The Chief Innovation Officer: Measuring Innovation

by Bill Poston

Innovation is complex and there is no single secret to success. The most powerful lever available to the Chief Innovation Officer, however, may be the measure, analyze and act cycle. Innovation thrives on clarity, and a good measurement system can generate insight into what is driving results. This enables you to fine tune your innovation engine and do more of what works.

I recently wrote about eight specific innovation metrics and measures. I defined each metric, explained what it can tell you, and identified the measurement and behavioral challenges associated with each. There are scores of individual metrics that may be useful in certain circumstances; I chose to focus on the ones that I believe have the most predictive power and that generate the most insight.

1. Innovation Measures #1 - Pipeline ECV
2. Innovation Measures #2 - Development Cycle Time
3. Innovation Measures #3 - R&D Growth Effectiveness
4. Innovation Measures #4 - R&D Effectiveness Index
5. Innovation Measures #5 - Forecast Degradation
6. Innovation Measures #6 - Resource Productivity
7. Innovation Measures #7 - Innovation Vitality Index
8. Innovation Measures #8 - Incremental Sales

There are a few things to think about when designing a system of metrics for the organization. My first advice is to ensure that you align your measurement system to your business and innovation strategy. If you believe that what gets measured gets done, then it is important to build a system that supports your innovation goals and doesn't distract from the results you are trying to achieve.

Lastly, using a measurement system just to monitor innovation performance misses the real value. The system should allow you to gain insight into why performance is what it is and enable you to act on what you learn. This is the measure, analyze and act cycle that creates the learning culture that is so important to innovation. Instead of focusing on the metric, we should be focusing on results and using measures to help understand what delivers the results we seek.

As always, I welcome your thoughts, comments and ideas.

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For the past 30 years, Bill has helped executives in technology-driven industries transform their competencies to deliver results. He is a highly regarded consultant, speaker, and writer on the topics of innovation strategy, product development, portfolio management, technology commercialization, and the software systems that enable innovation. Keep up with Bill's latest research and thoughts on innovation and the rising role of the Chief Innovation Officer at www.TheChiefInnovationOfficer.com.