

MEASURE INNOVATION AS YOU GO

Make a copy of this page for each person in your team.

Establish Accountability and Metrics for Innovation

The first step to setting up successful metrics for innovation is determining who will be accountable for measuring progress and success. The second step is to agree on what metrics you are measuring, which may be different from your existing operating metrics, especially in the pre-launch phases. There are three main categories of metrics that can serve to reduce risk by assessing innovation processes, outcomes, and culture.

1) Accountability Who will be accountable for measuring progress and success?	Innovation Team Leader Project manager and executor tasked with hitting deadlines, monitoring screening criteria, tracking day-to-day operations of the team	Name:
	Innovation Executive Oversees innovation at the corporate or organizational level, ensures that the organization as a whole is innovating effectively in line with goals	Name:

2a) Innovation Process Metrics

Measuring the number of ideas, concepts, business cases, prototypes, and launch plans throughout the process will provide great insight on future success.

Metric	Optimal Level <small>(based off of 3-5 new launches per year)</small>	Your Organization's Level
Number of ideas in the ideation stage	100	
Number of concepts in the concept shaping stage	20	
Number of business cases completed	10	
Number of prototypes in development and number ready for scale-up	7	
Number of new services or new products ready for launch	5	

2b) Innovation Culture Metrics

Team metrics ensure that you are adequately forming dedicated, diverse, and dimensional innovation teams.

Metric	Measured By	Your Organization's Level
Number of innovation teams formed	on an annual basis	<input type="text"/>
Level of dedication for each team member	by percentage of work week	<input type="text"/>
Cross-functionality of teams	number of functions represented	<input type="text"/>
Diversity of teams	balance of genders, ethnicities, and ages	<input type="text"/>
Number of projects completed per team	on an 18-month rolling basis	<input type="text"/>
Overall team performance and efficiency	frequency of meeting deadlines and outcome goals	<input type="text"/>

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2c) Innovation Outcome Metrics

While there are many ways to evaluate innovation outcomes, these are the four metrics that we recommend all organizations leverage at a minimum

$$\text{RETURN ON INNOVATION} = \frac{\text{Cumulative Net Profits Generated from New Products and Services Launched}}{\text{Research Costs} + \text{Development Costs} + \text{Incremental Production Investment} + \text{Initial Commercialization Pre-Launch Costs}}$$

$$\text{SUCCESS RATE} = \frac{\text{Number of New Innovations Launched that Meet or Exceed Expectations}}{\text{Total Number of Commercialized New Innovations}}$$

$$\% \text{ of Sales from Innovations} = \frac{\text{Total Annual Revenues from New Innovations}}{\text{Total Annual Revenue}}$$

$$\text{CUMULATIVE REVENUES AND PROFITS} = \text{[Empty Box]}$$

*This metric provides a view into how the new solutions have grown over time and is an excellent indicator of the longer-term impact and nature of innovations.