted out in the same old formats via the same old channels.

And we wonder why, for example, things don't change, the culture doesn't improve or people don't understand the company strategy.

So what can you do to change, to make your communications more impactful, more human, more interesting and engaging so that your staff DO listen?

Here are a couple of things to think about:

**1. Think about words** - We tend to have a speaking voice and a writing voice. In one we say words like start, best and end. But the closer people get to a keyboard, the more formal people think they need to become, preferring words like commence, optimum and terminate. Use short, simple words.

**2. Think about tone** - How are you saying what you're saying? If your tone gets a recipient's back up then you've lost- they either don't read the rest of the message or won't do what you need them to do. Do the 'Monday morning' test - imagine you've arrived at your desk on a damp, dreary Monday am. You open your inbox and your email is the first thing you see - how does it make you feel?

**3. Think about channel** - What's the best and most impactful channel to get your message across? Email's always the 'go-to' channel and it's often the easiest. But is it best? How else could you communicate so your message lands with impact? Yes, it might be more work but that extra work might just pay off.

Just try and think a bit differently - break out of the 'this is the way we've always done this' mindset. Perhaps it might just make your people sit up and listen?

I'm not saying that doing this will give you a better chance of getting out of a burning aircraft - you'll need to have paid attention to the safety briefing for that..:-)

Scott McInnes is the founder of Inspiring Change a Dublin based consultancy that helps organisations to drive sustainable change and business performance through the power of communications and engagement. [scott@inspiringchange.ie](mailto:scott@inspiringchange.ie)

**BOOKS**

**Why we are not being heard**

**Author Nick Morgan talks to Frank Dillon about the problems with virtual communication and how to overcome them**

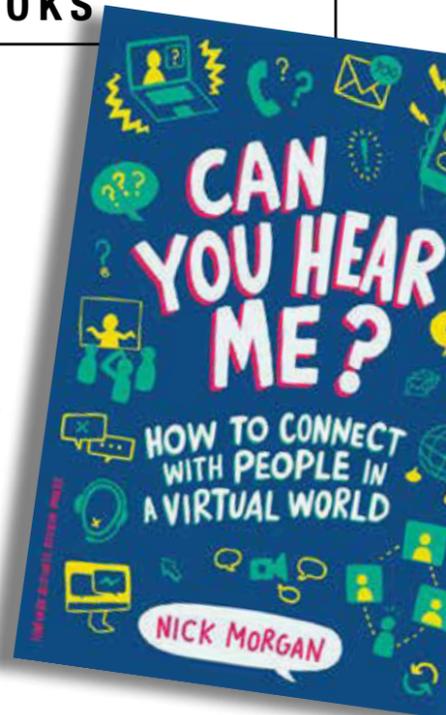
Virtual communications permeates every aspects of our work and personal lives. In many ways, this is a good thing. Technology is a great enabler, providing efficiency and flexibility in the way that we communicate and opening up huge new possibilities for how we live and work. But there is a down-side, even a dark side, something US author Nick Morgan addresses in his book, 'Can you hear me?' (HBR Press).

Morgan is an English professor turned communications expert who has worked with major corporate and political figures in the US and worldwide. His thesis is that for all of its great advantages which he acknowledges, technology has many deficits that can lead to miscommunication and even stress at work.

"The biggest issue is that we use virtual communication - email, texts etc, as if we communicated face-to-face in the way we all learnt to communicate so we're used to expressing the content of what we are saying but not the intent behind it - the emotional overtone, what we really mean. What's missing is the intent. The biggest problem is that intent is no longer clear in our communication and the communication of others and that's where the misunderstanding begins," Morgan explains.

The absence of body language and the unspoken aspects of communication lies at the heart of the problem.

"One of the problems with virtual communication is that we have been hard-wired to be anxious communicators. You can imagine that among our ancestors, the ones who worried about the sabre-toothed tigers, were the ones who survived. We immediately assume the worst. When communication doesn't go our way and we don't get those 'likes' we



assume that we have fallen off an emotional cliff that people no longer love us or they are not interested and because the bonds of virtual communication are weaker we are more likely to turn on people ourselves so the whole tone can become nastier."

Twitter is an example, he says, of an environment that numbs normal human feeling in a way that simply wouldn't happen in the real world. "When we are face-to-face, we see the pain in someone else's eyes when they are upset so we don't feel licence to hurt them. That's the great danger of social media where that filter isn't there."

With all of its advantages, technology is leaving us poorer and shallower, he adds. The sheer efficiency, speed and ease of virtual communications means that we are never going to give it up. Its too handy. Life without it would now be insupportable but instead of depth and clarity, we have speed and superficiality.

Morgan says that lots of studies show that as we become more and more information overloaded, one of our responses is skim and to respond with shorter email and text messages and so of course there are more misunderstandings and less powerful communications get