Making Metrics Matter

How to Best Measure Your Innovation Program

Lisa Bodell
CEO, futurethink
futurethink helps companies to innovate effectively. We offer the largest catalog of innovation research and tools – specifically designed to help organizations not only keep on top of innovation, but to get it done. Our consulting services leverage these extensive resources to quickly build targeted innovation programs and ignite creative skills within organizations.

- **take the diagnosis**
- **get the newsletter**

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**Stuff Yourself with Innovation.**
Get open access with a membership.

**Innovation—Where to Start**
Innovation Awareness Labs provide your team with a simple innovation framework and action steps.

**Cracking the Code of Effective Innovation**
Download a free copy of our latest white paper.

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**news and events**
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- We've cracked the code of effective innovation - learn more about our latest research study.
- Watch a futurethink fieldtrip video.
Pepsi Puts Its Money Where Its Mouth Isn’t
1 February 08

Whether you’re pulling for the Giants or Patriots this Super Bowl Sunday, it’s likely you’ll be checking out the high-priced ads. One of Pepsi’s spots is called “Bob’s House,” and takes quite a risk: not a sound will be heard for its entire 60 seconds...
The “How To” of Innovation

We turn Innovation into Action with
futurethink research, tools & training.
What is innovation?

Creativity thinks up new things. **Innovation does them.**

**Innovation is something** new, useful, and **valuable** for an organization and its constituents.
futurethink Framework for Innovation

what do you need to better innovate?

ideas
Develop a stream of original ideas tied to real business needs.

strategy
Set a foundation that defines innovation objectives and mobilizes efforts.

process
Create a streamlined and flexible approach to shepherd innovative ideas to market.

climate
Build a thriving work environment that drives innovative behavior across the organization.
Designed to stay on top and stay ahead:

<table>
<thead>
<tr>
<th>Innovator Interviews</th>
<th>Innovation “Snapshots”</th>
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<tbody>
<tr>
<td>Best Practice Case Studies</td>
<td>Resource Lists</td>
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<td>White Papers</td>
<td>Innovation Cheat Sheets</td>
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<td>Future Of…topical papers</td>
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Innovation Research
Innovation Tools

Tips, Tools, Techniques and Roadmaps to make innovation objective, repeatable, sustainable. We help you get started NOW:

• Innovation Scorecards and Screeners
• Portfolio Balancing Techniques
• Metrics Tools
• Defining Smart Risks
• Deciding innovation governance
• Program Building Tools: Setting Strategy, Metrics, Rewards
• Skill Building Tools: Sharing, Experimenting, Partnering
• Idea Generation Tools: What if? Impossible to Possible, TRIZ
• “How To” Roadmaps for creating an innovation program
• And Dozens More….
Who We Work With

- AMA (American Management Association)
- IDEO
- Eaton
- TSYS
- CREDIT SUISSE
- Perot Systems
- Campbell's
- Owens Corning
- P&G
- International Monetary Fund
- Citibank
- Delphi
- General Electric
- General Mills
- Johnson & Johnson
- Nissan
- CBS
- Reed Elsevier
- Merrill Lynch

U.S. Office of Personnel Management
Ensuring the Federal Government has an effective civilian workforce
We really don’t want to innovate...

“Great idea. We can’t do this because we’ve never tried something like this before.”
We don’t know WHY we’re innovating.
Happy Accidents

Sustainable Events
“How Do I Measure My Innovation Efforts?”
“If you can’t measure it, you can’t manage it.”

(and you can’t be sure you’re focusing on the right ideas….)
The State of Measuring Innovation

No established way to measure innovation:

"Approximately how many innovation metrics does your company regularly collect and use?"

- 63% for 0-5 metrics
- 19% for 6-10 metrics
- 5% for 11-15 metrics
- 2% for 16+ metrics
- 11% for don't know

Lopsided view of measurement exists:

Companies frequently use overly broad methods to measure innovation success.
A need for balance…

Most organizations are concerned with the end-results or outputs:
(-) Take time to measure
(-) Can’t explain what to ‘fix’
(-) Too late if goals not met
The State of Measuring Innovation

A need for balance:

Innovation Process Chain

<table>
<thead>
<tr>
<th>Leading (inputs)</th>
<th>Leading (development)</th>
<th>Lagging (outputs)</th>
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<tbody>
<tr>
<td>Number of Ideas / Employee</td>
<td>Avg. development time at each stage/gate</td>
<td>Revenue Growth</td>
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<td>% of Employees participating</td>
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<td>% of Sales</td>
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<td>Customer Satisfaction</td>
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Leading innovators use metrics across the entire process as a means to constantly gauge progress and readjust efforts.
Who’s doing it well?
Metrics Role Models
Metrics Role Models
Metrics Role Models
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Metrics Role Models
What Metrics Are Ready About

1. Metrics are about *diagnosis* not just measurement
2. They’re about *improvement* not assigning blame
3. They’re about *trends* not just data points
4. They’re about *behavior change* not just output that results
Choosing Metrics

• **Make it simple.** Metrics should serve as a simple snapshot on innovation.
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• **Pick a set of metrics.** Identify a core set that give you a broad range of measures, and help you manage overall efforts.
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• **Measure across your entire innovation process.** Inputs, development, outputs to help you better manage the process.
Choosing Metrics
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Think About:
What innovation challenges do you face?
• Employees
• Customers
• Leadership
Choosing Metrics

- **Make it simple.** Metrics should serve as a simple snapshot on innovation.
- **Pick a set of metrics.** Identify a core set that give you a broad range of measures, and help you manage overall efforts.
- **Measure across your entire innovation process.** Inputs, development, outputs to help you better manage the process.
- **Metrics Evolve: Set a goal.** Establish baseline goals for today, and reach goals to work towards.
## Choosing Metrics

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• **Operationalize the metrics.** Make sure you know how and when the data is collected.

• **Create the right package.** Succinctly “package” the metrics into a succinct way so that management can easily make decisions:
  
  – **Develop an executive dashboard/scorecard.** Challenge your team to develop a 1-page “metrics” overview with some “so whats.” Track over time.

  – **Develop an “innovation index.”** Create a composite index that combines multiple metrics to arrive at a single number.
• **Align with your current metrics.** Align your current measures with the new ones you plan to adopt.

• **Decide how often to measure.** Measure frequently enough to keep on the pulse, but don’t overwhelm.

• **Measure first, but focus on management.** What issues need to be worked on? Management should think about the implications of these metrics and adjust innovation efforts accordingly.
Consider some ‘soft metrics’ to add to your measurement picture:

- Sr. management talks more often about innovation efforts
- Employees more willing to speak up; brainstorming sessions are more active
- Teams get more comfortable with sharing works-in-progress
- You get customer feedback earlier in development cycles
- At brainstorming meetings, you hear companies/industries you didn’t before
- Teams talk more from the customer’s point of view
- You experience a change in attitude among teams—there’s a culture change of challenging assumptions
- The perception of your company begins to change to that of an innovator
What are your metrics for innovation?
Thank you!

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Second Annual
Triple Helix Summit
February 2 – 5, 2008
Sheraton Waikiki Hotel
Honolulu, Hawaii