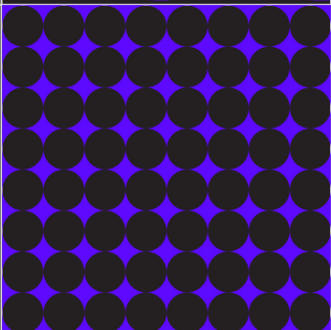
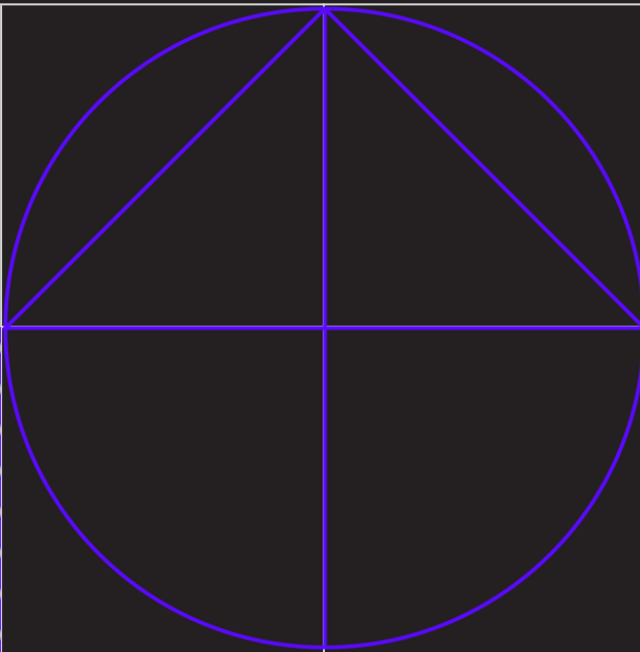
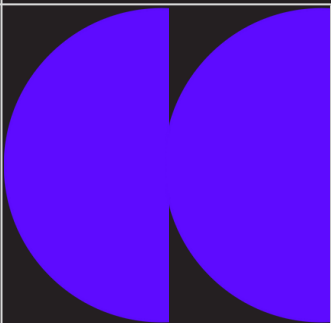


INNOVATION NORTH



Session 9 Key INsights:

MEASURING AND ASSESSING INNOVATIONS



INsights On Measuring And Assessing Innovations

How do we define success and measure and assess the impacts of systems innovation? This question is particularly important because systems are complex and much is hidden. Impacts often are hard to see and take time to manifest.

Dr. Andrea Romi led an Innovation North Lab session guided by these two questions:

1. What are your organization's innovation goals and how do you measure success?
2. What are you not measuring that you think you should, and why aren't you measuring these things?

Why Is It Important To Measure And Assess Innovations?

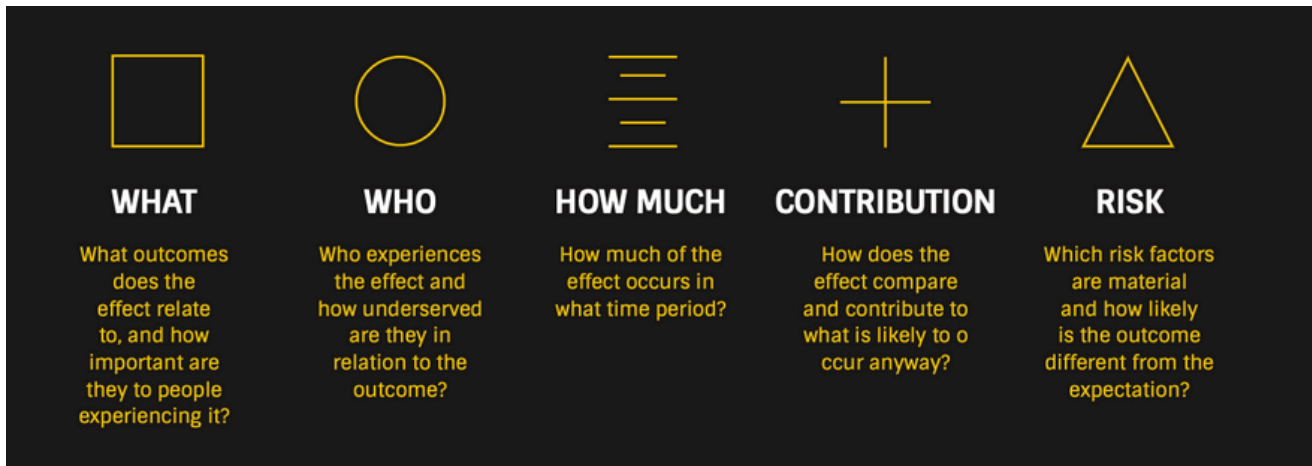
By measuring and assessing the impact of an innovation, innovators become more accountable. By measuring and assessing impacts, managers are better able to communicate ideas, acknowledge unstated assumptions, and assess progress towards intended goals. It also helps to avoid unintended impacts of an innovation, which are often missed or obscured in systems changes.

Practice partners typically measure the success of an innovation through traditional internal metrics, including revenues, return on investment, employee and customer satisfaction, productivity, quality standards, project-based metrics, and economic indicators. These measures do not consider systems impact, but rather organizational impacts.

Many practice partners recognized the need to go beyond these financial metrics, but acknowledged the struggle of breaking old habits.

The session introduced the idea of expanded impact, which considers impact on the systems and acknowledged a breadth of sources of data from which to draw to develop metrics for a systems innovation. This means going beyond traditional internal performance metrics to consider external impact indicators.

Measuring impact requires innovators to first define impact. To integrate a systems lens, managers must consider the five dimensions of impact and determine metrics that capture this impact.



INsights From Breakout Room Discussions

To measure systems impact, innovators need to rely on not just one metric, but multiple metrics to capture holistic impact on the systems. Often times, innovators will default to the easiest measures, but this has inadvertently led to an over-reliance on financial numbers. These metrics only capture a partial picture of the impact. For example, a new product needs to consider not just how much revenue is generated, but also the environmental impact. Or, a new broadband service should consider the positive impact on education and work and the negative impact of the erosion of the community.

To capture the range of impacts, innovators should consider not just the financial numbers but also the non-numeric impacts. These can include anecdotes or stories from those people most affected by the product or service.

Culture eats strategy for breakfast: A shift in innovation assessment toward a system approach is audacious and bold, going beyond changing norms to “shattering systems.” Shifting to a systems approach to innovation requires a shift in culture and the understanding of what is considered impact. Change in culture sometimes means intentionally moving from being risk averse and what it means to be a first mover, to accepting that boldness includes risks, and could also include significant rewards.

Liberate the leader in everyone: It is important to find or develop a “champion” within the organization to provide (1) support and intentional, informed redirection when innovations are shelved, (2) motivation to continue developing expanded metrics, and understanding a system-based innovation impact when inevitable difficulties arise, and (3) providing decision makers with the “translation”

necessary to understand assessment beyond traditional KPIs. In more structured organizations, a grassroots champion can cause instability in the traditional foundations necessary to implement change. Those grassroots leaders need to be supported.

You don't know what you don't know: It is critical to develop ways to also measure the learning from innovations not chosen and implemented, to assess their value and how they potentially impact new innovations. There is value in failure, not only success. Expanding this assessment lens actually provides information for more informed decisions.

Develop some sense of what constitutes success: but remaining open to changes in that framework, provides a nice compromise of learning toward organizational-specific success indicators.

Success is hard to define under an expanded impact framework: If the definition of success is too specific, creativity is lost by focusing and working directly toward a limited measure of success. Conversely, if the process unfolds with no markers of success, the risk is not recognizing success when it presents itself.

Approach measuring and assessing impacts within 'corporate' purpose: It is important to contextualize the measurements: "what are we trying to innovate and to what end?" The measurements need to be done with purpose, so that the measurements do not control the innovation, but instead support an understanding of the intended purpose. Good measurement and assessment starts with being clear on organizational goals. Too many metrics can be burdensome, too few only give a partial picture. Don't measure just for measurement's sake; just because something is easy to measure does not mean it is important. Consider your organization's "return on measurement."

Understand how to make sense of the relationships between what you have measured: Understanding the upstream and downstream impact is important in developing appropriate metrics. This process can also be facilitated through tools such as a theory of change.

Consider diverse metrics: Many organizations recognize internal metrics. Measuring and assessing systems innovation involves introducing diversity in your impact metrics across time horizons, values, stakeholder perspectives, and materiality.

Often, measuring and assessing can limit creativity and impose constraints. But, when done well, metrics can stimulate creativity. They break down old metrics and methods of measurement, challenge current mental models, and develop new approaches to measuring and assessing that meet the dynamics of systems innovation.

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