



Benchmarking Innovation Impact 2023 Data Highlights



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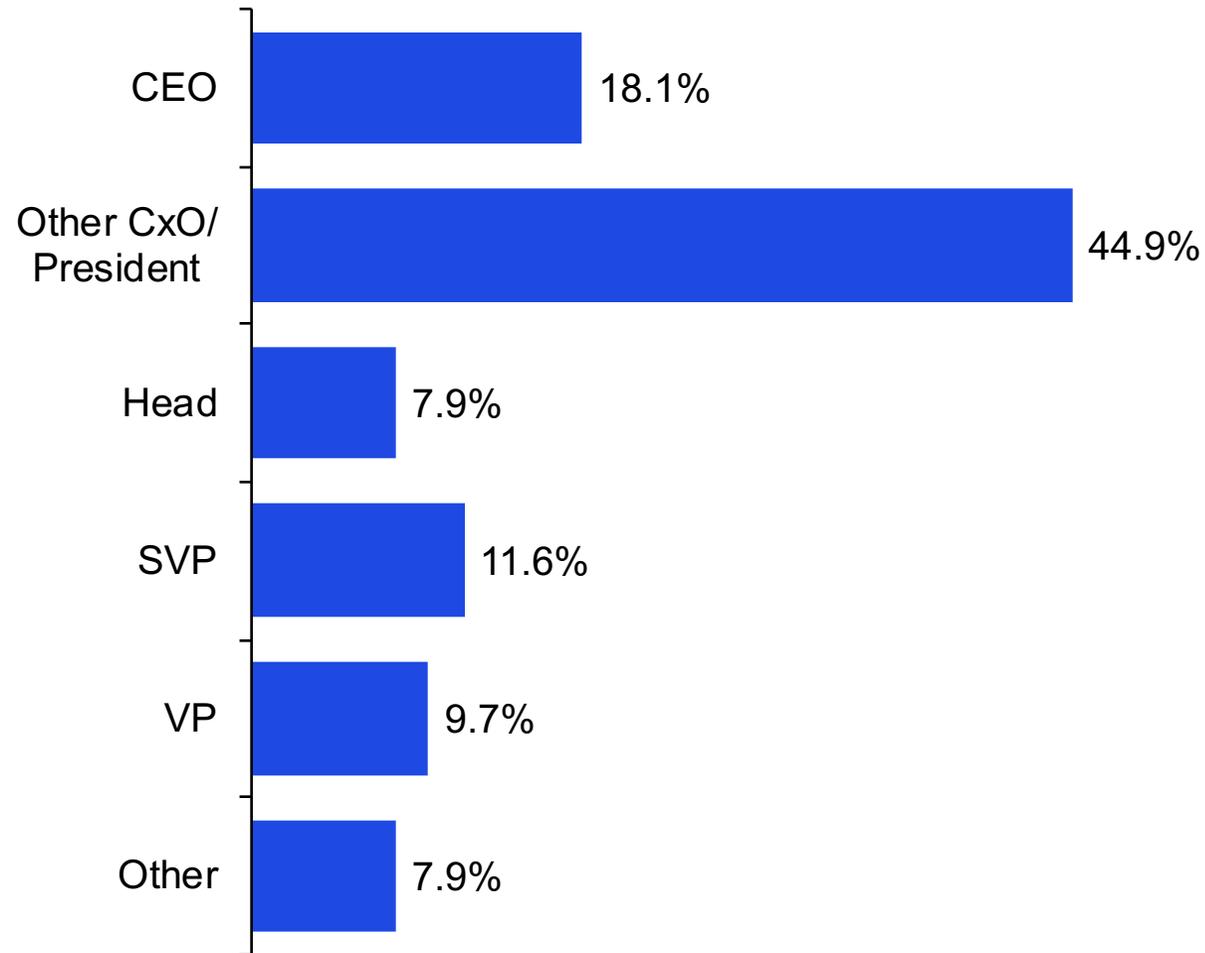
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About the teams

To whom does your team report?



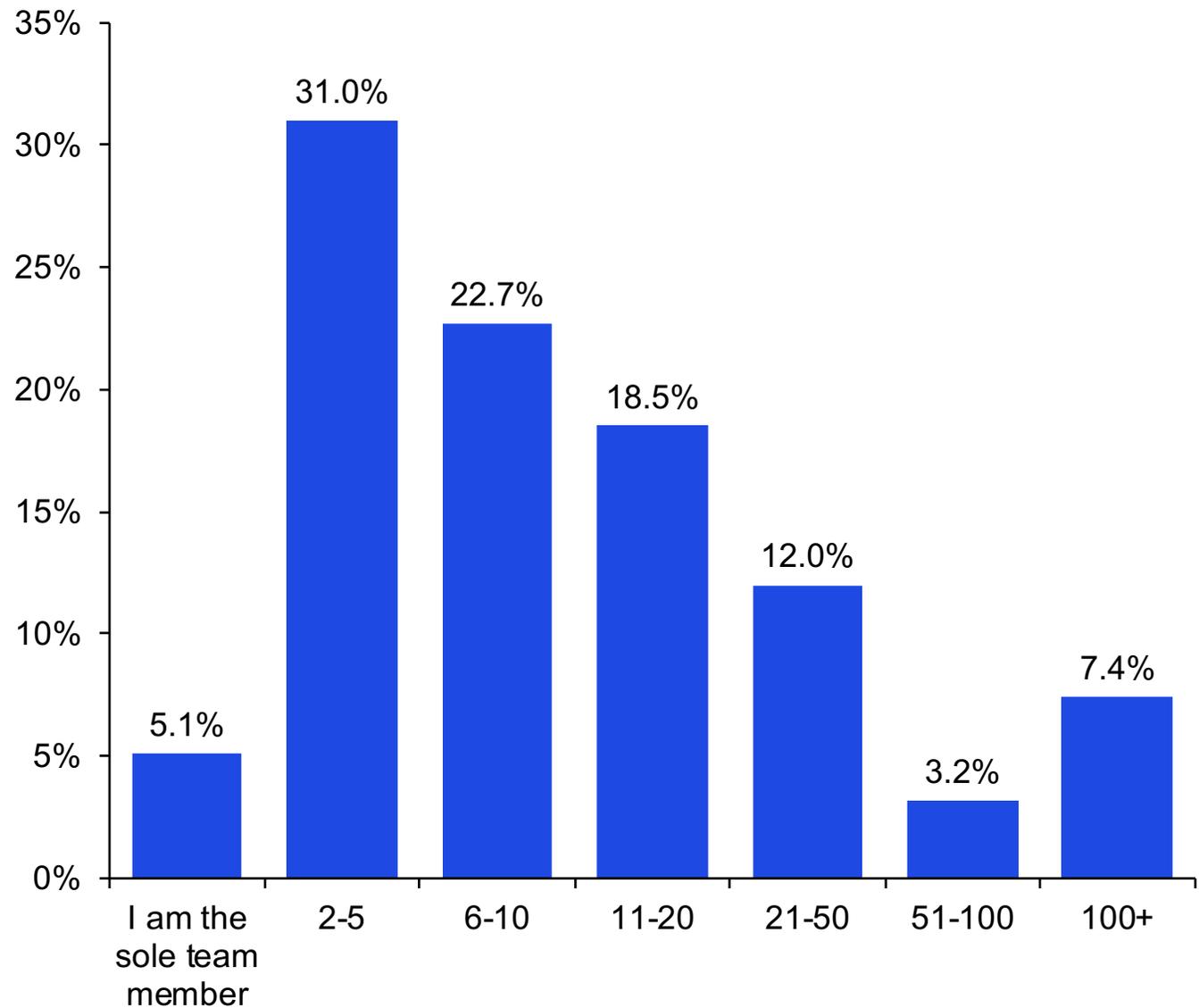
The plurality of our respondents (44.9 percent) are reporting to a C-level leader other than the CEO, or to a President.

The most common C-level leaders mentioned were Chief Technology Officer (11 percent), Chief Innovation Officer (9.3 percent), Chief Strategy Officer (7.4 percent), and Chief Operating officer (6 percent.)

How many employees are on your team?

Nearly 60 percent of our respondents are working with a team of 10 or fewer people. Generally, companies that report more than 100 employees devoted to innovation work are including employees in long-established groups like R&D or advanced development.

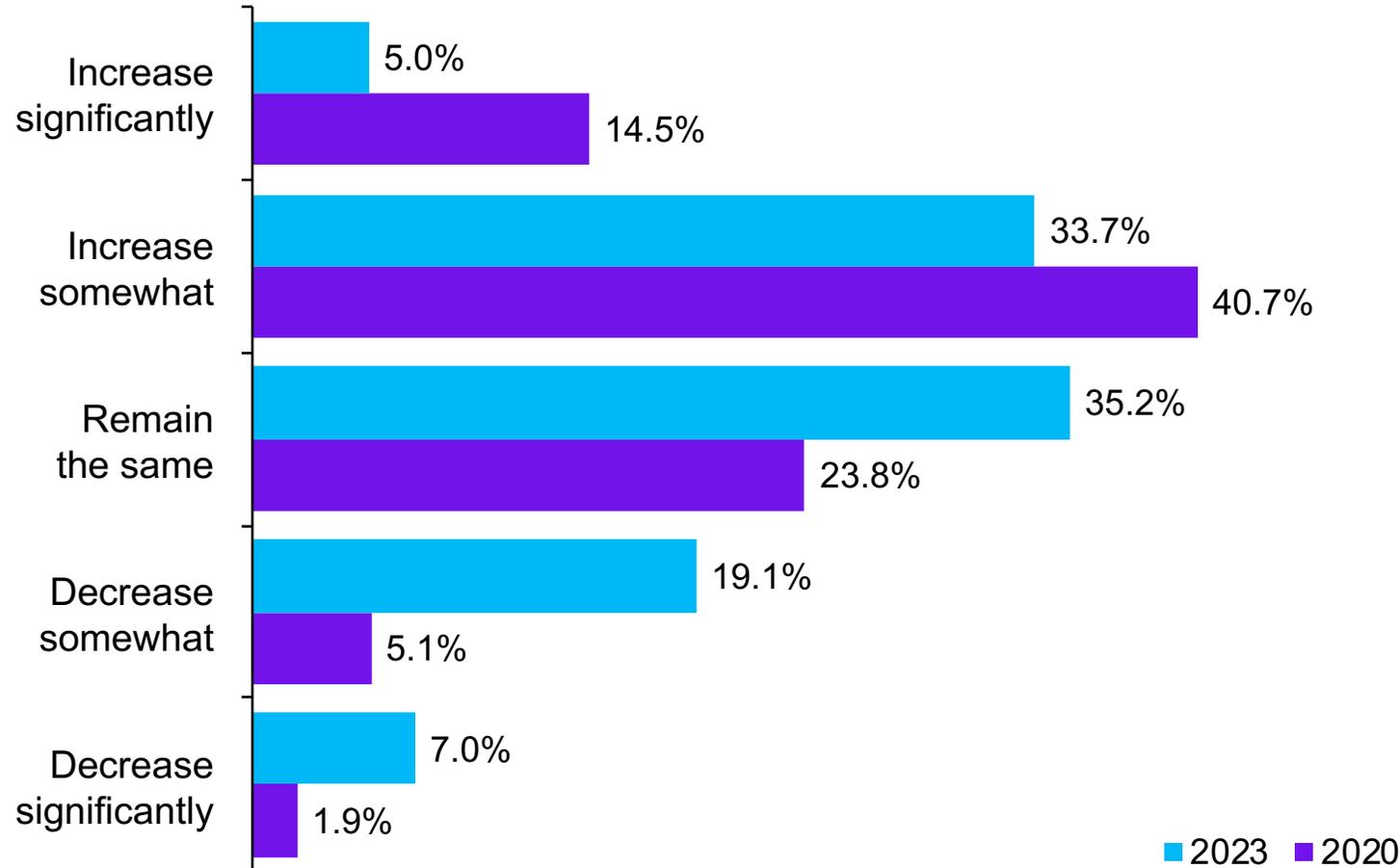
Interestingly, those respondents with large teams were more bullish than our average respondent that their teams would grow in 2023 (62.5 percent versus 43 percent.)



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Budget and resources

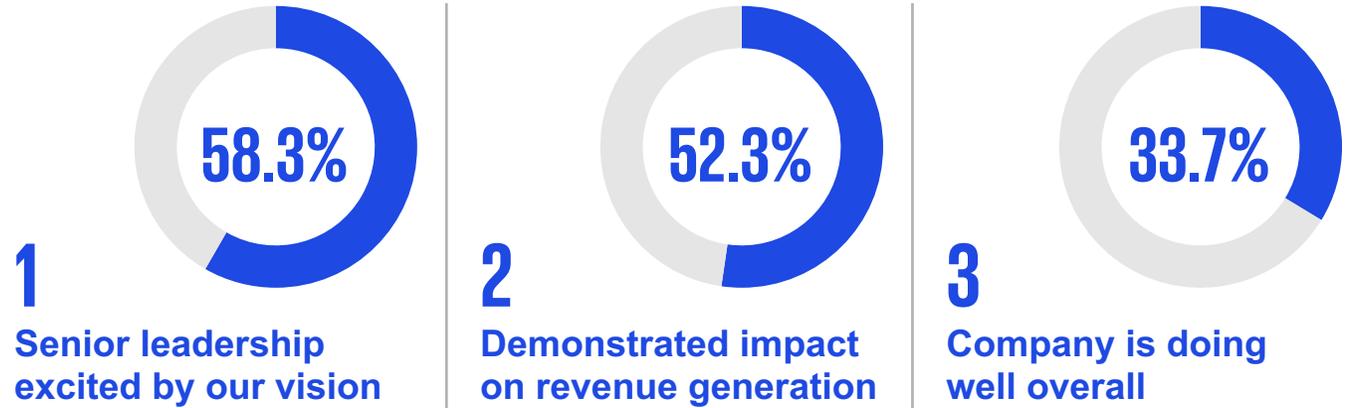
In the year ahead, what will (or do you expect will) happen to your team's budget?



More of our respondents expect that their team size will grow in 2023 (43 percent) than that their budget will grow (38.7 percent). And compared with our 2020 data (collected in 2019, before the COVID pandemic arrived), budget expectations are gloomier.

What are the three most important factors that impact your ability to get additional human or financial resources to support innovation?

This was a new question for our 2023 survey. Note the emphasis not only on senior leadership buy-in (#1 on the list), but also strong relationships at other levels of the organization (#4) and employee engagement and capability-building (#6).



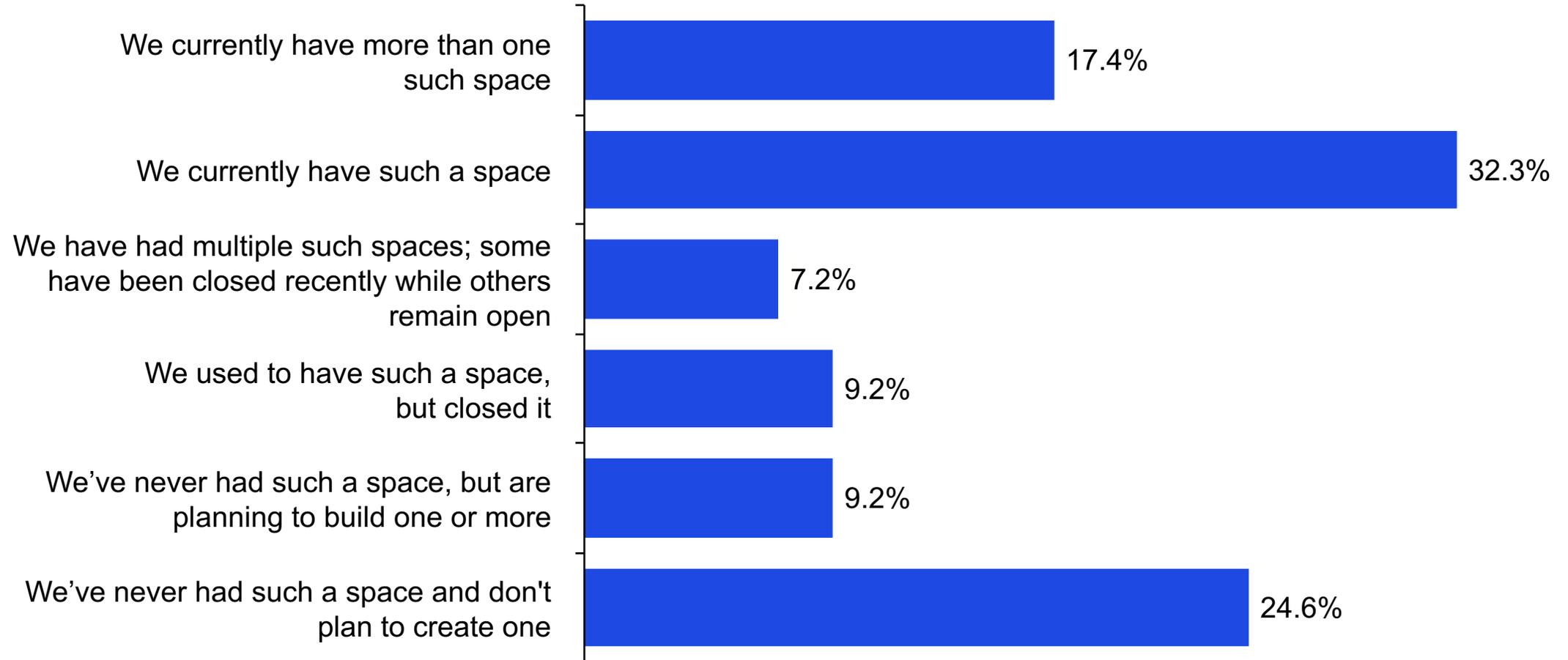
4	Strong relationships throughout the organization	29.1%
5	Demonstrated impact on cost savings	26.1%
6	Employee engagement and capability-building/impact on work culture	19.6%
7	Our team's ability to make the company look like a leader in the market	18.6%
8	Competitive pressures/competitor actions	13.6%
9	Demonstrated impact on customer loyalty/NPS scores	6.5%
10	Other (below)	5.5%

- “Driving the execution of strategy”
- “Gaps between resourcing and needs for board-sponsored projects”
- “Impact on conservation”
- “Internal competition with client projects. Those are always more relevant, and so the resources are primarily allocated to that.”
- “Meeting agreed milestones & objectives”
- “Unfortunately, anything having to do with increasing revenue or decreasing expenses. No thought to intangible impacts.”
- “We are shutting down our innovation department. New senior leadership doesn’t understand it.”

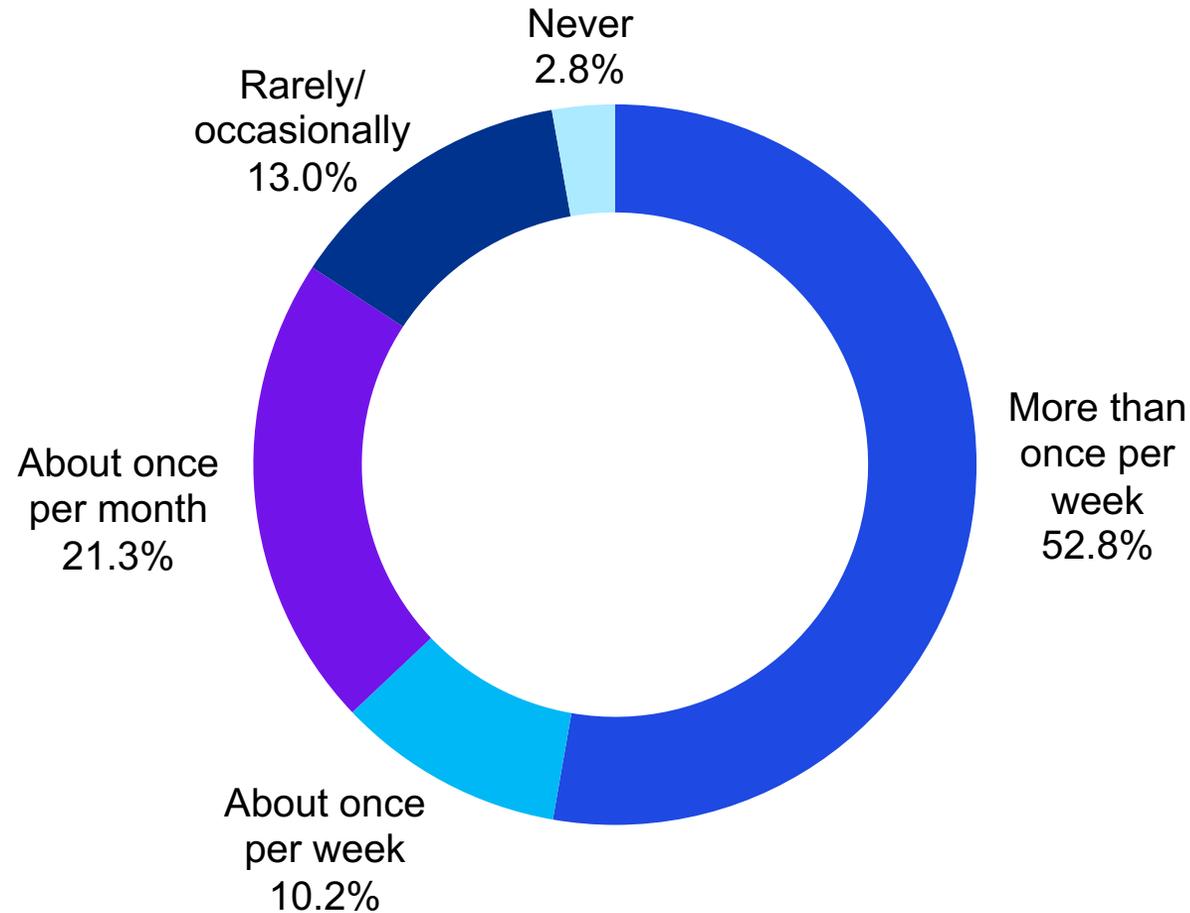
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Collaboration and spaces

With regard to a physical, prototyping, or collaboration space dedicated to innovation...



How frequently does your organization use its innovation space(s)?



Nearly 57 percent of respondents say their company has at least one innovation space, and of those, 52.8 percent are being used multiple times a week. But more than one-third of these spaces are being used infrequently: once a month, rarely, or never. That could be a harbinger of more closures ahead, particularly among the 15.8 percent of respondents in the “rarely” or “never” categories.

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Focus and activities

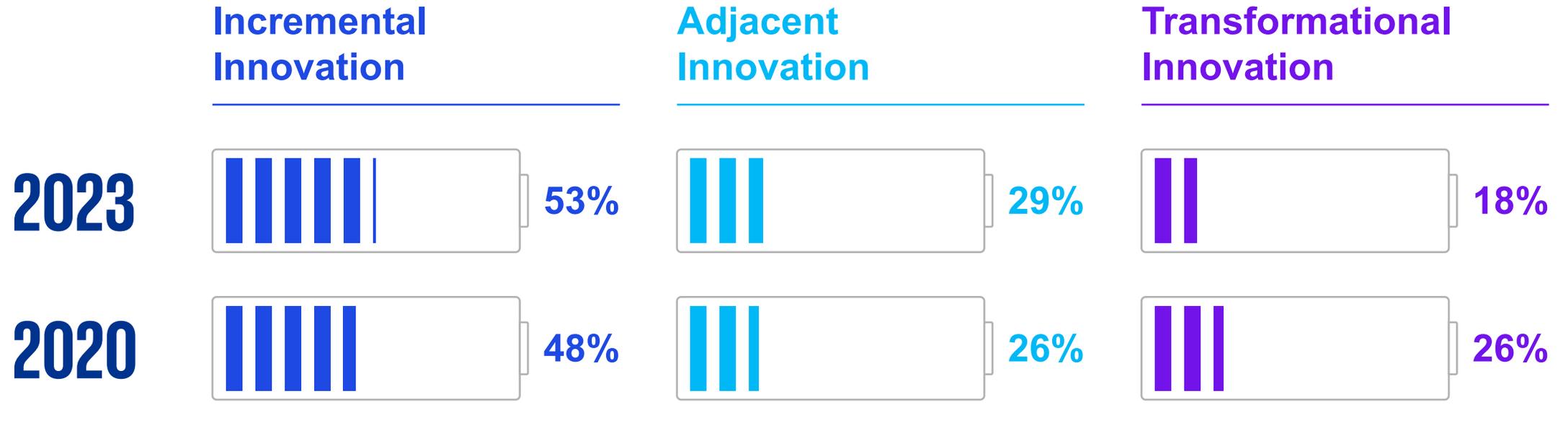
Which of these activities have been taking place within your organization in the past year?

Innovation training	53.8%
Internal idea challenges	53.2%
External idea challenges/sourcing	45.1%
Partnering with universities (on tech development/research, rather than hiring)	45.1%
Investing directly in startups/corporate venture capital	39.9%
Hackathons/idea prototyping	38.2%
Operating an innovation lab or center	35.3%
Partnering with or sponsoring accelerators	34.7%
Other*	11.0%

* Other Responses

- “Corporate consortiums/cross-company partnerships”
- “Innovation around sustainability”
- “Piloting new technology”
- “Partnering with startups/co-creation”
- “Establishing our own accelerator program.”
- “Investing in internal startups with strong leaders.”
- “We are in the process of establishing a new innovation practice, and plan future activities around several of these areas.”
- “Not much of this is happening.”

If you think about your organization's mix of activities related to innovation, how would you say it breaks down across incremental innovation, adjacent innovation, and transformational innovation?



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Challenges and enablers

When considering the state of innovation within your organization, what are your **top three challenges or concerns?**

	2023	2020
1 Politics/Turf wars/No alignment	35.8%	51.9%
2 Cultural issues	32.9%	47.2%
3 Inability to act on signals or developments critical to the future of the business	32.9%	42.1%
4 Lack of budget	32.4%	40.2%
5 Lack of strategy, vision	25.4%	37.9%
6 Lack of executive support ▲	24.3%	19.7%
7 Not adopting emerging technologies	21.4%	21.0%
8 Recruiting/Not enough of high-demand skillsets ▼	19.1%	24.8%
9 Other*	17.3%	16.4%
10 Inability to pick up on signals or developments critical to the future of the business	12.7%	14.8%
11 Lack of CEO support	4.0%	7.9%

▲ Up arrow indicates this response moved up in the list since the 2020 Benchmarking report.

▼ Down arrow indicates this response moved down in the list since the 2020 Benchmarking report.

* Other Responses (2023)

- “The business’ engagement in innovation due to competing priorities (daily operations; other initiatives, over-commitment of subject matter experts, etc.)”
- “Concerns about the economy weighing on spend.”
- “Different agendas held by certain leadership as to how to measure innovation and therefore how we go after innovation. Also, the time it takes to ‘sell’ an innovative idea or opportunity into the business; corporate bureaucracy.”
- “Innovations are stalling after piloting due to lack of funding and executive support in order to shift to scaling. Many are just happy with PR innovation.”
- “Lack of actual strategy. Often, goals or visions are treated as strategy, which results in frustration with the organization’s ability to advance viable work and creates an unnecessary churn, resulting in confused decision-making.”
- “Risk-averse culture and inability to decide and commit. Ability to scale solutions.”
- “Supply chain slow-downs and staffing challenges...have drawn talent from our innovation team. One philosophy which has been stated is, ‘If I can’t staff my programs, why would I staff growth-oriented R&D projects?’”



What would you cite as the top three key enablers to your/ your team's innovation accomplishments and successes?

	2023	2020
1 Leadership support	52.6%	74.9%
2 Ability to test, learn, and iterate	45.1%	53.5%
3 Right team, types of employees	45.1%	52.1%
4 Right strategy, vision	41.6%	52.1%
5 Right approach, tactics	29.5%	29.8%
6 Right level of funding	23.7%	28.8%
7 Organization accepts failure well ▲	21.4%	18.1%
8 Correct technology/Infrastructure ▼	8.7%	18.6%
9 Other*	6.9%	5.1%

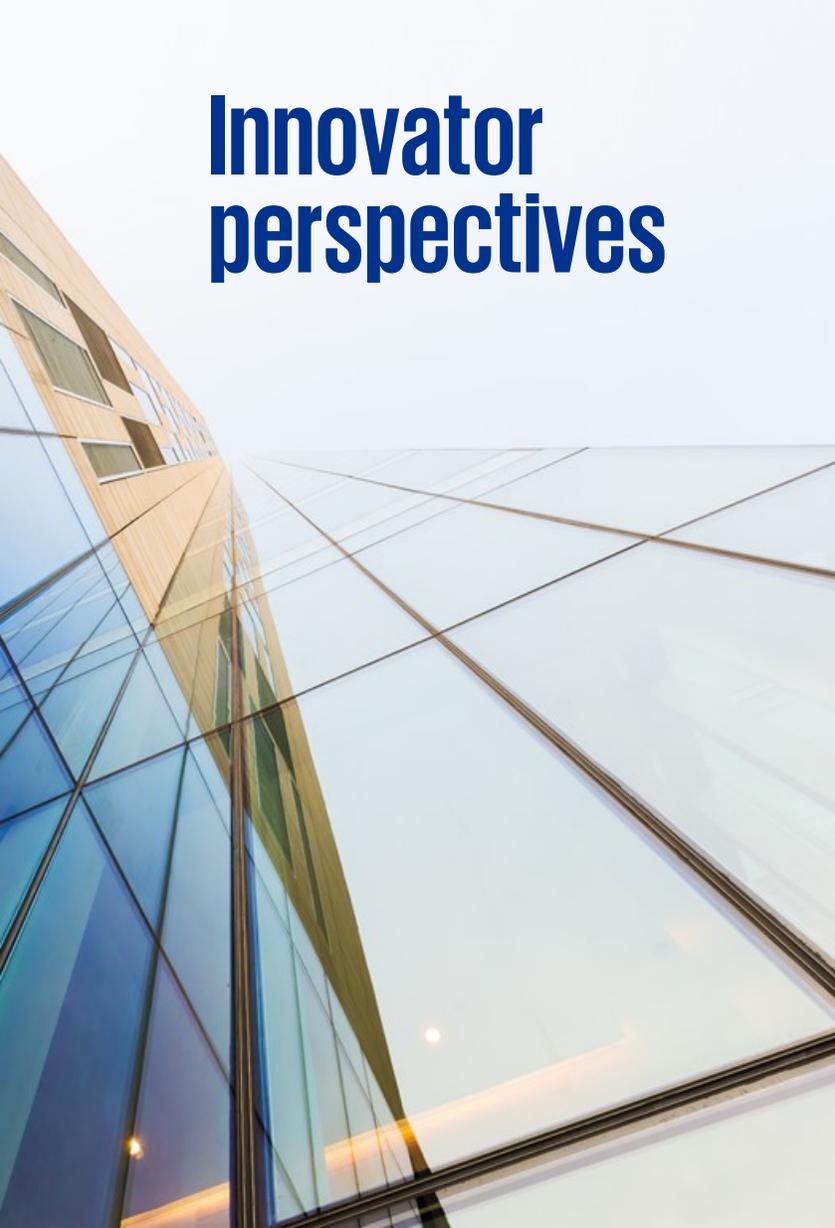
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* Other Responses (2023)

- “A separate process and technology setup (legal, security, procurement) that allows for faster innovation/prototyping.”
- “Finding internal stakeholders who are ‘future focused’; creating an internal ‘league of the willing’ to affect change.”
- “Focus on linking and integrating innovations, so they add up to better decision-making on the enterprise level.”
- “Persistence”
- “Team courage”

Innovator perspectives



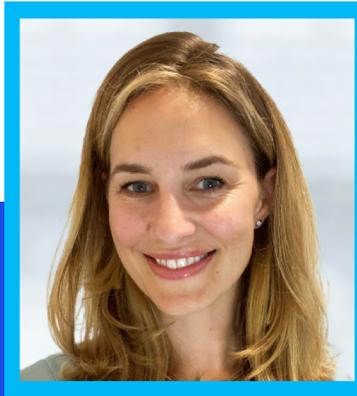
- Amanda Cashin, Co-Founder and Global Head of Illumina for Startups, Illumina
- Steve Dertien, Chief Technology Officer, PTC
- Mike DiClaudio, Principal, Talent Strategy Leader, Advisory, KPMG LLP
- David Ellis, Chief Customer Officer, Entergy
- Cliff Justice, U.S. Leader, Enterprise Innovation, KPMG LLP
- Robert Long, Chief R&D Officer, Kimberly-Clark
- Nicole Lord, Managing Director, KPMG Ignition Markets Leader, KPMG LLP
- Ken Moore, Chief Innovation Officer, Mastercard
- Martin Sokalski, Principal, Advisory, KPMG LLP
- Erin Spring, Senior Director of Material Science, Goodyear
- Ann Tracy, Chief Sustainability Officer, Colgate-Palmolive
- Lou Trebino, Audit Chief Technology Officer, KPMG LLP



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To learn more about the report, please visit: <https://www.innolead.com/benchmarking2023>

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