

SBS Innovation Management Town Hall

Innovation Operation Measurements ISO 56008

Innovation is a Renewable Corporate & National Capability to be developed, harvested, used and commercialized for economic and social benefits.

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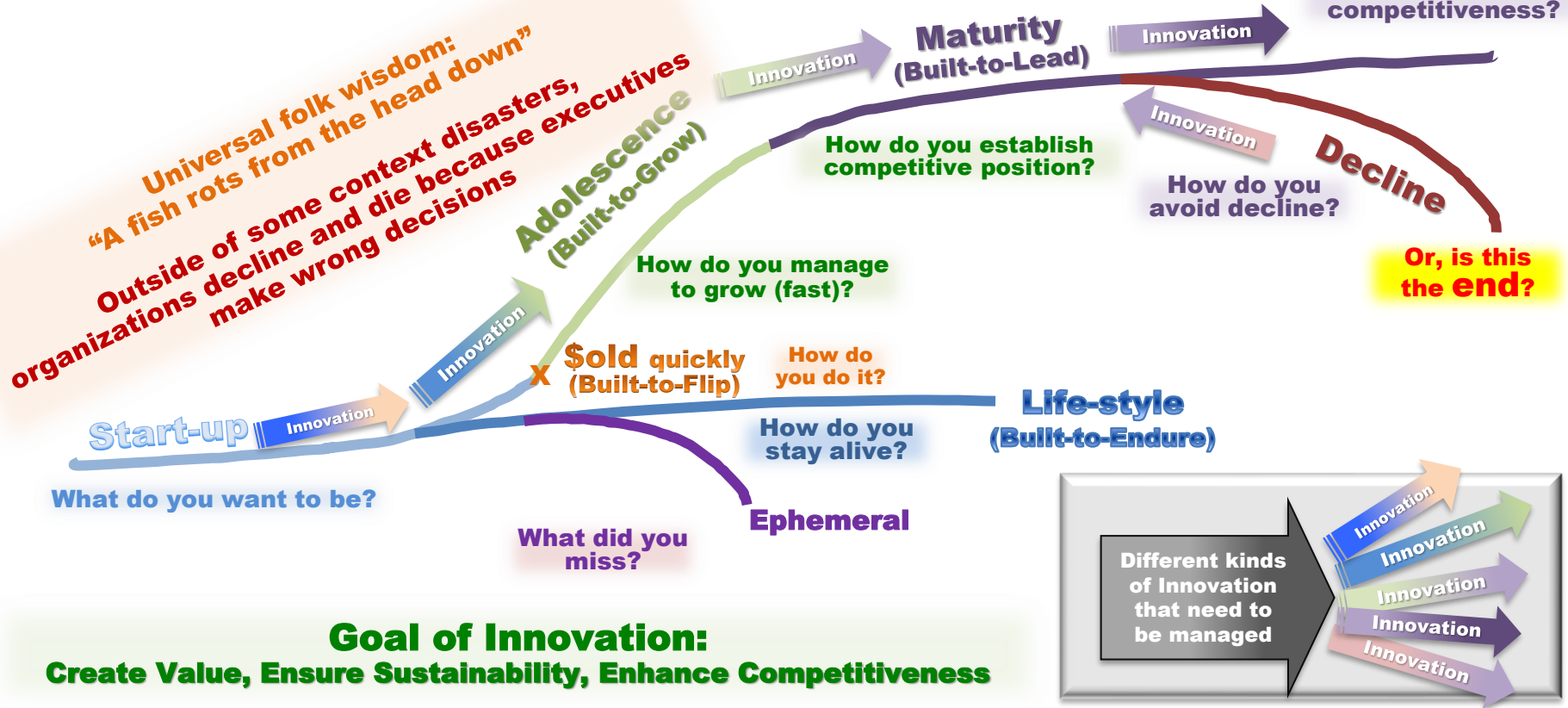
Leader, ISO 56008 Innovation Operation Measurements & Metrics

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What Kind of “Company” Do You Want?

You will be gone fast if you refuse learning and stop innovating.



Or, is this the end?

Innovation Value & Measurements

You cannot manage what you don't understand and measure

- ◆ **Why** Measure
- ◆ **What** to Measure → **Indicators**
- ◆ **How** to Measure → **Metrics**
 - Quantitative & Qualitative
- ◆ **When** to Measure
- ◆ **Who** to Do Measuring
- ◆ **Where** to Do the Measuring
- ◆ **How & Who** to Act on Results
- ◆ **When** to Change Metrics

DECISIONS should be based on evidence – usually by answering truthfully critical questions like:

- ❖ *“Are we doing the right things? Are we doing them right?”*
- ❖ *“Are we satisfied by progress (Effective, Efficient, Ethical & Timely) ?”*
- ❖ *“Are we ready for the next stage?”*

Value of Innovation Measurements (If & Only If properly used)

- ❖ Help establish strategic direction and select the right innovation initiatives (investments)
- ❖ Monitor progress and guide corrective action
- ❖ Lead to strategic alignment
- ❖ Permit optimization of resource allocation & reward effectiveness, efficiency and timeliness.

Innovation (Operation) Measurements

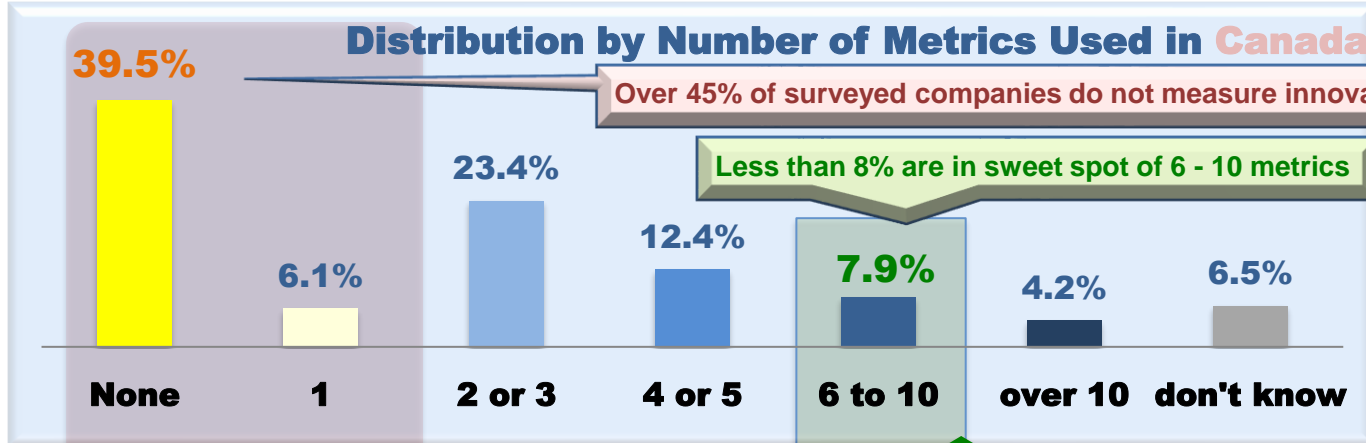
The crux of metrics-based management is to know the uncertainties that measurements should solve

- **Identifying the right questions (indicators) is very often more difficult than finding the right answers**
- **Measuring innovation is a combination of art and science that should be flexible and agile to match corporate situation and market conditions**
- **Need to cover all relevant aspects of the innovation project or portfolio pursued:**
 - Intent, responsibilities, planning
 - Capabilities and inputs
 - Outputs
 - Processes, including innovation management
- **Indicators and metrics must be chosen to inspire towards specific goals and behaviors in support of corporate strategy**
- **Just doing something about innovation measurements is better than doing nothing**
(But it will not lead to sustainable innovation unless it is done methodically and with specific goals in mind.)

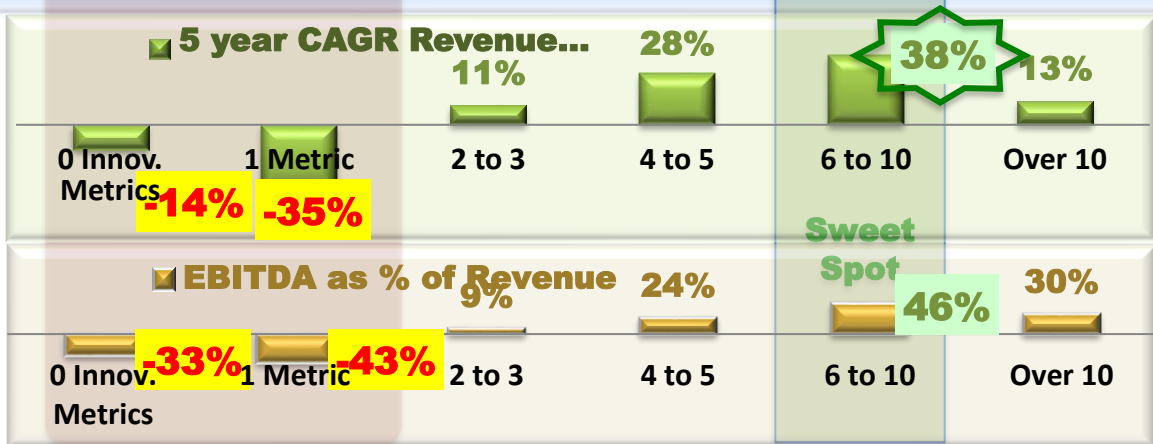
**No two companies are the same →
Do not blindly copy the metrics of another!**

Management of innovation at organization level should disrupt the business-as-usual attitude

Do you have a Good Set of Organization Innovation Metrics?



How many metrics does your company use?



What could be gained in terms of industry well-being by raising the number of firms using 6-10 metrics?

Source: 2012 CBI Conference Board Study of Innovation Metrics & Management

Most “Interesting” Organization Innovation Metrics - Canada

Most Used Metrics (416 firms)			
#	Metric	# Firms	% Perf. Effect
1	Customer satisfaction with new products	186	15.0%
2	Return on innovation investment	145	13.7%
3	New product revenue impact	138	32.2%
4	Product performance improvement	127	1.5%
5	Value of customer	123	14.2%
6	Focus on technology platform innovation	118	12.0%
7	Quality performance improvement	108	6.8%
8	Customer innovation capture (new classes of customers)	105	17.2%
9	Market position improvement	101	14.0%
10	Intensity of R&D	101	10.3%

“Metric Performance Effect” is indication of Culture & Process NOT of Innovation Value

It all depends on firm’s Sector, Lifecycle Stage, Size, Specifics

Which of these metrics are being used in Your Organization?

Higher “Performance Effect” Metrics			
#	Metric	% Perf. Effect	# Firms
1	Executive intensity involvement	39.4%	36
2	Market understanding (% of products still there after X years)	38.4%	68
3	Addressable customer innovation	36.2%	68
4	Number of R&D Projects	35.7%	56
5	Innovation risk management (% projects with risk mgmt. plans)	33.6%	38
6	Distribution chain improvement	33.2%	30
7	Supply chain improvement	32.5%	55
8	New product revenue impact	32.2%	138
9	Intensity of bottom-up innovation	30.1%	36
10	Resource innovation focus	29.7%	48

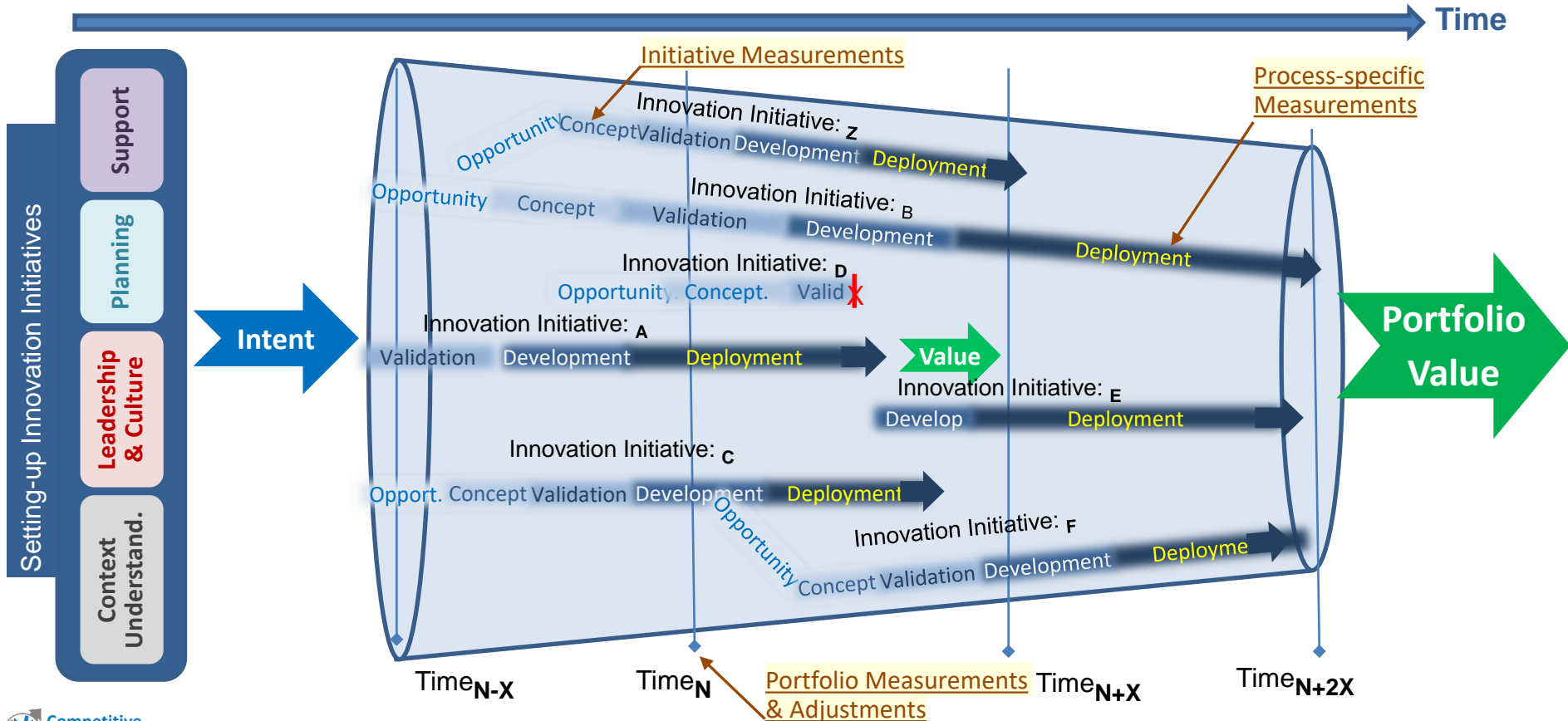
Top Metric Triplet

Exec Accountability + Market Value of Innov. in Pipeline + Market Understanding

22 companies → Group PE = 71.6%

Innovation Initiatives, Processes and Portfolio... in Time

- Initiatives do **NOT start at the same time**, and some initiatives are **Short-horizon**, others are **Long-horizon**, etc.



ISO 56008 Innovation Operation Measurements Structure

GUIDANCE → Advises on how to Consider, Design, Implement and Act

4. Fundamentals of Innovation Operation Measurements

5. Measurements for Setting-up Innovation Initiatives

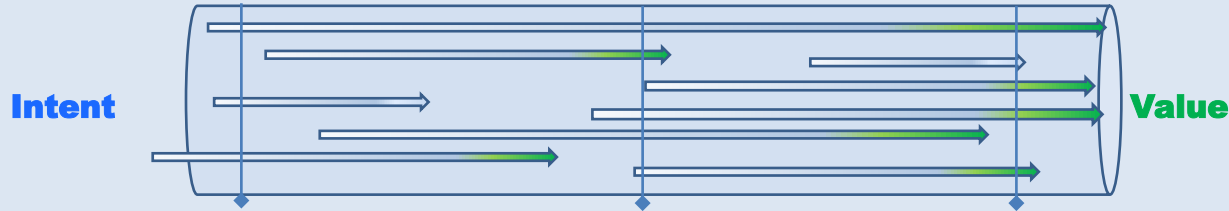
6. Innovation Processes Measurements



7. Innovation Initiative Measurements



8. Innovation Portfolio Measurements



9. Assessing & Improving Innovation Operation Measurements

Lots of Annexes with Tables of EXAMPLES of Questions-Indicators-Metrics

*Not everything that can be counted counts,
not everything that counts can be counted*

*What gets measured is what gets done!
What gets done is what gets rewarded!*

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Questions, Please?

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