

think... on the left side

**The left side of the brain is more logical,
more detailed...and less creative**

To feed your left-brain needs we have put together the following from various recent reports and from our own experience. We have looked at spending on Innovation, trends in innovation investment, strategic initiatives to support innovation and Companies thoughts about their competitive advantage and future trends. **Enjoy!**

Spending on innovation

It seems there is a polarized view of investing in innovation.

Most organisations spend less than 5% of their turnover on innovation.

And 6% spend nothing at all.

Those companies that rely on innovative services and products in their sales were the most likely to spend more than 5% of their annual budget on innovation and 9% of these companies spent more than 25%.

Training with the goal of supporting innovation was the second-most widespread investment (behind machinery) that enterprises reported: 50% had such expenditure and 63% of these enterprises aim to increase the amount spent.

Spending on innovation activities other than R&D is fairly widespread across all size segments: almost all large enterprises (94%) have spent money in this area, as have all other sizes of enterprises (82%-92% depending on the number of employees).

Trends in innovation investment

Over a third of organisations interviewed reported an increased spending on innovation in the past three years.

When asked about the direct effects of the current economic downturn, most enterprises did not report any change in innovation expenditure during the past six months (59%). However, of those who did change, roughly twice as many companies indicated that they have cut back on innovation-related spending (22%) compared to 9% that have increased their innovation budget.

The “forward-looking” attitude of increasing innovation expenditure in response to the economic downturn was particularly characteristic of high-tech manufacturing firms.



Strategic initiatives to support innovation

Regarding the most sought-after skills to support innovation, creativity, general communication skills and a capacity for team working were the ones that most enterprises looked for when hiring or training their current employees.

All of these skills were more likely to be a focus of recruitment or training activities in the larger enterprise segments and by enterprises that had an international aspect in their core activities. They were also more sought-after by enterprises active in service sectors than in the manufacturing sector.

In terms of integrating internal activities and systems to support innovation, most organisations were likely to say that they had introduced mechanisms to support the collection of innovative ideas from employees (46%), while 40% have used staff rotations and secondments to bring new perspectives to work processes.

Large enterprises stand out in each type of strategic link tested; this is especially evident in strategic relations outside a company's supply chain: the larger the companies the more likely they were to be engaged in strategic relationships with other companies, research or open innovation.

Company's thoughts about their competitive advantage and future trends

The single most widely indicated strategy to remain competitive in the next two years, was using innovation (32% of companies) next to cut costs or prices of existing products and services.

However, six in 10 companies (60%) indicated an explicitly innovative direction where they saw their main competitive advantage could be in the near future (23%, development of new products or services; 21%, modified versions of current products/services; 16%, new business models or marketing strategies).

Developing new products or to upgrade existing products were primarily mentioned by manufacturers as a key focus, while improved business models and marketing innovations were the most popular choices in the knowledge-intensive service segment.