



PIVOTING YOUR PRODUCT



HEALTH • HYGIENE • HOME

Foreword

Driving innovation is important for all companies, large or small. However, as many of us know, juggling the excitement of a new discovery alongside the day-to-day of running of a business can be a challenge. Having the headspace to focus on thinking 'what comes next' is no easy feat. At RB, we focus on building our global network and actively search for ambitious entrepreneurs and business owners to collaborate with, so that we can grow our businesses together. We believe that through partnerships, we can achieve so much more.

As a company, we value fresh approaches to solving consumer needs and innovative product development. We're always on the lookout for the next big consumer product idea, often investigating products developed for different industries and seeing how they can be transformed for everyday life. We know that small and medium enterprises (SMEs) embrace new ways of thinking that bigger organisations can sometimes lack. Most wish to maximise their business potential, so a collaborative partnership-led approach absolutely makes sense. Through our co-creation with SMEs, we've successfully brought to market many household name products. One example from the early 2000s is the Air Wick® Freshmatic® product, which started life as an autospray that existed as an institutional fragrance solution. Read more on page 13.

An agile partnership can deliver a product to market within as little as 18 months. However, we realise getting this journey underway is not always simple. Whilst our in-house team have built a large network over the course of many years, our experience tells us that it can be difficult for SMEs and entrepreneurs to know where to start and who to proactively seek out for support, particularly when looking for a partnership that can help expand and take a business to the next level.

It was this insight that inspired us to conduct our research with Enterprise Nation and develop this report. We wanted to better understand how UK SMEs and entrepreneurs identify opportunities to transform their products; the motivation behind pivoting their products into new markets, and the potential barriers to making ambitions become reality.

This report paints a picture of optimism amongst UK SMEs and their ability to evolve their product offering, but this must now be transformed into determination to find and secure the right partner to help drive future success.

We hope you enjoy reading our report and find the recommendations and actions of value. The Outside Innovation team at RB are happy to discuss any feedback or questions you may have about the research and future partnership opportunities.



Dave Challis, VP of Innovation at RB



The entrepreneurial economy is at an interesting crossroads. At this time of political uncertainty, entrepreneurs and founders could choose to look inwards and focus on a shrinking domestic economy, or they could opt to look up and out; to new countries, markets and purposes, for their products and services. The response to this survey shows the Enterprise Nation community of businesses has opted for the latter.

Businesses say they are feeling positive and optimistic about growth; indeed, they are actively searching for opportunities, yet acknowledging they want advice, support and partnerships to help them along the way.

Over the past five years we've seen a growing appetite from large corporates to work with small and innovative upstarts first-hand. The large company benefits from the innovation and entrepreneurial spirit of the smaller firm, whilst the entrepreneur benefits from a powerful route to market and support on business processes. When large and small come together, the benefits are felt by both.

Small businesses who responded to this survey accept the need to partner to get their products and services into customers' hands – and to keep bringing out new lines for those same customers to enjoy – yet they don't know where to start when it comes to looking for that trusted partner. This is why it's so important for companies such as RB to engage with small business communities, such as Enterprise Nation, to speak at events, to showcase success stories, and to produce research to highlight what's getting in the way of fruitful and productive partnerships.

The result we'd like to see from this report is more SMEs becoming aware that companies such as RB are looking for talent; standing by to assist with the scaling process and doing so in a way that delivers for the founding entrepreneur, for RB, and, critically, for the consumer.

Shining a spotlight on stories where this has worked will also help. The more an entrepreneur hears that others in their sector or peer group are partnering to scale, the more they will consider it themselves.

Our job at Enterprise Nation is to connect small businesses with trusted advice and commercial opportunities. We hope the role we've played in the production of this report is just the start of the journey in making connections between our community of small and ambitious firms with the global success story that is RB.



Emma Jones, Founder of Enterprise Nation

www.enterprisenation.com

Summary

Optimism amongst UK SMEs is high: Businesses are positive about growth prospects and confident in their products' further potential.

This is a key finding from our [Pivoting your Products](#) study, conducted by Enterprise Nation. However, despite this optimism, the research also revealed that this ambition is not currently being matched by action.

While UK SMEs recognise the need to find the right support to fuel growth in terms of market expertise, marketing and PR, and product development, and they know which key traits to seek in a partner, they're not looking outside of their usual networks to maximise growth opportunities.

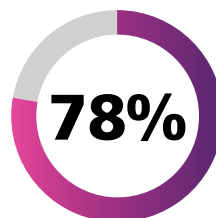
Yet, creating partnerships with multinational organisations can help deliver the expertise required to help scale and pivot a business.

"If there's one asset that founders want more of, it's time. Any partner that can help accelerate a route to market is a welcome partner for small businesses."

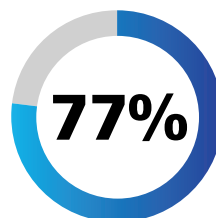
Emma Jones,
Founder of Enterprise Nation

RB'S SURVEY OF 250 SMALL BUSINESS OWNERS IN THE UK FOUND:

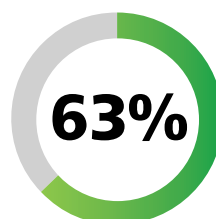
There's optimism for pivoting products to maximise new business opportunities:



Despite an imminent Brexit, the majority (78%) of UK businesses plan to **scale and grow** – both domestically and internationally – over the next two years

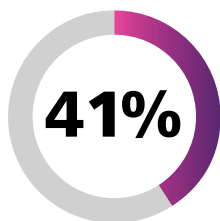


More than three quarters (77%) of UK businesses **plan to drive growth by repurposing their existing products**

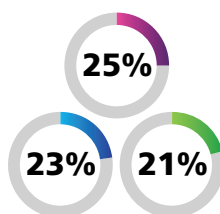


Nearly two in three (63%) British companies are **'confident' or 'very confident' about developing a new purpose for their product** or expanding it to a new audience segment

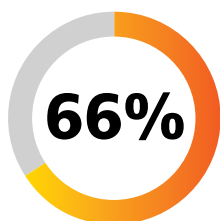
While they know they need support, they can be slow in securing it:



Nearly half (41%) of UK SMEs view **not being able to find the right partner as a significant barrier to pivoting their product**

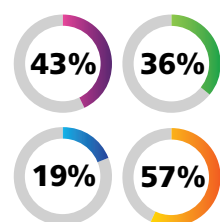


Other concerns include a **lack of expertise** (25%), **knowledge of how to market to a new audience** (23%) and **understanding of process** (21%)

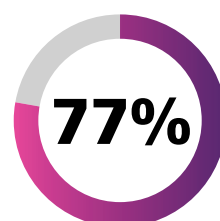


Two in three (66%) UK SMEs would consider **partnering with a multinational organisation to scale their business** or take it in a new direction, but have not yet done so

UK SMEs know what support they need from a partner:

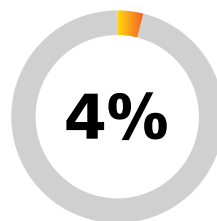


They are looking for partners **that can inject market expertise** (43%), **marketing & PR** (36%) and **product development** (19%) as some of the most **essential elements outside of direct funding** (57%)

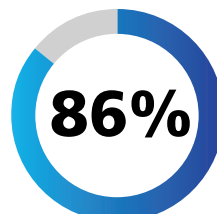


The most attractive traits in a corporate partner are listed as **trust and transparency** (77%), a track record of developing market-leading brands (21%), access to senior business leaders (13%) and an established network (6%)

While most would seek help from multi-nationals, they don't know how:



When looking for partners, they are turning to peers (52%), online business networks (50%) and friends and family (44%). **Less than one in ten** (4%) **would seek the help of large corporates**



The main reason cited for this lack of contact is simply that the vast majority (86%) **do not know where to start when it comes to seeking these prized potential partners**

As this study reveals, UK SMEs are missing out on opportunities to draw on the expertise of large corporations that could help them leverage existing product innovations and, ultimately, boost their bottom line. It's therefore essential that optimism is transformed into strong determination to seek and secure the right partner to help drive success.

As a multinational business, RB is able to provide support in key areas for company growth including product development, access to supply chain partners, marketing expertise, consumer insight and research, and product testing. An agile partnership can deliver a product to a new market within as little as 18 months.

This data is from a survey of 250 small business respondents across the UK, working in several different sectors, including business services, construction and infrastructure, fashion and retail, food and drink, HR, health and medical, media, marketing, manufacturing, professional consultants, services and technology.

The survey was commissioned by RB and conducted by Enterprise Nation in August 2017. For a more detailed breakdown of respondents, please contact RB.

Pivoting a Product – What, Why and How?

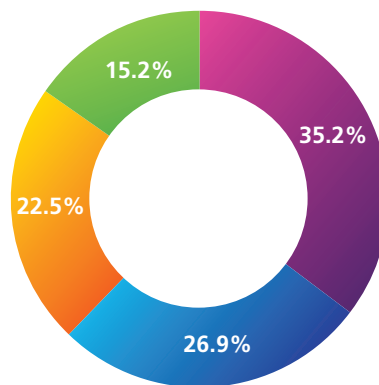
Some of the most exciting innovations come from the most surprising beginnings.

Coca-Cola began its iconic brand journey as a nerve tonic designed to 'relieve exhaustion'.¹ Teflon was accidentally invented whilst looking to synthesise a new refrigerant gas and used for military purposes during the Second World War, before being adapted for cookware.² Bubble wrap was originally sold as wallpaper and greenhouse insulation, before being used to protect and transport goods safely without damage.¹

These are just some of the everyday products we use, which at their inception were intended for a completely different purpose. These types of discoveries continue today. For example, products developed for military use in extreme conditions are inspiring the creation of consumer goods to protect people's health and hygiene. .

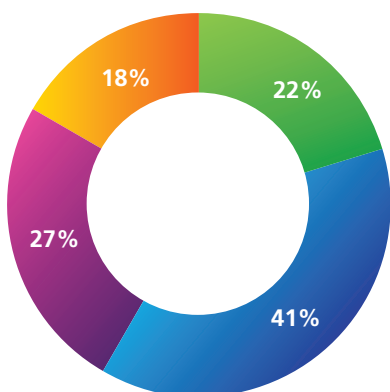
The key to changing the nature of a product is recognising attributes that can be transferred from one use, with one specific audience, to another. There's certainly appetite amongst UK SMEs to proactively seek out these opportunities, rather than come across them accidentally. In fact, our research found 77% of UK SMEs plan to drive growth by pivoting their products, with nearly two in three (63%) 'confident' or 'very confident' in doing so.

Thinking about your core product(s), have you ever considered it being used for another purpose and / or audience outside of it's original intended use?



- No to both
- Yes to both
- Yes, another audience
- Yes, another purpose

How confident would you feel about taking your core product(s) to market with an alternative purpose than you originally intended it for?



Despite an economy shrouded by Brexit, the latest SME Health Check Index from the Centre for Economics and Business Research (Cebr), which measures business performance against macroeconomic operating environments, found there are opportunities for UK SMEs to grow and thrive.³ In fact, the Index rose to its highest level in 18 months in Q2 of 2017, helped by increased lending to SMEs, a falling number of business bankruptcies and the plateauing of costs.³

But while British companies' confidence in their products' potential is booming, and there's scope to grow, it can be difficult to know how to get started. So, how exactly do businesses join the dots to unearth innovation?

There are three key steps to follow when exploring opportunities for new products: think adjacency, be credible, and assess and engage what it takes to bring a product into a new market.

1. It can be difficult for businesses to divorce themselves from the traditional applications of their products and see them through a different lens. However, as a starting point, the features, attributes and benefits of a product must be interrogated and broken down to see how they could potentially be applied to a different customer need or market. It's this adjacent thinking that will lead to unexpected ideas.

2. A flurry of new applications may be identified during this process and so due diligence must be taken to find those that are credible. This means scoping out potential markets, consumers and suppliers, and testing the viability of the product in each case. Armed with this knowledge, it's much easier for businesses to shape and accelerate the pivoting process.

3. Once the idea is carved out, it's vital to understand what it takes to launch in a new market, such as adhering to different legislation or changing test methods to fit new category requirements. Mapping the journey and working towards clearly defined milestones is also important. Not only will this help to outline the ambition, but it provides tangible goals for the team to work towards.

So, the message here is clear: opportunities to evolve products and expand markets do exist, but the trick is knowing how and where to spot them, as well as identifying the right partners to support that journey. Get it right, and we see first-hand at RB that the results can be spectacular.

Accelerating Growth – Optimism vs. Action

Identifying new uses for a product can be challenging, but British SMEs certainly have the drive to make it happen.

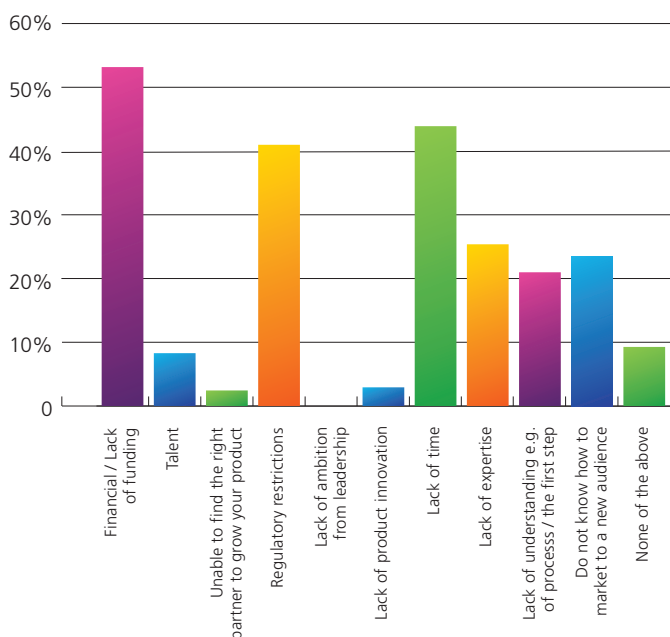
This is because pivoting products is seen by many as integral to their growth plans, which our study found to be incredibly ambitious despite the current political and economic uncertainty. In fact, over the next two years, the majority (78%) of UK SMEs plan to scale and grow both domestically and internationally.

We can't ignore the fact that an imminent EU exit – which has brought with it inflation, a fluctuating pound and challenges to the domestic economy – creates trepidation amongst businesses. But all is not lost and there is hope amongst UK SMEs.

Exporting firms are particularly optimistic, with the Federation of Small Businesses (FSB) reporting that exports amongst SMEs are growing and will continue to do so in future.⁴ Added to this, our study found that Britain's small business owners are positive about championing new ideas. Nearly two in three (63%) companies say they are 'confident' or 'very confident' about developing a new purpose for their product or expanding it to a new audience segment.

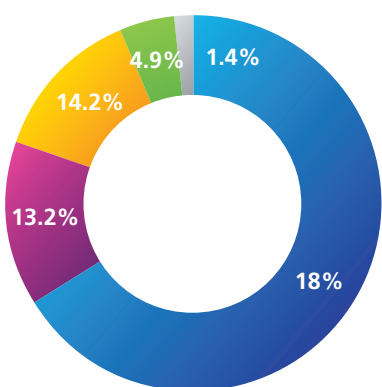
SMEs have faith in new concepts, but they're certainly not looking at the pivoting process through rose-tinted glasses. In fact, many question their ability to get products off the ground. Concerns range from a lack of expertise (25%) and having the know-how to market to a new audience (23%), to understanding the process (21%).

What do you think are the barriers to finding a new purpose or target audience for your product? (Select up to three).



Such concerns may be preventing businesses from pressing ahead. It's clear that UK SMEs are keen to pivot their products, and are aware that they need the right support to do so, but can be slow in securing it. We found that two in three (66%) would consider partnering with a multinational organisation to scale their business or take it in a new direction, but haven't yet done so.

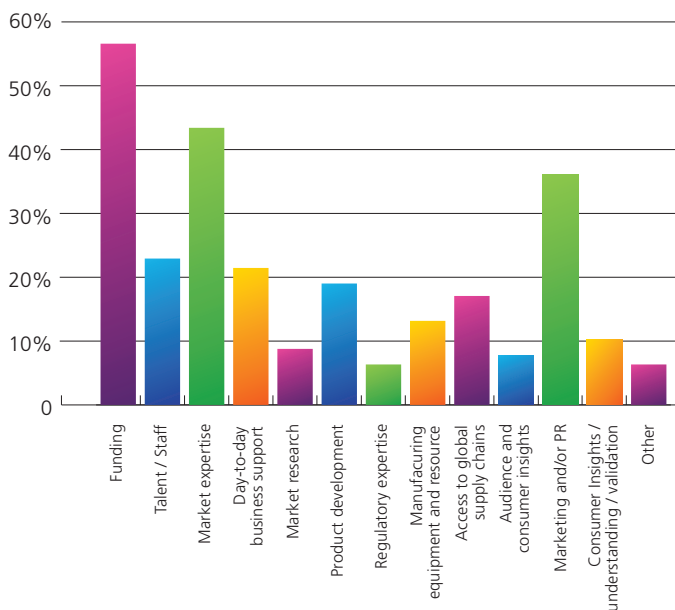
Would you consider partnering with a multi-national organisation to scale your product/expand your business or take it in a new direction?



- No (it didn't work out last time)
- Don't know
- No (not yet)
- Yes (but haven't done so)
- Yes (and have done so successfully)

This is a real problem. British SMEs have grand plans for their products, yet they are also looking for partners that can inject market expertise (43%), marketing and PR (36%) and product development (19%), as some of the most essential elements outside of direct funding (57%). Given the current economic climate, it's easy to understand why they'd be looking for additional resources to help get ideas off the ground, scale and drive growth.

What support do you think you would need or would you be looking for from a potential partner to scale your product/expand your business or take it in a new direction? (Select up to three).



It may sound obvious, but it's surprising how many people we speak to every day who have the best ideas but don't know how to get them heard, particularly by the right people who can support them in areas such as these. Going from brief to launch doesn't have to take years. Knowing where to look for partners, building relationships in the right way and working together towards joint goals will accelerate this process.

This represents an opportunity for SMEs and potential corporate partners alike. We actively seek partnerships with like-minded innovators – it's in our DNA. Our global network of experts working across health, hygiene and home are always on the lookout for new product concepts from businesses small and large which will make a real difference to people's lives.

We want to encourage more of these driven and ambitious entrepreneurs and SMEs to channel their enthusiasm, energy and innovation to achieve success even in the face of economic uncertainty.

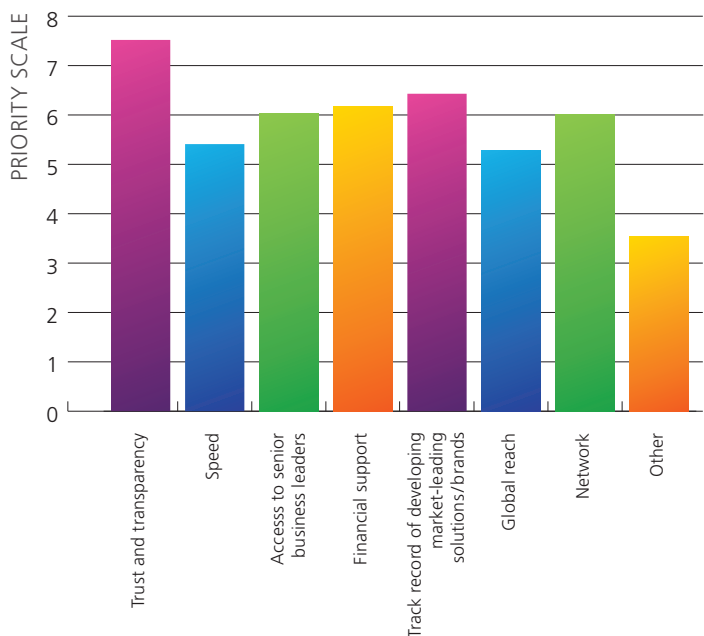
With the ability to consider the bigger picture, a strong product idea, and by developing vital relationships, the only way is up.

Perfecting Partnerships

Transforming an idea into a real-life product takes more than just passion, no matter how good the concept may be.

As the saying goes, it's often not what you know but who you know. As explored, UK SMEs can identify the help and expertise they need from a partner and they know what characteristics they are looking for too. The most attractive traits in a corporate partner are cited as trust and transparency (77%), a track record of developing market-leading brands (21%), access to senior business leaders (13%) and an established network (6%).

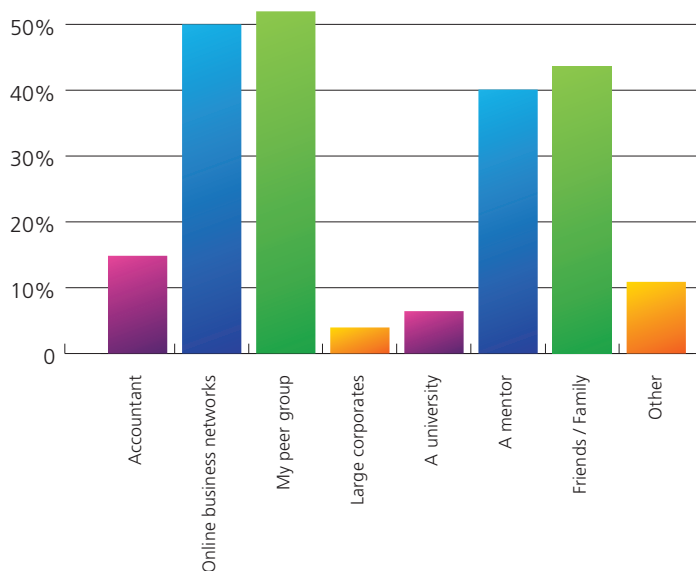
When looking for a business partner to evolve and scale your product/expand your business, what characteristics do you/would you look for? (Select 3 in priority order).



Nevertheless, getting in front of these types of people can be tricky. Figuring out who to approach for help in the first place can be a challenge in itself. This problem is stifling businesses' potential throughout the UK. In fact, this study found that almost half (41%) of SMEs say not being able to find the right partner is a significant barrier to growth.

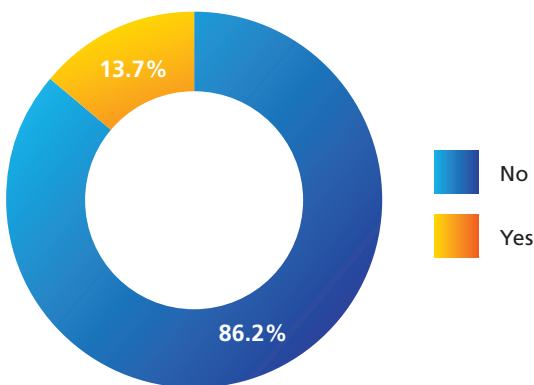
So, why is it so difficult to join the dots? When looking at who SMEs are turning to for advice, it really is a mixed bag, with peers (52%), online business networks (50%) and friends and family (44%) featuring prominently. At the bottom of the list come large corporates, with less than one in ten (4%) UK businesses consulting them.

To whom do you currently turn to when looking for advice and support to scale your product/expand your business?



However, this low figure isn't because SMEs see little value in partnering with multi-nationals. On the contrary, two in three (66%) would consider doing so to scale their business or take it in a new direction – they just haven't done so yet. The main reason cited for this is simply that the majority (86%) do not know where to start when it comes to seeking these prized potential partners.

Are you clear on where/how to find potential partners from multi-national organisations who can help you scale your product/expand your business or take it in a new direction?



In a nutshell: while most SMEs would seek help from multi-nationals, they don't know how best to find the most relevant prospective partners. Seeking out the right partner to take a product to market can be a daunting process, but it is possible.

There are six fundamentals in driving a successful partnership and achieving business growth:

1. Identify what both parties bring to the table

Rather than blanket-pitching numerous companies, SMEs should identify only a handful to target. This requires investigation of a target company's culture, brands and approach to partnering. Ultimately, it's about finding out whether a corporate business can offer what's most desired.

Equally, SMEs must be fully prepared to talk about their own vision and value proposition; indicating what they have to offer too. This is imperative to forming a true and sustainable partnership going forward.

2. Wear both consumer and commercial hats

When it comes to pitching for a partner, SMEs must be clear on what their unique offer is from a consumer mindset. This means translating technology jargon and technical benefits into consumer benefits – the stronger the consumer insight, the better the pitch. They will need to identify the problem a product will solve and then outline the ideal customer, as well as the potential size of the market. Proving there is appetite for the product is essential, so the more insights into potential customers and markets that have been explored, the more productive those initial conversations with prospective partners will be.

3. Understand the global competitive landscape

An SME will know what differentiates it from its competitors, but the key element here is showing a potential partner that the competitive landscape has been identified on a national and, ideally, international level. Business owners must be clear on where the opportunity lies and why. Added to this, some initial thinking about the challenges that could arise from operating on a global scale will be useful and helps put the opportunity into perspective. Examples of scale-up challenges include international regulations, manufacturing, exporting and consumer research.

4. Know the numbers

A pitch will not be successful if there are no numbers to back it up. These must be honest, tangible figures that accurately convey the costs, projected revenues and potential profits. Any corporate partner will need these to really understand commercial viability, and time is wasted when figures become the topic of debate.

5. Be open to new directions

Once all is unveiled to prospective partners, they may have new, different ideas to help propel the business. Be prepared to explore a new direction. Innovation stems from collaboration and fresh perspectives. Stepping back and listening to suggestions, no matter how outlandish they may initially seem, can be rewarding in the long run.

6. Tell a story to make an emotional connection

The best pitches are the ones where business owners tell a story and really engage prospective partners. Of course, corporates want facts, details and data, but a stand-out presentation is about much more than this. It's about creativity, making an emotional connection in the room when telling the story and really bringing the right energy to the table. As well as showcasing experiences and successes, also delve into the different members of the team, their personalities and how they can help grow the business. Considering these 'softer' points can quickly differentiate an SME from its competitors.

“Founders want to trust their go-to-market partners, as much as they trust their advisers. This has become a vital ingredient of entrepreneurial success. Trusting that your partner will do what they say, with honesty and transparency, is key.”

Emma Jones,
Founder of Enterprise Nation

Looking for a Partner?

We understand how difficult it can be for small business owners and entrepreneurs to know where to start when looking to take their company to the next level.

Our advice is to look out for opportunities to connect with big corporates, whether that's at key conferences, trade shows, and networking events; through online portals, and even on LinkedIn. And critically, have an elevator pitch ready to grab their attention! Once a connection has been made, an SME must be ready to make an impact straight away.

The Outside Innovation team at RB is lucky enough to meet some of the world's most fascinating inventors. We're truly committed to our partners and work closely with them to make new products a success. We encourage them to use us as consultants on all levels and coach them for success. With a portfolio of global, trusted brands, we have a proven track record for doing just this.

Even if we can't partner with a company, we give advice and direction on what they can do next. There are people who have received feedback, and subsequently gone away and made changes to their product or proposition, coming back to us six months later in the right place to scale with our support.

Interested in pivoting a product? Then get in touch with RB to find out how a partnership with us can help you take your product and/or business to the next level.

Get in touch at:

www.rb.com/innovation/submit-an-idea

WHAT RB CAN OFFER AS A PARTNER:



A portfolio of trusted global brands



Global market access and expertise



Leading research and development capabilities



World class procurement and supply chain



Experts in medical, regulatory and consumer science



A proven track record in bringing innovation to market at speed



CASE STUDIES:

WORKING PARTNERSHIPS

Air Wick® Freshmatic®

In the early 2000s, as part of the initial discussions with a business that we went on to acquire, we spotted a product that we felt had great potential. It was an autospray that existed as an institutional fragrance solution. We saw an opportunity to expand this to the consumer market and received positive feedback from consumer testing. Not only had we uncovered a product that generated significant demand from the outset, it also provided a solution to a consumer need that had previously been unarticulated. Air Wick® Freshmatic® was born and succeeded in defining an entirely new category of autospray fragrance. Since its launch in 2004, we have manufactured 279 million Freshmatic® devices for Air Wick® and this success continues today.

OUTSIDE-THE-BOX PARTNERSHIPS

Military extremes

History tells us that technology often trickles down from industry to the mass-consumer market. Canned food, sat navs and wrist watches are just some that have been born out of the military. RB brands' core purpose is to keep consumers clean and hygienic, and fit and healthy – all of which are core principles the military upholds too. That's why our Outside Innovation team took on the challenge of scoping out the area of military research to identify, assess and engage with its product and technology developers, focusing on key intersections. This resulted in several investigations with unexpected partners, leading to three new pipeline projects within the space of 12 months.

SOURCES:

- ¹ Business Insider UK, '11 famous products that were originally intended to a completely different purpose', April 2016, As accessed: <http://uk.businessinsider.com/successful-products-that-were-originally-intended-for-a-completely-different-purpose-2016-3>
- ² Chem Heritage, 'Roy J. Plunkett', As accessed: <https://www.chemheritage.org/historical-profile/roy-j-plunkett>
- ³ Centre for Economics and Business Research Limited, September 2017, SME Health Check Index 2017 Q2
- ⁴ Federation of Small Businesses, 'New figures show rise in SME exports and award will recognise the best business exporters', 20 September 2017, <http://www.fsb.org.uk/media-centre/press-releases/new-figures-show-rise-in-sme-exports-and-award-will-recognise-the-best-business-exporters>