



## Are You Tracking Metrics In Real-Time? 3 Steps To Measuring Innovation When It Counts

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*The following guest post is by Lisa Bodell, CEO of [futurethink](#), a New York City-based innovation research and training firm.*

Do your metrics reveal your innovation problems and successes in real-time? If you're not tracking a variety of metrics across your innovation program, this is an impossible fantasy. Most companies are obsessed with back-end metrics—measurement of innovations already on the market—like “customer satisfaction” and “revenue growth.” These are important, but they're also lagging metrics. If the results of your project aren't what you'd hoped, lagging metrics can't diagnose what went wrong in the pipeline. Moreover, when you're focused on tracking past activity, you can't predict or influence obstacles in real-time.

For the past 10 years, my team and I have worked with tens of thousands of business leaders to determine best practices for measuring innovation efforts. The result was the creation of a three-step guide for organizations to establish and track metrics for success. By using our guide, leaders can see how well—or not—they're doing in real-time.

For a complete view of your innovation efforts, consider all aspects of the project, from beginning to end. We've grouped these stages into three categories that we affectionately call the “I DO metrics”:

### **I = Input: What you put into your innovation effort**

Examples of these leading metrics include “amount of capital allocated to innovation projects” and “number of current employees who have received innovation training.” When Whirlpool began measuring its innovation program, it tracked the number of people involved in innovation *and* the number of ideas in its pipeline by brand, division, and region. These two **input** metrics helped them identify where ideas are coming from and which teams needed a boost.

### **D= Development: What's happening across your innovation effort right now**

Examples of these leading metrics include “number of ideas killed prior to launch” and “R&D spend at each phase of development.” [Bank of America BAC 0%](#) recognized that it needed to instill accountability during its **developmental** phase. To influence behavior, it started measuring the number of instances when managers met deadlines for decision-making points across the life cycle of a project.

### **O= Output: What you got out of your innovation effort**

Examples of these lagging metrics include “percentage of sales from innovation projects” and “projected vs. actual performance.” One of the **output** metrics measured at Estée Lauder includes “number of product mentions online and in the media.” This metric attaches quantifiable data to a product’s “buzz factor,” an otherwise hard-to-measure result of innovation.

The world’s top companies track between five to eight innovation metrics—a manageable sweet spot—and at least one metric across each of the three categories. The “I DO” approach to metrics provides a 360-degree view of innovation without requiring teams to gather overwhelming amounts of information. As you create your own set of metrics for successful innovation, consider our three-step guide:

### **Step 1: Identify the perfect metrics for your organization**

Metrics can encourage positive changes in behavior, so find areas in your business that need improvement and select metrics to drive that change. [Request](#) our complete tool to determine five to eight metrics that address the biggest weaknesses in your organization. Get started now by reviewing sample metrics from our tool below:

- If employee engagement is an obstacle, choose a metric like “number of ideas per employee” or “percentage of time spent by employees on innovation.”
- For customer challenges, consider “number of customers contacted,” or “number of customers involved in beta testing an idea.”
- If leadership is a key issue, measure “amount of time senior team spends on innovation.”

Input Metrics	Development Metrics	Output Metrics
Amount of capital allocated for innovation projects	R&D spending at each phase of development	R&D spending per number of engineers, scientists and technicians employed
Number of current employees who have received innovation training	Projected vs. actual staffing of current innovation projects	NPV (Net Present Value) of new product portfolio
Percentage of time spent by employees on innovation activities	Time spent on each phase of idea, from submission to launch	ROI on innovation projects
Amount of time senior team spends on innovation	Number of ideas/projects in innovation pipeline	Total shareholder return (rise of stock price + dividends)
Number of ideas generated per employee	Percentage of ideas funded	
Number of customers contacted	Number of ideas killed after entering pipeline but prior to launch	
Number of customers involved in beta testing an idea		

## Step 2: Establish goals for each metric

Once you've chosen your top five to eight metrics from our complete tool, you'll need to determine an accurate baseline. If one of your metrics is "number of ideas/projects in innovation pipeline" and your current number is 10, that's your baseline. Could you realistically double the number of projects by next year? Set goals that will motivate teams—not set people up for failure. Keep yourself and others accountable by sharing these goals and timelines across the organization—and revisiting them often.

## Step 3: Track metrics and modify in real-time

Operationalize your metrics by deciding how and when the data is collected. If you're tracking "number of ideas generated per employee" and your organization has a history of holding spontaneous brainstorming sessions, this could be hard to measure. Avoid underreporting by establishing a system that channels that metric back to one source. Make sure staff understands both the metrics and goals, and check in often to review progress. Package a one-sheet of your current metrics for every senior management meeting. By providing data that is succinctly organized, leadership can easily make decisions that guide innovation in real-time. Prior to the one-year mark, assess whether your goals and time lines have been realistic and if necessary, make adjustments.

In the innovation space, identifying the right metrics can help you manage the health of your pipeline. A mix of leading and lagging metrics enables you to diagnosis problems and course-correct throughout the

innovation process. The 17 sample metrics above offer more than just data points: they provide a mechanism for behavior change. By using our three-step formula, you can create a set of metrics that will minimize your obstacles and tangibly measure your innovation success.

*For even more metrics that transform innovation, email us at [innovate@futurethink.com](mailto:innovate@futurethink.com) and ask for “34 future**think** Innovation Metrics.”*