

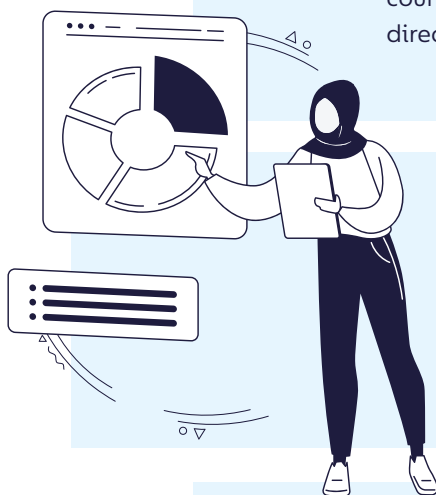
Small changes for a big impact: Solving the productivity puzzle

Five policies for the next UK government to improve small business productivity and drive local, regional and national prosperity.



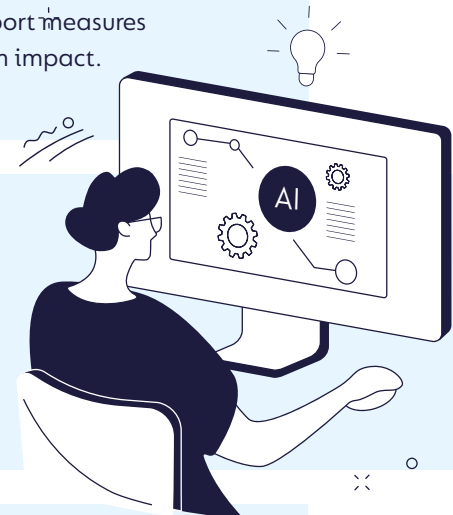
1 Refocus government policies towards generating demand for productivity-boosting business support and embed a culture of continuous improvement among SMEs.

2 Place ambitious SMEs at the heart of government policy and empower existing business support networks across the country to more effectively deliver support directly to small business leaders.



3 Bring together, in a timely and accessible manner, data already in existence from HMRC and ONS to tailor and target existing business support measures and achieve maximum impact.

4 Make the UK an AI superpower by investing in research to ensure that our global leadership is rapidly and successfully diffused across the SME population.



5 Create an independent statutory Productivity Commission, led equally by business leaders and economists, to monitor progress and make practical recommendations that drive improvements in the UK's productivity.

About Be the Business

At Be the Business, we've taken a radically simple approach to developing solutions that can boost business productivity. Since our inception in 2017, our single focus has been to uncover real-world, practical actions that business leaders can take to improve their firm-level productivity.

Through our evidence-led programmes and activities, we have added nearly **£500 million** to the UK's economy and supported real improvements and growth in SMEs across the country. By transforming the UK's productivity, we will raise the value of businesses in our communities, safeguard jobs and improve standards of living for everyone.

Why productivity matters

Despite being one of the largest economies in the world, the UK has struggled for decades to achieve significant productivity growth.

- From 1974 to 2008, the UK experienced a productivity surge, with an average annual growth rate of 2.3 per cent, but since 2008, the growth rate slowed significantly and has stayed around 0.5 per cent since.¹
- If the rate of production per hour worked had continued to grow at the same pace as it did in the 15 years prior to 2007, the UK economy would have been approximately £300 billion larger today.²
- For the average UK worker, that means their annual wage is £11,000 per year lower than it would be if earlier levels of productivity had been maintained.³
- The UK has some of the most productive businesses in the world, yet the majority of UK employees work in firms with below average productivity.⁴
- We lag significantly behind our G7 peers and have the largest gap between the confidence of our business leaders and their desire to take action to improve.⁵

When **two-thirds of those in work across the UK are employed by an SME**, it's clear why Be the Business is so focused on supporting business leaders to take action to increase their productivity.⁶

The transformative potential of making even modest improvements to SME productivity is evident:

Our research shows that, if every SME employer found and maintained an annual one per cent improvement over a five-year period, this would add **£94 billion to the UK economy**.⁷

To put the UK on the path to greater prosperity and improve quality of life for all **we must commit to action.**



1. Stephen Millard and Issam Samiri, NIESR, [Why is UK productivity low and how can it improve?](#) (26 Sep 2022)
2. Giles Wilkies, [Institute for Government, Productivity: firing on all cylinders](#) (3 Aug 2021)
3. Torsten Bell and Charlie McCurdy, [Resolution Foundation, Wages are flatlining](#) (22 Mar 2022)
4. ONS, [Trends in UK business dynamism and productivity: 2023](#) (11 Dec 2023)
5. [Be the Business, G7 Productive Business Index](#) (Jul 2023)
6. BEIS, [Business population estimates for the UK and regions 2022](#) (6 October 2022)
7. [Be the Business, G7 Productive Business Index](#) (July 2023)

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