



Gavin O'Toole: The Rise of Britain's Entrepreneurial State.

“Britain is innovating like never before – but so are policymakers, creating a hothouse in which to nurture the fertile shoots of enterprise and lead the ‘fourth industrial revolution’.”

Leading up to Like Minds “Innovation & Ideas Festival” – in partnership with Barclays, which takes place in Bristol on September 8th and 9th, Gavin O'Toole, journalist and author, shares insights on how innovations are disrupting and boosting the UK in equal measure.

You can learn more about the Innovation & Ideas Festival and book tickets [here](#).

It is an exciting time in the realm of ideas as more UK businesses innovate than ever before according to latest government stats – but the excitement is not just fuelled by the way our ingenuity is changing the world. The government's Innovation Survey shows that the number of businesses that are innovating went up from 45% to 53% from 2010 to 2014, and that the innovators are exporting more, employing more highly qualified staff, and collaborating furiously.

But behind this ferment of enthusiasm, a momentous change in the narrative about innovation – echoed from Dagenham to Delhi – is zooming in on the crucial role in this equation that can be played by a partnership between government and business.

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In short, not only are we becoming more innovative – policymakers themselves are innovating by ditching traditional market mantras that we must leave everything to business in favour of collaboration between a receptive government and imaginative entrepreneurs.

The latest benchmark Global Innovation Index (GII), for example – in which the UK retained its spectacular second place in world rankings – is premised on the theme of how policymakers can boost innovation to spur growth by nurturing a sound innovation environment.

It is an approach best summed up by Johan Aurik, chairman of A.T. Kearney, a key supporter of the GI, who stated:

“Supporting innovation is one thing; actively driving and creating an innovative culture is quite another ... Innovation requires the right policies to actively support and sustain it.”

This theme has also risen up the agenda of thought leaders such as Professor Mariana Mazzucato, an expert on the economics of innovation at Sussex university, whose recent book, *The Entrepreneurial State*, debunks the myth of a lumbering, bureaucratic state versus a dynamic, innovative private sector to show the crucial role of partnership.

Such an outlook chimes with the historical record, which suggests that periods of sustained growth are associated with the development of innovation clusters where, in many cases the role of the state has been key. Leading nations – China, Japan, France and Germany – are setting out actively to identify clusters then build strategies to capitalise on them.

As if to hammer home the point, the Royal Academy of Engineering's recent *Investing in Innovation* report states:

“Government has a pivotal role to play in stimulating innovation. This is because innovation is an inherently risky process with an uncertain outcome, the benefits may only materialise over very long timescales and the innovator often accrues only a small proportion of the overall benefit generated.”

The imminent National Innovation Plan to be launched by the Business, Innovation and Skills secretary Sajid Javid will echo these ideas. Crucially, Javid’s vision is not only aimed at all levels of business – from SMEs to corporates – but at all levels of government.

Announcing his strategic approach, Javid said: “When we publish this new plan, the UK will have a clear framework setting out our approach to ensuring we are leading this fourth industrial revolution, just as much as we did the first.” While the consultation process asking businesses for views has only just closed, we can find clues to the government’s strategy in a reform that has already taken place. In 2014 The Technology Strategy Board was renamed Innovate UK to better express its proactive ambitions. It is pursuing a strategy to accelerate growth by stimulating and supporting business-led innovation through a diverse toolbox of policies and programmes, from the Catalyst competitions run in partnership with the research councils to its pioneering Catapult centres bring together businesses, scientists and engineers to work on R&D.

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The first Digital Catapult centre opened in London in November 2014 and there is now a growing network across the UK. Innovate UK’s Digital Economy Strategy is premised on the real advantages this country already enjoys globally: software, IT and telecoms services together generate about 4.2% of UK gross value added (£59bn) and provide at least 885,000 jobs. Every digital innovator you talk to will tell you that the British people are the world’s most advanced adopters of online retail and the digital economy.

The potential rewards for the UK of getting this right are enormous – but more needs to be done: the Department for Business, Innovation and Skills landmark report Technology and Innovation Futures made key recommendations to government about the need for longer-term thinking, planning and support so that Britain leads the second internet revolution

As a result, we may see the government more actively steering the bottom-up development of the internet to enable greater infrastructure investment, provide internet as a right, and regulate content.

There is no doubt the policy wonks have their work cut out – particularly in the realm of investment and digital skills. The UK has traditionally invested less in research and development than our competitors: in 2015, the GII pointed out that while the UK’s overall position in the innovation rankings is second, it scores much less well in terms of spending on education (30th) and on R&D (21st).

Just this month MPs on the Commons science and technology committee reiterated warnings about Britain’s “digital skills crisis” – 12 million adults lack basic digital knowhow, costing the economy about £63bn a year. But Javid has picked up the gauntlet: at the heart of his talks with politicians and business leaders at the World Economic Forum in Davos was the issue of how government can provide a more agile and appropriate response to changing markets.

“This question is fundamental to our success,” he said afterwards. “Collaboration between government and business should be at the heart of all that we do.”

To hear more on this from a stellar line up of speakers, come and join us at the Like Minds, Bristol, “Innovation & Ideas Festival” – in partnership with Barclays, on September 8th & 9th.

[Read more and book tickets here.](#)



Journalist and author Gavin O'Toole