



INNOVATION INVESTMENT: An insight-led summary

The state of business innovation in the UK

This snapshot brings together what UK businesses told us about how they're investing in innovation, the pressures shaping their decisions, and where they see opportunity. It reflects the real experiences of leaders navigating growth, cost pressures, and new technologies.



IN THEIR WORDS



The productivity of the business wasn't growing. So our investment was very much led by the desire to make the business more robust, more resilient, more efficient.

Our CEO's focus on innovation and willingness to invest in ideas and approaches that weren't guaranteed success has been key.

Our business ownership and SLT structure is changing... but I think we'll continue over-investing in innovation relative to the size of the company, because it's in the very DNA of the company.

We're not trying to automate everything from day one. Incremental improvement is better than no improvement.

Senior leadership is really important in creating a culture that welcomes innovation and learns from failure.

These reflections echo what we heard throughout the research: progress tends to come when leadership signals intent and teams are given space to test and adapt.





How businesses are investing

Firms take different approaches depending on their maturity, sector, and appetite for risk, but three themes stood out:

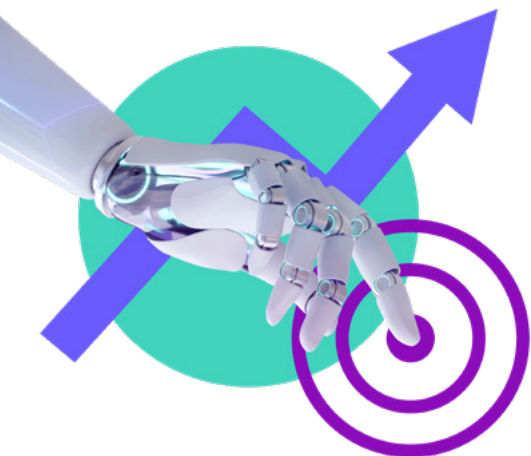
Decision-making

Most firms use traditional business cases to secure innovation funding – weighing cost, benefit, and ROI. But ROI from innovation isn't guaranteed, so while 45% make innovation investment decisions in the same way they make other investments, around 20% take a different route, involving different people or decision levels.



Managing risk

Innovation is uncertain by nature. Starting small and failing fast is a common way to manage risk. Firms also highlight that customer- or problem-led investment gives greater confidence, reducing the chance of misalignment with market needs.



Working with customers.

Close engagement, or even partnership, with end users helps innovators understand demand earlier, build trust in the solution, and make better-informed investment choices.

Did you know?

The current wave of interest in AI is driving new investment and prompting many firms to explore productivity-enhancing technologies. Two-thirds of large businesses expect AI and related tech to increase their investment in innovation over the next three years, compared with just 38% of small businesses.



For many adopters of innovation, the biggest risk to return on investment isn't the technology itself – it's people. Even the strongest tools can miss their potential if they're not widely used or integrated into everyday processes. Getting teams onside and building capability early is a consistent theme from businesses already investing.

Why it matters

Insights like these help businesses benchmark their approach, compare experiences with peers, and understand the policy landscape shaping innovation investment. They form part of the CBI's wider work to support firms as they plan, prioritise, and make decisions that drive long-term growth.

To explore this further, members can speak to their account manager about our Innovation investment work. If you're not yet a member, you can [get in touch](#) to discuss how the CBI can support your business.

