

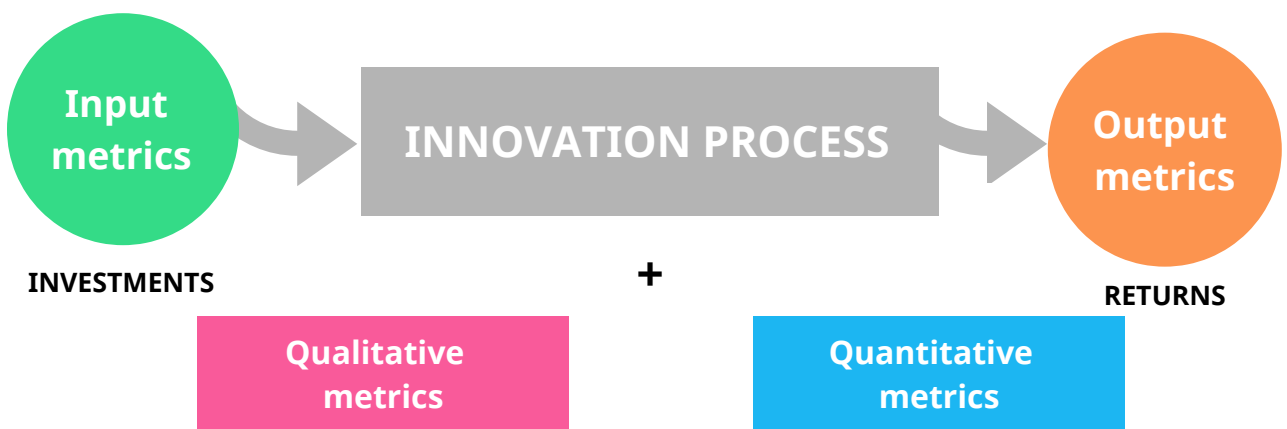
HOW TO MEASURE INNOVATION?

What you need to know about innovation KPIs



What to measure?

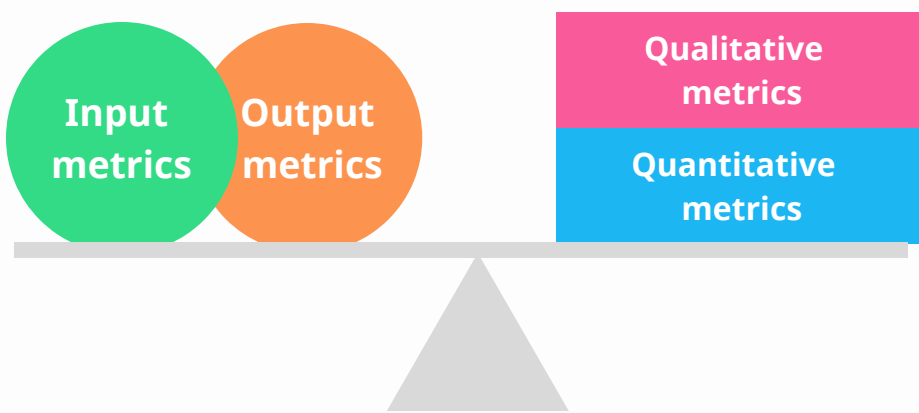
Input and output metrics measure what goes in to your innovation process and what comes out of it. It is, however, important to keep in mind that **input doesn't guarantee output**.



It's also smart to measure both qualitative and quantitative metrics.

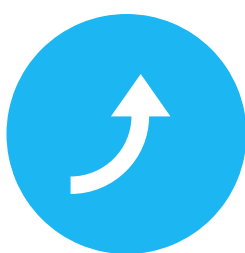
Keep balance

Successful organizations focus on finding the right balance between input & output metrics as well as qualitative and quantitative metrics:



Top innovation metrics

Top three metrics used in mid-to-large organizations to measure the value of innovation:



REVENUE GROWTH

33%

Global
37% China
38% U.S.



MARKET SHARE

32%

Global
32% China
30% U.S.



RETURN ON INVESTMENT (ROI)

30%

Global
29% China
26% U.S.

Measuring innovation can help you to:

1. Guide your resource allocation process
2. Hold people accountable for their actions
3. Assess the effectiveness of your innovation activities



of corporate leaders rate innovation their **TOP 3** business priorities,



of those have set any innovation performance metrics..

"You can't manage what you don't measure"



... because of the **uncertainty** of what should be measured

Key types of innovation metrics:

- 1 CAPABILITIES** 

Abilities, practical skills, unique insights and know-how of the people, tacit knowledge, and other information capital, as well as financial capital needed to create innovation.
- 2 STRUCTURES** 

Organizational structure, processes, resources and other tools that support innovation management (such as innovation management software).
- 3 CULTURE** 

Capabilities related to people that support the process, innovativeness of an organization and the need for always getting better.
- 4 LEADERSHIP & STRATEGY** 

Metrics related to strategic aspects that are linked to concrete operations.
- 5 BUSINESS & PRODUCT METRICS** 

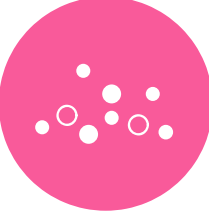
So called "ROI" metrics, that focus on measuring the results your innovation investments have yielded.

Examples of innovation metrics:



	Capabilities	Structures	Culture	Leadership/ Strategy	Business/ Product
Input	The number of new challenges provided for employees	The relative or absolute budget allocated to innovation or R&D	The number of new ideas coming from employees vs. management	The % of management's time spent on strategic innovation	The % of capital invested in innovation activities
Output	Number of implemented ideas, average time to implement	The velocity of the build-measure-learn feedback loop	The employee participation in innovation activities	The number of executives receiving training related to innovation	Actual vs. targeted break-even time

Note: Some of the metrics are more straightforward than others, but some of them fit into both categories.

How to get the most out of your innovation KPIs?

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Focus on a few metrics at a time and prioritize
- Find opportunities for learning and improvement**


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Assess the lifecycle of the innovation
- Don't force the same metrics for everyone**

