

dti

THE STRATEGY

PROSPERITY FOR ALL



The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

## PROSPERITY FOR ALL

Politically, economically, environmentally and socially, our world is being transformed. China, the world's largest nation and its fastest-growing major economy, has now joined the World Trade Organisation (WTO). India, still home to some of the world's poorest people, produces 150,000 science graduates a year. Ten more countries are about to join the European Union (EU).

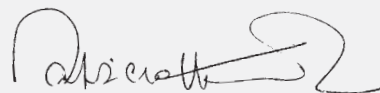
Newly industrialising countries with low wage costs are competing successfully – not just in traditional industries but in the latest service technologies such as call centres. Developed economies the world over are looking to become more innovative.

Britain must change, and change faster. Our country needs highly skilled employees, high calibre managers, forward looking unions and knowledgeable consumers working together to produce ever smarter goods and services.

Government must change too. Gone are the days when we could protect companies from competition or prop them up with subsidies. But government cannot simply walk away. Our job is to help create the conditions for sustainable business success – promoting competition and enterprise; setting standards for workplaces and products; fostering science, technology and innovation; raising skills; and building powerful economic leadership in the nations and regions of the UK.

We champion British interests globally, playing a leading role in the drive for economic reform in Europe and being a powerful voice in negotiations to achieve free and fair trade worldwide.

All these activities have one thing in common - to make the UK the best place in the world to work and do business.



**Rt Hon Patricia Hewitt MP**  
Secretary of State for Trade and Industry and Minister for Women and Equality

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## INTRODUCTION

The DTI has changed. Following a fundamental review of the Department two years ago, DTI set itself a clear ambition of raising UK productivity to deliver 'Prosperity for All' by supporting successful business; promoting world-class science and innovation; and ensuring fair markets. Since then we have reshaped our priorities and our structure to achieve it.

**This strategy sharpens our focus, it does not change our direction.**

It builds on rigorous analysis of the UK's economic and productivity performance and looks ahead to the changes that the UK and, indeed, the rest of the world will face in the future. A companion paper detailing this analysis is published alongside this strategy.


It is a strategy about priorities. It does not cover everything that the DTI does and nor should it.

The strategy provides a framework that links our work to transform business support services with the current review of innovation in the UK and ongoing work on supporting regional economic activity. It highlights DTI's key role in influencing our partners in Whitehall and beyond to help raise productivity and create the conditions for business success. And it describes the principles that will guide our delivery in the future.


We will meet our strategy commitments within the framework of our Public Service Agreement (PSA) targets and through our new approach to business planning. Annex I gives information about the DTI and Annex II sets out our PSA targets.




# THE CHALLENGE

 How will the world change over the next five years?

 Where will new competitive pressures come from?

 What will be the new best-selling products and services?

 What new technologies will be used to make them and what new environmental challenges will we face?

This strategy sets out the key challenges we face and what the DTI will do to:

- Help British business, established and new, to flourish in tomorrow's economy
- Help people at work to make the most of their potential
- Empower consumers to drive innovation

## CHALLENGES AHEAD FOR THE UK ECONOMY



### **Scientific shockwaves**

Revolutions in science and technology are transforming processes in manufacturing and services, and shortening product life-cycles. In the 1980s it took nearly five years to get a new car model to the market. Now it takes around half that time.



### **Social change**

An ageing population, changing family structures and shifting migration patterns will all have an impact on our economic performance. Already there are more people aged 60 and over than there are under 16 in the UK.



### **A shrinking planet**

Advances in information and communications technology have created a global marketplace with increased scope for competition and trade. For example, the UK computer games market is the third largest in the world, employing more than 20,000 people.



### **Climate change**

Global warming is changing the climate and the environment. World temperatures are predicted to increase by between 1.4°C and 5.8°C over the next 100 years, increasing the risk of catastrophic floods. Around 1.7 million households in England and Wales are located in flood risk areas.

These are just a few of the challenges we face. They are tough but they also offer unparalleled opportunities to enterprising British companies, at home and overseas. To seize these opportunities business and its employees must become more productive, adding more value and competing more successfully in world markets.

The UK economy has made tremendous progress in recent years. This has been achieved by creating a more stable macro-economic environment, with the lowest inflation and interest rates for a generation, coupled with a responsive regulatory framework.

As a result, the UK enjoys one of the highest employment rates in Europe. However, prosperity depends both on employment and on the *productivity* of those employed – how much they produce for each hour they work. It is in raising productivity that the UK faces the biggest challenges.

Productivity is the most crucial factor in securing long-term growth in living standards. UK productivity has been consistently lower than that of our major competitors - France, Germany and the US - with whom we have a persistent productivity gap of at least 20%.

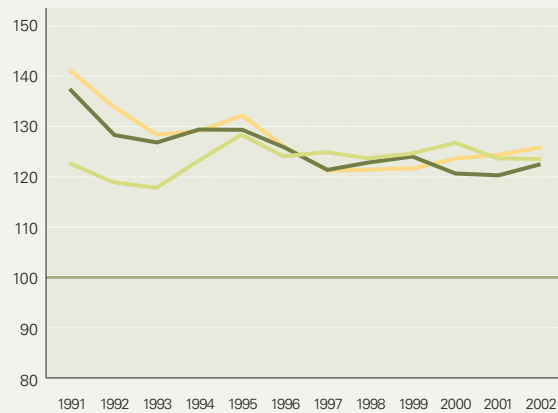


**“To achieve higher prosperity, UK companies will need to upgrade their productivity by competing on more unique and more innovative products and services.”** Professor Michael E Porter

There are a number of reasons for this gap:

### The Productivity Gap

Output per hour: UK=100



Key:

- USA
- France
- Germany

Source: National Statistics

Although the UK excels at science, and leads the G7 in terms of scientific citations per head, we are relatively weak at innovation - turning new ideas into successful business opportunities.

We have under-invested in research and development compared to our major competitors and suffer from relatively low levels of enterprise. We also invest less than our competitors in both our people and the plant and equipment they use. We have half the proportion of people qualified to A Level standard and above than Germany. American workers have at least 50% more capital to work with than their UK counterparts.

Although our domestic competition regime is rated in the top half of Organisation for Economic Co-operation and Development (OECD) countries, UK businesses still face barriers to trade overseas.

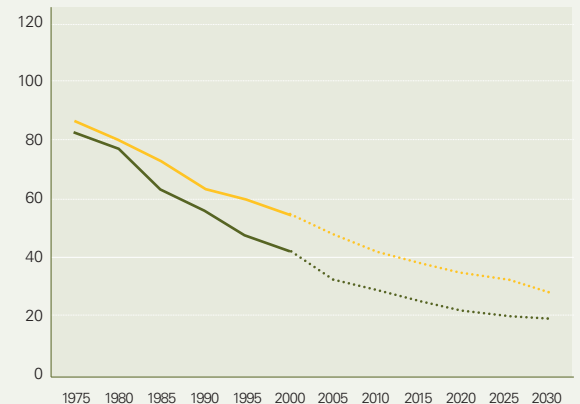
This long standing productivity gap means that, despite our success in getting people into work, the UK is not as prosperous as it could be.

The UK is home to some of the best companies, science and technology in the world, so we have a good base on which to build.

But there is no point in raising prosperity today, if it reduces our quality of life tomorrow. If we want a sustainable future, each hour's work has to create more value, whilst using less energy and producing less pollution. An example of this is the progress the UK has made - as the graph shows - in driving down carbon emissions by producing more efficiently - producing more with less. This is at the heart of implementing the Energy White Paper.

### The energy ratio and carbon dioxide emissions per unit of GDP

Index 1970 = 100



Key:

- Carbon Dioxide Emissions
- Primary Energy Demand

Source: DTI



### To raise prosperity the UK needs to add more value with:

- Better transfer of ideas through improved links between business, science and technology
- Improved skills at all levels, to turn these ideas into profitable products and services
- Competitive market frameworks enabling UK business to compete with the best globally

## THE DTI'S ROLE

To achieve 'Prosperity for All', we need to focus our efforts where we can have the greatest impact.

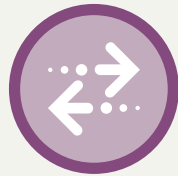
Where DTI has a legitimate role, we will act. Where we cannot make a direct difference, we will work to influence outcomes.

To decide our focus over the next five years, we analysed the UK's productivity performance and considered the most important factors affecting productivity and DTI's effectiveness in influencing these factors. A companion paper detailing this evidence is published alongside this strategy.

Our analysis has identified five strategic priorities:



The DTI's overarching Public Service Agreement, shared with HM Treasury, commits us to "raising the rate of productivity growth...and narrowing the productivity gap"



**TRANSFERRING KNOWLEDGE**

helping business to successfully exploit new ideas



**MAXIMISING POTENTIAL IN THE WORKPLACE**

creating organisations with high productivity, value and skills



**EXTENDING COMPETITIVE MARKETS**

aiming for open and fair markets at home and abroad



**STRENGTHENING REGIONAL ECONOMIES**

improving the economic performance of the regions

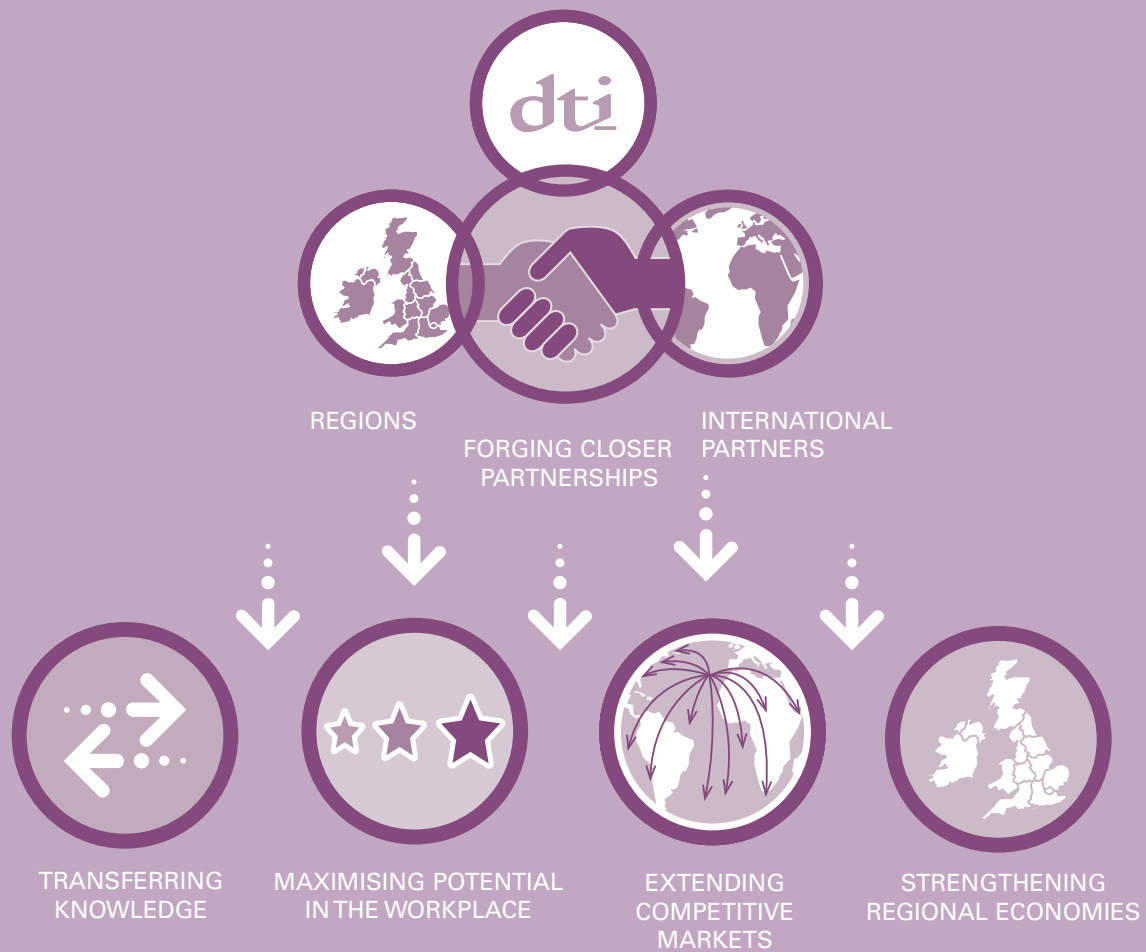


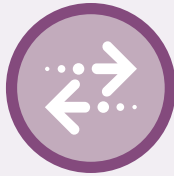
**FORGING CLOSER PARTNERSHIPS**

working in partnership with key economic players nationally and overseas to achieve our strategic priorities

# WHAT WE WILL DO

Over the next five years, the DTI will be prioritising its efforts on enhancing productivity in the following key areas:





## TRANSFERRING KNOWLEDGE

### Our vision

We want to help business turn good ideas into high value products and services.

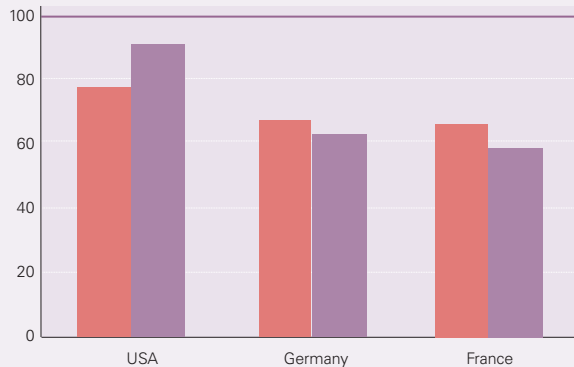
### What's the issue?

The UK's scientific record is excellent. With 1% of the world's population we fund 5% of world science, produce 8% of all scientific papers and are awarded 9% of all scientific citations.

But our innovation performance - turning ideas into profitable business opportunities - is still too weak. In 2001, UK companies spent 1.3% of GDP on research and development compared with 2.1% in the US and 1.8% in Germany. We need to invest more to create future wealth and jobs.

### Papers and citations per head of population

UK, USA, Germany and France, 1997-2002  
Index (UK=100)



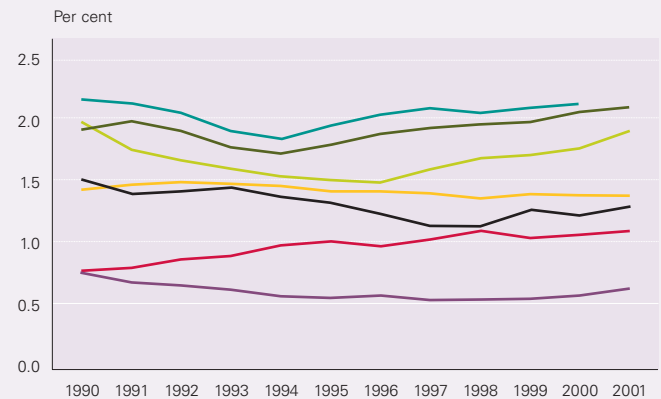
Key:

- Papers per head
- Citations per head

Source: OST

### Business Enterprise R&D as a percentage of GDP

G7 comparison, 1990-2001  
US dollars, at current prices and purchasing power parities



Key:

- Japan
- USA
- Germany
- France
- UK
- Canada
- Italy

Source: OECD

## TRANSFERRING KNOWLEDGE

### What will DTI do?

We will promote more effective transfer of knowledge by stimulating the push of ideas from universities and research institutions, the pull through of ideas by business and the sharing of ideas between businesses.

We will increase our funding of science through the Research Councils by 10% each year - from £2 billion in 2002 to £3 billion in 2006 - to maintain the world-class performance of UK science.

We will foster stronger links between scientific research and business innovation, doing more to encourage our academic community to help UK business.

The DTI is currently carrying out a thorough review of innovation policy. We will introduce a new business focused Technology Strategy to:

- Take a more strategic approach to the money DTI spends on knowledge transfer, focusing on cross-sectoral technologies rather than support for particular industries and encouraging our partners across Whitehall and the regions to focus on complementary parts of the innovation system
- Help business 'pull-through' technologies from the UK and international academic base by providing some of the funding and sharing some of the risk in taking new technologies to the market

We will work closely with Regional Development Agencies (RDAs) and other institutions to nurture business networks to encourage enterprise and facilitate innovation. And we will work with the Office of Government Commerce, central Departments and organisations in the wider public sector to increase the opportunities for innovation arising from public sector procurement of around £100 billion per year. British business, large and small, is well placed to take advantage of the opportunities this would bring.

## TRANSFERRING KNOWLEDGE

### **DTI will be successful if:**



We develop effective partnerships with our stakeholders so that more firms are engaged in the innovation process. We want to see an increase in the number of firms:

- Using universities and other external sources of knowledge
- Increasing their innovation expenditure, including on research and development
- Collaborating on innovation projects



Our support for innovation delivers economic benefits, including improvements in productivity. We want to see an improvement in:

- The capacity to innovate in those firms we support.
- Innovation performance in those firms we support



## MAXIMISING POTENTIAL IN THE WORKPLACE

### Our vision

We want to raise skill levels to produce high value jobs in high performance workplaces, where people can realise their full potential whilst maintaining a healthy work-life balance.

### What's the issue?

'Prosperity for All' can only be achieved by a workforce with high skill levels, operating in a dynamic and flexible labour market. The UK has some way to go: seven million UK adults cannot read or write to a basic level and we have half the proportion of people qualified to A Level standard and above compared with Germany.

Too many businesses are caught in a trap of low skills and low value added jobs, which is unsustainable in the face of global competition.

The UK needs stronger business leadership and improved management competence to innovate, move up the value chain and compete more successfully in international markets. Whilst the UK has some of the best leaders and managers in Europe, overall the UK suffers from low levels of enterprise and the slow adoption of the modern management techniques that are crucial to tackling the risks and opportunities faced in a modern economy.



**"...new forms of work organisation, effective management leadership, a culture that encourages innovation, employee involvement and development tailored to organisational needs are all necessary conditions for adaptable, high performance workplaces." TUC/CBI**

## MAXIMISING POTENTIAL IN THE WORKPLACE

### What will DTI do?

DTI will work with the DfES and DWP to fulfil the commitments in the Government's Skills Strategy - helping employers and employees demand the skills they need now and in the future.

The strategy gives business a clear voice and role in the provision of training and learning. As co-chair of the collaborative Skills Alliance and co-sponsor of the new network of employer-led Sector Skills Councils, DTI will help firms to recruit and bring on people with the skills they need. This in turn will help develop high performance workplaces.

DTI will encourage business to make better use of innovative working practices, modern management techniques and good leadership, working in partnership with employees and their representatives. To promote greater partnership, we will establish a new legal framework for informing and consulting employees on management decisions affecting their future.

We will work with investors to identify how they can influence leadership in businesses and other organisations. And we will encourage businesses to operate with due regard to the interests of their wider stakeholders and local communities and the environment in the UK and overseas.

DTI will promote diversity, fair treatment and work-life balance as routes to raising levels of participation and improving employee motivation and creativity, so raising productivity. We will do this by strengthening our support for employers on issues such as race equality and flexible working.

We will work to promote enterprise among disadvantaged and under-represented groups and encourage social enterprise in disadvantaged communities. For example, the Small Business Service (SBS) is leading a drive to increase by 50% the proportion of women-owned businesses by 2006.



**“If women started businesses at the same rate as men, there would be a further 100,000 business start-ups every year.”** Rt Hon Patricia Hewitt MP

## MAXIMISING POTENTIAL IN THE WORKPLACE

### DTI will be successful if:



Businesses increase their demand for skilled workers and improve their ability to deploy those workers



There is an increase in the skill requirements of firms helped by DTI business support



There is a significant increase in the number of businesses adopting management techniques that foster high performance workplaces



## EXTENDING COMPETITIVE MARKETS

### **Our vision**

We want to create fair and open markets at home and abroad that give consumers a fairer deal and more opportunity for new and existing business.

### **What's the issue?**

Open markets at home and overseas, together with informed consumers encourage business to compete and innovate, improving the quality and reducing the price of goods and services.

While the UK has an excellent competition framework, there is more to do to make it work effectively. To extend competition in Europe and beyond, we must do more to open up markets globally. For example, as we become more dependent on energy imports, open European and international markets will be increasingly important.



**Thanks to the progress we have already made, the UK competition regime is now in the top half of its peer group of OECD countries. PWC**

## EXTENDING COMPETITIVE MARKETS

### What will DTI do?

At home, DTI has already modernised the UK competitive framework through the Competition and Enterprise Acts. The challenge ahead is to make it work effectively by lifting unnecessary regulations, eliminating cartels and allowing fair markets to prevail. And by reducing barriers to entry we will encourage new business start-ups, which are an important source of innovation.

We will continue to empower consumers and help the disadvantaged, for example by tackling loan sharks. From 2004 Consumer Direct, a new helpline and website, will give consumers ready access to the latest information and advice about goods and services and help when things go wrong. It will achieve full coverage throughout Britain by mid-2007, with the capacity to deal with 1.8 million enquiries each year.

In Europe, we will continue to lead the economic reform agenda to create a climate that nurtures innovation and growth, and work to achieve a European market where services flow as easily as goods. For example, vigorous European and international energy markets are the best way of delivering secure, sustainable and competitively priced supplies as our own resources decline.



**The Government will recommend membership of the Euro in a referendum when the economic conditions are right. With Euro membership, British trade with the Euro area could increase substantially, by up to 50% over 30 years.**

## EXTENDING COMPETITIVE MARKETS

On the wider international stage, we will continue to work closely with our EU and WTO partners on the Doha Development Round, in order to create a more free and fair world market.

An ambitious conclusion to these negotiations – covering goods, services and agriculture - could increase world income by up to \$400 billion, transforming the lives of millions of the poorest people in the world, but also providing increased opportunities for UK businesses and wider choice for UK consumers.

By 2006, British Trade International (BTI) will have helped 18,000 businesses to export to markets new to them. It will continue to support business as it looks to newly opened markets for its products and services.



**“If globalisation works only for the benefit of the few then it will fail and will deserve to fail.”** Rt Hon Tony Blair MP

## EXTENDING COMPETITIVE MARKETS

### **DTI will be successful if:**



Our competition regime is ranked by independent peer review in 2004 and 2006 as being at the level of the best in the world in terms of effectiveness



The UK energy market continues to be ranked by independent peer review as being in the top three in terms of competitiveness



We secure agreement to a significant reduction in trade barriers by 2005, improving conditions in developing countries and creating new trading opportunities worldwide



At least 80% of users find Consumer Direct of practical help in resolving their problems



## STRENGTHENING REGIONAL ECONOMIES

### Our vision

We want to achieve sustainable improvements in the performance of regions by helping to develop regional economic strategies that also fit into the broader national framework.

### What's the issue?

The prosperity of the UK economy is dependent on strong regional and local economies. Economic performance varies across and within areas of the UK. Bringing all regions up to the level of the best would lead to a significant improvement not only in under performing areas but also to the national economy as a whole.

The Government's approach to achieving this is to support and strengthen regional leadership, bringing together business, the public sector, universities and local communities. This will help to empower regions to generate their own solutions, in the light of their particular strengths and weaknesses.



**“The more each of the UK's regions and Scotland, Wales and Northern Ireland enter into global competition, the more we must encourage and help them harness their distinctive strengths, overcome their weaknesses and, with a modern, locally led regional policy, rise to the challenge of making their skills, innovation and enterprise world class.”** Rt Hon Gordon Brown MP

## STRENGTHENING REGIONAL ECONOMIES

### What will DTI do?

Our regional thinking will play a bigger role in DTI policy formation, so that national and regional strategies reinforce and complement each other. As part of this, we will consider regional impacts throughout our business planning process.

To build leadership and empower regions, we have provided RDAs with the resources and tools to identify the challenges each region faces and to develop individual regional economic strategies.

We will work with the regions, HM Treasury and the Office of the Deputy Prime Minister (ODPM) to develop a shared understanding of the issues affecting economic performance, based on robust evidence.

Increasingly, business support will be delivered at a regional level to bring it closer to our customers and tailored to reflect local circumstances. In doing so, we will champion Business Link as a single brand and build on successful models like the Manufacturing Advisory Service.

We will establish clear lines of responsibility with our partners at regional and national levels to maximise the impact of our work. For example BTI is acting as the trade arm for RDAs and helping to bring export benefits back to regional economies.



**Funding to RDAs will increase from £1.7 billion in 2003/04 to £2 billion in 2005/06**

## STRENGTHENING REGIONAL ECONOMIES

### **DTI will be successful if:**



We make sustainable improvements in the economic performance of all English regions and, over the long term, reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006



Business support is increasingly delivered in partnership with RDAs and accessed through Business Links



## FORGING CLOSER PARTNERSHIPS

### **Our vision**

To achieve our strategic priorities we must work in partnership within the UK, across the EU and internationally.

### **What's the issue?**

In a complex world, DTI is only one of the players who can influence UK productivity, so we have to build partnerships to have the greatest impact in raising productivity.

We also need to be more strategic in our work with stakeholders, in Whitehall, the EU and beyond.



**To achieve our vision, we have to build partnerships with others so that together we have the greatest positive impact on productivity**

## FORGING CLOSER PARTNERSHIPS

### What will DTI do?

Within Whitehall, DTI will work closely with the Treasury and other Government Departments dealing with skills, transport, planning and sustainable development – key issues affecting long term productivity. For example, we are adopting a cross-government approach to delivering our radical new energy policy, bringing all interested parties together in a single network.

Our Small Business Service is championing action for enterprise across Government, in the regions and in local Enterprise Areas.

To achieve our ambition of European economic reform and to create a more dynamic EU, we must raise our game. DTI will work more proactively to influence EU institutions and other member states, as policies develop.

And to achieve our ambition of more fair and free trade, we will continue to join up the trade, development and agriculture agendas in Whitehall - working closely with our partners in the EU and with other WTO members, most of whom are developing countries. As negotiations progress, we will continue to work with business and non-governmental organisations to make sure that the benefits of globalisation are widely felt.



**Using our Whitehall partnerships as a platform, we will influence our partners in the EU and across the developing world to achieve free and fair trade.**

## FORGING CLOSER PARTNERSHIPS

### **DTI will be successful if:**



Policies and regulations developed by other Government Departments and in the EU contribute to improved productivity



Our partnership in PSA1 with HM Treasury delivers real improvements to the drivers of productivity, leading to a narrowing of the productivity gap with our major competitors



Our Whitehall partnership with the Department of the Environment Food and Rural Affairs (DEFRA), the Department for International Development (DFID) and the Foreign Office, linking trade, agriculture and development issues, has a leading impact in achieving a fair and free global trading system

# HOW WE WILL DO IT

We know what we want to achieve – ‘Prosperity for All’. But DTI needs to have the right people and processes if we are going to make the greatest impact.

In future, three principles will guide DTI delivery:  
Customer Focus, Value for Money and Continuous Improvement.

By applying these principles to everything we deliver, and to our own corporate services, we will serve our customers better, provide the taxpayer with greater value for money and learn from experience to continually improve our performance.



CUSTOMER FOCUS



KNOW OUR CUSTOMERS



MAKE OUR SERVICES EASY  
TO ACCESS & UNDERSTAND



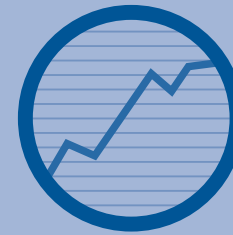
VALUE FOR MONEY



PRIORITISE TO HAVE  
THE GREATEST IMPACT



MAKE OUR SERVICES  
SIMPLE TO RUN



CONTINUOUS  
IMPROVEMENT



MANAGE FROM START TO FINISH



ANTICIPATE, DEVELOP & LEARN

## DELIVERY

We have identified strategic priorities to address market failures and help raise UK productivity. To be successful, DTI must organise itself internally to deliver the right products and services in the most effective way to our customers.

Our customer base is wide and varied and includes the science and business communities, employees and their unions, and consumers. Some of our products and services are delivered directly and others are delivered through our partners, such as the RDAs. Our delivery methods must reflect that.

Effective delivery means reaching out to all our customers. Instead of waiting for them to come to us, we must find better ways of taking the DTI to them.

We will continue to innovate and deliver our products and services in increasingly efficient, effective and customer-friendly ways. In doing so, we will learn from the best practice applied by our Executive Agencies (see Annex I), who are at the delivery front line.



### **DTI delivery includes:**

- Information & advice
- Legislation & regulation
- Funding, grants & loans
- Patents, trade marks & company registrations
- Licences
- Arbitration & conciliation services
- Technical standards



## CUSTOMER FOCUS

### Delivery Principle

DTI will design, develop and implement policies, products and services that take account of our customers' needs.

KNOW OUR CUSTOMERS

MAKE OUR SERVICES EASY  
TO ACCESS & UNDERSTAND

### How we will do it

We will get to know our current and future customers better and understand their needs. Improved stakeholder management already helps us maintain a free flow of views and ideas to inform our policy and delivery activities.

We have established dedicated teams of trained relationship managers to work alongside our business customers. And some of our managers for the bioscience, aerospace and automotive sectors are now based in the regions to be closer to their customers.

Our services will be simple and easy to access, whether by phone, internet, or in person. For example, we are streamlining the number of separate helplines we operate.

Alongside this, we are creating a strong, single DTI brand and consolidating our existing DTI websites to improve our communications with customers. At the moment, business faces a confusing array of advice about government services. This will change early next year with the launch of 'businesslink.gov', which will provide quick and easy access for firms to information and services provided by 12 Government Departments and Agencies including the Inland Revenue, Customs and Excise and the Health and Safety Executive as well as DTI. It will provide advice on issues which have been identified as important by business, explained in clear language, supported by practical tools to get things done. As a first step, we have already created a new online business support directory, [www.businesslink.org](http://www.businesslink.org), which brings together information about key business support schemes.



**"All Government services to the citizen and to business should be available online by 2005."** Rt Hon Tony Blair MP



## VALUE FOR MONEY

### Delivery Principle

DTI will provide the best quality service at the lowest cost and will offer the taxpayer better value for money.

### How we will do it

Productivity is a challenge for both the public and private sectors. DTI must raise its own productivity and make the best use of its resources. This means focusing on where we can make the greatest difference and stopping other activity.

Based on our evidence, we are improving the support we offer business by closing down ineffective schemes and concentrating on those that work - reducing the number from over 100 to 10 during the course of 2003 and 2004.

Our services will be simpler to run and use. We will streamline and consolidate our operations and consider outsourcing to make them more effective. We have already outsourced the delivery of coal health claims to three companies, who are now responsible for handling over 400,000 claims worth an expected £6.5 billion.

PRIORITISE TO HAVE  
THE GREATEST IMPACT

MAKE OUR SERVICES  
SIMPLE TO RUN



[www.businesslink.org](http://www.businesslink.org)



## CONTINUOUS IMPROVEMENT

### Delivery Principle

DTI will listen to our customers, learn from their feedback and evaluate our services to continually improve policy and delivery.

MANAGE FROM START TO FINISH

ANTICIPATE, DEVELOP & LEARN

### How we will do it

We will develop policies that not only look good on paper, but work in practice.

That means designing and managing from the start of a project to its finish – from the idea right through to its delivery, evaluation and feedback from customers.

We have overhauled and strengthened our consultation arrangements. And we have introduced new procedures to develop policy in an integrated way, building on evidence and external evaluation throughout the process.

Learning and continuous improvement must be central to everything we do. We will make greater use of economic evidence to help us decide where we should focus our efforts. By staying close to our customers, we will be better able to anticipate new challenges and design and deliver our products in a customer friendly way.

To continually improve our delivery, we will make full use of benchmarking, performance monitoring and customer satisfaction surveys, ensuring that the findings feed back into future policy, product and service design.



**The Small Business Service is using its experience of delivery to customers to influence policy making, leading to better services and a better environment for small businesses.**

# MAKING IT HAPPEN FROM STRATEGY TO IMPLEMENTATION

DTI is changing its policies and the way they are delivered,  
but we will only succeed by continuing to change the DTI itself.

DTI should be one of Britain's highest performing workplaces.

To become more effective, efficient and skilled,  
we will concentrate on the following areas:



LEADERSHIP



PEOPLE &  
SKILLS



ORGANISATION  
& SYSTEMS



## LEADERSHIP

### Objective

Strong, accessible leaders who set a clear vision, lead by example and motivate staff.

### What we are doing

DTI aims to be among the best high performing organisations. To achieve this we are significantly increasing our investment to improve leadership at all levels across DTI, supported by a new leadership programme.

We are also stepping up our programme of two-way secondments. At any one time, DTI has around 135 people seconded into the Department and around 35 out on secondment to business and other organisations.

Since 2002, all senior managers have been required to spend one week every year with a business or other organisation outside central Government and we have recently extended this principle to middle managers. We are also opening up more senior posts to external recruitment.

We have created new Executive and Strategy Boards to provide clear direction to the Department and Group Boards for each of our main operational units. These Boards include external members who bring different expertise and a wider perspective.



**“Strengthening leadership capacity and broadening its diversity are vital parts of the broader reform programme to embed a delivery culture. We need first class leaders, with the right skills and real commitment, focused on service delivery, driving through the changes.”**

Sir Andrew Turnbull, Cabinet Secretary



## PEOPLE AND SKILLS

### Objective

A DTI workforce with the diversity, creativity and skills to deliver the Department's goals.

### What we are doing

To achieve our ambition of 'Prosperity for All', we all need to behave in ways that mirror DTI's core commitments to **reach out, value people and be courageous**.

To help everyone at DTI reach their full potential, we are increasing and improving the training they receive. And to improve the quality of our skills-set, we will further develop and recruit expertise, as well as using it more effectively, in areas such as:

- Economics and modern business
- Project management
- Marketing and communications
- Procurement and contract management

A key part of valuing our people is recognising and promoting diversity. We still need to do more to make the best use of everyone's talents. Staff from ethnic minority communities account for 23.6% of the DTI's most junior grades but only 2.2% of the DTI Senior Civil Service. We will work to increase this figure to 4% by 2005.

Everyone should feel encouraged and rewarded for the work they do. We will achieve this by - amongst other things - providing a transparent pay system with a clear link between pay and performance.



**"Delivery skills will be more highly valued and nurtured and we will strengthen our internal management and training to become much better at setting and achieving clear goals. "**

Sir Robin Young, Permanent Secretary, DTI.



## ORGANISATION AND SYSTEMS

### Objective

To have the right people in the right places doing the right things.

### What we are doing

To deliver the activities set out in this strategy efficiently and effectively, DTI needs to work in new and different ways. This process is already underway. We are adopting new behaviours, systems and practices to create more flexibility, both for our workforce and our customers.

The Government has an objective of moving more jobs from central London to the regions. To deliver our strategic priorities, DTI needs the right people in the right places. Our business relationship managers recognise the benefits of getting closer to customers, particularly in the regions.



“85% of DTI staff are keen to embrace new ways of working.”  
DTI Staff Survey, 2003

## ORGANISATION AND SYSTEMS

We are also looking at how we use our space and how, with the right technology, we can work more flexibly. Our Energy Group has championed new and flexible ways of working including hot-desking and remote working. The evaluation of this pilot will set the framework for how we re-shape DTI's work space. This is part of our work to maximise people's potential and create a high performance workplace at DTI.

We are also revamping our internal systems, most importantly, by introducing a new business planning system. Each year we will refine our business plans in line with the priorities set out in our strategy and take decisions on what we will stop doing, measuring our success as we go. As part of our business plan, more of our work will be managed as projects and we are therefore strengthening our approach to project management.

# CONCLUSION

Focusing on where we can have the greatest impact, DTI will:

- Help business to access the knowledge and ideas it needs to innovate
- Encourage employers and employees to improve their skills and create more productive, high performing workplaces
- Ensure the right frameworks exist so that markets are open and fair at home and overseas
- Ensure that all regions are able to fulfil their economic potential.

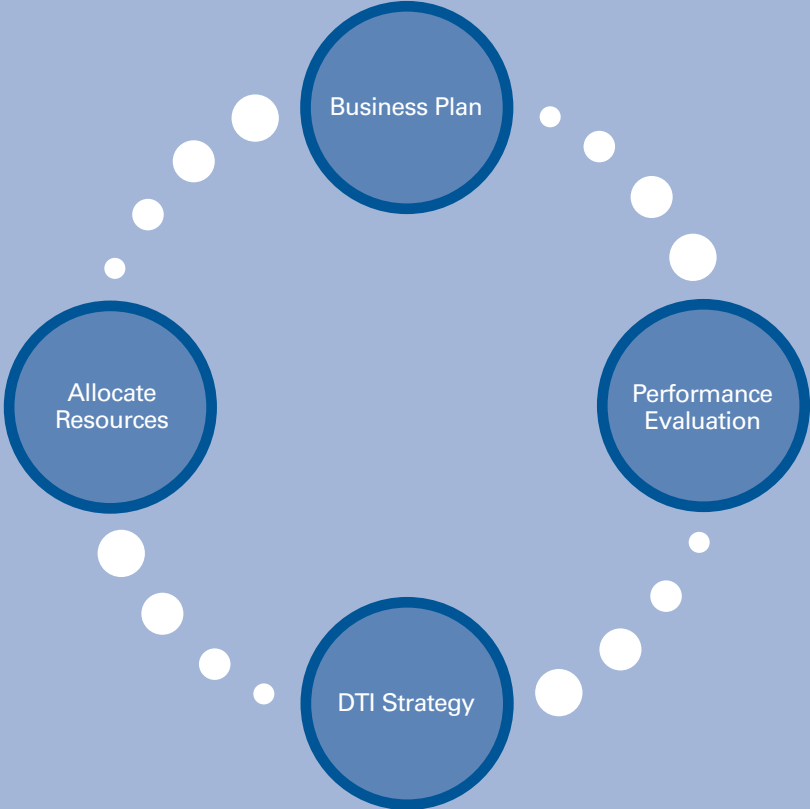
DTI will work hand-in-hand with our stakeholders, customers and other policy makers at all levels to achieve this.

This strategy is our commitment to:

- Work in partnership with others to achieve our strategic priorities
- Overhaul our approach to delivery so that in everything we do, we are:
  - customer focused
  - offering value for money
  - continuously improving.

# DTI Planning Process

Strategic Planning Process  
2003 onwards



## ANNEX I

### DTI - 'Prosperity for All'

The DTI works with business, the science community, consumers, employees and their unions and international partners to drive up UK competitiveness and productivity. The Department has a wide range of responsibilities, from company law to consumer protection and from science and technology to space research. It also shares responsibility for British Trade International with the Foreign Office.

### Who we are

The Department is led by the Rt Hon Patricia Hewitt MP, Secretary of State for Trade and Industry and Minister for Women and Equality, who is supported by six Ministers. The Department's top-level organisation is shown in the diagrams on pages 46 and 47.

DTI and its agencies have some 10,000 employees and a budget of approximately £5 billion per year. Our website has over 10 million hits a month and over 1,000 publications were produced this year alone. Each year our Business Link network supports approximately 310,000 businesses and social enterprises and the Office of Science and Technology provides support to over 200 higher education institutions.

The DTI has responsibility for the Executive Agencies, publicly owned bodies, public corporations and Regional Development Agencies shown on page 45.

## DEPARTMENT OF TRADE & INDUSTRY

### DTI HEADQUARTERS (see organisational chart for further information)

Business Group	Energy Group	Services Group	Office of Science & Technology
Innovation Group	Fair Markets Group	British Trade International	

### EXECUTIVE AGENCIES & NON DEPARTMENTAL PUBLIC BODIES

Companies House	Small Business Service	National Weights & Measures Laboratory	Employment Tribunals Service
ACAS	Patent Office	Insolvency Service	Radiocommunications Agency

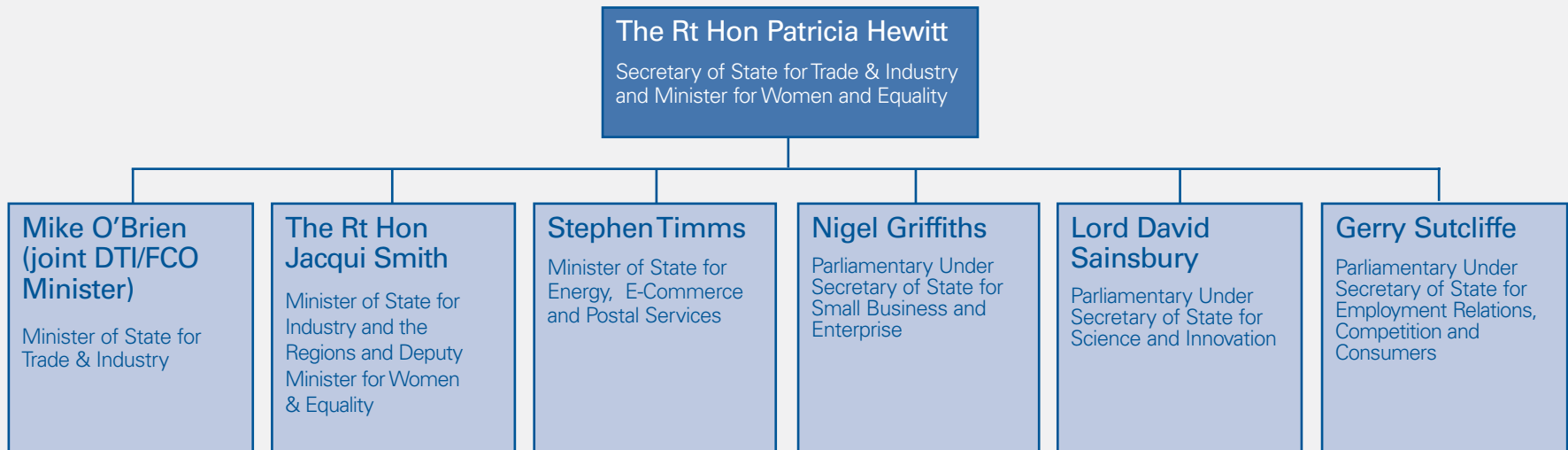
### PUBLICLY OWNED BODIES & PUBLIC CORPORATIONS

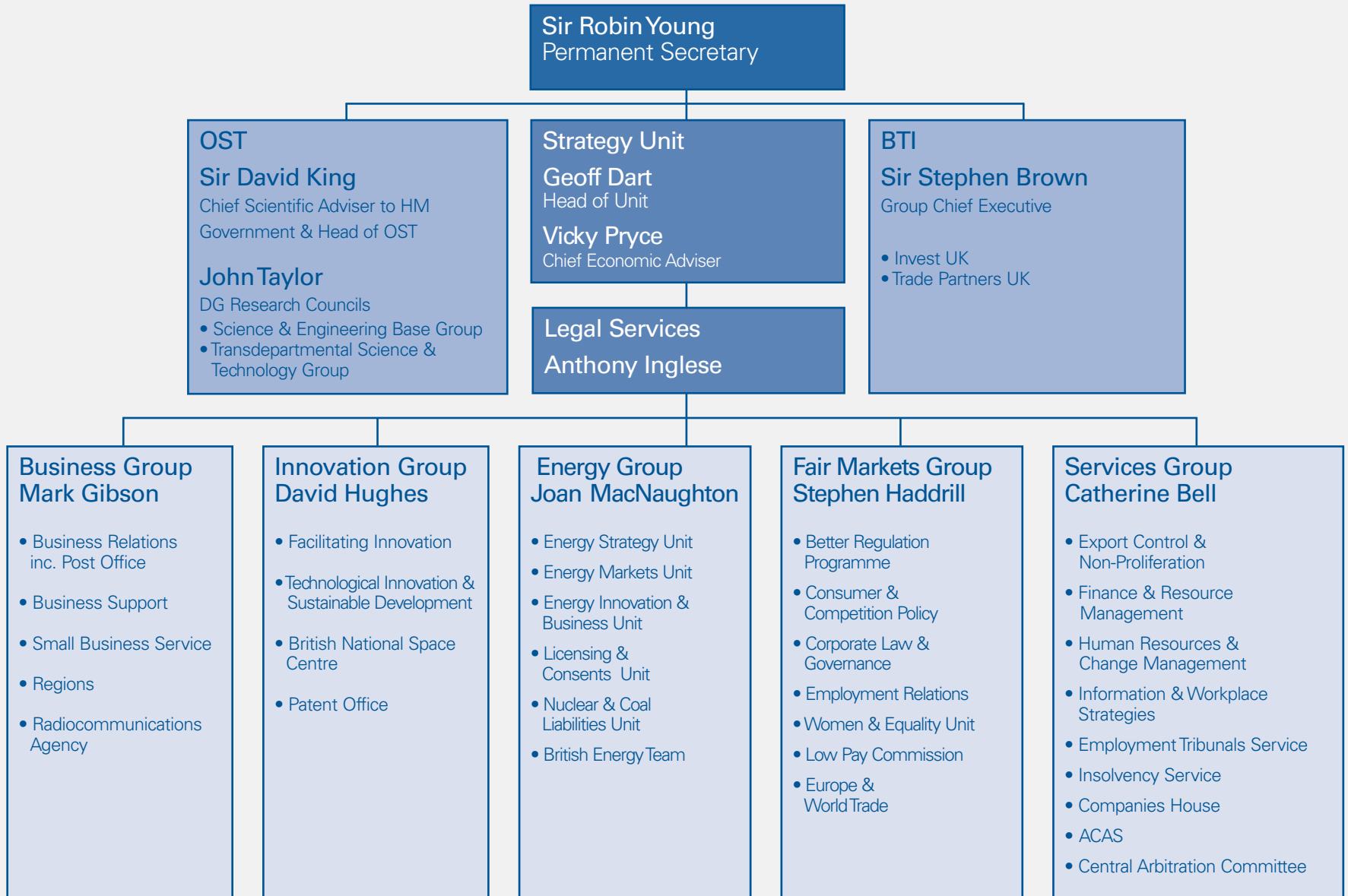
Royal Mail Holdings plc	British Nuclear Fuels plc	British Coal Corporation	British Shipbuilders
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### REGIONAL DEVELOPMENT AGENCIES (RDAs)

Advantage West Midlands	East Midlands DA	East of England DA	North West DA
Yorkshire Forward	One North East	South East England DA	South West of England DA

## DTI MINISTERS





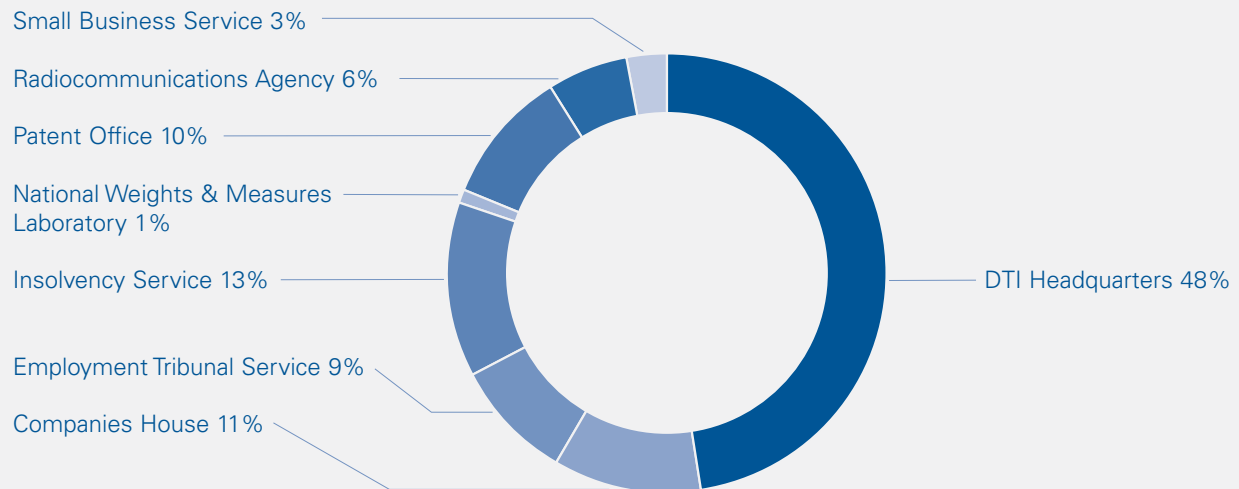
### Who we are

DTI has employees throughout the UK. Whilst 48% of our people work in headquarters, 52% are based in various agencies across the UK.

### The DTI Strategy and Business Plan

The strategy provides a road map for delivering the Department's PSA targets, whilst the business plan guides the actions we will take to ensure that the PSA targets (shown in Annex II) are met. The diagram on page 43 shows our strategic planning process.

### Staff in Post (2002)



## ANNEX II

### DTI PUBLIC SERVICE AGREEMENT TARGETS 2003-2006

**Key to the success of the DTI strategy and consequent business plans is their alignment with the PSA targets as agreed with the Treasury, set out below.**

#### PSA Target 1

Demonstrate progress by 2006 on the Government's long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the US, France and Germany. (Joint target with HM Treasury)

#### PSA Target 2

Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base, and the overall innovation performance of the UK economy.

#### PSA Target 3

Place empowered consumers at the heart of an effective competition regime, bringing UK levels of competition, consumer empowerment and protection up to the level of the best by 2006, measuring the effectiveness of the regime by peer review and other evidence, to ensure a fair deal for consumers and business working in collaboration with the relevant regulatory agencies.

#### PSA Target 4

Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (Joint target with DEFRA) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help to reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010.

#### PSA Target 5

Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. (Joint target with DFID and Foreign Office)

#### PSA Target 6

Help to build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities.

**PSA Target 7**

Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. (Joint target with ODPM and HM Treasury)

**PSA Target 8**

Make the UK the best place in the world for e-business, with an extensive and competitive broadband market, judged using international comparative measures of business uptake and use of information and communication techniques.

**PSA Target 9**

By 2006, working with all departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government's objectives on equality and social inclusion.

**PSA Target 10**

In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities. (Joint target with Department of Work and Pensions (DWP))

**PSA Target 11**

Deliver a measurable improvement in the business performance of Trade Partners UK's customers; and maintain the UK as the prime location in the EU for foreign direct investment. (Joint target with Foreign Office)

**PSA Target 12**

Achieve value for money improvements of 2.5% a year across the Department as measured by a basket of indicators.







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