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How To Measure Innovation?

Key Metrics and Strategies

1/3 of all Fortune 500 companies have defined formal innovation metrics

79% of companies now rank innovation as a top-three priority

How Do They Know They're Improving?

There are 2 types of innovation behaviors to measure

Number of Ideas Generated

Do you have enough ideas to create change across multiple horizons? 75% of executives are concerned about not having enough ideas. Start by gathering and counting ideas.

Money or Time Saved or Earned

Great ideas are going to results in money saved or time saved (which is really still money saved). It could also be measured in revenue growth or other financial impacts. Be sure to know the dollar value of your ideas.

% of Workforce Participating

If you're inviting everyone at your organization to participate in the innovation process, start by reporting on who is participating and how.

Net Promoter Score

Innovation is a measure of feasibility, viability, and desirability. Your customers will let you know how successful you are when it comes to desirability when their net promoter score goes up.

% of Ideas Selected for Review

Getting ideas is the first step, but ideas that are selected for review and implementation are where the rubber meets the road. Measure the quality of your workforce's ideas by finding out how many progress through your funnel.

Employee Retention

Many companies focus on employee engagement, but retention is the true metric here. Companies that invite their employees to share ideas and believe that their organization is innovative are much more likely to stay in their current job.

% of the Workforce Trained in Innovation

Investing in your workforce means investing in their innovation capabilities. Whether you believe in "lean startup" or CO-STAR - you should be able to report on how many people in your workforce have been trained in innovation.

Number of Implemented Ideas

In a survey of IdeaScale customers, this was the most commonly used metric. It was appropriate to measure program success whether they were core, adjacent, or transformational ideas. In the end, only launched ideas can become innovations.

Conclusion

The perfect metric is elusive, but you have to be able to both measure your effort as well as your outcomes. In Innovation Leader's study of 200 innovation executives they found that the most commonly used metrics were:

1. Revenue generated by new products
2. Number of projects in the pipeline
3. Number of projects progressing
4. P&L or other financial impacts
5. Number of ideas generated

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