

Developing Innovation Metrics & Reports

THAT REALLY MATTER

MARCH 2021

RESEARCH
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Welcome Letter from Planbox

“If you don’t know where you are going, then any road will get you there.”

– Lewis Carroll

I like to believe that this quote can also be applied to innovation practices. Innovation is a journey. You need to determine what that journey is supposed to be, and then map out your course appropriately.

Objectives and Key Results (OKRs), goals, Key Performance Indicators (KPIs), measures, metrics, and milestones are all ways of capturing data that help you steer yourself and keep you on track for where you want to go. If you see that you are not meeting said goals, then tweak the direction and measures needed to get back on course. How will you ever know you have arrived if there is no destination? Many times we do not have the luxury of just experimenting and seeing where things take us. So get started; don’t over-engineer the “get, set, ready” part. Measure and report key elements as you go, and then tweak as you learn more.

Mark Neff

Senior Innovation Consultant,
Planbox



Can you measure innovation?

Yes.*

(But what's up with that *?)

***First you need to define what kind of innovation you want.**

Executive Summary

In too many organizations, the word “innovation” remains nebulous. “Being more innovative” is a hazy aspiration—not a clearly defined objective.

That makes trying to measure progress a fool’s errand.

Is innovation about growing share in a market that is getting commoditized? Creating a digital connection to customers that improves loyalty and long-term value? A culture that values employees’ ideas? Rolling out new services or business models that deliver recurring revenue?

When the “job” that you are asking innovation to do is well-defined and well-understood throughout the organization, measuring your progress is possible (though still not easy). And reporting these metrics to others is essential to maintaining support for your work—and growing your resources going forward.

To shed light on how large companies are creating metrics and reporting approaches that work well, we surveyed 196 professionals in large organizations in February 2021, and also conducted qualitative interviews with a handful of executives at companies like Bayer, Tiffany & Co., The New York Times, Moen, and CUNA Mutual Insurance to gather their advice and better understand how their approach to metrics has evolved over time.

This report also includes insights from our research sponsor, Planbox.

A Necessary Evil?

“Metrics are a necessary evil required to keep leaders and other groups in the organization at bay; to prove value created and return on innovation investments; and to tell a story that might get others off their backs. I think most innovation leaders would rather be left to their own devices and judgments, versus needing to report up the chain of command.”

**—Former Director of Innovation,
\$5 billion aerospace company**

Defining Terms: Activity Metrics

Activity Metrics: Activity metrics show you have been busy. They may include things like patent applications or patents granted; employees trained in an innovation method; ideas collected, prototyped, tested with customers, or moved through various other “stage gates”; startup companies you’ve met with; number of times your projects have been mentioned in the press; or demand from throughout the company for consulting from the innovation team.

Activity metrics are typically **non-financial metrics** and are used in the early stages of a project or initiative. One way to think of activity metrics is as the foundation you need to dig before you can start constructing the building the organization wants.



Defining Terms: Impact Metrics

Impact Metrics: Impact metrics illustrate tangible results delivered to the organization or its customers. Since revenue growth is the key health indicator of most public companies, revenue is the key impact metric.

Impact metrics are usually **financial metrics**. (But not always: bringing in new types of talent to the company, increasing diversity, or indicating how more agile ways of working have become accepted in the company can all be impact metrics.) If activity metrics are the foundation, you can think of impact metrics as the building that eventually rises out of that foundation.



What Gets Measured Gets Done

If one of your metrics is how many customer interviews were completed, then the team is going to complete lots of customer interviews—even if that’s not ultimately meaningful to the project’s success. Activity metrics, in particular, can run the risk of creating busy work that may not contribute to actual progress.

Tracking and reporting metrics can also be time-consuming. Innovators therefore need to endeavor to shape senior leadership metric expectations to be as resource-light as possible.

This optimization problem often leads to “selling” activity or non-financial metrics to senior leadership. While these measures are more abstract in terms of the link to true value creation, they are generally easier to track and report with limited time.



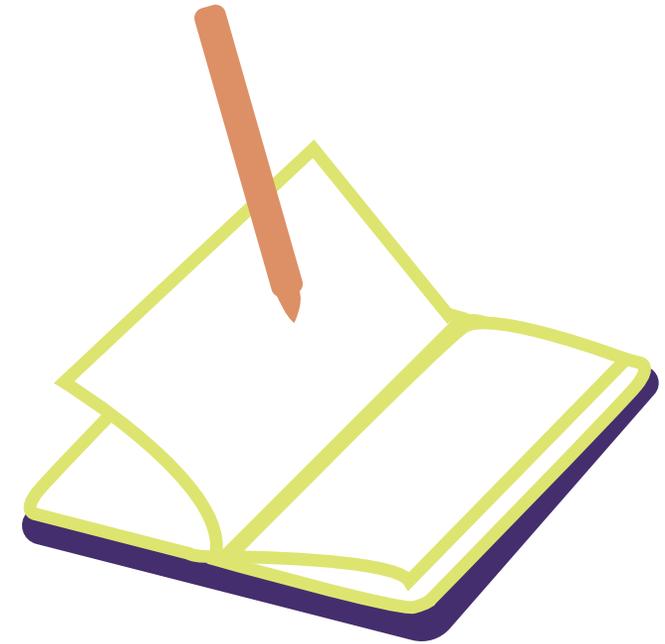
The Right Metrics & Storytelling

Telling the story of what the organization aims to achieve with your innovation initiative or group is useful to remind people **WHY** the organization is investing time and money in it.

Creating the right set of metrics shows **HOW** you are making progress toward your goal.

The big risks?

1. Developing a vast set of metrics that are cumbersome to collect, and contain many data points that no one really cares about. Ideally, you want to have what we call the “minimal mix of metrics.”
2. Reporting metrics too frequently. Thirty percent of our survey respondents report quarterly, and 26 percent monthly. Fewer than 3 percent of respondents have created some kind of dashboard to deliver real-time metrics updates.



Making the Transition... At the Right Time

Innovation initiatives only survive over the long haul if they eventually begin delivering on the impact metrics that truly matter to the C-suite and key business unit leaders. They want a beautiful building, not just a hole in the ground.

Applying financial metrics too early can be deleterious: trying to calculate Net Present Value (NPV), return on investment (ROI), cost savings, or impact on customer loyalty as a project is still evolving can cause premature death—or impossibly high expectations and roll-outs that happen too quickly.

Transitioning from a set of early activity metrics to a set of impact metrics is essential (both for individual projects and entire innovation/R&D programs). This more mature portfolio of metrics typically includes both financial and non-financial elements. Doing it at the right time is more art than science—and involves conversations with senior leaders so that they understand the benefits of waiting, and so that you understand their needs and expectations.

Our interviews with Chick-fil-A (p. 15) and CUNA Mutual Group (p. 18) offer great insights on making the transition.

7 Key Questions to Discuss

As much as innovation is a solution to an organizational problem, metrics are also solutions to problems. It's therefore very important for innovation leaders, who are proactively trying to create “senior leadership-satisfying” metrics, to start with the problems metrics need to solve, the desired outcomes metrics might help achieve, and build the logical links from there.

- 1.** What is our clearly defined, broadly understood definition of innovation—and what the organization expects from it?
- 2.** What metrics are most relevant to the innovation team?
- 3.** What metrics do senior leadership and our business unit colleagues care about?
- 4.** How does storytelling (WHY we are doing this) blend with metrics (HOW we're making progress)?
- 5.** How do we plan to make the transition from early activity metrics to more mature impact metrics? What does our ideal mix of financial and non-financial metrics look like?
- 6.** What should we stop measuring?
- 7.** How often should we be reporting on metrics, and to whom? How might we get help gathering metrics from others in the organization?

Innovator Perspective: Chick-fil-A



Woody Faulk

Vice President of Innovation
& New Ventures,
Chick-fil-A

New ventures, like one's children, are all different and need to be treated uniquely. It is usually a deeply embedded norm in large companies to expect new ventures to perform at least as well as the company's "cash cow." That is not realistic, and tragically, it kills truly promising, young businesses that aren't allowed appropriate resources—budget, people, and time—to grow into their own. Worse yet, these new entities that are starved of support could have been the next cash cow.

The solution? New businesses should have different metrics than established ones. Return on Invested Capital (ROIC), Return on Sales, etc. are not the same for startups as veteran businesses that have had decades to fine-tune their financial performance.

ROIC is one example of a key metric we use. The nuance is that the ratio is more forgiving for new ventures than it is for existing businesses. New ventures are given freedom and latitude to figure it out before they have to withstand the bright lights of hard financial scrutiny. It's the old adage: "Make it effective first; make it efficient/profitable second." As the new venture begins to yield positive results—sales numbers, week-over-week sales growth—we [apply] more scrutiny as we continue on the path to profitability. In general, we give a truly promising new business about three years of serious testing to figure out whether it has the real potential to be a major future contributor.

Finally, we also weigh heavily customer satisfaction measurements and "learning measures"—e.g. ROL—Return on Learning.



Biggest Challenges

Here's a sample of what survey respondents said when asked about their biggest metrics-related challenges.

Industry	Challenge
Financial Services	"Lack of technological systems to collect and report. It's very manual and time-consuming..."
Distribution	"Changing strategy/direction from above, pulling innovation team in different directions midstream, not allotting time for activities behind metrics to be completed."
Consumer Goods/Products	"The organizations which are responsible for innovation are fragmented with different leadership and incentives. There's no motive to have common metrics."
Technology	"Impact metrics don't work for projects that aren't in revenue-generation mode. Getting management buy-in to early stage metrics is quite difficult."
Financial Services	"Long tail on the financial impact of new ideas."
Non-profit	"We don't have metrics yet, and the biggest obstacle is getting senior leaders to understand what innovation is and value it enough to help set or meaningfully approve metrics."
Automotive, Transport & Logistics	"Measuring our impact on the business outside of our team's projects. Showing savings from 'killing' projects. Measuring impact of our research team's work."

Biggest Challenges (continued)

Here's a sample of what survey respondents said when asked about their biggest metrics-related challenges.

Industry	Challenge
Government/Public Sector	“Our team is content with doing things the way they have been done. They are unaware that our hierarchy squashes many of the best ideas.”
Healthcare	“The organization has ‘anti-accountability.’ They wouldn’t say that, but that is the truth. They ask for metrics when things aren’t going well, and act like they should have been collected. Finance specifically treats data territorially, making it very difficult to track anything. And IT has created created data silos such that even basic data is difficult to ask for.”
Retail	“Very few of our true ‘innovation’ projects are at a stage where we can report robust financial metrics, which the company currently values far more than any ‘soft’ metrics.”

Innovator Perspective: CUNA Mutual



Daniel Kaiser

President of Digital Solutions &
Senior Vice President of Innovation,
CUNA Mutual Group

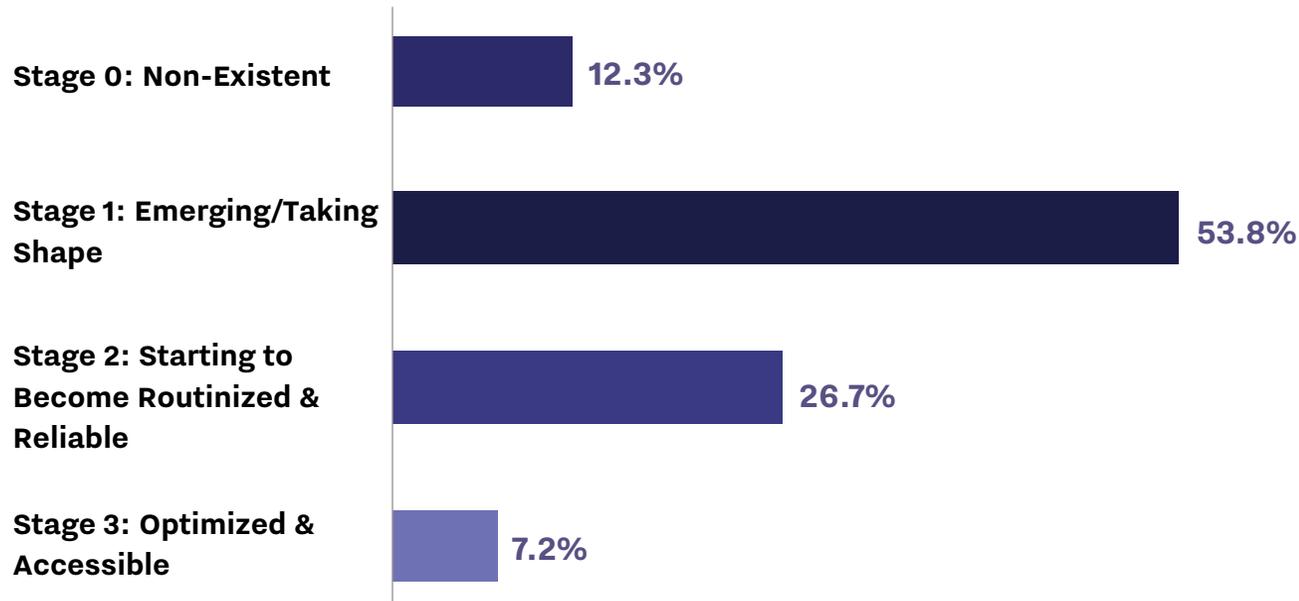
We share with the board and senior executives two or three metrics that show tangible progress, like mile markers on a long drive. These may be things like number of customers researched, number of tests run, or number of customers. But we stay away from the lagging financial metrics of mature businesses.

In terms of making the transition [from those two or three early metrics], we use a pro forma from the beginning where we are estimating financial results in the future. So, it is not so much that it is a sharp switch-over, but it is more of a gradual increase of emphasis. Said another way, [the financial metrics] are always there and working in the background, but the degree that they are emphasized as primary measures of success gradually gets turned up over time.

When we start to scale the business, the assumptions in that pro forma are far more reliable, and then they are more often used for progress.

How Mature Are Your Innovation Metrics?

How Mature Are Your Innovation Metrics?



We asked survey respondents to self-assess which of four stages best described their organization's current level of sophistication with regard to innovation measurement. The majority (53.8 percent) put themselves into Stage 1, in which a metrics regime is still taking shape. Just over 7 percent of respondents said that they were in the most advanced stage, when a set of metrics have been optimized and reports are accessible to anyone who needs to view them.

Comments on Metrics Maturity

We asked respondents about why they placed their organization in the stage they chose. Here's a sample of what they said.

Industry & Stage	Comment
Pharmaceuticals & Life Sciences (Stage 0)	"Unfortunately, [our metrics are] worse than a couple years ago. A change in management led to decentralization of innovation programs and loss of a common 'language'/metrics."
Industrial Manufacturing (Stage 0)	"Innovation, to me, falls outside core markets. We have processes for within our core...but nothing for disruptive growth."
Financial Services (Stage 1)	"In the past year-plus, we have continued to track 'quantity' metrics (associates trained, sessions held, etc.) but are also trying to add more 'impact' metrics around the value we bring. However, some of the work takes one to two years to be implemented or realized."
Technology (Stage 1)	"Our company typically relies on standard business metrics to measure innovation work—ROI, NPV, and has recently adopted KPIs to add a qualitative element. We've recently adopted the 'Zone to Win' methodology, but haven't adopted reliable metrics in the 'Transformation' and 'Incubation Zones,' where actions turn into impact."

Comments on Metrics Maturity (continued)

We asked respondents about why they placed their organization in the stage they chose.

Industry & Stage	Comment
Energy & Utilities (Stage 1)	“Innovation is not baked into our DNA yet at the team level. Innovation is often championed, but not backed up by management over the long term (i.e., supporting multi-year innovation journeys that may not have immediate payback). While we do have parts of our organization focused on R&D, our most common metrics are around bottom-line cost containment, top-line revenues from our prized global plays, and performance metrics of our people.”
Retail (Stage 1)	“Our company’s innovation team is only 18 months old. Right now, we’re mainly focused on aligning and prioritizing the corporate strategy; our innovation ‘metrics’ at this point don’t go much beyond tracking against budgeted spend, and red/yellow/green status of projects.”
Forestry, Paper & Packaging (Stage 1)	“We tried using the revenue of new products in the last 5 and later the last 2 years. But the criteria and system were cumbersome. People did not continue tracking.”
Automotive, Transport & Logistics (Stage 1)	“We have metrics to have metrics, basically activity-based, but there are deep organizational stasis issues that would make the real ‘impact’ metrics painful.”

Innovator Perspective: Bayer



Chandra Ramanathan

Global Head of Pharmaceutical R&D

Open Innovation,
Bayer

This is something we haven't found the answer [to]. ... We looked at a lot of e-commerce companies, and what type of metrics they use [for their open innovation and ecosystem-related activities].

They go into a number of engagements, and number of engagements that led to follow up... For example...in an average year, we had 15 events. [Those] 15 events attracted 150 people. Those 150 people led to 20 discussions. Out of 20 discussions, five of them, we're still talking. ... But, once I go and present [to] my management, all those metrics, they're not concerned [with]. The only metric they care about is: Has it impacted the pipeline? ... Unless it gets into the pipeline and goes through development, it has to reach patients [to make a difference]. ... Internally, we focus a lot on pipeline impact.

Our open innovation team—we work across...the globe, with 50 people. ... I just report KPIs on one single slide. Number of assets in the pipeline that we have impacted, that came 100 percent out of this team...

We made a small modification in the last six months... On the top, we put the finance, how much you spent. For example, let's say we have an asset that came out of a Broad Institute partnership. [At] the top, we put that...so far, we have spent X million dollars. So people can kind of say, "Okay, I spent X million dollars, there are certain assets in clinic..." Then, they can do their own math.

Stage 3: What is Working Best?

Here's a sample of what Stage 3 respondents (those with the most advanced metrics approach) say is working best.

Industry	Challenge
Consumer Goods/ Products	"We have few metrics—like revenue generated, IRR [internal rate of return], and NPS—but they are systematic."
Retail	"[Having] numbers solicits attention and interest [from colleagues]."
Technology	"Everybody [participates], and management pays attention to the trends."
Healthcare	"We are fortunate to have a strong partnership with HR to enable unique looks at performance data (e.g. cuts by division, management/non-management.) We've also had conversations around diversity and equity reporting."
Technology	"We have 'North Star' KPIs for our investments, and a stage-gate process to evaluate whether we continue to fund new initiatives."
Retail	"We [have] a dashboard that tracks innovation grant awards, with associated metrics on ideas submitted, ideas awarded, dollars awarded, and demographic info (seniority/department) on the winners. We provide information on the use of our makerspace and events attendance. This is available to any staff member."

Other Stages: What is Working Best?

Here's a sample of what other respondents say is working best in their organizations.

Industry	Challenge
Financial Services	"Having a consolidated dashboard that is consistent and can be updated each month."
Industrial Manufacturing	"We have well-defined Horizon 3, Horizon 2, and Horizon 1 project buckets with horizon-specific stage-gate metrics, separate governance, and budgets."
Consumer Goods/ Products	"We have a dedicated resource that tracks and updates metrics weekly."
Aerospace & Defense	"Start small, measure some metrics, and add as you grow. A few in each area is best."
Automotive, Transport & Logistics	"Our CEO & innovation team decided to set two different sets of goals: static and fluctuating goals. Static goals [are] those that won't change, like how many events [we hold], exploration projects initiated, etc. Fluctuating goals [are things like] number of pilots launched, number of projects folded into the business unit, revenue generated, etc. These are a bit more loosely held, so that there is flexibility depending on circumstances."
Consumer Goods/ Products	"[We] use metrics as a basis for dialogue regarding challenges in product development."

Innovator Perspective: Fortune Brands (Moen)



Moisés Noreña

Vice President of Innovation,
Fortune Brands (Moen)

We have simple metrics we created with five categories: [strategic fit, financial significance, differentiation, channel, and degree of difficulty]. ... We have those metrics, and a small group of people look at those, and we agree on what we put in. That helps us prioritize our pipeline.

For a project itself, [we go] back to the metrics I shared. What is going to be the return? That's it.

One of the challenges I have found is that when you're looking at things that are early in the pipeline...like even [in the] discovery [phase]—putting a hard metric on that is very difficult, because you don't know what you don't know. And people in the company that manage the businesses [and] operate the business, they have the tendency to want to know that. Like, "Is that big or small?" [We have to say,] "Well, we don't know." So that's one of the biggest challenges that we have.

We try to combat that by not assigning a number. We just say, "We're going to put that in the category of exploration," and with exploration, we're not going to put a number on it. But when it comes to what we show the executive committee, it's really just the hard numbers.

Financial Metrics

Financial Metrics for Innovation	
Revenue Generated from Innovation Products	62.2%
Efficiencies/Cost Reduction	43.5%
Profit Margin	26.9%
Internal Rate of Return	24.9%
None	18.1%
Other Financial Metrics	17.6%
Customer Acquisition Cost	15.5%
Earned Value Analysis	8.3%
Innovation Revenues as Percentage of Total Revenue (“Vitality Index”)	0%

We most recently asked about financial metrics related to innovation in our **Benchmarking Innovation Impact 2020 report**. In that report, revenue and cost reduction were the top two financial metrics for respondents, with “no financial metrics” in third place and IRR in fourth. In that earlier survey, conducted in 2019, 25.8 percent of respondents said that they had no metrics, compared to 18.1 percent in this 2021 survey—a significant improvement.

We posed a slightly different metrics question in a survey we conducted in July 2020, for our report **The Changing Role of the Innovation Leader**. In that survey, we asked which outcomes were most important to senior leadership. The top three? Revenue generation, efficiencies/cost reduction, and brand building/market perception (a non-financial metric).

Innovation leaders create serious problems if they don’t address revenue expectations (unless their mandate is purely about evolving the organizational culture).

Other Financial Metrics Mentioned

Here are some of the additional financial metrics that our survey respondents rely on.

Industry	Metric
Retail	Net profit per channel
Financial Services	Take rate of new offerings
Retail	Development cost, development hours
Multiple Industries	Net Present Value or Expected Net Present Value
Financial Services	Number of new startups launched; portfolio contribution to group value
Automotive, Transport & Logistics	Cost against technical goals, customers' incubation success (price/revenues)
Agriculture	Customer lifetime value

Innovator Perspective: Rust-Oleum Corporation



Bedri Erdem

Vice President of R&D & Corporate
Quality,
Rust-Oleum Corporation

We look at the dollar contribution of our new products to a baseline, the percentage of new products commercialized every year, and then the margins of the new products. ... But at the end, we all say, “It’s not a financial thing.” We want to make sure that we’re growing our presence in our customers’ shelves, that our product shelf size in [stores like] Home Depot grows, and that we maintain our growth.

We look at the number of new product launches per platform. ... We look at the number of new accounts gained, though not necessarily the value of that. Let’s say we are selling to Home Depot and Lowe’s, but we don’t have anything in Menards... We get [the products] on [the shelves]. Those are very important internal advertisements, as well as market gains for us.

There’s always this discussion...[of] the value of each product launch...versus how you could make more innovative, breakthrough products. But at the end, the metric is not really differentiation, it’s just basically growth of sales and margins.

The customer comes first. And then your innovation and differentiation depends on what the customer wants. And oftentimes customers are not really looking for rocket science. Customers are trying to find a product that solves their consumer needs... We have some very simple products [like paint to refurbish cushions on outdoor patio furniture], and they become our biggest sellers. ... Why? Because people like to paint their cushions.

Non-financial Metrics

Non-financial Metrics for Innovation	
Progress Metrics (e.g. Stage-gate Metrics, Projects in Pipeline)	57.8%
Number of Projects Launched	52.6%
Number of Ideas Generated	38.5%
Innovation Process Effectiveness (e.g. Speed of Pipeline)	34.4%
Learning/Insights Generated	30.2%
Employee Surveys About Company's Innovation Culture	28.7%
Patent Applications/Patents Granted	27.1%
Employee Participation Rates	27.1%
Net Promoter Score	26.0%
Customer Touchpoints, Interactions	20.8%
Hypotheses Tested	19.8%
Ecosystem-related Metrics (e.g. Collaboration)	19.8%
Brand Building/Marketing Perception	18.8%
Other Non-financial Metric	15.6%
Concept Kill Rate (Percentage of Ideas That Don't Progress)	15.1%
Media References/Press Mentions (Includes Social)	13.0%
None	7.3%

We most recently asked about non-financial metrics related to innovation in our **Benchmarking Innovation Impact 2020 report**. The same two types of measures—progress metrics and projects launched—rose to the top of that earlier list as well. About the same percentage of respondents in that survey and this one (8.9 percent and 7.3 percent, respectively) said they do not rely on any non-financial metrics.

One notable shift that emerges from comparing the two surveys: **Net Promoter Score**, or a customer's willingness to recommend a product or service to others, jumped in importance from 15.4 percent to 26 percent in the year-and-a-half between the two surveys.

As a reminder, not all of these non-financial metrics are activity metrics. Non-financial metrics like brand-building can be important to attract new kinds of talent; high Net Promoter Scores can help attract new customers. Both may be used as impact metrics.

Other Non-financial Metrics Mentioned

Here are some of the additional non-financial metrics that our survey respondents rely on.

Industry	Metric
Financial Services	Corporate venture capital deals done
Communications	New relationships built and change in relationship strength
Engineering & Construction	Rate that hypotheses are tested and useful insights gained
Automotive, Transport & Logistics	“Yearly, we ask the executive team to respond to metrics that measure innovation culture.”
Agriculture	Number of users on platform, MAU/DAU, repeat users
Non-profit	Impact on our social impact outcome goals
Automotive, Transport & Logistics	Successful transfer from R&D to a business unit

Innovator Perspective: Tiffany & Co.



Dana Naberezny

Vice President of the Jewelry Design & Innovation Workshop,
Tiffany & Co.

It all really comes down to time. How much time are we spending on this project? We started to look and see [whether] we spend more in the CAD [computer-aided design] aspect—or is it hours that we spend in the craft? Is it hours that we spend on engineering? We start to look at those to understand how much effort, and how much energy, and therefore how many dollars we're putting into the overall project.

At the same time, I'm also looking at the number of iterations that I've done in that time period, how long each iteration has taken me, and the difference between each iteration.

I talk a lot about when a project gets killed, and when it moves forward to the next phase. Because as you keep moving forward, you're investing more time, and you get more expensive. Therefore, we really do have metrics that we look at to see how early in the process a project gets killed... [It sounds] very negative, killing, kills, and death. But at the same time, we look at it, because it also shows our success. And it means that we created a prototype that [gave] our design and brand teams the ability to decide that they didn't like it.

We have monthly read-outs...where we say what happened in the previous month, and how that compares to that time in the previous year, how it compares to year-to-date... But at the same time, we are constantly reporting out [on] the cost of a project, our cycle time...on a project-by-project basis, so that our project managers can really understand the health of those projects.

Emerging Metrics

We Have Metrics Tied To...

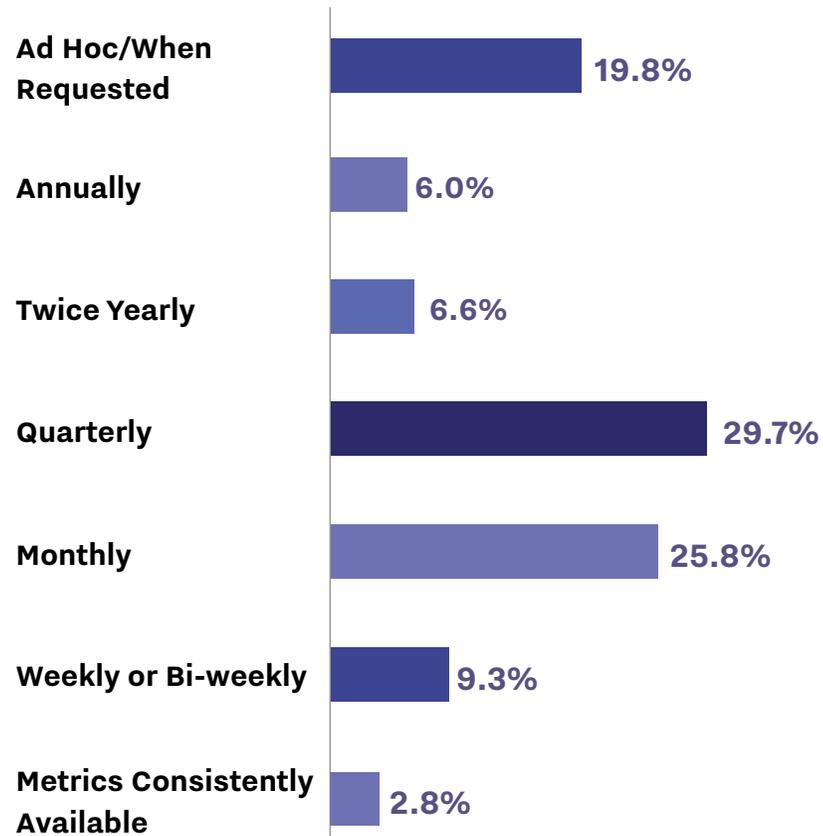
Innovation Velocity/How Fast Concepts are Evaluated and Acted Upon	57.9%
Employee Engagement/Innovation Culture	55.6%
Discovery/Scouting/Insights	50.0%
Open Innovation/Collaboration/Co-Creation	45.2%
R&D Effectiveness	41.3%
Corporate Venture Capital Investing	38.9%

Since measurement of innovation is a constantly evolving practice, we wanted to understand what new kinds of metrics our survey respondents were developing. Some sample metrics respondents are using are listed below.

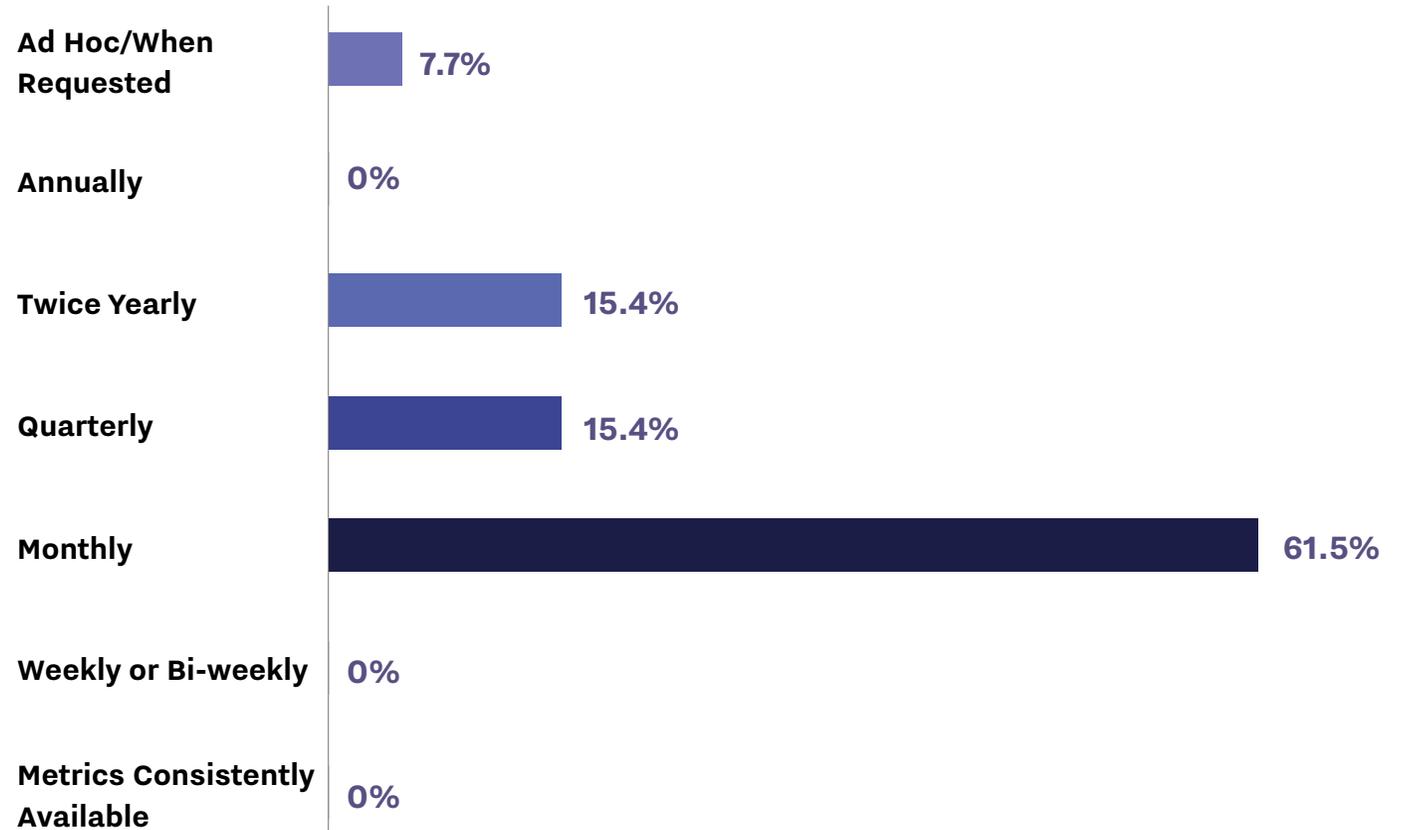
- **Innovation Velocity:** How quickly we test new concepts; how quickly do we make the decision to keep funding or kill things.
- **Employee Engagement:** Number of employees participating in programs or training; survey scores on cultural dimensions.
- **Discovery/Scouting/Insights:** Number of startups we've scouted in our ecosystem; number of initial meetings held; number of use cases scoped with startups.
- **Open Innovation:** Number of open innovation challenges; responses to challenges; number of pilot tests run with external partners.
- **R&D Effectiveness:** Revenue from new products; overall cost of R&D projects.
- **Corporate Venture Capital Investing:** Startup valuation increase; co-investment by partners; funding or deployment from/by business units.

How Frequently Does Your Team Report Metrics?

Frequency of Reporting



Frequency of Reporting (Stage 3 Respondents)



Details on Reporting Frequency

Respondents shared more detail on how they report innovation metrics.

Industry	Comment
Automotive, Transport & Logistics	“We report on metrics twice yearly as part of our planning process. However, we also meet with CEO bi-weekly to show progress on innovation projects, which is a more qualitative pipeline approach.”
Energy & Utilities	“Metrics reporting is probably not the right definition. It’s more correct to say that senior leadership and I have weekly conversations about status.”
Technology	“We have bi-weekly updates on progress with teams sponsoring our work. We also have monthly and quarterly meetings from the VP to C-levels, all the way to the CEO.”
Forestry, Paper & Packaging	“Senior leadership are focused on financial metrics like revenue and profit—without focusing on how much of that is coming from innovation.”
Retail	“Some metrics are monthly, and some are annually reported or on demand.”
Financial Services	“We report our internal/team-based metrics on an ad hoc basis, but have started to report quarterly to the board. The challenge with reporting to the board is capturing innovation initiatives across the organization. There’s a lack of shared understanding [about] how to apply the organization’s definition of innovation.”

Innovator Perspective: The New York Times



Marc Lavalley

Executive Director of R&D,
The New York Times

One metric I often talk about is Wins Above Replacement, which is sort of cribbing from sports. [WAR is a metric that tries to sum up a player's contributions to the team in a single stat.] If you're a good pitcher, you're two or three wins above replacement of an average pitcher. You can kind of know that this person's worth a \$2 million-a-year contract. For journalism, [that sort of WAR metric is] any kind of advancement or progress in terms of improving upon our news report.

We built a tool that makes it a lot easier for our photographers in the field to instantly upload photos directly from the camera back to the cloud. The WAR is a little bit about connection speed...but in terms of making the tool useful, the WAR is the benefit to our photographers and to the editors, who are trying to slot photos into live coverage. That becomes subjective pretty quickly.

I think we focus more on those anecdotes, for lack of a better a better term, than trying to have a massive spreadsheet modeling speed, time improvements, and stuff like that. That's the stuff that we can do down the road, at scale, when something's being used hundreds of times.

Stage 3: The Magic Wand Question

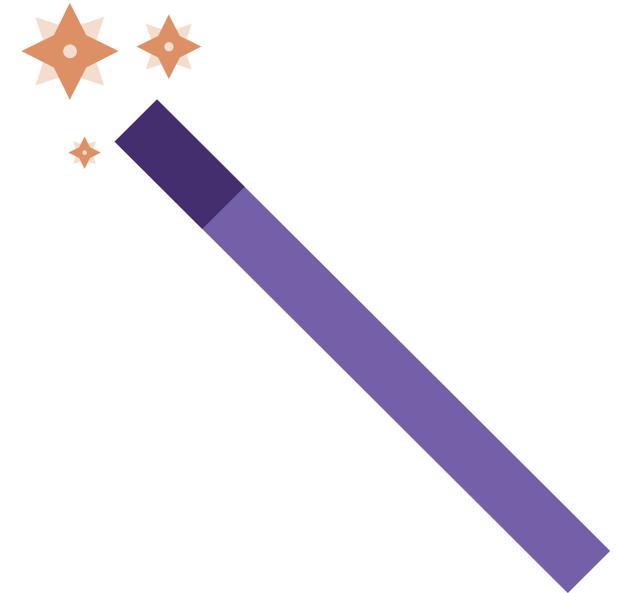
Here's a sample of what our Stage 3 respondents (those with the most advanced metrics approach) say they would change if they could wave a magic wand.

- “More automated insights versus being reliant on human beings (analysts).” —Financial Services
- “Too much use of metrics.” —Government/Public Sector
- “Change timelines [related to] innovation so we can get to the right margin profiles” —Consumer Goods/Products
- “Consistency and alignment across teams. With interdepartmental metrics, understanding cause-and-effect is [challenging].” —Retail
- “I would actually like more interest in broader metrics, such as idea velocity, from my next level. They are overly satisfied with project and program-level metrics.” —Retail
- “[We'd gather metrics like] customer (perceived) value; number of hypotheses validated; change in customer behavior.” —Technology
- “[We'd have a] centralized location for data collection that staff are required to provide inputs to when their projects are transitioned to a sponsor or external entity.” —Government/Public Sector
- “Make it easy to gather metrics. I feel like we're constantly asking staff to report metrics, which is zero value-add to them.” —Aerospace & Defense
- “We'd agree what metrics are important and stick with them.” —Financial Services

Other Stages: The Magic Wand Question

Here's a sample of what other respondents say they would change if they could wave a magic wand.

- “I wish I had an Net Promoter-like score for innovation (I have responsibility for customer experience, and NPS completely changed the game in our organization).” —Energy & Utilities
- “That all senior leaders are incentivized by long-term innovation metrics AND quarterly revenue targets.” —Consumer Goods/Products
- “Unified agreement on what constitutes ‘success.’” —Media & Telecom
- “[I wish] we could take an innovation we innovated successfully on, and do a look-back to show all the activity metrics that we went through to get there—as a way to show the link between activity metrics and impact metrics.” —Financial Services
- “Consistent innovation language with almost a ‘Mad Libs’ template to capture the final metrics of each engagement: the good, the bad, and the ugly. More detailed findings could back it up, but there is nothing like a one-pager to get the point across.” —Pharmaceuticals & Life Sciences
- “New ways of looking at data are rejected, because they require a willingness to question hypotheses and assumptions based above all on experience and history (in a changing world...)” —Financial Services

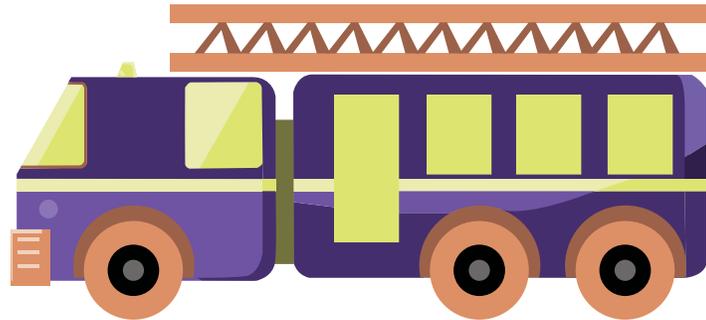


Other Stages: The Magic Wand Question (continued)

Here's a sample of what other respondents say they would change if they could wave a magic wand.

- “Our problem isn’t metrics. Not by a long shot. Our problem is that our slow-moving industry means we don’t have the perceived need to incorporate startup technology, even though we have a Silicon Valley center. So it really is just activity-based, with no impact. In which case, does it really matter what you’re counting, as long as you count something? I suspect, as a large industrial company, we aren’t alone in this. No magical metrics system is going to fix that underlying problem.” —Automotive, Transport & Logistics
- “I wish we could monetize the time wasted on projects that have low payback. And do that quickly in order to move those projects out of the pipeline, or decide to outsource them, instead of using internal R&D resources.” —Consumer Goods/Products
- “I would like the senior leaders to outline which metrics they need to make strategic decisions for the company. Also, set goals for those metrics at an enterprise level.” —Consumer Goods/Products
- “Drop their preconceptions about leading-edge efforts and LISTEN to the vision on how this is the future of their revenue streams. ‘I don’t understand how we will make money’ is NOT a vision for growth.” —Technology
- “I wish we had more insight into the longer-term value of our work, especially when we’re trying to prove out how our work impacts customer satisfaction... It’s hard to tie that kind of value to innovation versus other initiatives, and as a small team we want to be able to clearly articulate the value we bring to the organization at large.” —Financial Services

From Our Sponsor: “911, What Are Your Innovation Emergency OKRs?”



There is a reason why firefighters say “be fast or be last”: They have 60 seconds or less to act before they have a major house fire on their hands. When firefighters are called to action, they quickly move to assess the situation and devise the best strategy to extinguish the fire.

Organizations do this by defining innovation OKRs (Objectives and Key Results) that continuously challenge the company to look for opportunities, and KPIs (Key Performance Indicators) that constantly monitor their performance to achieve the intended results.

In developing the KPIs to measure your progress against your OKRs, consider the value, activity, and process. Here are some KPI examples:

- **Concept Throughput:** Number of concepts within each stage of the process (i.e. ideas, completed canvases, tested prototypes, commercialized innovations).
- **Concept Velocity:** Speed at which selected ideas are moving through the pipeline.
- **Innovation-Forecasted Revenue/Cost Savings:** Estimated revenue generated from new innovations.
- **Other:** Actual revenue and cost savings from commercialized innovations.

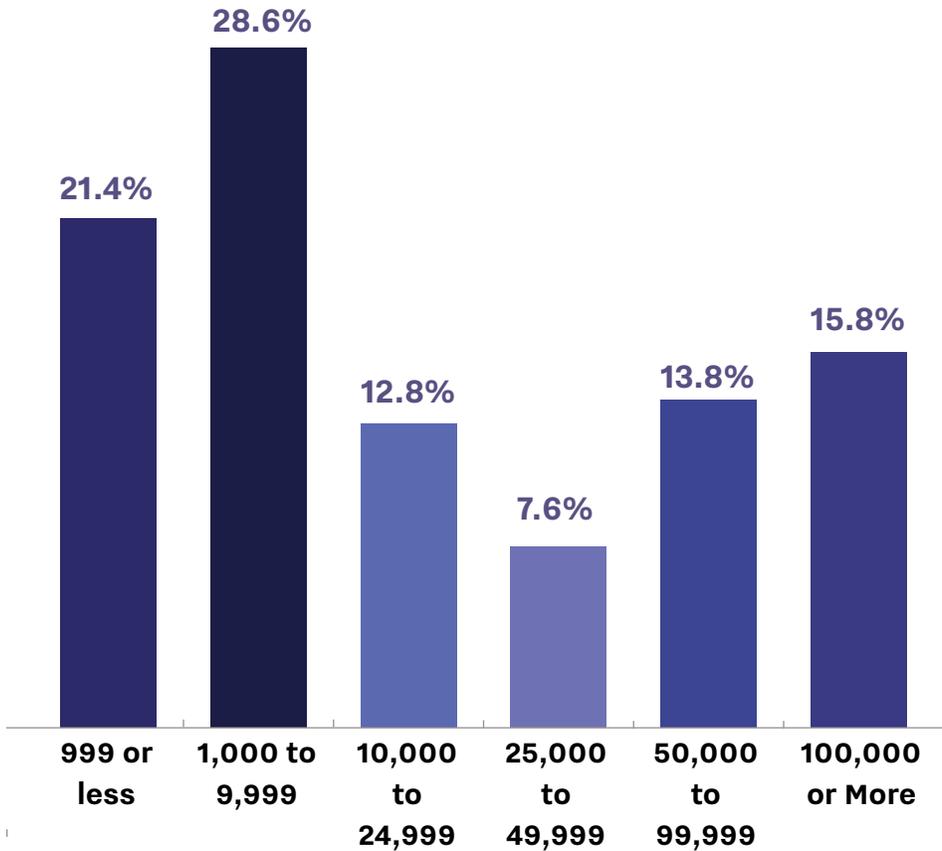
Read the full article from Planbox on our website.

About the Respondents

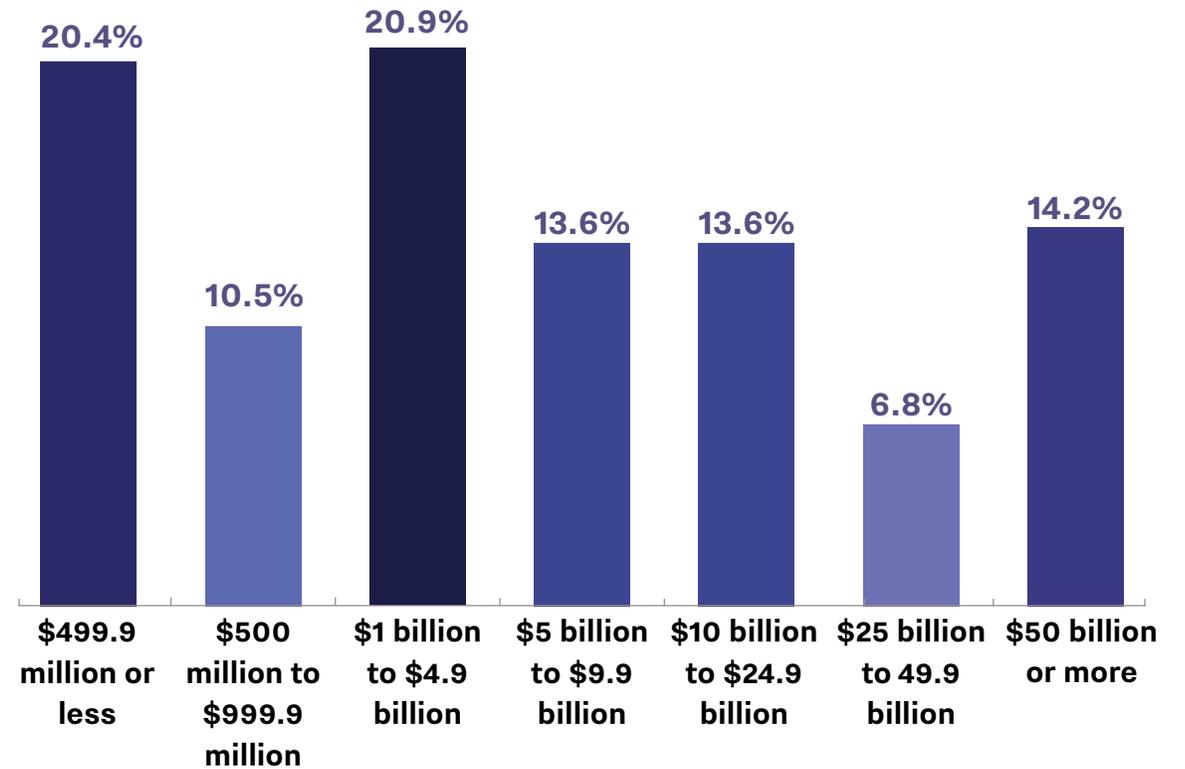
Top 10 Industries Represented	
Consumer Goods/Consumer Products	11.9%
Technology	10.9%
Financial Services	9.8%
Healthcare	8.3%
Automotive, Transport & Logistics	5.7%
Energy & Utilities	5.7%
Government/Public Sector	5.7%
Pharmaceuticals & Life Sciences	5.7%
Industrial Manufacturing	4.7%
Aerospace & Defense	4.2%
Retail	4.2%

About the Respondents (continued)

Respondents by Number of Employees



Respondents by Annual Revenue

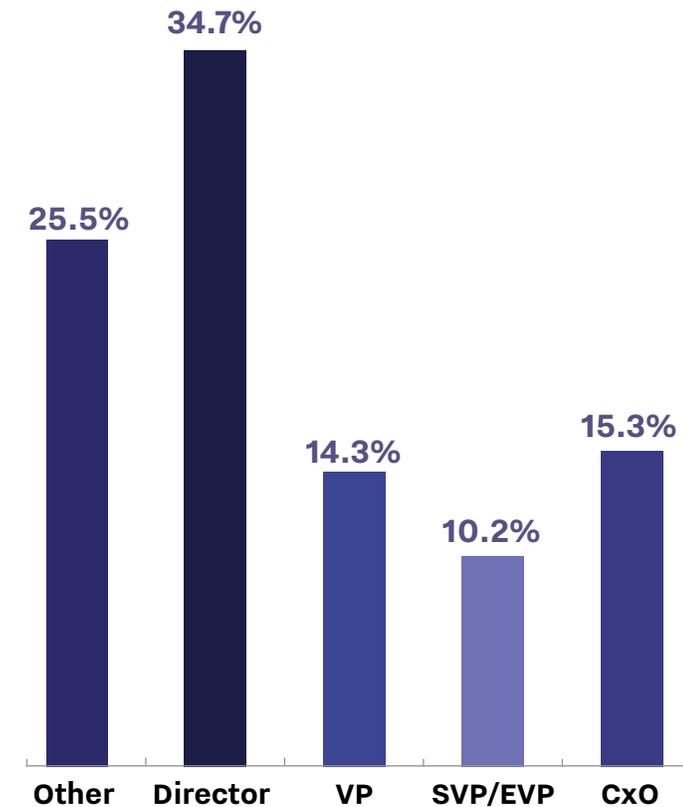


About the Respondents (continued)

Respondents by Functional Area or Discipline

Innovation	58.4%
R&D	12.8%
Strategy	7.7%
Technology/IT	5.6%
Other	3.6%
Corporate Ventures	3.1%
Marketing	3.1%
M&A/Corporate Development	2.1%
Operations	2.1%
Business Unit	1.5%

Respondents by Level of Seniority



Sample Titles of Respondents

Some representative titles from our respondent set:

Chief Executive Officer
Chief Innovation Officer
Chief Information Officer
Chief Science Officer
Chief Technology Officer
Chief Marketing Officer
Chief Strategy Officer
Chief Digital Officer
Chief Engineer
SVP, Innovation
SVP, R&D
SVP, Technology & Innovation
VP, Innovation
VP, R&D
VP, M&A
VP, Strategy & Innovation
VP, R&D Innovation & Sustainability
VP, Research & Innovation
VP, Central Operations & Innovation

VP, Retail Innovation & Customer Experience
VP of Business Intelligence & Innovation
Global Head of Digital Innovation
Head of Innovation
Head of Innovation Partnerships & Investments
Head of Design & Research
Executive Director, Center for Innovation Strategies
Director, Digital Innovation
Director, Innovation
Director, Innovation & Business Growth
Director, Enterprise Innovation
Director, Strategy, Business Development & Innovation
Director, Venture
Director, Finance & Operations
Director, Portfolio & Project Management
Senior Manager, Data-Driven Innovation
Manager, Innovation
Open Innovation Leader
Innovation Lead

