

Innovation Toolbox

Measuring Success

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1.0 INTRODUCTION

Congratulations, you have been innovative. Celebrate but not for too long for it is time to do it all again. Before starting your next round of innovation it is an important time to reflect, measure, learn and improve. The best starting point is the reason you decided to innovate in the first place – your motivation.

2.0 MOTIVATION

The reason you decided to become innovative is also the main measure by which you will determine how successful the innovation process has been. Your reasons for innovating could be as varied as trying to increase market share, improve processes or increase staff retention, all of which require different innovation strategies and all have different benchmarks.

Innovation is a dynamic process, whether it be incremental, radical or a combination of both. The objective is to achieve your desired outcome. Reflect on your motivation. Innovation can change as you adapt to changes in your environment whether due to resourcing issues, technological changes or economic changes. Your own expectations of what you require out of the innovation process may also change. Therefore you may not have achieved what you initially set out to do, although your motivation for this round of innovation has been fulfilled. There is always the potential to achieve far more than expected.

Innovation requires collaboration and therefore you need to also review whether the motivation for all the stakeholders has been achieved. Their motivations may differ from yours. You may be looking to develop a new product whereas your employees may see this as an opportunity to broaden their skills. Both motivations can be achieved through the innovation process but if one is not achieved then the enthusiasm to continue to innovate diminishes.

Think about where you started, your baseline, and what you have achieved whether it be:

- ➔ A two-fold increase in market share
- ➔ A reduction in process costs of 10%
- ➔ A 30% increase in staff retention

Where is your next motivation for innovation coming from? If it is in the same area then maybe your initial motivation was not properly framed. By simply redefining your desired outcome you may broaden the impact of the innovation. For example, you may have wanted to capture 10% of the market which will make you a market leader, but reframing your motivation to one of being market leader does not place a psychological barrier of 10% thereby allowing the company to move beyond 10% market share.

The motivation for the innovation will drive the innovation process but needs to align with stakeholder motivations and framed in such a way as to not limit the potential of the

innovation. Keeping this in mind as you review your motivation will help in preparing you for the next innovation adventure.

3.0 STRATEGY AND IMPLEMENTATION

The innovation strategy you have used was guided by a number of factors including the company's growth phase and your desired outcome (motivation).

3.1 Impact of the innovation adventure on your company's growth

Review your current standing in relation to the McKinsey three horizons growth model (Innovation Strategy). Have you shifted horizons or has your company moved higher within the same horizon. The innovation process should be helping your company to continue to grow.

Your innovation strategy is also built around your desired outcome/motivation, which has been discussed above. The desired outcome and the company's growth phase have steered you towards the type of innovation strategy you used. Whether proactive, active, reactive and passive or a combination of these strategies¹ was used, there is now an opportunity to review the effectiveness of this strategy.

3.2 How difficult was the process of identifying an innovation strategy?

The assessment of your company's growth phase and your desired outcome assisted you in identifying the right innovation strategy for your innovation process. This sounds very simple, but how hard was it to determine the right innovation strategy and to develop a strategy that engaged with all stakeholders and achieved the desired outcome? You have a good opportunity to identify what factors had the most impact on your decision and whether these were the right factors to focus on.

3.3 Would another type of innovation strategy have been more effective?

The examples of the types of innovation strategies are ideal examples and may not have provided the right framework for your organisation to innovate. Think about the innovation

¹ Dodgson M., Gann D., Salter A., The Management of Technological Innovation: Strategy and Practice. Oxford University Press 2008

strategy used and where it could have been improved. Do the improvements require a different type of innovation strategy or just a tweaking of your current strategy?

3.4 How difficult was the implementation of the strategy?

Implementation of an innovation strategy is a dynamic iterative process. You start with an idea, test it and either accept or reject. If rejected, you will look at other ideas. You are not filling in a script but in many cases entering uncertain waters and therefore cannot predict the outcome. Your company may not have reacted as you predicted to the implementation of the innovation strategy. Have the employees and external stakeholders embraced the innovation process or is there a need to develop stronger communication channels to establish buy-in. How can the communication networks be developed and integrated into the strategy to provide better outcomes from the innovation process.

When done well, the strategy and implementation process can foster a culture of change that enables innovation to continue and permeate throughout the organisation. Look for these changes and the development of networks that drive these changes.

4.0 PERFORMANCE

“To learn from our past successes and failures, we need to understand how they came about. To continually improve, we must examine not only our innovation performance, but the processes with which we develop and use to exploit these innovations².”

As briefly mentioned in the above section titled Motivation, a baseline for which the innovation process is measured needs to be achieved through an innovation audit (this can be a self-assessment tool). There are a number of innovation audits available from varying sources (a link to an innovation audit is provided below). These audits focus on the general level of innovation within a company. You should also established specific targets along the innovation process that allow you to measure the progress of the innovation and determine when you have achieved the outcomes of the innovation.

Innovation audit tool:

→ [20 Things you need to ask yourself about innovation](#)

The audit and targets should be revisited. A new audit at the end of the innovation adventure should be completed which will provide an opportunity to see how far your company has progressed at being innovative. Also review your company’s ability to meet the innovation targets. Did it take longer than expected to reach the targets and was there much variation in the targets reached?

Look for not only difficulties in reaching the goal of the innovation but also positive impacts that have occurred due to the innovation. You may have exceeded expectations. Determine by how much you have exceeded expectations and what factors have contributed to this outcome. These factors need to be incorporated into your learning and improvements for the next innovation adventure.

² Chiesa V., Coughlan P., Voss CA., Development of a Technical Innovation Audit, Journal of Product Innovation Management, 1996, Vol 13, 105-136

5.0 LEARNING

After reviewing your motivation, strategy, implementation and performance there will be areas which worked well and areas where improvements are still required.

It is one thing to identify the problems but another to learn from them. At this stage of the review process you have identified some problems or areas for improvement in the innovation adventure. It is now time to dig deeper to the root cause of these problems. For example, one of your problems could be that there was not enough effective communication to drive the innovation. The root cause may be the type of communication used. Key gate keepers (refer [Networking](#)) may not read their emails therefore another form of communication is required to effectively relay the strategy and intent of the innovation.

Make sure you involve the stakeholders in the learning process. Discuss with them the problems you encountered. They may be able to provide ideas and solutions that you were not aware of. A key part of innovation is collaboration and by involving the stakeholders in the learning process you have also engaged them for the next round of innovation.

The learning process also involves embedding the knowledge within the company and communicating with relevant stakeholders. Think about the best way to document the knowledge gained. Key headings may include:

- ➔ What was the problem?
- ➔ What was the root cause?
- ➔ What was the solution?
- ➔ Implementation of the solution

Also think about where to keep the information. It would be best if it was a general repository that everyone within the company can access. Also look at bringing the knowledge gained from the innovation experience into the company's training programs and policies so they become second nature for the company's employees.

6.0 IMPROVE

Incorporating the knowledge and experience gained from innovating into the next round of innovation has been made easier through engaging key stakeholders in the learning process and embedding the knowledge gained into the company's policies and training. This will avoid repeating the mistakes of the past.

Build on the knowledge gained from the innovation experience by drawing on other people's experience with innovation. Look to take the next step in broadening your networks and those of other employees within the company. Innovation is collaborative and the more ideas flowing into the company from numerous sources the better the opportunity to convert an idea into an innovation.

Think about the current culture in your organisation, has it shifted from the start of the innovation adventure to now. Think about developing a culture of innovation so that ideas are constantly generated and processes are in place to facilitate the conversion of ideas into innovations. Innovative companies have incentives both at the corporate level and at the employee level. For example 3M looks for 30% of their sales to come from products that have been in existence for four years or less. 3M also encourages its technical staff to spend 15% of their working hours on projects of their choosing.

Your company may not be ready for the level of innovation culture that 3M displays but there are small steps you can take to improve the innovation process. You can achieve this by simply encouraging and supporting employees' ideas and/or establishing open relationships with your suppliers and customers so that they can contribute to solving your innovation issues.

Innovation is a big idea with big potential. But it is wise to approach it in small steps, implementing just one or a few of the ideas and building from there. For many companies, the initial steps on this value-creating journey are the most critical of all³.

³ Barsh J., Capozzi MM., Davidson J., *Leadership and Innovation*, The McKinsey Quarterly 2008 Number 1

Innovation is about constant improvement and the process of innovating should be viewed the same way.

Good luck with your next innovation adventure.