

Best & Worst Practices in Measuring Innovation

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Make a list

- **What's your most important metric today?**
 - **Who in your organization is most obsessed with metrics?**
 - **What metric do you wish you were tracking (but aren't)?**
 - **What metric are you tracking today but you secretly feel is meaningless?**
 - **Are there some types of innovation that metrics can't capture?**
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The central paradox of metrics

Real innovation is impossible to measure (or measure meaningfully) in its earliest stages...

...Yet companies feel compelled to measure things

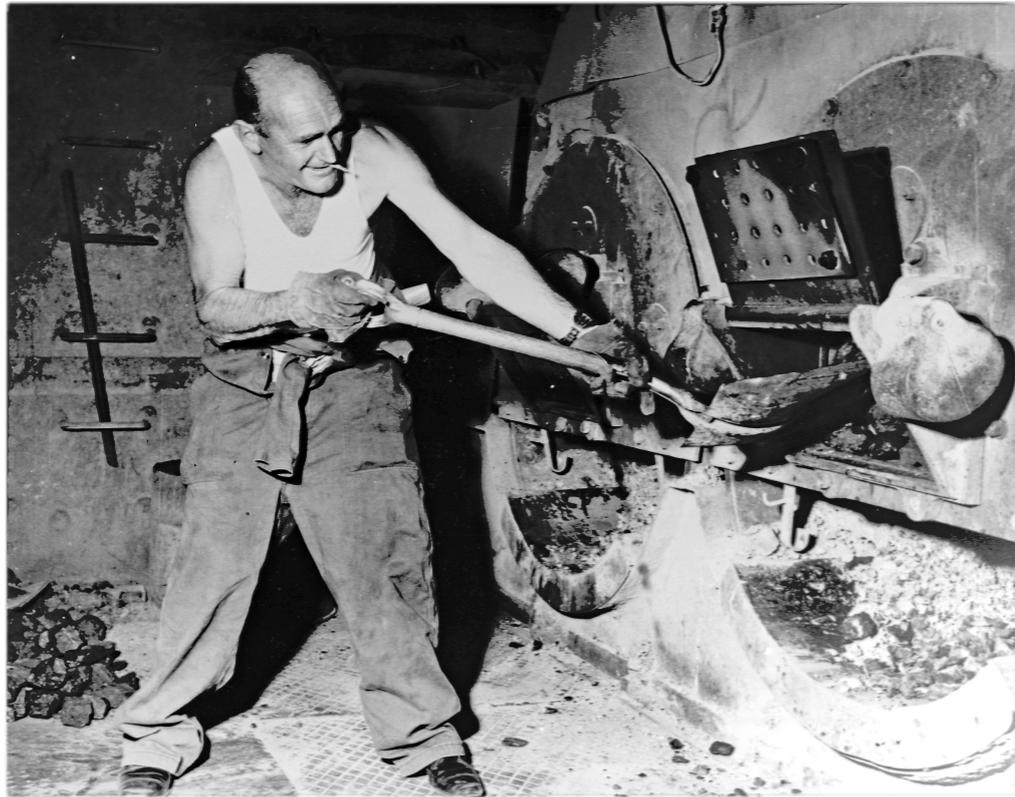


Metrics are clear when you're just a startup.
What were Facebook's first few metrics that mattered?

So why is it so
hard when you're
big?



Two kinds of metrics



Activity

(stoking the boilers of innovation)

- Ideas submitted
 - Patents filed
- Employees trained

Impact

(actually getting somewhere)

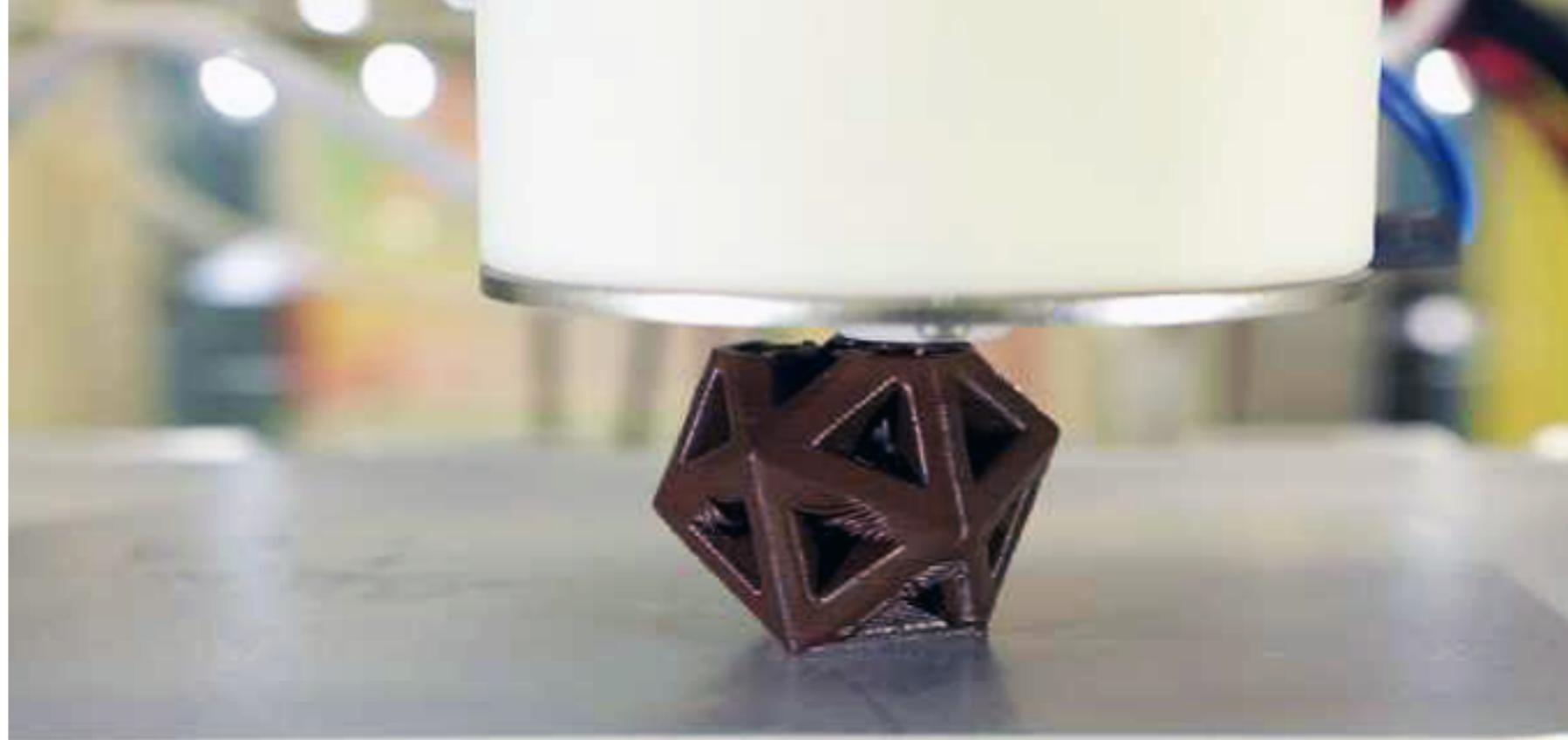
- Revenue
- Cost savings
- Market share





1. Revenue generated by new products (69 percent)
2. Projects in pipeline (66.5 percent)
3. Stage-gate specific, i.e. projects moving from one stage to the next (57.5 percent)
4. P&L impact or other financial impact (57 percent)
5. Number of ideas generated (44.5 percent)

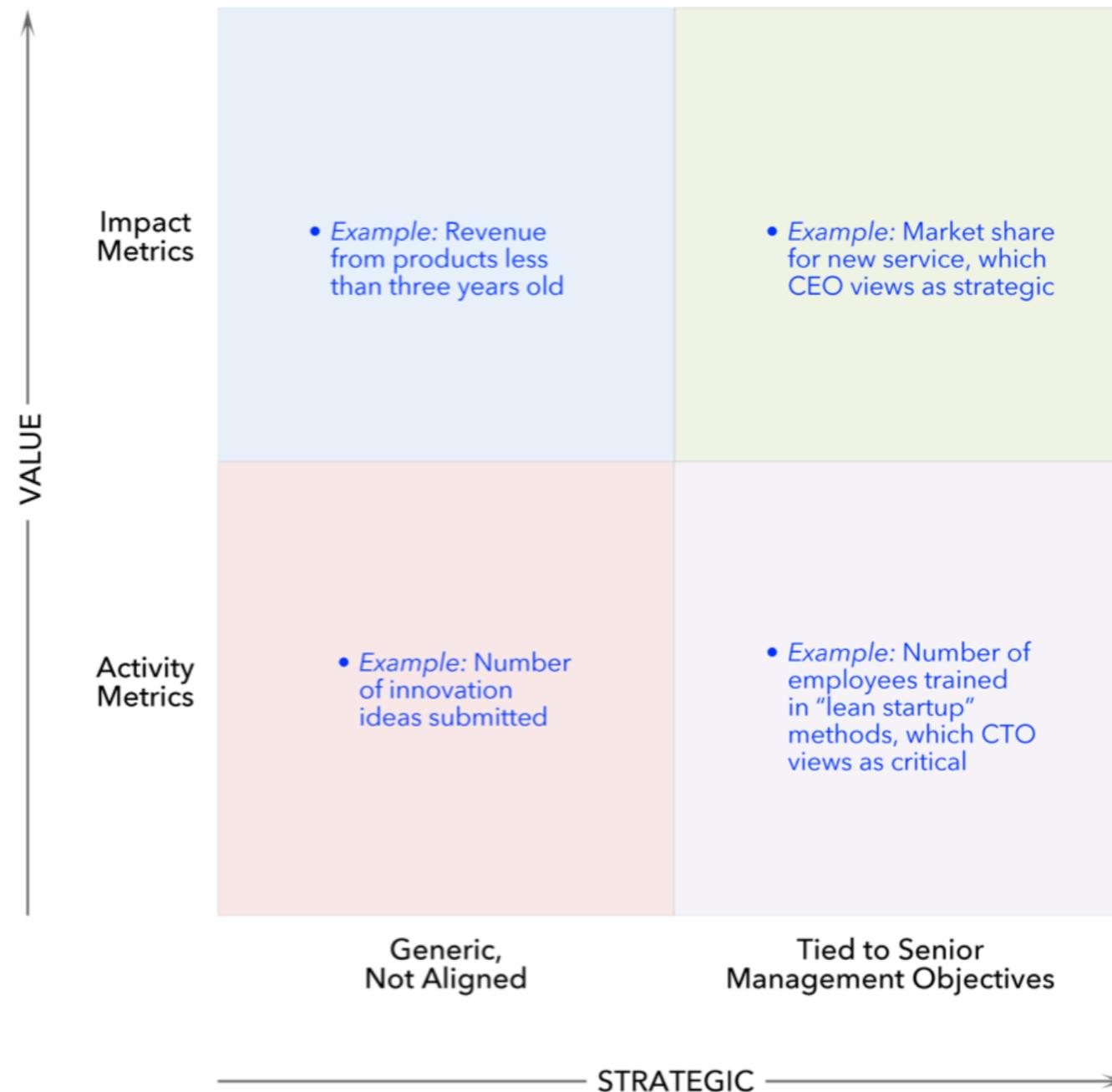
(Based on survey of 197 innovation execs, conducted in collaboration with Innosight, Q4 2014. A distant #6, with 36 percent, was patent filings or patents granted. Least-used by our respondents was press mentions/media hits.)



Some others in use

- Learning about new spaces
- Number of ideas killed
- Success of hand-off to business unit
- Return on product development expense
- “We measure customer satisfaction impact of new initiatives”
- Cost savings
- Number of pilots that clients are willing to pay for

Where we're headed



...Up & to the right: Impact metrics aligned with senior management objectives.

Measurement challenges

- Measuring too much
- The shadow of scale
- No help on data collection
- Failure isn't fun to measure
- Patience

...And what else?



See Harvard Business Review, “What Big Companies Get Wrong About Innovation Metrics,” May 2015



The writer E.B. White (almost) said:

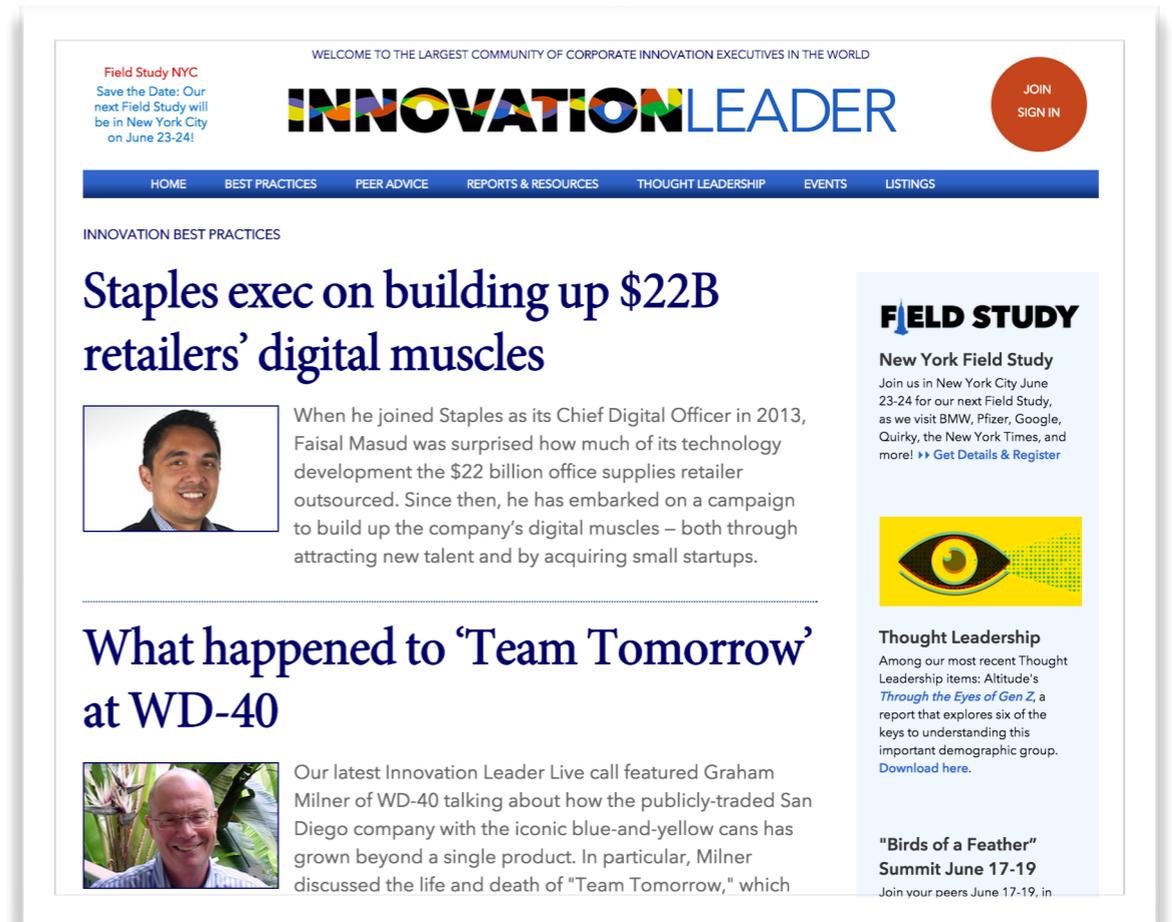
“Measuring innovation is like dissecting a frog. Few people are interested and the frog dies of it.”

Let's discuss: What was on your list?

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The screenshot shows the Innovation Leader website homepage. At the top, there is a navigation bar with links for HOME, BEST PRACTICES, PEER ADVICE, REPORTS & RESOURCES, THOUGHT LEADERSHIP, EVENTS, and LISTINGS. The main content area features two articles under the heading "INNOVATION BEST PRACTICES". The first article is titled "Staples exec on building up \$22B retailers' digital muscles" and includes a photo of Faisal Masud. The second article is titled "What happened to 'Team Tomorrow' at WD-40" and includes a photo of Graham Milner. On the right side, there is a sidebar with sections for "FIELD STUDY" (New York Field Study), "Thought Leadership" (Through the Eyes of Gen Z), and "Birds of a Feather" Summit.

Field Study NYC
Save the Date: Our next Field Study will be in New York City on June 23-24!

WELCOME TO THE LARGEST COMMUNITY OF CORPORATE INNOVATION EXECUTIVES IN THE WORLD

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INNOVATION BEST PRACTICES

Staples exec on building up \$22B retailers' digital muscles



When he joined Staples as its Chief Digital Officer in 2013, Faisal Masud was surprised how much of its technology development the \$22 billion office supplies retailer outsourced. Since then, he has embarked on a campaign to build up the company's digital muscles – both through attracting new talent and by acquiring small startups.

What happened to 'Team Tomorrow' at WD-40



Our latest Innovation Leader Live call featured Graham Milner of WD-40 talking about how the publicly-traded San Diego company with the iconic blue-and-yellow cans has grown beyond a single product. In particular, Milner discussed the life and death of "Team Tomorrow," which

FIELD STUDY
New York Field Study
Join us in New York City June 23-24 for our next Field Study, as we visit BMW, Pfizer, Google, Quirky, the New York Times, and more! [Get Details & Register](#)

Thought Leadership
Among our most recent Thought Leadership items: Altitude's *Through the Eyes of Gen Z*, a report that explores six of the keys to understanding this important demographic group. [Download here.](#)

"Birds of a Feather" Summit June 17-19
Join your peers June 17-19, in

Innovation Leader is the largest community of corporate innovation, R&D, and product development executives in the world. This presentation is based on our Q1 2015 research report, "Innovation Metrics." For more, see InnovationLeader.com.