



generation
innovate

look
to
the
future





Foreword

At Ricoh Europe we know the journey of an SMB is never easy. Whether trying to grow market share, introduce new technology or meet the changing needs of customers, the life of an SMB is rarely plain sailing. It is because of these challenges that the need for innovation is now more important than ever.

Generation Innovate, our latest thought leadership report, seeks to better understand the landscape in which SMBs operate and their approach to innovation.

Innovation has become an overused word and unfortunately this has resulted in a lack of clarity about when or how a business should innovate. Despite the confusion, there is a clear consensus about the importance of innovation. Thank you to the six Ricoh Europe customers that we feature in this report. Each of you invited us into your workplace to share incredible insight into your business and your approach to innovation. The resulting case studies present a fascinating snapshot of life as an SMB.

What our research tells us is that SMBs have felt significant change over the last 5 years and the majority are forecasting a similar level of change in the coming years. Because of this change there is a need and a desire from SMBs to innovate. Some SMBs are comfortable with this and feel equipped to do so but others less so. We found a worrying amount of SMBs who fear they will go out of business if they fail to innovate.

Generation Innovate also tells us that the opportunities for progress and success are there, so let's work together to embrace the future and create more certainty for our businesses.

David Mills, CEO Ricoh Europe

Executive Summary

We have surveyed 3,300 senior leaders from SMBs across Europe for this report. There are multiple messages that we aim to present, some conveyed through detailed analysis and statistics, others through the in-depth discussions we have held with some of our customers.

Here are some overall messages that stood out to us.

We expect to see more change and it will be even more significant.

- Three quarters of our business leaders tell us that they have managed through a period of change and that they see this continuing
- Nearly half think that changes will be even more significant to the extent that their products and services will be redesigned to meet the new demands of their customers
- A quarter of businesses say that all of their products and services will be entirely new in five years

Innovation is a necessity to survive.

Whilst the definition of innovation varies and businesses' views on their ability to innovate are measured in different ways, most do see themselves as innovative and recognise that this is essential to enable them to succeed in this ever-changing world. However, many businesses also admit that they need help to innovate successfully.

The other important message that we take from this research is that business leaders recognise the need and scope for more collaborative working between partners, suppliers and customers.

There are three key areas to successful change.

1. SMBs must build closer customer relationships by using technology to inform product and service development - 54% recognise they need to develop ongoing relationships with their customers to build or maintain success
2. SMBs must use smarter workplace technology to reshape processes, improve agility and make efficiencies - 74% of leaders say technology helps their ability to innovate
3. SMBs must foster the full potential of talented individuals by using technology to empower employees and develop creative thinking - 42% want to encourage safe spaces for experimentation to see if ideas are successful

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Innovation and SMBs



62% of SMBs consider themselves to be innovative, with finance (56%), IT (48%), marketing (48%) and sales (47%) thought to be the most innovative parts of their business.

30% admit not knowing where to start when it comes to being more innovative.

SMBs believe innovation can be defined as 'developing new products' (60%), 'introducing new workplace technology' (56%) and 'making gradual improvements to business processes' (54%).

Although 56% of SMBs want to increase profit and 54% want to grow their business over the next 12 months, only 30% are willing to embrace new ways of working within that timeframe.



62% of SMBs consider themselves to be innovative.

Innovation and SMBs

Most SMBs consider themselves to be innovative. However, their ideas about what innovation really means to their business vary hugely.

Innovation and SMBs should go hand in hand. To succeed in a competitive landscape, an SMB needs to be agile. To make a mark while surrounded by bigger companies, an SMB needs to stand out. So it's no surprise that 62% of SMBs surveyed consider themselves to be innovative. But this leaves 38% who don't. If these businesses are to prepare themselves for the future, now is the time to get to grips with what it really means to innovate.

Of course, this is easier said than done. Interestingly, the SMBs surveyed believe that the most innovative part of their business is finance (56%), closely followed by IT (48%), marketing (48%) and sales (47%) – all internal functions. This contrasts with respondents' top belief that innovation can be described as 'developing new products' (60%) – creating an external output. What we find is an unclear picture of what it really means to be innovative.

This confusion could be why our research highlights many SMBs' nervousness. 59% believe innovation is easier in small steps; even though it is a top priority for 59% of SMBs, 47% say they are afraid of making big changes. While

56% of SMBs want to increase profit and 54% want to grow their business, over the next 12 months only 30% are willing to embrace new ways of working. When the crucial question is asked, 30% admit they don't know how to start being more innovative.

These findings highlight a real need for innovation to be re-defined. Innovation doesn't mean leaping into new ideas with no thought; it means taking the time to really understand what change can mean and how customer expectations have evolved. It means giving people the time to think past the detail to imagine a new way of working. But as some of the case studies in this report highlight, it's also about being willing to take risks and empowering those in your organisation to contribute to innovation.

How an SMB innovates depends entirely on its own context; it could focus on the inner cogs that turn the wheel or on creating a new product or service. There's no right or wrong way to innovate. What is important is that a business is willing. Once SMBs have a clearer picture of what innovation really means to their business, they can chart their course towards the future. | 9



CASE STUDY No.1

Damiá Belles

COMPANY : HAPPY PUNT

LOCATION : BARCELONA, SPAIN

INDUSTRY : FAST FASHION

SIZE : 80 PEOPLE

“Anybody can talk with the CEO if they have an idea or a suggestion on how to improve the day by day. This is so important because 95% of innovation comes from people inside the company not from outside.”

Q: Can you start by introducing the company...

A: We are a fashion design company. We make and design fashion items and then we subcontract production of the final items. We are one of the fastest companies in fast fashion. In approximately one month we can design, produce and deliver the final product to our client. We are a global company with clients all over the world. We have headquarters in Spain, Turkey, the USA and Portugal.

The company was founded in 1996 and the origin of the company was both fast fashion and traditional fashion. At the moment the CEO has decided to move all of our focus and our process to fast fashion. Nowadays we are experts of fast fashion.

Q: What has enabled you to be one of the fastest companies in fast fashion?

A: We don't have our production in just one place, we can produce in different parts of the world and for this reason we can

deliver the product wherever we want. This is one of the ways to become fast. The other way is we have a highly skilled workforce within the company. We have our own designers, graphic designers, pattern designers and this all helps to makes the process much shorter.

Q: You have grown successfully as a company; what is the growth down to?

A: The growth is because fast fashion has grown and proportionally the company has grown with the world of fast fashion. We make samples for some of the biggest companies in fast fashion and therefore we evolve with them.

Q: You have a wonderful office with everyone on the same floor; is this important for the organisation?

A: We have roughly 80 people in this location and we have some rules inside the company. Nobody is more important than another person. We don't have middle management inside





of the company. We have Project Managers but today that could be one person and the next project it could be someone else. Anybody can talk with the CEO if they have an idea or a suggestion on how to improve the day by day. This is so important because 95% of innovation comes from people inside the company not from outside.

Q: You clearly have a lot of pride in where you work. Is this important to the culture of your company?

A: Our CEO wants the best for those that work here and he wants this place to feel as though it is their home. The design of our office means we get a lot of natural light which is important for wellbeing. For our staff we employ a psychologist, a chiropractor, an English teacher and we have a Michelin star chef in our restaurant. For us it is an advantage. Who wouldn't want these things inside their company?

We love this company; we are Happy Punt. You absorb the way to do things from this company and it makes the company feel like your company. This is the maximum status that a company can

achieve – the people know that the company is not just for the founders, it is our company.

Q: Can you tell me about some of the challenges that you face...

A: There are winds of change in fast fashion and this creates challenges. One of those is to be more sustainable in terms of how we make products and this is one of the most important challenges we have now. To make a pair of jeans you use 2,000 litres of water, this is too much. We need to try to adjust this situation. We need to be better at recycling the textiles we use. We need to use more efficient ways to colour the fabrics. We need to use less energy to produce our samples. We need to change and the whole market of fast fashion knows that it needs to change.

Q: Making those types of changes requires you to innovate. What is your approach to innovation?

A: We have a Research and Development department that collaborates with our internal people to look at ways that we



can innovate. Traditionally our thinking has been that innovation can just be a little modification to improve our work. But we are now also looking at bigger ways that we can innovate.

We have a lot of contact with other companies and universities which helps to give us knowledge about new technologies. We are currently starting a project with a company which uses nanotechnology with our fabrics and we have made this a co-branding situation to give them the possibility to expand their ideas alongside us.

We have a very open and collaborative approach to innovation. Our CEO always says if you have an idea or you know how to become more efficient in your work, come and tell me.

Q: How important is the relationship you have with big partners such as Ricoh?

A: It is very important. Ricoh products have helped enable us to innovate by improving our efficiency. For example we have the Ricoh communications system and with two clicks we can connect with our other headquarters. It is easy to use and creates a huge advantage for us.

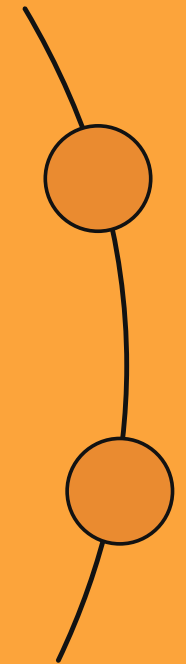
We work with Ricoh as a confidence partner and it was a great decision because the solutions that they provide and the customer service they deliver is of a high quality. With one call we have an entire company that gives us a solution. For this reason Ricoh was chosen as our partner.

Facts and Figures

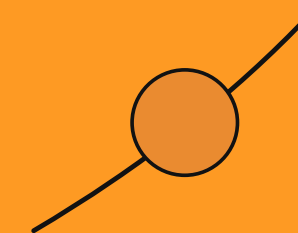
Time for Change



Although 56% of SMBs want to increase profit and 54% want to grow their business, over the next 12 months only 30% are willing to embrace new ways of working.



Although 92% of SMBs say digital disruption is significantly impacting their sector, only 41% are ready for that change now.



41% of SMBs say they have missed out on opportunities because of a lack of innovation and 33% have previously tried but failed to innovate their business.



78% say their sector has undergone change in the past five years and 75% predict it will change again over the next five years, 40% saying significantly so.



Only a small proportion of SMBs believe they are currently ready for the factors they see as driving significant change in their sector. These include economic uncertainty (25%), increasing automation (27%), changing regulation (27%), shifting customer expectations (31%) and increased competition (31%).



78% of SMBs say their sector has undergone change in the past five years.

Time for Change

European SMBs recognise they are caught-up in change disrupting their markets, but few are ready to embrace that change.

Today's SMBs are tasked with charting a path through increasingly uncertain times. Against a backdrop of global political upheaval, business regulations, social unrest and social uncertainty, the three-year business plan has changed to the three-month business review.

78% of SMBs say their sector has undergone change in the past five years and 75% predict it will change again over the next five years with 40% saying significantly so.

We found that the factors creating the most amount of change for SMBs include economic uncertainty (25%), increasing automation (27%), changing regulation (27%), shifting customer expectations (31%) and increased competition (31%).

In addition to these global risk factors, SMBs are operating at a time of significant opportunity. Whether they like it or

not, technological advancements are allowing for progressive change across an increasingly wide range of sectors. The clear majority of SMBs (92%) say digital disruption is significantly impacting their sector, but crucially only 41% are ready for that change now.

As a result, opportunities are being missed. Our findings show that the increased pace of change occurring around SMBs is creating new stumbling blocks that many are not agile enough to avoid. 41% of SMBs say they have missed opportunities because of a lack of innovation and 33% have previously tried but failed to innovate their business.

But this shouldn't be the end of the road. The pace of change is not going to slow down. If we can define and highlight innovation more succinctly, change becomes not a stumbling block but a chance to try something new.



“We are 300 years old. This company has innovated many, many times in the past and now we have to innovate for the future.”

CASE STUDY No.2

Peter Ellerbrock

COMPANY : DELIUS

LOCATION : BIELEFELD, GERMANY

INDUSTRY : FABRICS

SIZE : 250 PEOPLE

Q: Can you start by introducing your role within Delius...

A: I have been in the company since 1980 and my job is Head of IT. We have 250 people across three locations in this region and we manage IT here in Bielefeld, but we are supported by Ricoh who have been our partner for four years.

The people that we choose to work with have to understand our business. They have to ask: how do they work at Delius? They have to understand we are working in an office here but we are also working in production and manufacturing. This is why we work with Ricoh; they understand our business.

At first, we only took the Ricoh printers but have since grown what we use. We are now working with 175 Ricoh devices, which we manage ourselves.

Q: You have made the decision to manage everything here...

A: Yes, we like to be the manager of our devices. We like to know what we have to do with the devices. If we have a problem and we need the service of Ricoh, we can call Ricoh. Sometimes Ricoh are alerted by the @Remote application which sends alerts to Ricoh and the technical support is on hand before we even know there is a problem.

Q: As an SMB how much importance do you place on working with big partners?

A: I think it is very important and it has also become more important recently. If you work together with a worldwide player like Ricoh, you always have the best technology. Somebody in Japan has an idea and we in Germany can benefit from it.

Q: The business must have seen and overcome an awful lot over the last 300 years. How do you go about ensuring that you can survive for centuries to come?

A: It is a very interesting time. We have to be faster and more innovative than the other suppliers. We have to deliver very good quality. Our competitors in Asia, Turkey or Africa can produce fabrics too, so we have to be the best by delivering good quality and delivering on time.

Q: Do you manufacture in Germany?

A: Yes, we manufacture in Bielefeld, which is essential for us. If there is a problem with the colour, our factory is only 10km away and quickly we can go and look. If the customer has an idea, then we can quickly try it.

“Our principles are like Ricoh. If you give good quality to your customer, they are more likely to keep working with you.”

Also, it is important to talk to Ricoh about other things. They have tools for networking and tools for communications systems and so on. Ricoh is not just about printers; they are much more and if you are a customer of Ricoh you can benefit from all of these things.

Q: Delius has been around since 1722; that is an incredible achievement...

A: Indeed. We have been here in Bielefeld since 1722, always making fabrics. Our profession is producing and manufacturing fabrics for windows. We sell our fabrics to big hotels and cruise ship operators. Our fabrics are on the biggest cruise ships ever built.

Q: What are the secrets of your success?

A: Our principles are like Ricoh. If you give good quality to your customer, they are more likely to keep working with you.

We are a family business. Mr Delius the CEO is the 9th generation of the family and the 10th generation is waiting to take over.

Q: How important is innovation within the business?

A: Very important. Innovation is in all parts of the business; marketing, design, product design and IT. We have teams made up people from each of these departments who come together to talk about innovation.

In Bielefeld we have a very interesting start-up scene, which influences us. There are several locations where many young people are working on some great start-ups, on blockchain technology, on digitisation, on marketing and so on. We are going and talking to these young people so we can learn from them. We ask them about our products and what they think innovation for Delius could be. What is the right way for us to talk to the customer in the future? What is the right way to attract young people? What are the fabrics young people like? Do they like fabrics? This dialogue is really valuable.

This company has innovated many, many times in the past and now we have to innovate for the future.

Facts and Figures

The Importance of Innovation



Worryingly, 34% of SMBs believe they will go out of business in the same timeframe if they fail to innovate.

Within the next two years, significant numbers of SMBs believe they will still not be ready for the factors driving change in their sectors.

Changing regulation (26%), increasing automation (20%), economic uncertainty (19%), changing customer expectations (21%), increased competition in their sector (19%), digital disruption (10%).





34% of SMBs believe they will go out of business in the next 2 years if they fail to innovate.

The Importance of Innovation

Significant numbers of SMBs are counting themselves out of the game entirely, predicting they'll soon fall victim to market disruption – that is, unless they innovate.

To many SMBs we spoke to, innovation is a daunting prospect. Rather than shining a light on new opportunities, the pace of change is overwhelming. A significant number of SMBs believe that in the next two years they will still not be ready to take on the factors driving change in their sectors; 34% of SMBs believe they will go out of business in that time if they fail to innovate. Perhaps they will, but it's not inevitable.

Recognising the importance of innovation is the first step to doing something about it.

Many SMBs already know what factors are driving change in their business and can start to prepare. They can act in advance of factors such as changing regulation (26%), while

other factors such as changing customer expectations (21%), increased competition in their sector (19%) and economic uncertainty (19%) are perennial business challenges. No business landscape ever stays the same for long as economies grow and shrink and customers turn from one trend to another.

The more uncertain challenges are those that present something new, such as increasing automation (20%) and digital disruption (10%). These challenges are unprecedented. Never before have businesses had to contend with such quick emergence of new technologies that fundamentally change how they operate. New products are altering business landscapes entirely and innovation is vital to allow a business to evolve with them.



“In 2018 it is impossible not to innovate; if you don’t innovate you will quickly fall behind.”

CASE STUDY No.3

Roberto Baccara

COMPANY : IGP DECAUX

LOCATION : MILAN, ITALY

INDUSTRY : OUTDOOR ADVERTISING

SIZE : 320 PEOPLE

Q: Can you start by introducing the company...

A: We are the number one home communications provider in Italy. The outdoor advertising market has traditionally worked with static advertisements on paper and the transformation from paper to digital advertising is something that we are trying to drive. This change is something that we are passionate about because there is a lot of difference between a static image and an image that is dynamic on screen. With the digital screen you can change the picture and the behaviour of the content by external triggers such as the weather and the time of the day. It is quite hard for us to help the market understand the possibility and potential for this kind of advertising and now our challenge is to drive that change.

Q: Why does the market find it difficult to see the potential?

A: The people that are buying advertising for paper and advertising on the screen are the same people, so we need to keep educating them about why to choose digital over print. In Italy we have one big competitor in what we do but also we see the other advertising channels (print, TV, radio) as our competitors. The behaviour of the media agencies is such that they have a budget and they segment the budget for each channel. They dedicate one part of the budget to radio, to television, to print etc. Our focus is on increasing our segment of that marketing budget.

Q: In order to achieve success for your business what is the most important ingredient?

A: I think firstly it is related to the people. If you have good people, then it is easier to adopt new technology and drive change. The process is also very important but mainly success for us is related to the people.

Q: How easy is to find the right people?

A: I manage a team of 12 and I am lucky because all my people are very proud to work in this team and they are hungry for innovation, therefore it is not a problem to help them learn new things.

Recruiting the right people to join this team is not easy. Recruitment is one of the challenges that takes longer than they should and this is because I am not just searching for people with vertical experience. I am searching for people who can learn to use new technology and this is more related to the mindset not so much to their experience or which university they went to.

Q: How do you use Ricoh products in the business?

A: In the past we had a very static situation in terms of the products that we used. Now we have changed it at lightning speed because we are introducing new technologies to help us improve and innovate. One example is the digital screens from Ricoh that we use here to help us communicate across many different locations.

Q: What is your approach to innovation?

A: Innovation is to try to do something that you haven’t done in the past. Not to be afraid about the technology or the reaction from the market. You have to be brave. You need to do something without a business plan. When you do a business plan you have to predict the turnover that you are expecting from that project which sometimes isn’t easy.

Our CEO is pushing us to innovate, to use new technology, to be unafraid to fail. The commitment from our CEO to innovate is strong. In 2018 it is impossible not to innovate; if you don’t innovate you will quickly fall behind.

Facts and Figures

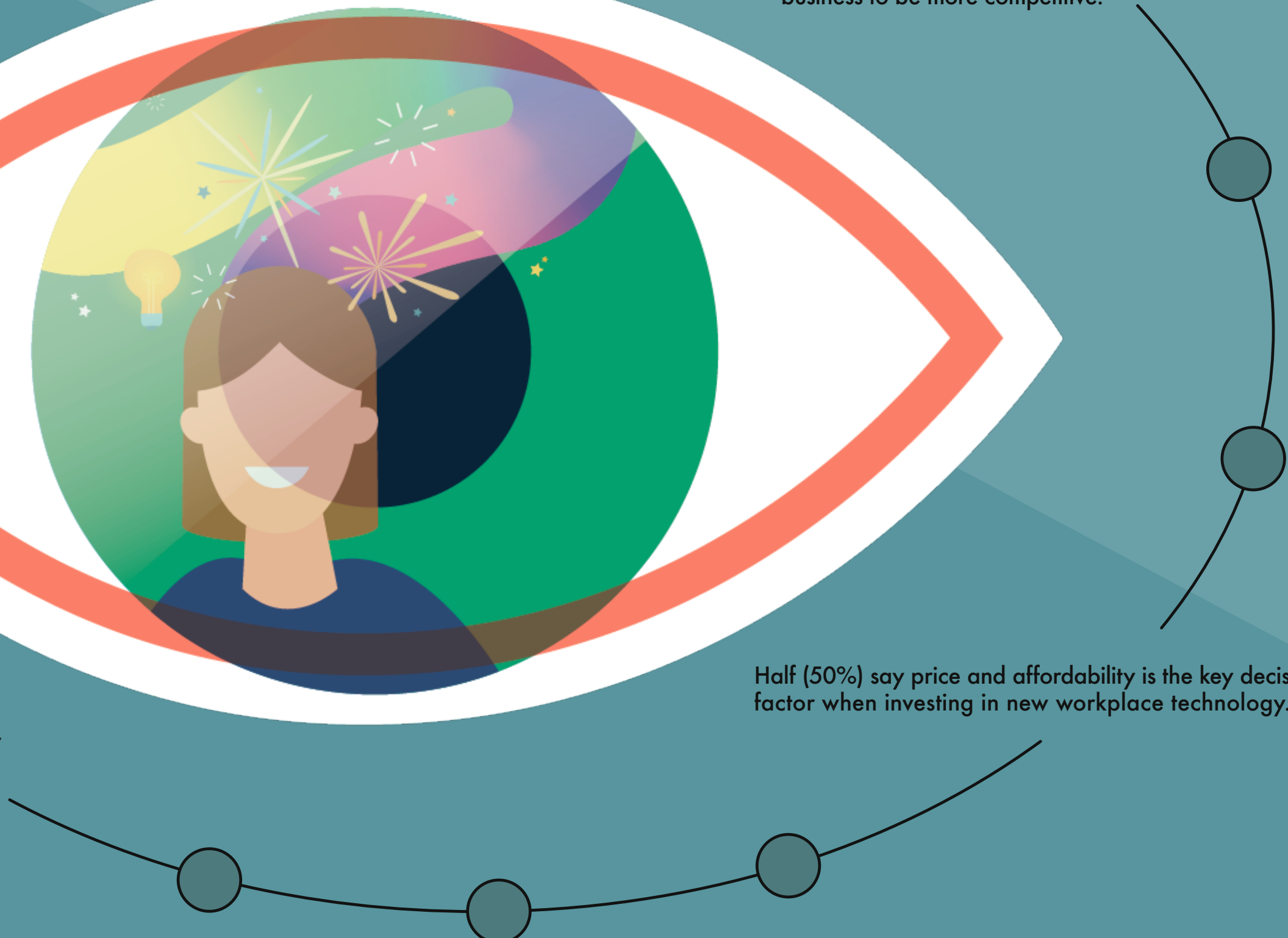
The Role of Technology in Innovation



59% say access to enterprise-grade technology, and 58% say better workplace technology, would be most beneficial in enabling their business to be more competitive.

Half (50%) say price and affordability is the key decision-making factor when investing in new workplace technology.

74% of SMBs say technology helps their ability to innovate, with 46% saying greater access to digital technologies would help them to be more innovative.





74% of SMBS say technology helps their ability to innovate.

The Role of Technology in Innovation

SMBs recognise and understand the role technology plays in effective innovation, but many will need to reassess their priorities to get the greatest return on their investments.

Across almost all sectors, digital disruption is causing the most change. Some industries have been turned on their heads entirely by technological innovation disrupting age-old processes, while new products have created an entirely new playing field.

Technology has become the key differentiator for a business's ability to innovate. Almost three quarters (74%) of SMBS say technology helps them innovate, while 46% admit that greater access to digital technologies would enable them to be more innovative. Respondents highlighted how access to both enterprise-grade technology (59%) and better

workplace technology (58%) would enable their business to be more competitive.

Whether to commit to investing and installing new workplace technology can be a significant business decision. New systems can disrupt daily activities and half of SMBs spoken to highlight affordability as the key decision making factor. Only 32% consider cyber security standards, 30% the expertise of the provider and only a fraction (16%) consider regulatory requirements. If a business is serious about future-proofing itself, however, the right technology is one investment that will surely pay off.



CASE STUDY No.4

Tim Chandler

COMPANY : MBNL

LOCATION : READING, UK

INDUSTRY : MOBILE NETWORK PROVIDER

SIZE : 300 PEOPLE

Q: Can you start by introducing Mobile Broadband Network Limited...

A: We were formed approximately 10 years ago by T-Mobile (now EE) and Three to design and run both parties Radio Access Network (RAN). They realised that the network economics were such that if they combined their networks then they could leverage cost savings from sharing the infrastructure and therefore provide a better customer experience for their consumers. We were formed as a joint venture between our two shareholders (EE and Three) for this purpose.

Q: In your role as Head of IT, which part of the company's IT function are you responsible for?

A: IT in MBNL is split into two. We have our corporate IT and then we have our enterprise IT which runs the RAN. My responsibility is running both of those areas.

Q: How important is innovation at MBNL?

A: It is important. Both of our shareholders, EE and Three, are innovators and their expectation is for us to be in place to support them to innovate, which we do. Internally in our corporate space we are much freer to do our own innovation and we drive that process. A recent example from an IT perspective is we have moved from an 'old fashioned' way of operating to a much more cloud orientated and agile way of working.

Q: When innovating within your corporate space, what are the key things that need to be in place?

A: Partners are vital and Ricoh is a very good example. We are a lean organisation and therefore we rely on our partners to innovate for us. We augment that internally with our own people but we function in such a way that partners are very much central to the process.

Q: What are you looking for when deciding who to partner with?

A: We intentionally use the word 'partners' and not 'suppliers' because we are not interested in just having suppliers. We are going to be working with them for a long time so it has to be a partnership. I do think we are quite a tough organisation to

work with at times because of the fact that we have two blue chip companies as our shareholders. Sometimes things are a bit uncertain for us and I think that can make us a challenge for partners and we therefore need a partner who can work with those challenges. We are also quite governance heavy because of the way we are structured. What we don't want, therefore, are partners who will introduce another level of governance on top of that. As much as possible we want to work with agility and that is how we make a choice about who we partner with; together can we work with agility, yes or no?

Q: As the Head of IT I presume technology is a key enabler for you when trying to innovate?

A: In order to remain current and leverage the benefits of a more agile way of working then yes, technology is key, but what I have tried to do at MBNL is to move the technology into more of a service arena. It doesn't matter what type of technology the end users are using to do their jobs as long as the technology is available, it's scalable, they get good service and it's secure.

Q: How important are internal people to innovation?

A: MBNL is full of engineers. Engineers by their pure nature build solutions and one of the challenges that brings is that you have a team of people with ideas about how to do things better. So whilst we are not short of expertise which is great, sometimes the challenge is reining them in.

Q: Many of the businesses that we have spoken to for this research have experienced significant change in their business over the last 3 – 5 years. Would you echo that and if so what are the drivers of change in your business?

A: It's a hard one to answer. We have experienced change but much of the change for us is dictated by our shareholders and we are beholden and influenced by what they do.

Looking into the future there has been talk of 5G and I don't know what this will mean for MBNL. We continue to push for an agile and innovative environment which gives us a position of strength to respond to unknown change.

Facts and Figures

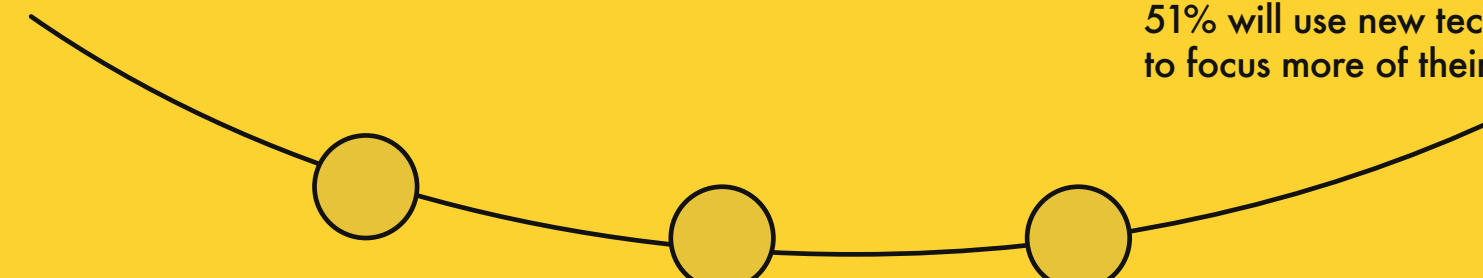
Customers Driving SMBs to Innovate



Value for money (43%), demand for choice (42%) and emphasis on quality of experience (41%) are expected to be the most influential customer trends impacting the need to innovate.

91% of SMBs expect their product/service offering to change in the next five years with 24% even likely to pivot to an entirely new offering. 45% plan on using more data-driven insights to shape their product and service offerings.

To encourage customer-focused innovation, 51% will use new technologies to enable employees to focus more of their time on customers and not processes.





91% of SMBs expect their product or service offering to change in the next five years.

Customers Driving SMBs to Innovate

To meet customer expectations, SMBs predict their own products and services will change over the next five years. Crucially, it will be the customers themselves who will dictate the direction of innovation.

To meet customer expectations, SMBs predict their own products and services will change over the next five years. Crucially, it will be the customers themselves who will dictate the direction of innovation.

Worried they may be, but few SMBs believe they can keep their heads in the sand as the world changes around them. The clear majority (91%) expect their product or service offering to change in the next five years. 24% even indicate they may move to an entirely new offering, while 45% plan on using more data-driven insights to shape their product and service offerings.

The strongest factor driving SMBs to embrace change is

evolving customer expectations. Businesses expect value for money (43%), demand for choice (42%) and emphasis on quality of experience (41%) to be the most influential customer trends impacting the need to innovate, as the on-demand culture continues to permeate all industries. To ensure innovation works towards meeting customer expectations, 51% will use new technologies to free up employee time to focus on customers rather than processes. Similarly, 47% say they will actively pursue customer feedback to inform innovation and 54% recognise the need to develop ongoing relationships with customers. However, product development itself will remain behind closed doors; only 32% of SMBs will bring partners and customers into the creation process.



CASE STUDY No.5

Rafael Martinez-Avial

COMPANY : TIENDANIMAL

LOCATION : MALAGA, SPAIN

INDUSTRY : PET RETAIL

SIZE : 150 PEOPLE

Q: Can you start by introducing the company...

A: We are an on and offline pet retailer. We are about to deliver €100m revenue by the end of the year, 40% of that will be coming from online and the remaining 60% from retail. We currently have 40 open stores and by the end of the year we will have 55. We aim to open one or two stores per month. Through our online business we are the leader in Spain and Portugal at present also operating in France and Italy. We have 650 employees with 150 here at the HQ in Malaga.

Q: Do you consider yourselves to be a mixture of a retail and technology company?

A: We define ourselves as a multi-channel company within the pets market in Southern Europe. We were born as pure online and we are now making the transition from the online arena to the physical landscape. In answer to your question, yes we are a mixture between a retail company and technology company. In my opinion in this market if you don't have both a physical and an online presence then you don't have a bright future.

“We have been growing consistently 80% year on year since we were born.”

Q: What type of stores do you have?

A: We have three segments. Our standard store, which is within a retail park and will be about 1,000 sq meters big. Alongside products we offer a vets' practice, pet grooming and so on. We have an intermediate store which is targeting city centres and is around 500 sq meters in size. Then we have a small store format which is for the premium commercial area where the price per sq meter is much higher and we therefore have a smaller store of about 150 sq meters.

Q: You have achieved successful growth as a business. Can you tell me about the level of growth and how this was achieved?

A: We have been growing consistently 80% year-on-year since we were born. This year we are targeting a slightly lower growth of 60% because our absolute base is much more. The ambition is to sustain that level of growth by opening more stores. A year ago we received €60m in funding and that enables us to grow in a dramatic way and we are considering acquiring more stores to accelerate our growth in the near future.

Q: What form of funding did you receive?

A: The money was from lenders. They offer a higher interest rate but they don't need the money back until the end of the project. Only 10% of the finance in Spain comes from this type of finance, which shows traditionally it hasn't been very popular, whilst in other countries in Europe it is as high as 60% of companies receiving that type of funding. It is evolving in Spain and will grow in popularity as the lenders don't require a share of the company.

Q: What are the challenges you have set your company as you grow as a business?

A: Our first obsession is to keep improving our core qualities. We currently deliver 80% of our orders within 24 hours but we want to improve that and be close to Amazon's standards. In the big cities we want to be able to deliver our product in 2 hours.

Secondly, I want us to be specialists in pet advice. The majority of the calls we receive in our call centre are asking for advice about what to feed a dog or what skincare products to get for a certain pet. This is a pillar of our business as it creates a huge engagement between the consumer and the company.

Our third focus is our private label. Our private label has excellent quality at a reasonable price and we need to keep increasing the quality and quantity. Alongside this we are focused on developing a 360-degree world of products around pets. We are on track but we need to keep developing that. Finally, we need to keep looking at processes and systems in terms of supporting the team. These would be the main challenges we have.

Q: What is your approach to innovation?

A: In everything we do we love innovating and we want to be the first to market. We don't currently have someone responsible for innovation; it is something which is important across all teams. We have several committees which are dedicated to innovation and that is made up of people working for the purchasing department, for ecommerce, retail and finance.

Q: Would you employ a head of innovation in the future?

A: We will. Take into account that we were a start-up up until not very long ago. Innovation is something that doesn't always pay off because things won't always work but it is still absolutely critical. Ideally in the future we will have someone who is 100% focused on this.

Q: As an SMB how important is the support of big partners such as Ricoh?

A: We have so many opportunities to grow our business. The confidence we have in Ricoh, who is reliable and doesn't give us any problems, means we can focus on the critical parts of the business.

Facts and Figures

People at the Heart of Innovation



To become more innovative, 45% plan to encourage staff to provide ideas and be more creative, and 41% will reward innovative thinking.

Despite the emphasis on investing in workplace technology, only 48% of SMBs are exploring bringing more technical and digital skills into the business to improve innovation.

68% of SMBs are prioritising talent with communication skills.



CASE STUDY No.6

Fabio Fogliani & Marco Curato

COMPANY : BEIJER REF ITALY

LOCATION : MILAN, ITALY

INDUSTRY : REFRIGERATION

SIZE : 105 PEOPLE

Q: Can you start by telling me about your business...

A: We are focused on the refrigeration market. The market in Italy is a 300m Euro market and we have 15-20% of the market share and are one of the leading companies working in this market. We are a distribution company so we mainly buy and sell components for refrigeration systems.

Q: What do you believe are the reasons why you have achieved such a strong market share?

A: One of the key drivers of our growth is that we are representing the leading brands in this market. We are the preferred channel for the key products in our industry and we are one of the leading distribution companies in this field. The main manufacturers are relying on our sales network to bring their products and new solutions to market.

Q: What are the challenges that you face as a business?

A: The technological situation in our market is changing fast due to new environmental regulations that are being introduced. Also the technological components that we distribute are changing. We have the duty to help the market to go faster towards these new innovations and we are trying to use the best tools available in the market to make this happen. Ricoh and Ricoh products are helping us to be faster to market to introduce these new solutions.

Q: How are Ricoh products helping you?

A: Technical competence is one of the key ingredients to our success and that is where Ricoh tools come into play. The number of new products we need to educate our people about across our organisation is increasing every day. In the past, to educate people we used to have to stop the sales activity in the branches for one day and bring all the sales people into the same physical place. This wasn't cost efficient and had a huge impact on the daily business.

Our mission is to drive the customer to have the best solution possible at the lowest price possible.

Q: Providing the best product at the lowest price point for the customer means you have to be efficient with your spend. Do Ricoh products help improve your efficiency from both a time and cost perspective?

A: You got it. The first question we ask is what is the cost saving we will make by having this product? After the first webinar that we produced we had already received the payback we needed to justify the expenditure. Our target is to hold one webinar each week.

The other reason to have the best products is to reduce the time to market. If, tomorrow, there is an incredible new product and our supplier can come in and present it to us, then we want to spread this information to the entire organisation very, very quickly. Our staff have smartphones and now our sales team

can show our customers the presentations the day after we receive them from the supplier. We will also have a library available for our new employees to enable very fast inductions about our products.

Q: Is improving market share your main focus as a business?

A: Our focus is on doing the basic things to achieve growing success. This is our normal approach. If as a consequence we increase our market share we will be happy but it is not our main focus. We want to create a culture where people are proud to work for a very good company and where the customer is our main focus.

Q: What do you think are the most important ingredients to enable you to innovate as an organisation?

A: Right mix of product, the right partners and the right people.

Q: What does innovation mean to you?

A: We talk about innovation as a business opportunity because there is a dynamic which is bringing it head on. We are in a period of technological change and we need to bring a new message to our users that have been doing business in a certain way for 50 years. It is a journey that started two or three years ago and will last the next 20 years.

Innovation is bringing us a new way of doing business and a new way of approaching problems. We have been in the same industry for 20 years and the speed of change we have witnessed is dramatic. If you are not up to date and able to innovate then you easily go out of business.

We are a benchmark for the global operation in how to make an opportunity out of a problem and we are very glad about that. It is a motivation for the entire company.

45% of SMBs plan to encourage staff to provide ideas and be more creative.

People at the Heart of Innovation

Often, the tools needed to reap the rewards of innovation already lie before us; it is SMBs' own employees who will be integral to the innovation process over the next five years.

SMBs don't just look to their customers to drive the direction of innovation. Many businesses attribute their success to the people within their own walls, so who better to turn to when it comes to blue sky thinking than the people who often live and breathe the product or service they provide?

To become more innovative, 45% of SMBs plan to encourage staff to provide ideas and be more creative. In a move that signals a shift away from traditional business models, 41% will reward innovative thinking among their staff.

Among the SMBs we spoke to, it's clear that technology

and people go hand in hand when it comes to preparing for innovation. While 48% are looking to bring more technical and digital skills into the business to improve innovation, 68% are prioritising finding the right people who possess communication skills. Similarly, 46% of SMBs plan to set up employee innovation workshops and 42% want to encourage safe spaces for experimentation to see if ideas are successful.

The best resource a business has is its own people. A business that recognises this will be able to harness the true potential of adopting an innovative culture.

In Summary

62% of SMBs consider themselves to be innovative

78% of SMBs say their sector has undergone change in the past five years

34% of SMBs believe they will go out of business in the next two years if they fail to innovate

74% of SMBs say technology helps their ability to innovate

91% of SMBs expect their product or service offering to change in the next five years

45% of SMBs plan to encourage staff to provide ideas and be more creative

Final Thought

Be it through small incremental steps or giant leaps, the future of an SMB is being forged now. Along the way, that future will be impacted by a multitude of macro and micro factors, some of which we have explored in this report. What will define the long-term success of SMBs is their ability to respond to those factors; to create new ways of working or new products and services.

Therefore, SMBs need to ensure they are ready to innovate. They need to have the people, technology, partners and processes in place - and they need them today.

