

Scale-up firms might be few in number but their impact is immense

This week we will hold the first-ever UK Fast Growth Awards in London, where we will be celebrating the fastest-growing firms in the UK.

Drawing on detailed research and a business community of more than 50,000 entrepreneurs, the awards celebrate the 50 fastest-growing firms in each of the seven nations and regions of the UK. By creating an index of fast-growing “local heroes”, this programme recognises the best businesses in every industry in the UK economy. These so-called “scale-ups” also act as inspiration for other entrepreneurial businesses to follow in their footsteps to achieve outstanding growth.

The awards follow the publication of the latest review of high-growth firms by the Scale-Up Institute, which looks at the impact of those businesses that grow by over 20% per annum. It shows that while these scale-up firms make up just 0.6% of the UK’s business population, they contribute 55% of the total output generated by SMEs, equating to £1.4 trillion annually.

These 34,180 businesses also employ 3.2 million people, with an impressive average turnover per employee of £449,317, underlining their exceptional productivity compared to peers.

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As we have found out by running the Wales Fast Growth 50 for the past 26 years, the majority operate across diverse industries, reflecting the breadth of their contribution to the UK economy. They are also inclusive, with 37% of scale-ups having at least one female director, while four in 10 are socially focused, aligning with ESG goals and operating in the green economy.

Innovation is at the heart of scaleups, with 90% introducing or improving a product, service or process over the past three years, a level that is double the rate of large firms. Internationally, scale-ups are leaders in global trade, with 50% already exporting and 70% planning further expansion, particularly into emerging markets. Alongside their international focus, scale-ups are creating high-quality jobs and boast more satisfied employees, reinforcing their position as key drivers of economic and social wellbeing.

The Scale-Up Institute also undertakes a survey of those leading fast-growth firms which provides a comprehensive view of the challenges and opportunities facing these high-growth businesses. According to this research, inflation remains their top concern, and six in 10 CEOs believe it is harder to

grow a business in the UK now than in the past. However, it's also worth noting that they remain optimistic, with nine in 10 expecting growth in 2025 and one in four forecasting growth of over 50%.

However, there are several persistent barriers to growing a business, with the founders of these firms stating that access to markets (62%), talent and leadership (54%) and finance (47%) are the top challenges, followed by infrastructure (28%) and tax uncertainty (28%), which emerged as a new concern this year.

These issues have consistently hindered scale-ups over the past decade, highlighting the need for a more focused effort to address them. Given this, it is not surprising that they strongly support government initiatives such as tax certainty, the expansion of the British Business Bank, and a National Wealth Fund, as well as an industrial strategy and better access to R&D funding. Local business support is also seen as vital, with 80% of CEOs expressing a desire for closer relationships with those organisations involved in this support. They also call for tailored support in funding, investor connections and talent development.

Scale-ups are heavy users of finance, with 80% leveraging various forms of funding, yet seven out of 10 still feel that they lack sufficient capital to meet growth aspirations and many perceive a funding imbalance favouring London and the South-East of England. Awareness of capital markets changes remains low, underscoring the need for knowledge transfer and investment briefings.

Access to markets continues to be a critical issue, with business-to-business scale-ups facing challenges accessing decision-makers and contracts, while business-to-customer firms struggle with brand awareness and marketing strategies.

Given the strong link between exporting and growth, it is not

surprising that international expansion is a major focus, with 70% of scaleups targeting markets like the Middle East and Australasia and seeking better introductions to overseas buyers, tailored trade missions and market intelligence.

As with many other businesses, access to talent is vital and scale-ups are actively hiring and investing in apprenticeships and returnerships, with 50% offering opportunities to young people. However, the founders are also looking for those with expertise in sales, marketing and leadership, alongside skills in AI, coding and financial modelling. The Scaleup Visa, which was introduced to attract international talent, remains underutilised due to limited awareness, and improving its accessibility could help UK scale-ups secure the global talent they need.

Therefore, scale-ups are critical to local economies, job creation and regional prosperity. Indeed, the 350 firms on the 2024 Fast Growth Index have generated a collective turnover of £15.1bn and employed 62,000 people. They also increased their sales by £9.6bn during the period 2021-23 at an average growth rate of 172.8% and created 24,000 jobs in two years, or 10% of all additional private sector employment during this period.

This demonstrates the power of scale-ups and their potential for growing the UK economy over the next few years, and one can only hope that the UK Government creates the environment to enable such businesses to thrive.