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Innovation Metrics: Embedding Innovation in an Organization's Systems

Interview with Robert Tucker by Joyce Wycoff.
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Interviewer's Note: *Since launching the book, **Driving Growth Through Innovation** in November, 2002, Robert B. Tucker has been criss-crossing the globe spreading the message that innovation in leading firms is fast becoming an imbedded, systematic organizational process, and that to miss this trend is tantamount to sitting out the Quality Revolution of the 1980s. We recently asked Tucker for his thoughts on what he's learned in interacting with leaders from New Delhi to Kuala Lumpur to Topeka. Here's what he told us.*

People often ask me what the biggest surprise has been in my study of innovation. I would have to say it's the growing interest in innovation metrics. To those of us in the Innovation Movement, this is good news because it means that senior managers are finally looking beyond merely giving lip service to the importance of innovation. Increasingly, during these challenging times, they are re-thinking their innovation process for sustainable advantage. And innovation metrics become a vital part of imbedding innovation.

The best metrics, I believe, are stunningly simple and carefully thought through before implementation. The more complex they are the more likely they are to be misused ... or unused. The 3M metric '*percent of current year sales due to new products released in the past N-years*' is still helpful. I've even seen service firms use this metric and it seems to apply very well. However, one study indicates that only about one-half of companies are using this metric. I would also recommend having some means of measuring your pipeline.

In terms of how to use them effectively, I would add a cautionary note. Metrics that are used to financially reward or punish have a potential to create disunity. It's my belief that metrics should be used primarily for comparison purposes. Citibank, for instance, takes a fairly thorough snapshot of where they stand in terms of innovation. They can provide a portrait of what a given location produces in terms of new products, the success rates, the number of ideas in the pipeline, etc. And if you're falling short in a given area, they can use these statistics to show you where you're falling short. And they can show you a comparison against the best in class. I think it's very important to have these sorts of drill-down metrics as a snapshot of where you currently are. I would advise using them for that purpose as opposed to using them to set compensation.

Key Insights on Innovation Metrics

Here are some of Robert Tucker's suggestions on innovation metrics:

-- Look at innovation as an end-to-end discipline, a holistic process ...innovation needs to be managed as a discipline

- Develop a company-wide idea management system to help get everyone involved in the innovation initiative
- Measure your progress
- Create metrics to measure your progress, but use them for comparison purposes, not as a stick to 'motivate' compliance
- Measure your yearly revenue from new products, your success rates, your pipeline and your times-to-market
- Find out what metrics Innovation Vanguard firms are using and then choose from that menu the metrics that have the most buy-in in your organization
- The simplest metrics are the best
- Innovation is not merely creativity ... it's not just having new ideas, but also 'bringing them to life.'
- Innovation needs to be harnessed and tied into the overall business strategy

Robert B. Tucker's book '*Driving Growth Through Innovation: How Leading Firms Are Transforming Their Futures*' (Berrett-Koehler: \$27.95) can be ordered at:
<http://www.thinksmart.com/mission/workout/hotoffpressbooks.html>

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