Your Innovation Past Does NOT Predict Future Innovation Potential

by Colin Speakman

When I was in high school, I had a teacher – Mr. Quest – that said something quite simple, but so important that I still remember it today: “The past does NOT predict the future.” Back then, he was illuminating the importance for us to learn about our nation’s history, but I think the adage still holds.

Companies that want to improve their innovation and product development processes often fall into the trap of exclusively looking backwards to analyze past product launches. It’s easy to do in today’s information-rich age where you can gather access to reams of data in a millisecond that can tell you everything you could ever want to know… about the past.

Looking at past performance is a fantastic first step, as too many organizations neglect this. However, innovation is not solely about the past. It is about the creation of new products, new approaches, and even new methods to address challenges that we face. Innovation is about the leading edge. We must go beyond what we have done before to create something new. So when it comes to assessing your innovation capabilities, I believe that leading indicators – not just lagging indicators – should be used in conjunction with past performance to measure future potential.

Looking at stock performance as an example: Is it important to look at the past performance of your favorite symbol over the last five to ten years? Yes. Are there lessons to be learned from this? Absolutely. But does past performance predict how the stock will perform over the next two to five years? Not really. However, if you factor in other components like macro-economic trends, industry insights, capital structure AND past performance… now you’re cooking with fire!

Kalypsos and the David Eccles School of Business recently launched the Innovation Index, a forward looking analysis that can help predict a company’s ability to be innovative. The assessment looks at human capital, culture and innovation strategy (among other areas) to determine if an organization is positioned for future success. With this Index, you can determine how a company compares to others (either within or across industries), identify areas that hold innovation back, and track performance over time to see how the organization is improving its innovation potential.

So if you want to improve your organization’s innovation performance, I suggest that you start by looking at what you have been able to produce to date, and quickly move to look at how you are positioned for in the future. Instead of basing your innovation confidence exclusively on past performance, closely examine how well positioned you are for future innovation. Mr. Quest would approve.

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