

# Executive Summary

*The 2015 Innovation Benchmarking Report, brought to you by Innovation Leader and Innosight*



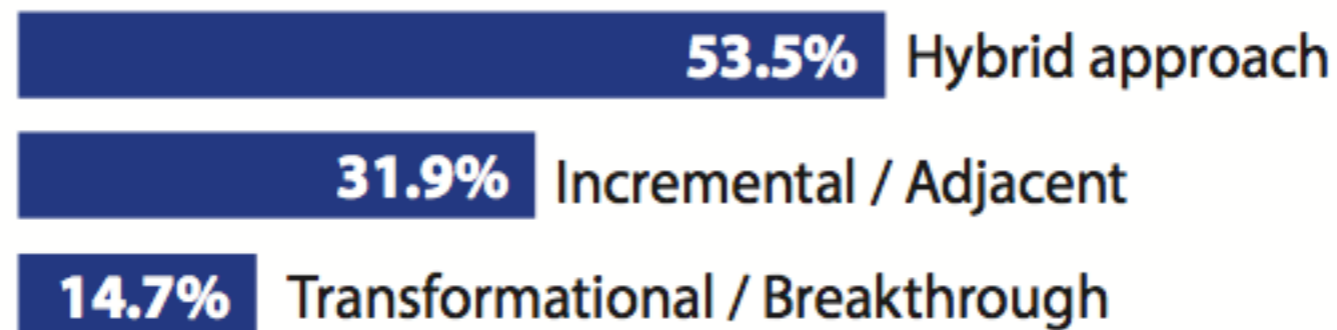
# Survey Approach

- **25 questions**, crafted with input from innovation executives, Innovation Leader, and Innosight
- **197 qualified responses** in Q4 2014, all from corporate innovation executives (no vendors, consultants, academics, etc.)
- **Industry clusters:** Largest representation from consumer products, technology, healthcare, insurance
- **Large companies:** 43.8 percent of respondents had revenue above \$10 billion.

# Program Focus

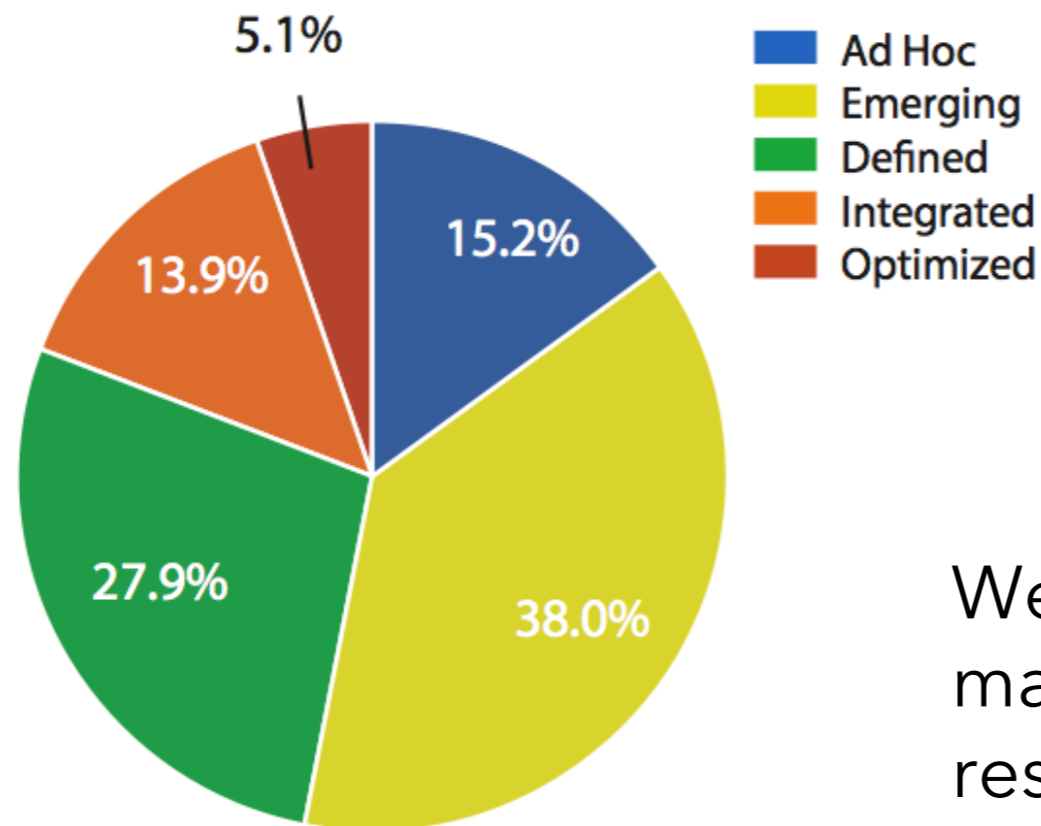
The majority of innovation initiatives take a “hybrid approach,” looking to pursue both incremental and transformational innovation.

## Innovation Program Focus



# Programs still immature

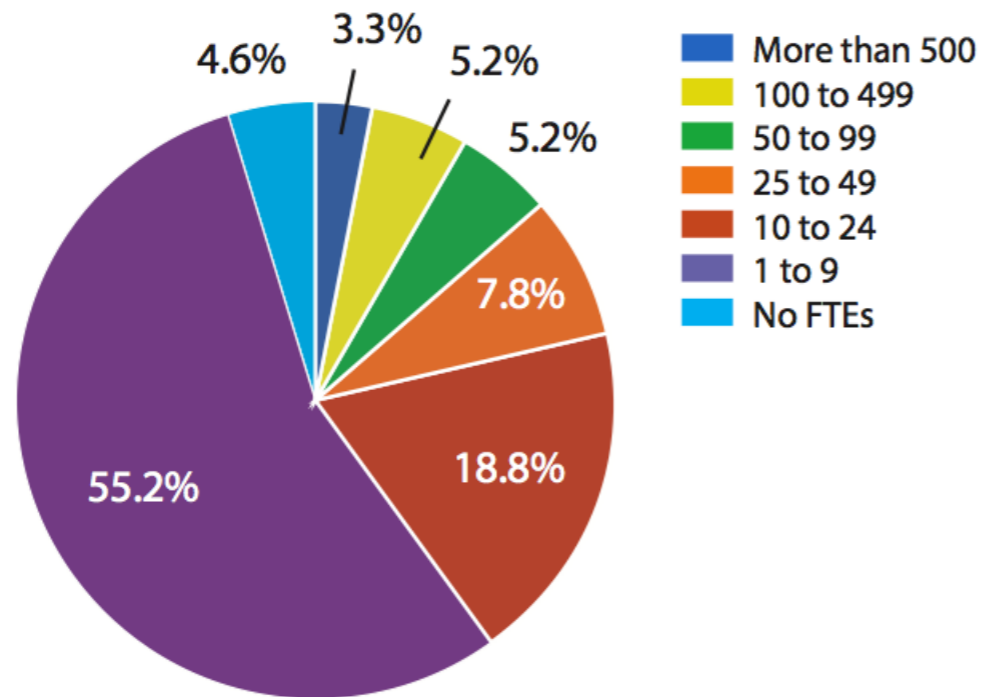
## How Mature is your Innovation Program?



We defined five stages of program maturity, and the majority of respondents place themselves on the “immature” end of the spectrum. *Full analysis and details by industry are in the report.*

# Most teams are small

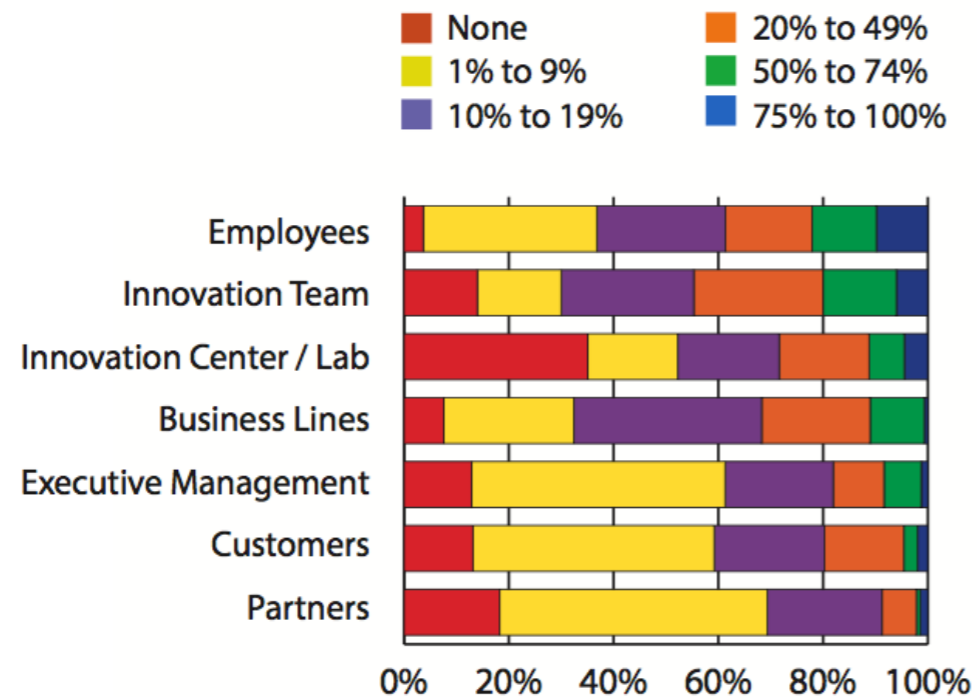
Dedicated Full-Time Employees on Innovation Team



Companies with the largest innovation teams typically had large R&D or research organizations. *Breakdown by direct and indirect FTEs are in the full report.*

# Where do ideas come from?

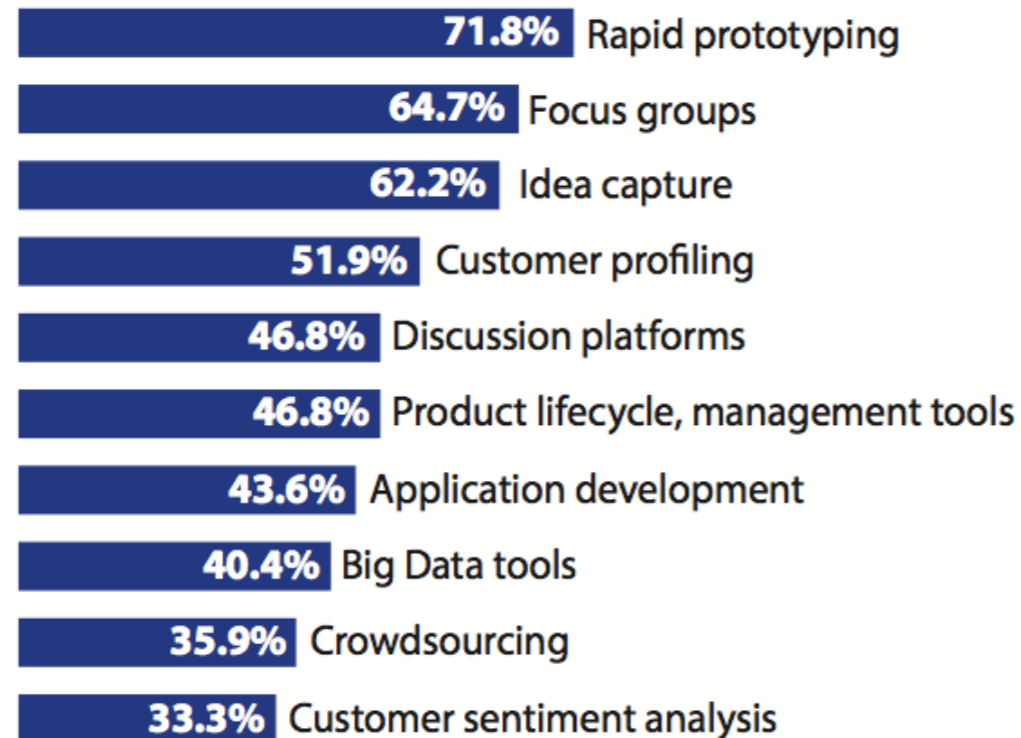
How many of the company's innovation ideas are generated by each group, below?



The full report explores ideation issues, including the volume of ideas generated annually, where they come from, and what that might mean for your organization.

# Top 10 tools being used

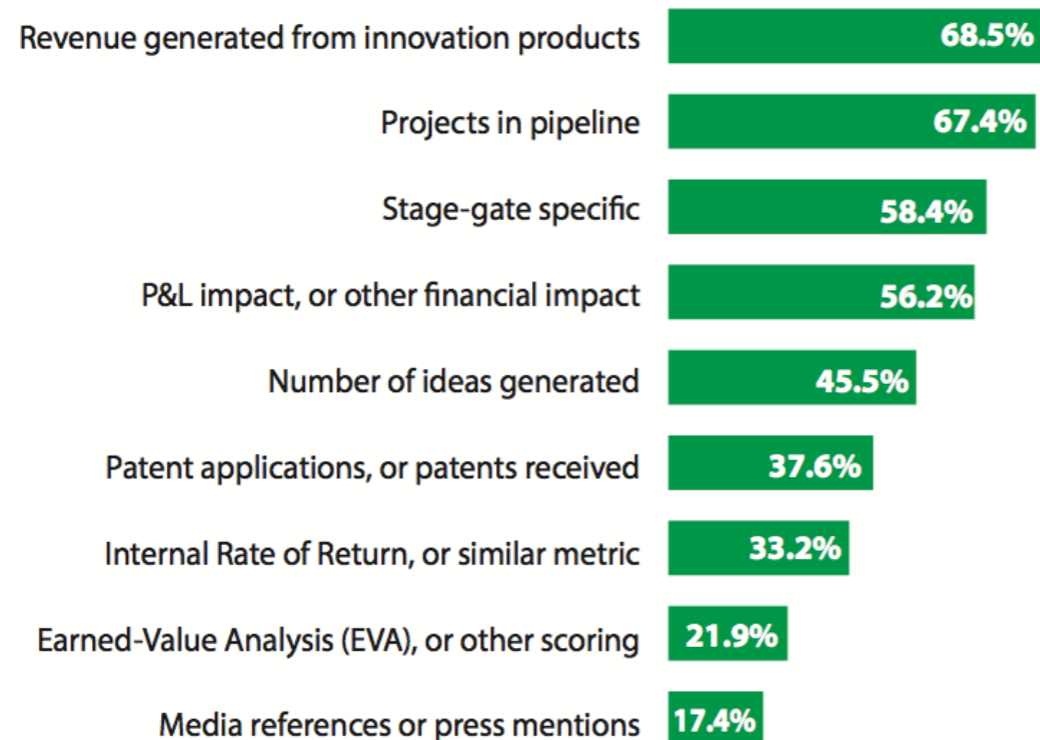
## Tools Used as Part of Innovation Program



Among the other tools we asked about: visualization, social voting, and ERP. We also explored what percentage of staff are being trained in innovation techniques.

# Measuring success

## Metrics Used



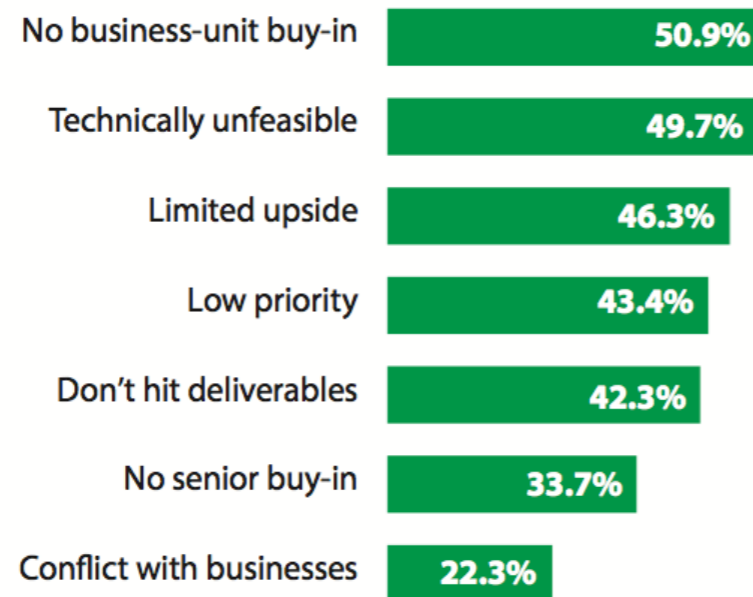
Total exceeds 100% as many respondents cited more than one metric.

“Cost to kill,” or the amount spent on projects that ultimately don't move forward, is emerging as an important new metric. *Report looks at how much is being spent.*



# Why do projects get killed?

## Why Projects Get Killed



Total exceeds 100% as many respondents cited more than one reason.

Relationships with the business units are key to avoiding what some called “organ rejection,” or the “not invented here” syndrome.

# Also included in the Report

- **Structure:** How are innovation teams constructed?
- **Reporting:** To whom does innovation report?
- **Teams:** How big are innovation teams?
- **Budgets:** How much is spent on nine innovation areas?
- **Maturity:** How mature are programs, by industry?
- **Projects:** How many projects are typically in the pipeline?
- **Stages:** How do projects advance through each stage?
- **Failure Rates:** What percentage of projects die?
- **Staffing:** How are projects staffed by stage?
- **Training:** How many staffers get innovation training?
- **Ideas:** How many are generated, and why whom?
- **Metrics:** How do companies gauge success and ROI?
- **Costs:** How much time and money is spent?
- **More!** Plus details by industry, company size, more!

# Key challenges we identified:

- 1. Defining mission/role.** The “all-you-can-eat-buffet” approach to innovation, trying to do a bit of everything, is not viable long-term.
- 2. Avoiding the “idea avalanche.”** Too many resources dedicated to sorting/sifting ideas, not enough to developing a few high-potential ones.
- 3. Speed + buy-in.** Finding ways to engage business unit executives and others – without getting bogged down by process and approvals.
- 4. Fly or die.** Companies need to get better at accelerating or killing projects quickly, cheaply, and for the right reasons; most need to gather more external perspectives/market data as part of that process.
- 5. Aligned metrics.** Identify metrics that senior management truly cares about, and avoid a measurement regime that squashes real innovation.

# Insights from the front lines

“One of the key roles of the innovation leader is you have to be able to manage upwards and talk strategy. At the same time, you have to be working with the teams executing the project, trying to get them inspired, and [get them to] understand how the innovation process works on a step-by-step basis. It’s almost like a dual life that we have to create to be successful at innovation.”

– **Moisés Noreña**  
**Director of Strategic Innovation, Allstate**

# Insights from the front lines

“You need clarity-of-mind with your management team, of what they want you to deliver. It can be hard to measure what I do, especially when it’s about relationship-building or capability-building. Not everyone is Google or Amazon, where you can tweak a search box and instantly see the results.”

**– Mona Vernon,  
VP/Data Innovation Lab, Thomson Reuters**

# Insights from the front lines

“There are always some ad hoc and unpredictable elements [to innovation]....Our biggest successes all make people squirm across the organization, make them feel challenged. The message there is, if people are in their comfort zones and you’ve got all this process that seems logical and repeatable, you’re just not innovating.”

– **Jason Berns,**  
**Director of Open Innovation, Under Armour**

# About the authors

**Innosight** is a global strategy and innovation consulting firm focusing on disruptive innovation.

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**Innovation Leader** is an information resource for corporate innovation executives.

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