

Goldman  
Sachs

10,000  
small  
businesses



# ENGINES OF GROWTH

# SUPPORTING THE UK'S ENGINES OF GROWTH



**THE RT HON RISHI SUNAK MP**  
Chancellor of the Exchequer



*“Small businesses drive innovation, create jobs and generate prosperity, and are therefore essential to our recovery from the pandemic and levelling up communities across the country. Given their importance, it is vital that small business leaders have access to the tools and networks they need to succeed. The results of this report show the impact that bespoke management training can have on transforming businesses.*

*10,000 Small Businesses UK and other programmes like it ensure small business leaders are embracing technology, boosting productivity and seizing opportunities for growth. It's a fantastic example of how large businesses can support small business leaders.”*



# ENGINES OF GROWTH



**CHARLOTTE KEENAN**

Head of the Office of Corporate Engagement, Goldman Sachs International

The creativity, agility, and innovation of small businesses drive our economy and serve as the launch pad for recovery and growth – their success is intrinsic to all of our success.

Over the last decade, through Goldman Sachs 10,000 Small Businesses (10KSB) UK, we have been able to support the advancement of small business owners and witness their impact first-hand. This report shines a spotlight on a few of these trailblazers.

By definition, uncertainty is inherent to owning a small business. This has only been magnified by the pandemic. In order to truly understand the effects of COVID-19 on the UK's small business population, we conducted a survey of over 1,000 entrepreneurs, including both 10KSB UK graduates and a control group of similarly high-growth small business owners. We also analysed core measures of business growth prior to March 2020, and asked business leaders to share their forward ambitions, allowing us to present a detailed picture of business success before, during and after the pandemic.

As the report shows, 10KSB UK graduates have proven to be more resilient than their peers and are focused on solving the skills crisis and achieving

future business growth. They are leading the way on the key topics of sustainability, diversity and digitalisation – where others discuss progress, small businesses are already delivering it.

As we look to build back better, we are all now faced with a timely opportunity to embrace the ways in which the world is changing. Small businesses are primed to meet this moment and ignite our economy. As well as being fundamental to the UK's economic performance, they are engines of growth in the broadest sense, capable of driving societal change. They are embracing net-zero, developing digital solutions and upskilling people to offer jobs that are both rewarding and well-rewarded. As small businesses continue to deliver meaningful growth for communities across the UK, it is incumbent on all of us to harness their innovation and put them at the heart of the rebuilding agenda. Through 10KSB UK, we are committed to being with them at every step of the journey.

Goldman Sachs 10,000 Small Businesses (10KSB) UK is a comprehensive programme of business development and leadership support for small businesses with high growth potential, designed to help them achieve that potential.

Piloted in late 2010 and launched in early 2011, to date, over 1,900 entrepreneurs from across the country have graduated from the programme. 10KSB UK is a partnership between Goldman Sachs, the Goldman Sachs Foundation and leading UK universities.

# FOREWORD



**RICHARD J. GNODDE**

Chief Executive Officer of Goldman Sachs International

Goldman Sachs has long maintained that small businesses are integral to global economies. In the United Kingdom, small businesses account for nearly 17 million jobs and more than half of private sector turnover. Without question, the economic success of the country hinges on the success of the small business community.

We built 10,000 Small Businesses (10KSB) UK in the wake of the 2008 Global Financial Crisis. At the time, it was clear that by investing in and supporting entrepreneurs, we could play an important role in advancing sustainable economic growth and financial opportunity. More than a decade later, our confidence in the power of small businesses and our conviction in the impact of 10KSB UK is deeper than ever.

This year's Impact Report analyses the effect that participating in 10KSB UK has had on businesses and details how they are navigating a period of extreme uncertainty. Entrepreneurs approach difficulty with grit and creativity – during the COVID-19 pandemic, 68% of alumni adapted their business model, 69% introduced new products or services, 63% invested in R&D, and many have actually increased turnover and employment.

But as the pandemic has evolved, so too have the challenges faced by small business owners. Though many workplaces and the financial markets have returned to some semblance of normalcy, small businesses are still grappling with issues like access to capital, worker shortages, supply chain delays, and the rising cost of supplies. We must continue to support and promote the ambition and innovation of these business leaders.

I am optimistic about the UK's path ahead and the Government's focus on economic growth, including commitments to promote investment, infrastructure and skills. As ever, I am confident in the power, resiliency and creativity of small businesses – and I am proud that Goldman Sachs is playing our part in supporting their integral role in the country's economic future.

*“10KSB UK is an ongoing commitment to the resilience, ambition and creativity of small business leaders. These entrepreneurs are driving innovation and delivering economic growth for communities across the country.”*

# THE UK SMALL BUSINESS LANDSCAPE

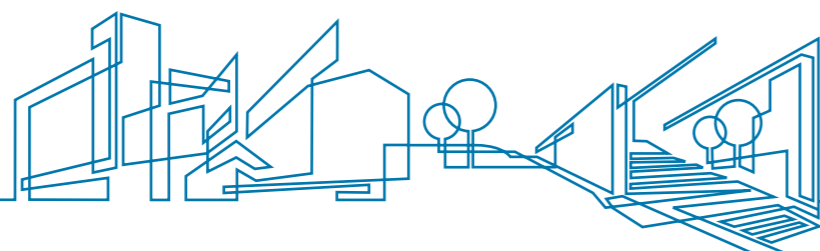
Small businesses are the beating heart of the UK economy. They invest in future talent, export the best of UK innovation and are the backbone of their local communities. They are centres of growth and regeneration, and are fundamental to the UK's economic success and social fabric.

As the UK confronts the impact of the pandemic, we face key questions of how to level up and build back better. Small businesses must be central to the solution.



## 10KSB UK targets small businesses with a track record of fast growth

This subset has a disproportionately strong economic impact relative to its size. This community is instrumental in solving the skills crisis, accelerating digitalisation and embracing sustainability.



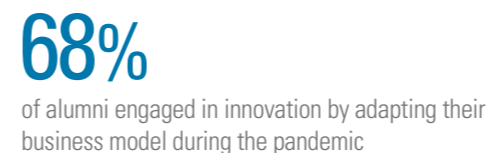
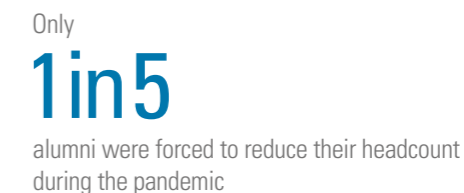
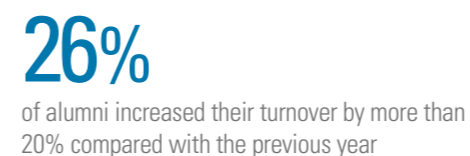
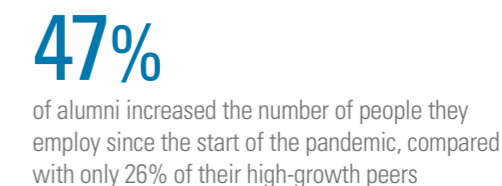
Information based on Department for Business, Energy and Industrial Strategy (BEIS), Business Population Estimates for the UK and Regions 2020 (2020) and ONS Business Structure Database 2020

# THE IMPACT OF 10,000 SMALL BUSINESSES UK

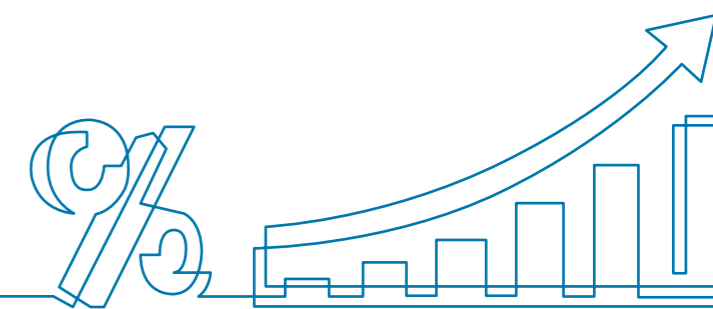
Leveraging the insights of over 1,000 UK small business leaders, this report demonstrates the impact of 10KSB UK over the past decade.

Participation in the programme has enabled 10KSB UK alumni to be better prepared to survive the pandemic than UK small and medium sized enterprises (SMEs) generally, and to lead our economic recovery.

10KSB UK graduates are significantly more likely to have grown over the last 12 months than comparable high-growth small businesses, both in terms of revenue and job creation:



10KSB UK graduates are also significantly more likely to create new jobs in the future:



<sup>1</sup> Based on a bespoke survey of 10,000 Small Businesses UK alumni and comparator group of small businesses of a similar profile drawn from the wider UK business population. Full details of the methodology of this report can be found on page 28.

# PROGRAMME DELIVERY

## Our Approach

Core to 10KSB UK's success is a coalition of entrepreneurship experts representing the UK's leading business schools, including the Saïd Business School at the University of Oxford and Aston University.

### Programme Delivery

- 10KSB UK is delivered through a blend of online and in-person learning
- The fully-funded programme runs two cohorts of 70 businesses each year (140 in total)
- Each cohort provides 100+ hours of high-quality tuition over a four-month period, including three in-person residential learning sessions

### Cutting-edge Curriculum

- The syllabus is designed specifically for this programme by world-class experts in entrepreneurial learning
- 10KSB UK helps build small business leaders' knowledge and confidence in core business management areas, and empowers them to immediately apply this knowledge in their business

### World-leading Faculty

- 10KSB UK is delivered by a diverse faculty team from a range of subject areas, providing theoretical and practical expertise
- These academics and experienced practitioners are recruited specifically for the programme and trained to deliver 10KSB UK's unique teaching model
- High-profile guest speakers are invited to inspire and provide additional expert insight

### Peer-to-peer Support

- The programme convenes businesses from all corners of the UK to create a stimulating peer-learning environment
- Through the distinct class structure, participants share their own experiences as case studies, and are encouraged to support one another in areas where they have expertise or experience

### Alumni Network

- Upon graduation, participants join a global alumni community, where they benefit from ongoing networking, learning and thought-leadership opportunities



# CLASS STRUCTURE

## ONE COHORT 70 PEOPLE

70 like-minded high-growth small business leaders from a range of sectors. Each cohort represents a national network with perspectives from all across the UK.

## TWO SECTIONS 35 BUSINESS OWNERS

Each cohort is divided into sections of 35 business owners to create smaller class sizes, allowing for group discussion and lively debate. Each section is led by a world-class facilitator who is present for all sessions. These facilitators provide a consistent touchpoint, binding the cohort together and fostering peer-to-peer interactions.

## 12 GROWTH GROUPS 5-6 BUSINESSES

Sections are further divided into Growth Groups of five to six businesses. The Growth Group enables in-depth learning amongst a small, trusted group of peers. Each Growth Group is led by a Growth Expert who acts as a business mentor, facilitating online discussions and providing one-to-one support. The Growth Expert is key in guiding participants as they refine their Business Growth Plans.

# PROGRAMME CURRICULUM

## Course Themes

The 10KSB UK curriculum embeds a number of themes critical to business growth. Examples of themes covered include:



## Course Stages

The 10KSB UK curriculum is regularly updated to respond to changes in the small business landscape. The course is structured in three stages:



In the first stage, participants examine their business proposition. They identify and refine their business model, learn how to use their financial statements, and select the areas of their business they can expand or create for future growth.

In the second stage, participants build a strategy for managing their cash flow, work to measure and improve the efficiency of their business processes and develop a marketing and sales strategy.

Participants continue their growth development, reflect on their own leadership and the culture within their organisation, consider key recruitment needs and how best to hire for those positions, and identify needs for future external funding.

In the final stage, participants complete a Business Growth Plan, bringing together all the learnings from the course into a cohesive strategy for growth. During the final residential session, they present this plan to their peers, programme faculty and invited experts who provide feedback to help refine their plans as participants begin to implement them into their business.

# THE STORY OF 10,000 SMALL BUSINESSES UK

## Minimum Eligibility Criteria

The programme looks for applicants with minimal management education, who are the primary decision-maker in their business and generally meet the following criteria:

**3+** years in operation      **5-50** employees      **£250k** annual turnover

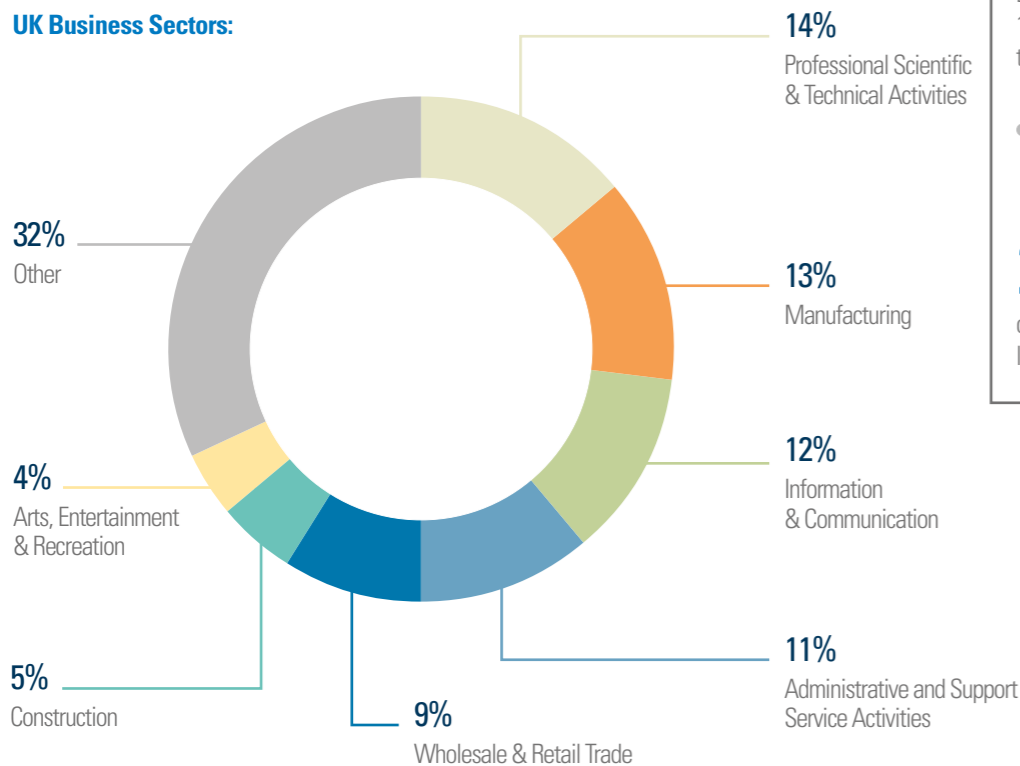
## Finding Small Businesses

Recruitment for 10KSB UK is a highly selective process, designed to ensure that participants are set up to succeed in this rigorous programme. To apply, applicants must:

- Meet the minimum eligibility criteria
- Complete a detailed application form, including a review of their business history and their ambitions for the future
- Attend an interview, giving the applicant the opportunity to consider whether this intervention is right for them, and if they are able to make the necessary time commitment

This extensive application process ensures that the business owners are at the right point in their business journey to benefit from the programme.

## UK Business Sectors:



## Snapshot of the 10KSB UK Community:

**20**  
The average number of employees

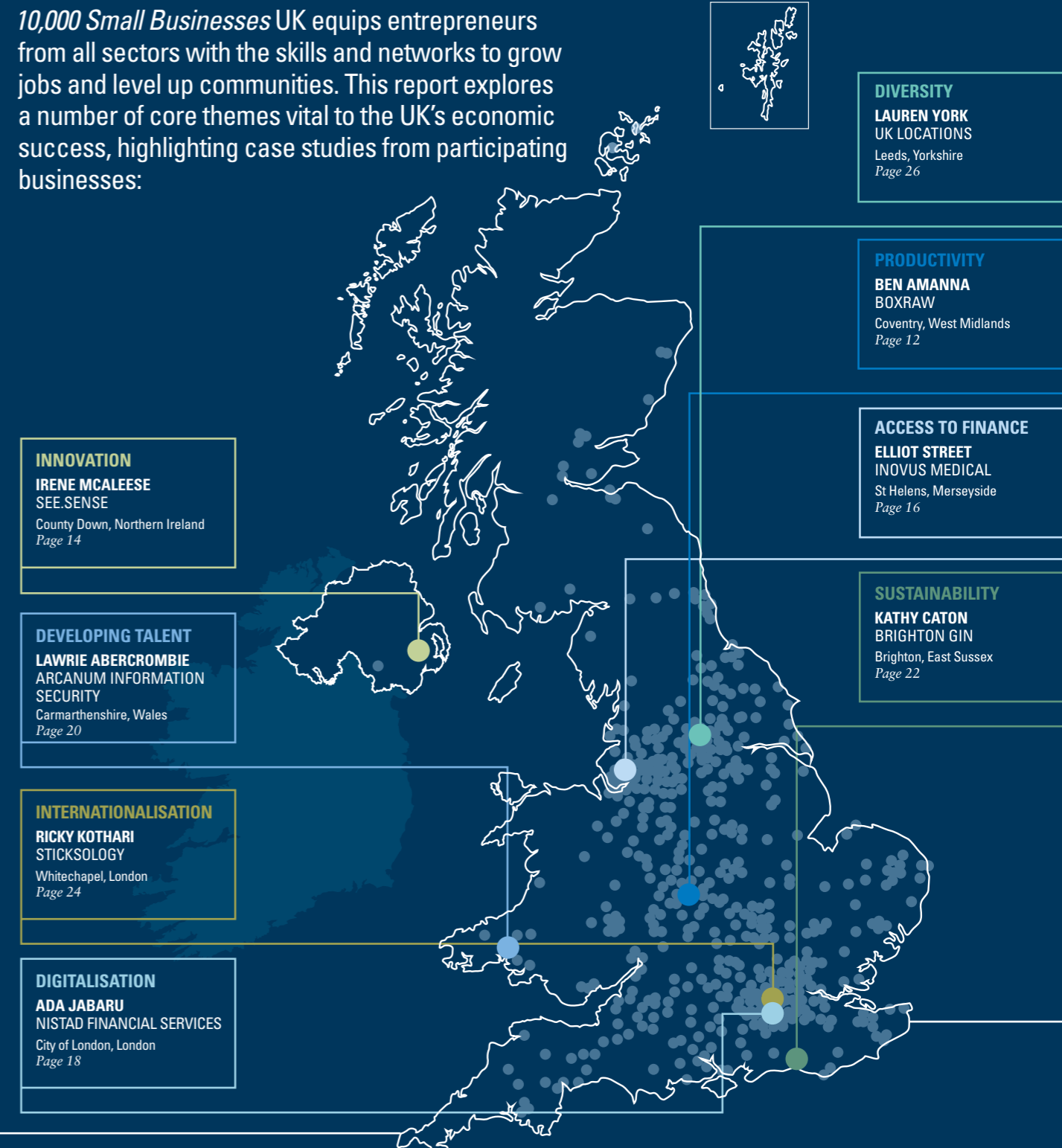
**£2.1m**  
The average revenue

**18 YEARS**  
Businesses are on average 18 years old – ranging from two to 227 years

**24%**  
of participants have no university-level degree

# A UK-WIDE COMMUNITY

10,000 Small Businesses UK equips entrepreneurs from all sectors with the skills and networks to grow jobs and level up communities. This report explores a number of core themes vital to the UK's economic success, highlighting case studies from participating businesses:



# TRANSFORMING BUSINESSES



*For me, the biggest thing I took from the programme was the network. The energy, the environment – a group of entrepreneurs supporting one another; no one is trying to one up one another. Everyone left their egos at the door.*



BOXRAW is the textbook example of a rapid growth story. Having experienced 300% annualised growth in the five years since launching, today they are selling in 130 countries and they've filed for 16 patents to-date. Few other brands have multiple international sports stars as unpaid brand ambassadors. In tandem, BOXRAW's charitable arm – Boxing is Love – aspires to use boxing as a means to drive positive change for disadvantaged children in developing economies.

Determined to be 'the reason the world got into boxing', BOXRAW wants to shift the very narrative around the sport. Ben lives and breathes the ethos that boxing is a lifestyle and not just the sport or practice of fighting with fists.

After seeing rapid exponential growth, both in turnover and headcount, Ben felt that BOXRAW had departed from this core identity. He recognised that in order to harness this momentum and make this growth sustainable, the business couldn't simply chase sales. The skills and knowledge learnt in the 10,000 Small Businesses UK helped Ben to undertake a major restructure.

Ben formalised BOXRAW's brand playbook, whilst implementing the processes, systems and reporting practices necessary for the business to operate effectively. The team began to operate on a two-week sprint basis, working towards defined and achievable objectives.

Now more productive and efficient than ever before, Ben is ready to unleash BOXRAW's huge potential. And they are going to come out fighting!

## BEN AMANNA BOXRAW

Coventry, West Midlands  
10,000 Small Businesses UK Graduate

*A direct-to-consumer brand with a mission to be the reason why the world got into boxing. They sell sportswear, lifestyle apparel, and equipment.*



## The 10,000 Small Businesses UK Effect

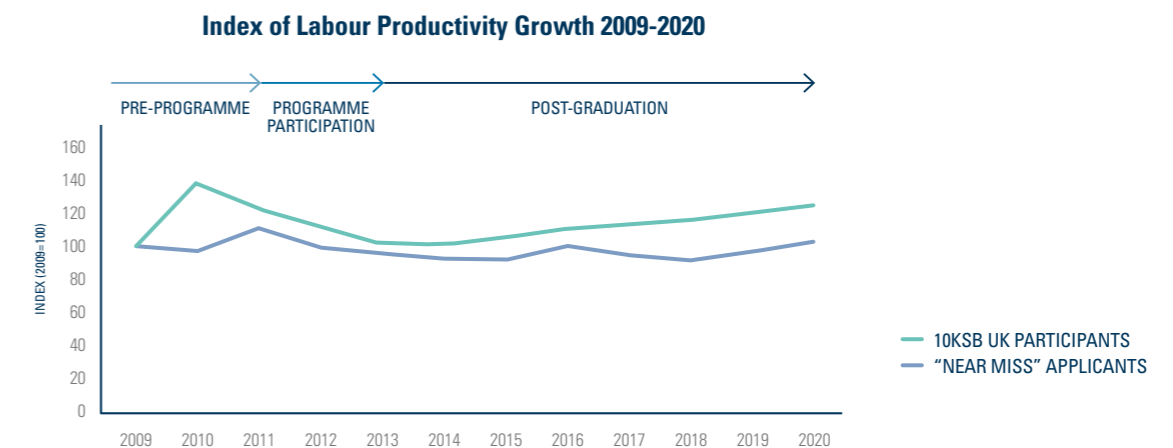
Since 2010, 10KSB UK has equipped participants with the skills and network to increase productivity<sup>2</sup> and deliver sustainable business growth.

Key learnings from the programme help them to stay ahead of the curve and outperform their peers.

## Rethinking Productivity

For a decade, the UK has faced a crisis of productivity stagnation, historically lagging 17% behind the US and France, a gap which COVID-19 is expected to exacerbate further.<sup>3</sup>

Analysed against similarly fast-growth UK small businesses, **10KSB UK graduates have a 23% increase in productivity** seven years after graduating in excess of what they would have achieved without participating in the programme.<sup>4</sup>



10KSB UK alumni have continued to see the impact of these productivity gains since the start of the COVID-19 pandemic:

**63%**

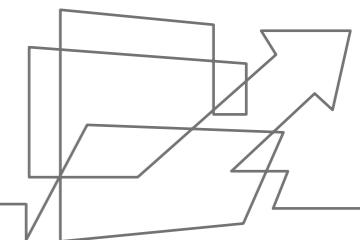
of alumni have seen no negative productivity impact of increased remote working due to the pandemic

Over a quarter say that productivity has increased, and 66% of alumni intend to use increased remote working going forward

**82%**

have increased new working practices, compared with 70% of high-growth peers

64% plan to introduce new working practices in the next two years, compared with 42% of high-growth peers



<sup>2</sup> Productivity is defined here as the measure of revenues generated per person in an organisation

<sup>3</sup> House of Commons Library – Economic Indicators: Productivity (2021)

<sup>4</sup> All 10KSB UK businesses who participated in the programme between 2011 and 2013 were used for this calculation and served as a representative sample of the total alumni network



# LIGHTING THE WAY



*It's a very innovative product – there's no textbook out there telling you how to scale an Internet of Things (IoT) business. You are doing things no one has done before. 10KSB UK came at exactly the right time for us, giving us the confidence to manage the rapid growth of our business.*



The usual driver of innovation is the need to solve a problem. Irene McAleese and her co-founder launched See.Sense to address the daily dangers faced by road cyclists. In just eight years, they have gone from a garage-built prototype to a product being sold in 70 markets worldwide and used by over 100,000 cyclists.

However, the real differentiator for See.Sense is their patented, AI-enabled sensor technology, which monitors the rider's environment at up to 800 times per second. This provides highly granular anonymised insights into the rider's experience – braking, swerving, collisions and road surface conditions.

Irene decided to apply for 10,000 Small Businesses UK to gain the tools, skills and knowledge to monetise this innovation. Working with city planners around the world, See.Sense is now helping to make waves in the micromobility industry, improving road safety for thousands of cyclists. This forward-thinking outlook meant they were well-positioned going into the pandemic and the resultant boom in the cycling industry. This side of the business is now by far its largest revenue stream.

## IRENE MCALEESE SEE.SENSE

County Down, Northern Ireland  
10,000 Small Businesses UK Graduate

*Creates award-winning cycling tech products that improve cycling, and generates data insights that help make cities around the world safer for cyclists*



## Instiling Innovation

Small businesses are key drivers of innovation, adaptability and creativity. Their agility and ability to rapidly develop new and improved products and services will be instrumental to building back the UK economy.

10KSB UK has a proven track record of instiling participants with ambition and supports them with the tools to embed a culture of boldness and invention within their businesses.

### FOCUS ON R&D

**63%**  
of alumni have invested in R&D during the pandemic, compared with 39% of high-growth peers

Additionally,  
**62%**  
of alumni plan to invest in R&D in the next two years, compared with 37% of high-growth peers



Of alumni who introduced new products and services,

**55%**

of alumni introduced innovations that were completely new to the market



**69%**

of alumni have introduced new or improved products or services during the pandemic, compared with just 50% of high-growth peers



Additionally,

**68%**

plan to introduce new or improved products or services in the next two years, compared with just 47% of high-growth peers



# FUNDING AMBITION



*My co-founder and I built this business as scrappy youngsters with no money and no connections. We picked up mentors along the way and our mission was to ask as many questions as we could, and learn as quickly as we could. I joined 10,000 Small Businesses UK because I knew I still had some knowledge gaps, but also to help me understand what I didn't know.*

Access to the right kind of finance is key when a company goes from building a healthcare simulator in a bedroom to becoming the UK's leading surgical training technology business.

To date, this growth has been fuelled by several million pounds in external finance, through a combination of privately raised capital, debt financing and grants. Throughout Inovus Medical's astronomical growth over the last nine years, Elliot says that the most important thing he has learnt is humility – that "small" grants can make the difference between success and failure, even for a multimillion pound business.

The company was founded in 2012 with a clear purpose: to improve surgical care through connected training in a way that is affordable and accessible. After conquering the UK landscape – supplying over 70% of NHS trusts – Elliot and his team wanted to take Inovus across the pond.

At this inflection point, Elliot decided he needed more than self-directed learning in isolation if he was going to take Inovus to even greater heights. He participated in 10,000 Small Businesses UK and came out of the programme armed with a strategy for becoming a global brand. Inovus has since quadrupled its headcount, and now supplies over 70 countries with even greater global ambitions.

## ELLIOT STREET INOVUS MEDICAL

St Helens, Merseyside  
10,000 Small Businesses UK Graduate

*A multi-award winning designer and manufacturer of healthcare simulators with a mission to become the world's leading provider of surgical training technology*



## Financing Growth

Historically, external financing opportunities have been underutilised by small business leaders.

Many small business owners view accounting and finance as reporting necessities rather than growth opportunities. Participation in 10KSB UK enables participants to become financially confident, ensuring they are investment-ready and confident in utilising external finance:

- 40% of 10KSB UK alumni utilised external finance in the 12 months prior to the pandemic, compared to 27% of high-growth peers

COVID-19 has reshaped the way all business leaders view financing and has led to a huge increase in the number of SMEs taking on funding. 10KSB UK graduates are no different and their appetite for financing continues to outstrip the wider population:

- 62% of 10KSB UK alumni have utilised external finance since the start of the pandemic, compared with 39% of high-growth peers
- Of those utilising external finance during the pandemic, 79% of alumni accessed government support, compared with 67% of high-growth peers

### FOCUS ON OPPORTUNITY

As might be expected, 70% of 10KSB UK alumni who accessed finance throughout the pandemic used the funding to support cash flow and maintain their high-growth trajectory. In addition to this, many alumni used funding to exploit new opportunities:

**17%**

invested in new space or equipment

**8%**

expanded their existing operations

**8%**

developed new products or services

Moving forward, 10KSB UK graduates have an increased appetite for government funding that is specifically focused on reshaping our economy:



**58%**

would access government-backed loans requiring them to increase their use of digital technology, compared with only 41% of high-growth peers



**54%**

would access government-backed loans requiring them to reduce their environmental impact, compared with 43% of high-growth peers



**49%**

would access government-backed loans requiring them to improve workforce diversity, compared with 40% of high-growth peers



# EMBRACING TECHNOLOGY



*If I hadn't participated in the programme, I wouldn't be thinking the way I am now. It was a complete eye-opener. 10,000 Small Businesses immediately helped me to create a road map and to understand how to properly run a tech-intensive business. Our productivity went from 5% to 80%.*



At Nistad Limited, cutting-edge technology underpins every aspect of their operational strategy. As a boutique regulatory technology consultancy operating to a niche mandate, the technical know-how and skill that Nistad brings to its clients is invaluable.

Ada's team of highly-trained consultants are unrivalled experts in what they do: supporting large financial institutions, software vendors and asset management companies with the implementation, integration and migration of market-leading financial technology systems and software.

Despite being a subject-matter authority with over 16 years of experience in the field, Ada was struggling with the management and leadership side of running a rapidly growing technology business. She credits 10,000 Small Businesses UK with teaching her how to organise her business – from developing an impactful digital marketing strategy to understanding the financials. The programme helped her to maximise technological potential, identify key milestones and prioritise new opportunities. In the months since completing the programme, Nistad's revenues had more than doubled.

**ADA JABARU**  
NISTAD LIMITED

City of London, London  
10,000 Small Businesses UK Graduate

*A specialist consultancy with a proven track record of delivering practical and effective systems within financial services*



## Accelerating Digital Solutions

The technological revolution of the past 18 months has immensely magnified the value and growth potential brought about by digital advances. Yet many small businesses are still grappling with how best to leverage technology to unlock their latent growth.

10KSB UK aims to push small business leaders to consider how technology can help them to unleash their full potential, regardless of the sector they are in.



**88%**

of alumni have accelerated changes to their use of digital technologies, compared with 81% of high-growth peers



**93%**

of alumni use data in their decision-making effectively, compared with 88% of high-growth peers

### FOCUS ON AI

**23%**

of alumni currently use AI and machine learning, compared with 14% of high-growth peers

Additionally, a further

**20%**

of alumni have plans to use AI and machine learning in the future, compared with 11% of high-growth peers

**92%**

of alumni currently use digital accounting or HR software, compared with 79% of high-growth peers

**91%**

of alumni currently use cloud computing solutions, compared with 70% of high-growth peers

**75%**

of alumni currently use a Customer Relationship Management (CRM) system, compared with 57% of high-growth peers

# DEVELOPING TALENT



*10,000 Small Businesses UK taught me how to ask the right questions and to identify the skills gaps within my team. By removing myself from the day-to-day of my business, I could reflect on where I wanted to take my business and the people I needed beside me.*



When Lawrie first stumbled into the world of cyber security, he was told there was no future in it. Fast-forward to 2021 and the demand for cyber security professionals has never been greater.

Lawrie co-founded Arcanum following his retirement from the British Army. After enjoying organic growth for several years, Lawrie decided to apply for 10,000 Small Businesses UK as he “knew nothing about how to run a business”. He recognised that to take Arcanum to the next level, he would need a strong foundation and the right team around him. Since completing the programme, Arcanum’s annual turnover has tripled.

According to Lawrie, there are definite parallels between being an officer in the Army and being a small business leader. Lawrie credits his Army days for shaping him into the leader he is today, particularly his people management skills. Arcanum has only seen four people leave in 13 years – a fact which Lawrie wears as a personal badge of honour.

As well as developing his existing team, Lawrie is always looking for ways to invest in the next generation of talent. Arcanum now has a specific programme to develop junior staff members, in which they offer placement year university students the opportunity to become qualified digital forensics professionals. To date, six of these students have returned to Arcanum as full-time employees following graduation.

## LAWRIE ABERCROMBIE ARCANUM INFORMATION SECURITY

Carmarthenshire, Wales  
10,000 Small Businesses UK Graduate

*A specialist cyber and information security consultancy that is a leading provider to the UK government*



## Solving the Skills Crisis

The emerging skills crisis is the greatest challenge the economy faces in response to the pandemic. While the UK currently has record job vacancies<sup>5</sup>, many employees are seeking roles with increased development opportunities.

10KSB UK graduates are part of the solution to this problem. They are focused on upskilling young people, developing talent and creating good jobs that help fill the emerging gaps in the UK’s transition to a high-skilled economy.



Just under

**75%**

of graduates have formal talent development processes in place for their employees, compared with only 55% of their high-growth peers



**68%**

of alumni have increased the leadership capability of managers since the start of the pandemic and 77% plan to increase this capability in the next two years



**83%**

of alumni have increased the skills of their workforce since the start of the pandemic, compared with 65% of their high-growth peers



**78%**

of alumni plan to increase the skills of their workforce in the next two years, compared with 60% of their high-growth peers

### FOCUS ON YOUNG TALENT

In particular, 10KSB UK alumni are focused on investing in future generations, believing young people are essential to the success of their business:

**33%**

of alumni currently employ apprentices, compared with 23% of high-growth peers

**79%**

of alumni prioritise hiring and developing young talent, compared with 70% of high-growth peers

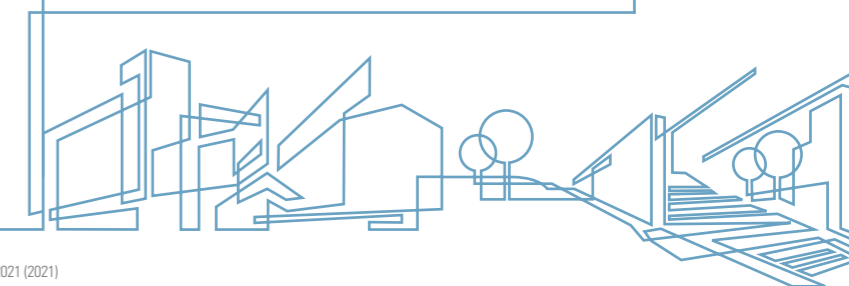
**76%**

of alumni believe talented young people drive innovation and 85% of alumni believe hiring talented young people motivates existing employees

HOWEVER

**47%**

of the high-growth alumni say Brexit in its current form will reduce their ability to recruit the talent they need in the future



<sup>5</sup> Office of National Statistics, Labour Market Overview, UK: September 2021 (2021)

# PURPOSE & PROFIT



*Both personally and professionally, 10,000 Small Businesses UK has been the best thing I could have done for my business. I actually really wish I could go on the programme all over again.*



For Brighton Gin, having a net positive impact on the environment and community isn't just a 'nice to have' – it's core to the business model.

Since launching in 2013, it has seen exponential growth and scaled up operations to meet the demand, but not at the expense of its founding principles. The gin is still handmade in small batches (no industrial production lines) and uses fairly-traded and locally-sourced products where possible.

For Kathy, being carbon-neutral is not good enough – she is striving for a carbon-negative business. Brighton Gin goes the extra mile to limit their carbon footprint at every step of their production and distribution lines. From completing all of their local deliveries via a specially branded e-cargo bike, to using bottles made up of 85% recycled glass; they mean business.

Throughout COVID-19, the team were determined to give back to their birthplace: repurposing their production facilities to produce hand sanitizer, and donating hundreds of bottles to local NHS services, care homes, community groups and food bank delivery drivers.

Along the way, Kathy realised that her lack of formal business and management training could be a barrier to the continued success of Brighton Gin. She embarked on 10,000 Small Businesses UK so that she could take full stock of her business, get to grips with the fundamentals and financials, and have the confidence to make key strategic decisions. Brighton Gin has now significantly increased their exports, with this proudly local beverage even reaching as far as Australia and Taiwan.

## KATHY CATON BRIGHTON GIN

Brighton, East Sussex  
10,000 Small Businesses UK Graduate

*A small, independent and authentic artisan producer of gin*



## Prioritising Impact

Over the past few years, it has become increasingly apparent that purpose and profit are intrinsically linked for businesses of all sizes. This has only accelerated through the pandemic, with environmental sustainability and social impact rising to the forefront of the agenda.

Through 10KSB UK, participants are encouraged to step back and understand the place of their business in the wider world.



**97%**

of alumni believe it is essential for businesses to combine profit with purpose



**93%**

of alumni say businesses should spend more to reduce their environmental impact



**81%**

of alumni say social and environmental factors influence their daily decision-making, with 29% saying it does so all the time



**70%**

of alumni say they are more conscious of reducing the impact of their business on the environment since the start of the pandemic

This is compared to



**67%**

of high-growth peers who say it is a factor in their day-to-day



**43%**

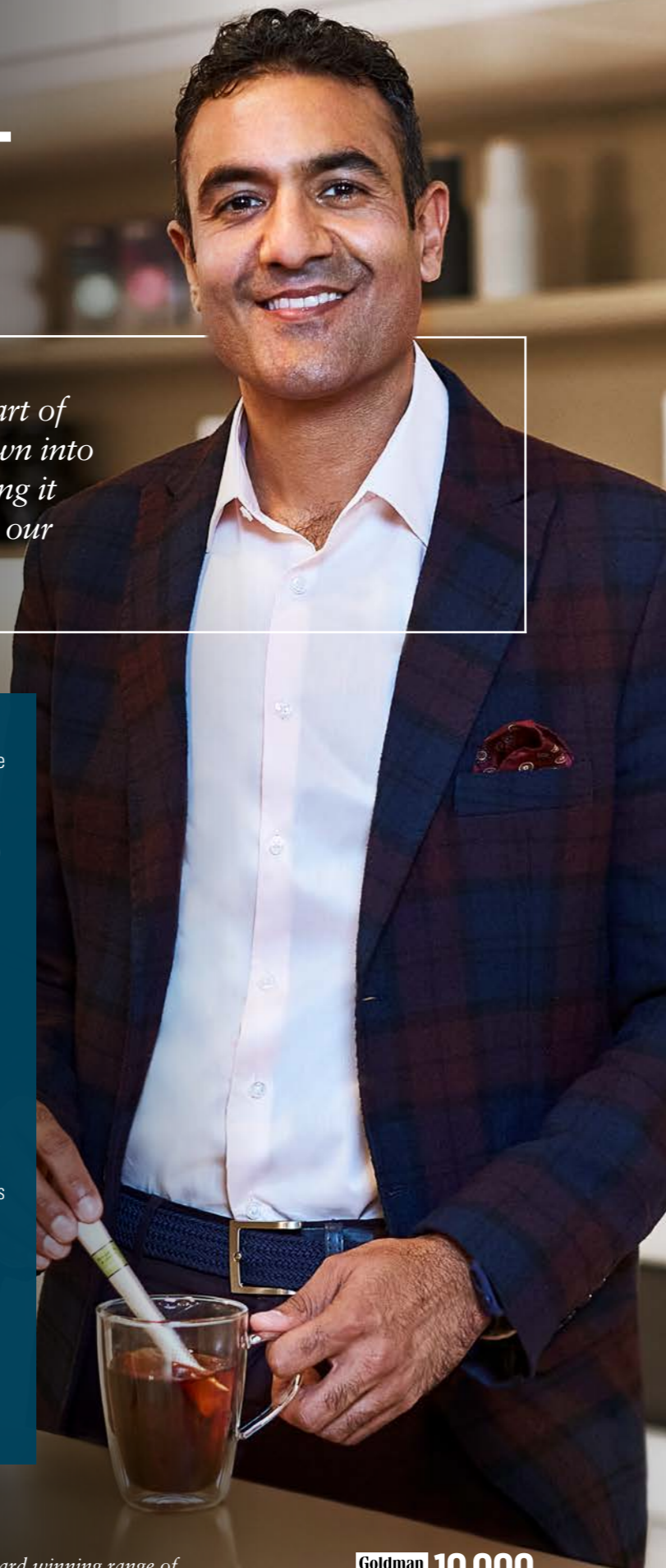
of alumni have increased their engagement with the local community (e.g. charitable donations and volunteering) since the start of the pandemic



# INTERNATIONAL INTENT



*The programme goes through every part of your business – it's like breaking it down into its fundamental pieces and then building it back up. It helped us to focus back on our original ethos: innovation, disruption and a global mindset.*



When it comes to the way our tea-loving nation makes its favourite brew, little has changed since the 1970s. In 2014, Ricky and his co-founder made it their mission to shake things up.

What sets them apart is an infusion stick (that doubles as a spoon) with 427 micro perforations, into which their ready-to-brew loose leaf tea is packed. Astonishingly, in a global market that is awash with different blends and flavours, they had offered the only innovative alternative to the tea bag.

Five years later, they had reached a crossroads. They knew they wanted to expand their international reach, but did not know how to achieve it. Ricky knew about 10,000 Small Businesses UK through friends and peers who were alumni – and he decided that it was the right time to apply.

Throughout the programme, Ricky had the opportunity to step back from his business and take a 360° review of the operation. They have now expanded their global footprint, and Sticksology products are currently available in 11 markets worldwide – and this is only the beginning for Ricky and his team.

All of this took place against the backdrop of COVID-19. During the pandemic, he made sure his business not only survived, but thrived – he expedited Sticksology's digital growth plans and is now actively harnessing online marketplaces as a key source of revenue generation.

## RICKY KOTHARI STICKSOLOGY

Whitechapel, London  
10,000 Small Businesses UK Graduate

*Produces a multi-award winning range of simple, convenient and delicious tea 'infusion sticks' and biodegradable coffee pods*



## Post-Brexit Trade

Small businesses had little time to understand the implications of the UK's new trading relationship with the EU before being plunged into the uncertainty of the COVID-19 pandemic. Since then, early signs suggest that many have been faced with increased challenges in exporting.<sup>6</sup>

A key focus of 10KSB UK is encouraging participants to embrace international opportunity and supporting them with the tools to do so. This approach has paid dividends over the last 12 months. Where others have struggled, 10KSB UK alumni were significantly more likely to trade internationally. Going forward, they are well-positioned to lead the post-Brexit economy.

### FOCUS ON INNOVATION

**26%**  
of alumni have increased exporting or launched in new markets during the pandemic, compared with 14% of high-growth peers

**42%**  
of alumni plan to increase export sales in the next two years, compared with 24% of high-growth peers



**46%**

of alumni have exported internationally in the last 12 months, compared with 27% of high-growth peers



**80%**

of alumni say Brexit has not diminished their ambition towards international trade

Of which

**11%**

of alumni say Brexit has made them more ambitious



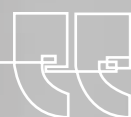
**46%**

of alumni say the government should prioritise trade with EU countries over non-EU countries, while 20% said the government should prioritise non-EU countries



<sup>6</sup>Federation of Small Businesses, Research on the International Trading Environment facing small firms, March 2021 (2021)

# BREAKING BARRIERS



*I wanted to do 10,000 Small Businesses UK because I needed to elevate myself to a more strategic role. I now know how to run a business without having to be involved in every detail. This has allowed me to see the bigger picture with much more clarity, and given me the confidence to pursue my vision.*



Lauren is on a mission to overhaul the film and TV industry. Having experienced toxic workplace cultures and a lack of diversity as a junior starting out in the sector, she is determined to shake things up both on and off screen.

As the Northern representative for Women in Film & TV, Lauren wants to ensure that success in the industry is not governed by your gender, skin colour, family status, origin, or any other identity. She wants to make room for exceptional talent regardless of background, in a traditionally homogeneous sector.

Lauren certainly puts her money where her mouth is: she goes out of her way to mentor diverse young professionals seeking to break into the industry, she proudly works a four-day week to spend more time with her daughter, and she is even establishing a sister production company, Art of Truth, which is dedicated to bringing diverse stories to our screens. According to Lauren this is “not just a box-ticking exercise – diversity, equity and inclusion underpin everything we do”.

After completing 10,000 Small Businesses UK, Lauren set about restructuring UK Locations, delegating to her team more, and removing herself from the day-to-day operations. Even while launching Art of Truth, Lauren could still see the huge potential for scaling up UK Locations, which is now on-track to double its pre-pandemic sales turnover.

## LAUREN YORK UK LOCATIONS

Leeds, Yorkshire  
10,000 Small Businesses UK Graduate

*A forward-thinking location agency supporting the film and TV industry*



## Fostering Diversity

Diversity, equity and inclusion is no longer just a moral or cultural imperative – it is a business imperative.

Throughout 10KSB UK, participants are encouraged to consider their own approach to equity and diversity, as well as how to build an effective team and ensure they have an open and inclusive culture.

**65%**

of alumni say diversity, equity and inclusion influence day-to-day decision-making in their business

For many small businesses, these values are important because they are core to how they operate, not because they are something they are told they ‘should’ care about:

**81%**

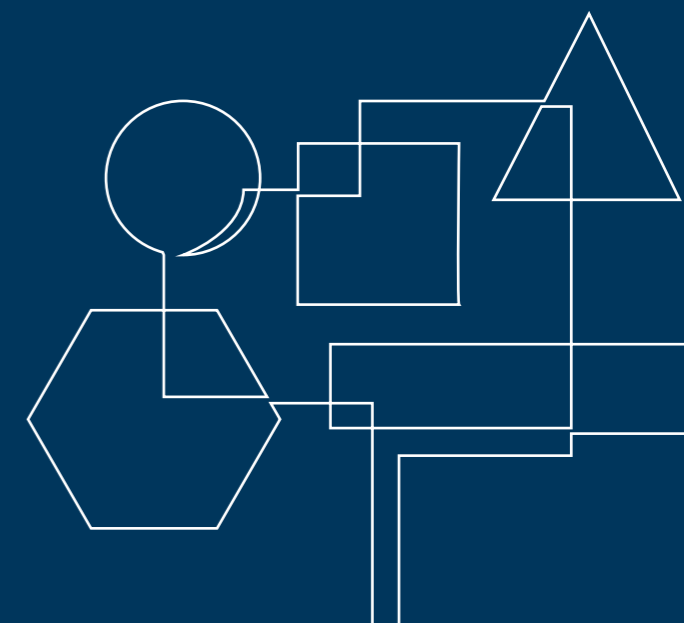
of graduates believe having a diverse team makes their business more successful, compared with 76% of their high-growth peers

**70%**

of alumni said customer demand is not why they care, compared with 48% of their high-growth peers

**80%**

of alumni said government pressure is not why they care, compared with 71% of their high-growth peers



# METHODOLOGY

## Data Sources

There are two main data sources used in this impact report.

First, a bespoke survey of 10KSB UK alumni and a comparator group of small businesses drawn from the wider UK business population to provide a counterfactual for the impact of the programme. The non-10KSB UK sample came from Experian and was ordered based on being broadly representative of the 10KSB UK sample by sector, age, size and growth rate. There was some movement between how businesses were defined on the database and their responses in the survey which led to some significant differences in the profile of the two samples.

Interviews were conducted by CATI (telephone), which has proven to deliver the highest response rates and best data quality. Overall, 1,017 businesses responded to the survey: 622 10KSB UK alumni and 395 non-10KSB UK small businesses representing response rates of 41% based on the 1,513 contacts loaded with valid telephone numbers, and 7% respectively.<sup>7</sup> The average length of the CATI survey was 25 minutes and covered a range of topics including growth, productivity, innovation, management practices, digitalisation, net zero, responses to COVID-19 as well as Brexit and internationalisation.

Second, official ONS data contained in the Inter-Departmental Business Register (IDBR) has been used, with permission from the ONS for 10KSB UK firm-level data under strict disclosure protocols in the UKDS. All employment and revenue data used to estimate the impact of 10KSB UK as well as data on firm characteristics (size, sector, age) and prior growth is sourced from the longitudinal ONS Business Structure Database (BSD) which is based on annual extracts from the IDBR. This database covers all registered businesses (i.e., VAT and/or PAYE) in the UK.

In addition to these main data sources, the demographic information relating to the 10KSB UK community included in this report was collated by our academic partners at the Saïd Business School, University of Oxford and Aston University. This data is based on information submitted by participants as part of their program application and regular online alumni pulse surveys.

## Measuring Programme Impact Long-term Impact

To identify 10KSB UK's impact on revenue, employment and productivity growth, a series of Ordinary Least Squares (OLS) models were used. This estimates the impact over seven years (2013-2020) following participation in the programme for a group of participants who had completed the programme in the 2010-2013 period. Growth was measured as the log difference – a method for standardising a range of values – in employment and revenue over two years to reduce the impact of extreme values in the analysis. The 10KSB UK programme impact is differentiated by a binary variable within the model taking the value of 1 for a participant and 0 for a non-participant.

To understand the impact of 10KSB UK graduates and the broader UK economy after almost 10 years, three control groups of similar small businesses were constructed:

- A 'near-miss' group of firms who unsuccessfully applied and were interviewed for the programme
- Two randomly selected control groups of non-participants from the wider small business population who had a similar two-year revenue growth distribution as the 10KSB UK participants selected in a similar distribution within the 2010-2016 period

In all models growth data on employment and revenue was taken from the official ONS longitudinal dataset – the BSD – which is based on annual snapshots from the IDBR. Additional variables in the OLS estimation using the 'near-misses' control group included personal characteristics of the owner (such as age, gender, education level, and ownership stake amongst others) and firm characteristics (such as size, age, type of business, and sector).

Econometric treatment models, which are widely used in evaluation studies, were run to estimate the effect of the programme. These models correct for any selection bias associated with businesses applying for the programme or being selected onto the programme. The results indicated no selection bias when using the 'near-misses' as the control group, and, therefore, the OLS regression method was used for all three control groups.

The coefficients generated by the productivity model (i.e., turnover per employee) which identifies the programme impact equate to a 26.6% increase in productivity over and above what they would have achieved if they had not participated in the programme.

## Response to COVID-19 Impact

The analysis of the bespoke survey provided a unique opportunity to compare the nature of the responses of 10KSB UK and non-10KSB UK businesses to the COVID-19 pandemic. The focus of the questions was on the period from March 2020 onwards.

Alongside the descriptive analysis presented in the report, an econometric approach was adopted to provide a robust assessment of the impact of the 10KSB UK programme. The first stage was to run Ordinary Least Squares (OLS) regressions in which the growth measure (employment growth since March 2020) was regressed on a binary measure of being a 10KSB UK graduate or not, along with a set of control variables to include characteristics of the firm namely age, size, sector, as well as business strategy variables such as innovation activity and engagement in export markets.

These models showed that 10KSB UK participants, holding all else equal, were much more resilient to the crisis than non-participants and were significantly more likely to have experienced growth and undertaken activities positively related to productivity.

These OLS regressions provided a first stage evaluation of the effect of participating in the 10KSB UK programme, but did not control for the type of selection bias which is prevalent in policy evaluation. Firms who seek out support by participating in 10KSB UK may be more likely to have good existing managerial practices in place and therefore be well-positioned for growth. If this is the case, OLS will overestimate the effect of the assistance as it does not take account of the fact that assisted firms may be stronger performing firms anyway. Likewise, if assistance is targeted towards firms that are performing poorly, in order to help bolster their growth, then OLS estimates may underestimate the effect of assistance.

OLS methodology also does not control for endogeneity which is a type of simultaneity bias. Simultaneity occurs when two or more variables are co-determined with each other. In this case, the growth performance of firms and decision to seek assistance may be simultaneously determined: initial growth performance influences the decision to seek assistance, but in turn the assistance received effects growth performance.

Treatment and Heckman techniques were also applied, both involve a two-step estimation procedure which implicitly controls for selection bias. Both follow a similar procedure:

**Stage 1:** The first stage estimates participation in the treatment, where the dependent variable is classed as either 1: 10KSB UK participant, or 0: non-participant. The explanatory variables used in this stage include as many of the variables one can access which would explain potential selection into the treatment e.g. size, sector, involved in exporting etc.

**Stage 2:** The second stage of the procedure estimates performance, for example, employment growth since March 2020. Both models generate a selection term which indicates whether selection bias is present; the Treatment and Heckman models then takes the dependent variable from stage one (participation in the 10KSB UK programme) and uses it as one of the explanatory variables, along with others, in explaining growth. The coefficient on the treatment variable is an indicator of the impact of the programme net of any observed selection bias – i.e. it has already estimated whether there is selection bias in receiving assistance, and based on this, it calculates the impact of the programme on performance during the pandemic, controlling for the fact that selection into the programme may not have been random.

We used the self-reported survey of 10KSB UK participants and non-participants to undertake two-stage selection and treatment econometric modelling to assess the impact of 10KSB UK on growth. The results showed that for employment growth in the period March 2020 to July/August 2021 the treatment variable – participating in 10KSB UK – was positive and significant.

In addition, treatment models for the following list of dependent variables associated with increasing productivity were also significant:

- Increased skills of the workforce
- Increased the leadership capability of managers
- Increased capital investment
- Introduced new or significantly improved products/services
- Introduced new working practices
- Invested in R&D
- Increased export sales or began selling overseas

## Acknowledgements

All statistical analysis, and external data were provided by Professor Mark Hart of the Aston Centre for Growth and Enterprise Research Centre, and Dr Karen Bonner of the Economic Policy Centre, Ulster University. Both were assisted by Dr Neha Prashar of the Enterprise Research Centre.

The statistical data used here is from the Office of National Statistics (ONS) and is Crown copyright and reproduced with the permission of the controller of HMSO and Queen's Printer for Scotland. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. The analysis upon which this report is based uses research datasets, which may not exactly reproduce National Statistics aggregates.

The case studies in this report were produced with the kind support of: Ben Amanna, BoxRaw; Irene McAleese, See.Sense; Lawrie Abercrombie, Arcanum Information Security; Kathy Caton, Brighton Gin; Elliot Street, Inovus Medical; Ada Jabaru, Nistad Limited; Ricky Kothari, Sticksology; Lauren York, UK Locations.

**Citation: Office for National Statistics (2017) Business Structure Database, 1997-2020: Secure Access [Data collection]. 9th Edition. UK Data Service. SN: 6697, <http://doi.org/10.5255/UKDA-SN-6697-9>**

<sup>7</sup> Response rate for the non-GS sample was 5% for all the contacts called, or 7% where some kind of final outcome was recorded e.g., refusal, dead line, screen outs, drop outs





#10KSBUK | #MakeSmallBig | @GS10KSmallBiz | [gs.com/10ksb-uk](https://gs.com/10ksb-uk)

© 2021 Goldman Sachs 10,000 Small Businesses UK. All rights reserved.