How to Predict Innovation Success: Leading vs. Lagging Indicators

by Amy Kenly

Recently, Kalypso and the University of Utah’s David Eccles School of Business launched the Innovation Index™, a first of its kind, forward-looking, comprehensive measure to benchmark innovation potential against aggregate data, but more importantly, to predict future innovation success.

The Innovation Index is different because it focuses on leading instead of lagging indicators. This is especially important for companies that want to improve the results of their innovation initiatives. Lagging indicators focus on results at the end of a specific time period, while leading indicators are the activities that predict future outcomes.

A great example is weight loss. When you step on a scale, the number you see is a lagging indicator – the results of the meals you ate and the exercise you did (or didn’t do). Leading indicators are things like calories consumed and burned – the things that will influence your weight measurements in the future.

Leading indicators are especially powerful when viewed as trends, because that can help predict future outcomes. The Innovation Index uses 50 quantifiable questions across eight information categories to produce a holistic, company-wide assessment and a deep dive of results.

Companies that participate on a bi-annual basis will be able to:

- Identify how prepared your company is to deliver innovation
- Compare your company against aggregate data to uncover potential innovation risks
- Track year-over-year performance to determine what effects organizational and methodological changes have on your company’s innovation potential

What actions (or leading indicators) should you address to improve your innovation performance? Just like with personal weight loss goals, the leading indicators in the Innovation Index will help companies easily understand the impacts of the actions they take, and equip them to make decisions about how to allocate scarce resources to achieve their objectives.

What’s your innovation potential?

Participate in the Innovation Index to find out

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What’s your view? Add your question or comment
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