

Measuring Innovation Success

Key Metrics for Tracking Innovation Progress





Innovation is the driving force of any forward-thinking government organization. It's not just about coming up with new ideas, it's about turning those ideas into something tangible that drives value—whether that's through improving citizen experiences, streamlining operations, or creating entirely new products and services. **But here's the catch: how do you know if your innovation efforts are actually paying off?**

While “innovation” has been a buzzword in government for decades, it's no longer enough to “feel” like you're innovative. You need to track impact, measure it, and understand it. This white paper will guide you through the key metrics that can help you assess your innovation progress, providing you actionable insights that align with your strategic goals.

Defining Innovation Metrics: Why It Matters

Before diving into the specifics, let's take a step back. Why should you care about measuring innovation? After all, isn't innovation supposed to be a creative, free-flowing process? While creativity is undoubtedly a big part of innovation, without measurement, you're essentially navigating without a compass.

Tracking innovation metrics allows you to:

- **Secure leadership support:** Metrics are essential for gaining buy-in from organization leaders, as they provide concrete evidence to justify the investment of time, money, and resources in innovation.
- **Strengthen budget justification:** Tracking innovation metrics helps government innovators build a strong case when requesting budget allocations or renewals.
- **Identify areas for improvement:** By understanding what works and what doesn't, you can refine your innovation processes, making them more effective over time.
- **Demonstrate Public Value:** For government innovators, metrics can highlight how innovation initiatives directly benefit citizens, improving public services and increasing transparency in government operations.
- **Support Strategic Planning:** Metrics can inform long-term strategic planning by identifying successful initiatives that should be scaled or replicated and highlighting areas where additional resources or focus may be needed.



To effectively measure innovation, you need to define the right metrics. These metrics generally fall into three categories: input metrics, process metrics, and output metrics. Each type of metric plays a unique role in helping track different aspects of innovation.



Input Metrics: Setting the Foundation

Think of input metrics as the raw materials of innovation. They track the resources that you're pouring into your innovation efforts. While these metrics won't tell you whether your innovation is successful, they provide insights into your capacity for innovation.

Idea Volume

Innovation starts with ideas, so tracking the number of ideas generated can give you a sense of your organization's creative potential. However, quantity alone isn't enough. It's important to track where these ideas are coming from. Are they coming from a diverse range of sources? **Are frontline employees—those who interact with customers daily—contributing ideas, or are ideas primarily coming from the top down?**

IdeaScale itself was developed from a 2008 White House initiative aimed at harnessing the collective intelligence of government employees. Through this initiative, tens of thousands of government workers shared over 90,000 ideas. To ensure the best ideas were brought to life, 500,000 votes were cast, identifying the most impactful suggestions. The initiative led to twenty million dollars in savings and a more efficient and effective government operation. This case study highlights the importance of not only tracking idea volume but also ensuring that ideas are sourced from all levels of an organization.



Click [here](#) to read the full case study

Time Spent on Innovation

In a busy organization, time is one of the most valuable resources. Keeping track of how much time employees dedicate to innovation projects can reveal whether innovation is genuinely prioritized or just an afterthought. But this is where many organizations stumble upon what's known as the Innovator's Dilemma, a concept introduced by Clayton M. Christensen. **The dilemma highlights the tough choice between focusing on current operations, which offer more immediate and predictable returns, and investing in disruptive innovations that carry greater risks but could reshape the future.**



Often, sustaining innovations get the bulk of attention because they're seen as safer bets. But to stay competitive, it's essential to carve out dedicated time for experimentation and bold ideas, even if the payoffs aren't immediate. By keeping a close eye on how time is allocated between sustaining and disruptive projects, organizations can strike the right balance—ensuring they're not just succeeding today but also positioning themselves for long-term growth



Process Metrics: The Mechanics of Innovation

Once you've set the stage with input metrics, process metrics help you understand how efficiently and effectively your organization is moving from ideation to implementation. These metrics are about tracking the journey, not just evaluating the destination.

Idea Conversion Rate

Not every idea is a winner, and that's okay. **What's important is how well your organization can identify and develop the ideas that have the most potential.** The idea conversion rate—tracking the percentage of ideas that move from one stage of development to the next—gives you insight into the health of your innovation pipeline. A high conversion rate may indicate that your processes for vetting and developing ideas are effective, while a low conversion rate could signal bottlenecks or inefficiencies that need to be addressed.

A great example of this in action is the City of Mississauga's transit system. They use their IdeaScale platform, MiWay, to capture and develop ideas. Today, the platform hosts over 1,600 ideas, with about 400 of them from the past year currently in various stages of implementation. A high conversion rate like this may indicate that your organization's processes for vetting and developing ideas are effective, while a low conversion rate could signal bottlenecks or inefficiencies that need to be addressed.

Cycle Time

Speed matters in innovation. **The quicker you can move from concept to implementation, the sooner you can reap the benefits of your innovation efforts.** Cycle time measures how long it takes for an idea to progress through each stage of development. By tracking cycle time, you can identify stages that are causing delays and make the necessary adjustments to streamline the process. It's about finding the balance between thoroughness and speed, ensuring that you're not sacrificing quality for the sake of getting something out the door quickly.

According to industry benchmarks, an ideal cycle time for innovation projects is often around three to six months depending on the complexity of the initiative. This time frame strikes a balance between thoroughness and speed, allowing for adequate testing and refinement without dragging out the process unnecessarily.¹

By consistently tracking cycle time, you can pinpoint stages in the development process that are causing delays, enabling you to make the necessary adjustments to streamline the workflow. The goal is to maintain a process that's both efficient and effective, ensuring that you're not compromising on quality just to expedite completion.

Collaboration and Participation

Innovation rarely happens in isolation. It's a collaborative effort that involves people from across your organization. **Tracking collaboration and participation metrics can help you understand how well your teams are working together.** Are employees from different departments contributing to innovation projects? Is there a healthy exchange of ideas, or are certain voices dominating the conversation?

High levels of collaboration and participation are often indicators of a strong innovation culture, one where ideas can flourish and grow. These metrics can be tracked through various means, such as analyzing the number of cross-departmental projects, monitoring participation rates in brainstorming sessions or innovation platforms, and assessing the diversity of contributors to idea submissions. Additionally, tools like collaboration software and participation surveys can offer quantitative insights into how engaged and collaborative your workforce truly is.



Output Metrics: Measuring the Impact

Now we get to the heart of the matter: the results. Output metrics are the ultimate test of your innovation efforts, measuring the tangible outcomes that innovation has produced. These are the metrics that demonstrate the value of innovation to your stakeholders.

1 Heim, Ulf. "Building an Integrated Technology Road Map to Drive Innovation." McKinsey & Company. 21 February, 2017. <https://www.mckinsey.com/capabilities/operations/our-insights/building-an-integrated-technology-road-map-to-drive-successful-innovation>

Data gathered for IdeaScale's 2024 Open Innovation Report reveals that organizations use a mix of methods to calculate the Return on Investment (ROI) for their innovation initiatives. About 22.45% rely on financial metrics like cost savings, revenue generation, and profit margins to highlight the direct financial impact of their efforts. Another 18.37% turn to key performance indicators such as idea implementation rates or time-to-market to gauge how efficiently and effectively their innovation processes are working.

Click [here](#) to read the full report

Revenue and Cost Savings

While revenue generation isn't a primary goal for government innovators, it's essential to consider the financial impact of innovation in terms of cost savings and efficiency gains. Tracking these metrics provides a comprehensive view of how innovation initiatives contribute to the organization's financial health. Innovations that streamline processes, reduce waste, or enhance efficiency can lead to substantial cost savings and more effective use of resources. **By evaluating both cost reductions and operational improvements, government innovators can demonstrate the financial benefits of their efforts, ensuring alignment with the organization's strategic goals and justifying continued support for innovation.**

Return on Investment

Understanding the ROI of your innovation efforts is key to demonstrating their value and securing ongoing support. ROI provides a clear picture of the financial impact, whether that's through cost savings, revenue generation, or improved efficiency. By tracking ROI, you can showcase how your initiatives are contributing to the overall well-being and sustainability of your organization.

The way you calculate ROI can vary depending on the nature of your innovation. For some projects, it's all about the financials—how much money you've saved or generated. For others, the focus might be on more intangible benefits, like enhanced public services or increased citizen satisfaction. By getting a handle on the ROI of your innovation efforts, you can make smarter decisions about where to invest resources, ensuring that your strategy leads to real, measurable outcomes.



Stakeholder Satisfaction and Feedback

Innovation should ultimately benefit the people your organization serves, whether they are citizens, employees, or other stakeholders. Tracking stakeholder satisfaction and gathering feedback can provide valuable insights into how well your innovations are resonating. Are stakeholders noticing and appreciating the changes you've made? Are they offering positive feedback or suggesting areas for further improvement? This metric helps ensure that your innovation efforts align with the needs and expectations of the people you serve. Stakeholder satisfaction can often be observed through surveys, focus groups, or direct communication channels, providing a clear window into the impact of your initiatives.

Cost Savings and Efficiency Gains

Innovation isn't just about new products and services, it's also about doing things better, faster, and sometimes cheaper. Tracking cost savings and efficiency gains from innovation initiatives can provide a clear picture of the impact of process improvements. These metrics are particularly important for demonstrating the value of innovation to stakeholders who are focused on the bottom line. **By showing how innovation is helping to reduce costs and improve efficiency, you can build a strong case for continued investment in innovation.**

A great example is the City of Atlanta, where employees submitted over 370 ideas through the IdeaScale platform. Among these, the top three ideas alone had the potential to save the city \$7.1 million annually. These innovations didn't just cut costs- they also reduced waste, eliminated unnecessary red tape, and streamlined operations.



Balancing Short-Term Wins with Long-Term Vision

Innovation requires a thoughtful balance between achieving immediate results and laying the groundwork for future growth. By focusing on both the near-term impact and the broader, long-term vision, organizations can ensure that their innovation efforts not only address current challenges but also pave the way for enduring success.

Balancing Incremental and Radical Innovation

Incremental innovation—small, continuous improvements—can provide quick wins that deliver immediate value. However, focusing solely on incremental innovation can limit your organization's potential for breakthrough success. Radical innovation—transformative changes that redefine your industry—often takes longer to develop, but it can have a far greater impact. Balancing these two types of innovation is key to long-term success. **By tracking metrics that reflect both incremental and radical innovation efforts, you can ensure that your organization is both responsive to immediate needs and positioned for future growth.**



Iterative Learning and Adaptation

Innovation is inherently uncertain, and not every effort will be successful. That's why it's important to view metrics as tools for learning and adaptation, not just evaluation. By analyzing what worked and what didn't, you can refine your innovation processes and strategies over time. This iterative approach allows you to continuously improve and adapt to changing circumstances, ensuring that your innovation efforts remain relevant and effective.

Conclusion

Innovation is more than just a buzzword, it's a critical driver of growth and success in today's competitive landscape. But to truly harness the power of innovation, you need to measure it effectively. By focusing on the right metrics—input, process, and output—you can gain valuable insights into the effectiveness of your innovation efforts and make informed decisions to enhance them.



For more information on IdeaScale's insights please contact:
elizabeth.fontaine@ideascale.com
anthony.woodhams@ideascale.com
sales@ideascale.com

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www.IdeaScale.com