

INNOVATION PERFORMANCE MEASUREMENT FRAMEWORK

INPUT METRICS

Inputs are the tangible resources invested in your project, to enable it to succeed.

Resources: How much is being invested in my innovation portfolio?

e.g., \$ or FTE: budget, expenditure, forecast, burn rate.

OUTPUT METRICS

Output metrics measure what your innovation process has produced including innovations ready to go-to-market and interim outputs (e.g. a new ideas, a proof of concept)

Activity: How many projects are underway within the portfolio?

e.g., number of ideas generated, number of innovations launched

Learning: Is our project making progress towards unlocking future value through learning and de-risking the innovation?

e.g., milestones achieved; readiness scale score (e.g., investment readiness); innovation accounting.

OUTCOME METRICS

Outcomes are the forecast results stemming from the intended use of the outputs of your innovation portfolio—and eventually, once your project has launched, the actual results.

Value: Is the innovation portfolio creating value / forecast to create value?

e.g., expected commercial value (risk adjusted NPV) of the portfolio.

PORTFOLIO METRICS

These metrics help managers make decisions about the allocation of resources within their portfolio of innovation initiatives. That is, when considered in aggregate, will the collection of activities deliver what the organization needs from this particular portfolio?

Business strategy: Does the portfolio align with business strategy?

e.g., \$ invested by business unit.

Innovation strategy / approach: Does the portfolio align with the organization's intended approach to innovation?

e.g., percent of projects targeting "incremental" versus "breakthrough" innovations.

Stage of development: Does the balance of projects by stage of development align with what the organization needs?

e.g., number of ideas generated, number of innovations launched

Risk: Does the balance of risk across the portfolio align with the organization's intent?

e.g., percentage distribution of projects by risk score.

Timing: Is the portfolio expected to deliver results when the organization needs it to?

e.g., percentage distribution of projects by time to market.

RELATIVE PERFORMANCE METRICS

Relative performance metrics are used to compare performance of innovation portfolios, over time as well as across organizations (internally or externally). They are often ratios that compare outputs or outcomes with inputs (e.g., spending) or another relevant benchmark (e.g., time).

Effectiveness: Are our innovation efforts making progress & producing sufficient results?

e.g., vitality index (percentage of revenue from new products or services introduced in the last three years).

Efficiency: Is portfolio making efficient use of resources to create/unlock future value?

e.g., forecast return on investment, internal rate of return.

Speed: Is the portfolio unlocking future value quickly enough?

e.g., average (projected) time to market across portfolio.

