## Implementing the Innovation Measurement Framework

Companies that are changing their innovation measurement practices need to consider a number of key questions during each step of the process.

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| **Phase A: Assess Current Innovation Measurement Practices** | 1. Identify existing innovation measurement practices.               | Compile a list of all key measures and measurement activities in your organization.  
- Can you identify particular patterns?  
- Are you using qualitative or quantitative measures, or both?  
- What is the frequency of follow-up?  
- Which tools and routines for innovation measurement are currently applied?  
- Which of your measures have a direct effect on innovation — and which have an indirect effect?  
- Who uses the key innovation measures, when, and for what purpose?  
- How are key innovation measures linked to incentive systems? |
|                                                  | 2. Assess the current innovation focus and set priorities.           | Assess your innovation goals and priorities.  
- What's the desired balance between serving existing customers versus entering new markets versus targeting new customer needs?  
- Where is your core innovation focus? Products, services, business model, technology or process, or a combination of these? |
| **Phase B: Improve Core Innovation Measurement Practices** | 3. Develop or improve measures for evaluating the innovation portfolio. | Develop measures that help you assess what type of innovation initiatives are underway and how far they are from realization.  
- To what extent do you make explicit strategic choices in the balancing of the portfolio?  
- Are you discovering and evaluating the balance between high- and low-risk projects; large and small projects; and radical and incremental innovation projects?  
- Consider using the following measures:  
  - Proportion of innovation resources/projects devoted to incremental, extension, and breakthrough initiatives in the short and long term  
  - Percentage of projects targeted to result in offerings that are new or in new markets  
  - ROI for new products or services |
|                                                  | 4. Develop or improve measures for evaluating the innovation process. | Develop measures that help you focus on what is important to you: speed, resource consumption, and/or output.  
- Have you identified measures of input, throughput, and output for the innovation process?  
- Consider using the following measures:  
  - Percentage of projects launched that lead to revenue  
  - Average duration of the innovation process versus target performance  
  - Average project performance against schedule/target  
  - Number and percentage of projects in different stages in the innovation process  
  - Number and percentage of projects terminated after each stage  
  - Number of projects stalled |
|                                                  | 5. Develop or improve measures for evaluating innovation projects.    | Develop measures that help you spot bottlenecks in innovation projects and help make the projects customer-centric.  
- Do you know why projects stand still?  
- Is there enough slack for innovation?  
- Are mechanisms for securing external feedback an integral part of projects?  
- Consider using the following measures:  
  - Percentage of time project is moving ahead versus waiting for input or resources  
  - Number of patent applications  
  - Time from idea submission to commercial launch  
  - Time to profitability  
  - Number of prototypes per new product/service  
  - Project cost versus budget  
  - Number of customer tests before launch  
  - Percentage of projects involving third parties |
| **Phase C: Deploy the Improved Innovation Measurement Practices** | 6. Set routines for innovation measurement.                            | Set up targets and follow-up activities.  
- Decide the appropriate total number of innovation measures.  
- Decide which measures can change over time, and which should be kept constant.  
- Decide how innovation measures should be linked to general performance assessment and incentive systems.  
- Set targets for each of the measures identified in Phase B.  
- Decide the frequency of measurement.  
- Assign a responsible “owner” for each measure or group of measures. |
|                                                  | 7. Implement the new innovation measures and routines.               | Make sure the new innovation measures are being used.  
- Make a reasonable time plan for implementing the new innovation measurement practices.  
- Ensure commitment to new innovation measurements from key stakeholders.  
- Ensure that new innovation measurement practices are known within the organization. |