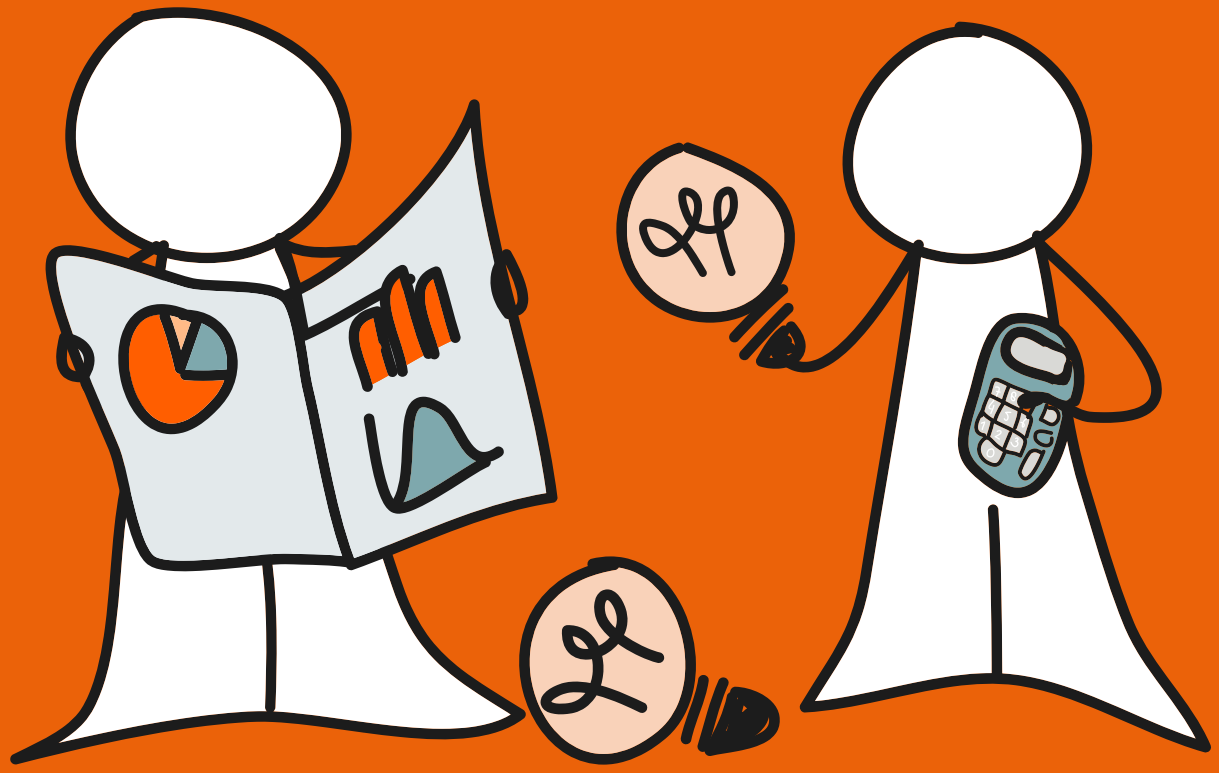
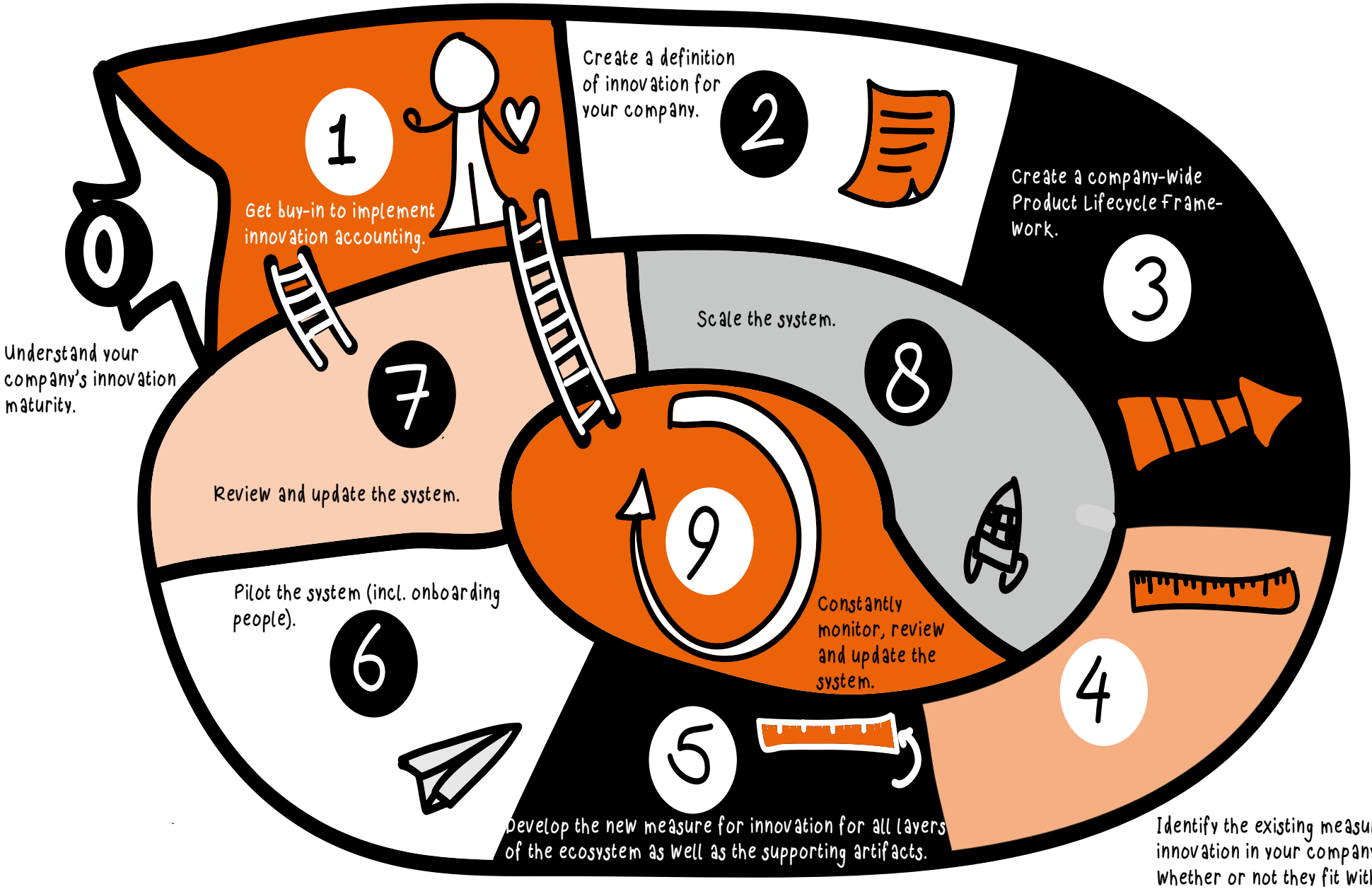
Innovation Accounting

Playbook



Starting Tomorrow


0
Understand your company's innovation maturity.
1
Get buy-in to implement innovation accounting.
2
Create a definition of innovation for your company.
3
Create a company-wide Product Lifecycle Framework.
4
Identify the existing measures for innovation in your company and see whether or not they fit with the newly created definition of innovation and the PLCF
5
Develop the new measure for innovation for all layers of the ecosystem as well as the supporting artifacts.
6
Pilot the system (incl. onboarding people).
7
Review and update the system.
8
Scale the system.
9
Constantly monitor, review and update the system.

Starting Tomorrow

We've come a long way since our first faltering steps started to examine why traditional accounting may not on its own give a true and fair picture of an innovative organization. Along the way we've looked at many aspects of measuring innovation. We've built an understanding of how you can delve beneath the surface to measure individual teams or streams. We've helped you to understand how you can create a realistic business model portfolio map. We've also examined how you can measure culture. And we've seen how Innovation Accounting complements the existing accounting system in your company.

This playbook will now help you put everything together. Here you will find the checklists, tasks, templates and tools you need in order to start implementing an innovation accounting system in your company.

In working through the *Innovation Accounting* book you've built your understanding of Innovation Accounting. This then is your roadmap to implementation success.

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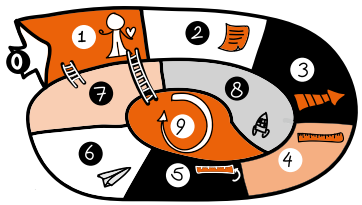


Step 0: Understand your company's innovation maturity

An innovation ecosystem consists of many elements, and these need to work in sync for growth to happen. In our work, we refer to these elements as: strategy, leadership, management, culture and process.

Innovation Accounting falls under the management "block." However, as you've seen throughout the book, the development and deployment of an innovation accounting system is connected with the other blocks too. The innovation accounting system can't live in isolation.

To illustrate this point, imagine an ecosystem where individual intrapreneurs are too afraid to propose a new idea for fear of being punished by senior leaders. This will directly impact the number of ideas submitted, which will in turn impact the company's growth in the years to come. This is a clear cultural and leadership blocker that needs to be addressed before you can start to deploy your innovation accounting system. If this blocker is not flagged early on, any investment in capability development, for example, will be money poured down the drain. The same is true for an investment in a robust innovation accounting system; with no ideas coming in there is nothing to be measured, so why bother investing in Innovation Accounting to begin with?

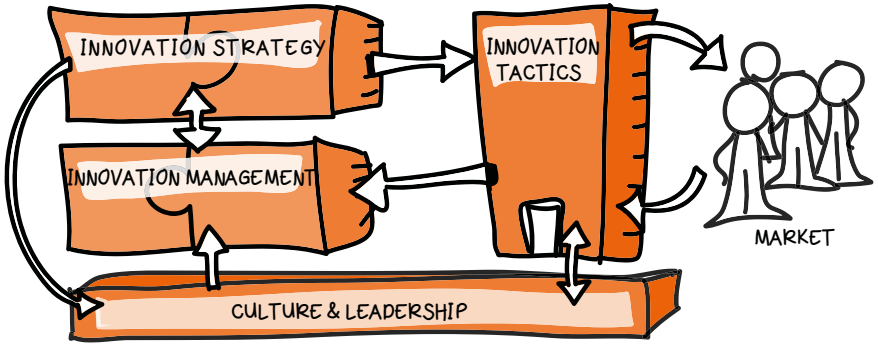
Therefore, the first thing you need to do when trying to implement Innovation Accounting in your organization is to understand the current maturity level of the ecosystem by looking at the individual maturity levels of each block.

Identifying what's missing in the ecosystem will allow you to understand the current situation as well as understand what you need to develop or improve in order to create, develop and deploy an innovation accounting system.

The best way to gauge an ecosystem's maturity and its needs is to use a company-wide survey asking multiple-choice questions about every block. For representation and accuracy, the survey will have to be distributed both vertically and horizontally across your organization.

You don't need everyone to complete the survey, but you do need a statistically representative sample. This will vary according to the size and make-up of the organization. For example, an organization with 5,000 employees spread fairly evenly across departments may require around 350 responses. By comparison, a similar organization with 50,000 employees may only require 400 responses to gain the same level of statistical accuracy.

We have shown below a compressed version of the innovation maturity assessment that innovation culture expert Cris Beswick created in collaboration with Dan; which they call the Assessment for Innovation Maturity or AIM in short. You can use this adapted version of the AIM model in order to assess your company's current innovation maturity. This will give you an idea of whether or not your company has everything it needs in order to implement Innovation Accounting and if it doesn't, what areas need to be addressed before you can move forward.



	Strongly disagree [1p]	Somewhat disagree [2p]	Somewhat agree [3p]	Strongly agree [4p]
Strategy				
We have a company-wide definition of innovation.***				
Our company has a clear innovation strategy.				
Our innovation strategy is sufficiently aligned with our company strategy to deliver our innovation goals and ambition.				
Leadership				
We have a C-suite level leader responsible for delivering innovation across the organization.				
Our leadership team ensures we have a strong understanding of why we need to drive innovation.				
Our leadership team provides the right support and resources to deliver our innovation goals and ambitions.				

	Strongly disagree [1p]	Somewhat disagree [2p]	Somewhat agree [3p]	Strongly agree [4p]
Culture				
Contributing to innovation is seen as a part of everyone's job.				
We have a reward and incentive system that motivates and/or encourages creativity and entrepreneurial thinking.				
Diversity of opinion and perspective is sought from across the organization.				
Management				
Our management teams frequently monitor the company's innovation investments.				
Our management team has been trained in innovation management.***				
Our management team provides the right support and coaching to deliver our innovation goals and ambition.				

	Strongly disagree [1p]	Somewhat disagree [2p]	Somewhat agree [3p]	Strongly agree [4p]
Process				
We have a clear process of bringing an idea to scale (incl. clear evaluation and investment criteria that guide decision making).***				
Our innovation process is agreed upon by the entire company.				
We have company-wide specific tools and methodologies that enable innovation.				

Scale
12p - 24p - Novice
25p - 36p - Competent
37p - 48p - Leader

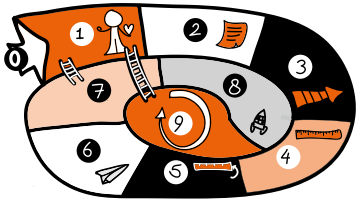
When looking at the data you need to pay particular attention to the three fundamental questions marked with ***. If your company's average score for any of these three is "strongly disagree" it means your company is not yet ready to implement Innovation Accounting, no matter how high your overall average score is.

Also, the answers to these key questions will give you an idea of where you need to focus on potential improvement efforts in the hopes of implementing Innovation Accounting.

However, if your company's average score in the fundamental questions was "somewhat disagree" we would encourage you to make further enquiries in the form of qualitative interviews.

In general, we say that companies that are ready to implement Innovation Accounting are the ones that scored at least "strongly agree" on all fundamental questions and at the same time had a total average score that puts them in the upper part of the "competent" bracket.

Now that you know what you are facing you are left with two options. First, you can improve the ecosystem and bring it to the level where it requires and will benefit from an innovation accounting system. Second, if your ecosystem is already mature enough, you can start building your company's innovation accounting system. Note there is no option for "do nothing." That would tacitly accept that your organization is not interested in pursuing innovation.



Step 1: Get buy in to implement an innovation accounting system

The need for an innovation accounting system and the drive to implement one can start at any level of the company. Obviously in organizations where this is on the strategic change agenda of the leadership team things will go smoother. However, for an organization where this is not the case, ensuring the commitment of the leadership team, as well as other key stakeholders, is essential for success.

In order to get the necessary buy-in, you need to consider the following tasks:

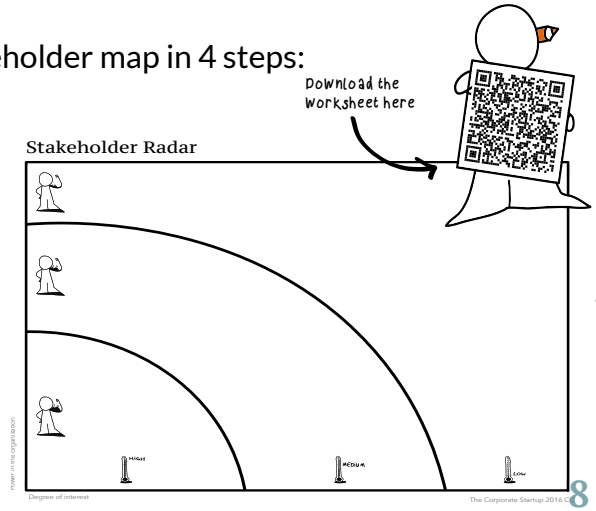
[Task 1.1] Obtaining senior leadership commitment for implementing an innovation accounting system

In order to get the required buy-in, you first need to understand who your key stakeholders are. You can use the stakeholder radar tool we presented in The Corporate Startup to get an accurate view.

In short you can create a stakeholder map in 4 steps:

1. List on sticky notes the names of all your project's stakeholders.

2. On a flat surface draw or use tape to create an X0Y axis system. Divide each axis into three equal segments and start labeling them as follows (see picture):



0X is the "interest in the project" line. Label each of the three segments: high interest, medium interest and low interest.
0Y is the "organizational power" line. Label each of the three segments: high power, medium power and low power.

3. Start placing the sticky notes with the stakeholders' names in the graph, making sure you're taking into consideration the degree of interest each individual has in your project and their respective degree of organizational power.

Using a whiteboard marker, you can also draw circle sectors clearly showing the stakeholders that have a high degree of interest and high power; medium degree of interest and medium power; low degree of interest and low power.

Note that you don't have to be precise when it comes to placing the sticky notes in the graph as long as everyone on your team agrees with the degree of interest and power each of the stakeholders has.

4. Color-code your results. Use colored sticky notes and re-write the name of each stakeholder on either a blue or a red sticky note depending on whether that person is a supporter of your project (blue) or a critic (red). If you are not sure if a person is a critic or a supporter, you can leave that name on a neutral color sticky note (yellow or white) only to change it later once their level of support becomes clear. This step can be combined with step one if you are clear on support levels from the outset.

With the map in front of you, you can now start to involve people in your Innovation Accounting plans. Based on the degree of interest in the project, power and whether or not certain stakeholders are supporters or detractors, you can take one of the following actions:

High-power, high-interest supporters:

- Schedule regular, formal, 1-on-1 meetings where you ask for advice, help or just inform them on progress,

- invite them to regular open demos, send out frequent 1-line updates,
- offer public gratitude,
- find options to involve them, then invite them to get more involved if they have time,
- share your wins,
- share your vision,
- create case studies that they can distribute to other shareholders especially to detractors.

Medium-power, medium-interest supporters:

- Invite them to large group sitrep meetings,
- have regular informal meetings keeping them in the loop on what's going on with your project,
- invite them to workshops,
- share your wins.

High-power, high-interest detractors:

- Invite them to regular formal meetings,
- offer public recognition,
- ask for advice,
- schedule private demos,
- share your wins,
- understand what motivates them to take a detractor stance,
- change their perspective by using influencers supportive of your initiative.

Medium-power, medium-interest detractors:

- Have regular informal meetings,
- schedule private demos,
- share wins,
- invite them to some of the open demos.

Having identified your stakeholders and outlined your best approach for each of them, you can move onto creating a simple elevator pitch for the implementation of an innovation accounting system in your company. This pitch should spark interest in your ideas, encouraging stakeholders to take the next step towards exploring and then buying into the idea. For the elevator pitch you can use the template below:

I have been looking into how we can measure innovation in our company. The current system, although great for our core business, has some limitations when it comes to innovation. Primarily it triggers an undesired reaction to new ideas.

What I've been looking into to solve this issue has the potential of complementing the existing system without adding unnecessary bureaucracy. With this complementary system, we will be able to, first of all, better understand how much innovation is contributing to our year over year growth, and secondly how much we are spending on innovation.

I'd like 20mins. of your time to talk you through this system in more detail and show you some easy next steps we could take.

Do you have a window? I know it will be of interest.

[Task 1.2] Agree on timing and resources needed

In order to ensure a smooth development and implementation of the innovation accounting system you need to make sure the project is not competing with other projects in the organization, even if it runs in conjunction with them or they share a similar topic.

Each innovation accounting system is different as it is tailored for the individual organization. So is its implementation.

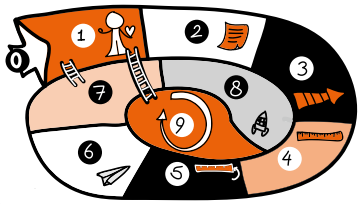
In order to agree with all the stakeholders on timing and resource allocation, you need to consider getting answers to the following questions:

- What other projects of similar size and theme are running in the company at the same time?
- In the light of these projects, is it the right time to embark on this one (the development and implementation of the innovation accounting system)?
- Is there a window of opportunity to implement this? If so, how big is that?
- How can we maximize the fit with the other change initiatives the company is currently pursuing on the topic of innovation or topics adjacent to the topic of innovation (e.g. leadership development programs, train the trainers program)?
- Do we have enough skilled staff that can join this project?

Again we don't advise you to dogmatically apply the suggested actions above. When speaking with the person in front of you, you should consider how you frame the project to best engage with them.

A study made by Nobel Prize winners Daniel Kahnemann and Amos Tversky on cognitive and social psychology, which later was published in the book "Choice, Value and Frames," notes that if you present a phenomenon to a group of individuals as a threat, it sparks a far more intense and energetic response than if the same phenomenon is presented, to the same group, as an opportunity. Other researchers such as Jane E. Dutton and Susan E. Jackson, have presented similar findings in their research on organizational behavior.

However, note that once the project starts and resources are allocated, the framing needs to shift from threat to opportunity. That will help to ensure a flexible and positive execution of the project. It is worth noting that the resource allocation process for a project of this magnitude is not a "big bang" type of event but a continuous one, and it usually goes hand in hand with reporting.



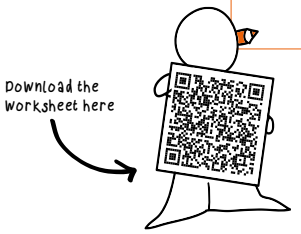
Step 2: Create a definition of innovation for your company

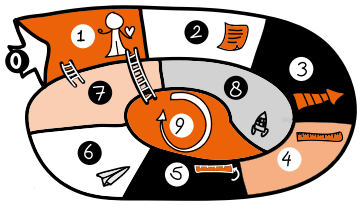
Innovation comes in many shapes and sizes as we have seen in Chapter 1 of the *Innovation Accounting* book. To bring clarity in any conversation and to design an appropriate innovation accounting system, the company has to first have an agreed-upon definition of innovation. A clear definition will help you design the right indicators and the right process. At the same time, clarity around what innovation means for your company will help you better understand if the current innovation maturity level of your organization (the one you uncovered in step 0) is suited for this type of innovation.

[Task 2.1] Creating a definition of innovation

For this task you can use the worksheet in Chapter 1.

How would we define innovation in our company?	What do we need to succeed in our industry?	What about innovation is important for our company?	If innovation were already happening at a high level in our company, how would we recognize it?	If our company's way of innovating were a box on the shelf of a supermarket, what would it say on the box?
Iteration 1	Iteration 1	Iteration 1	Iteration 1	Iteration 1
Iteration 2	Iteration 2	Iteration 2	Iteration 2	Iteration 2
Iteration 3	Iteration 3	Iteration 3	Iteration 3	Iteration 3





Step 3: Create a company wide Product Lifecycle Framework and create a team

We hope to have convinced you throughout the book of the necessity of a company-wide agreed Product Lifecycle Framework. And we hope you now understand how it serves as bedrock for the innovation accounting system. If your company already has a framework established, you can just skip this step.

However if your company doesn't have one you can continue reading. The primary tasks you need to accomplish for this step of the project are the following:

[Task 3.1] Establish a team that will help you implement the innovation accounting system and provide them with the skills and knowledge they need.

Implementing an innovation accounting system isn't an expert exclusive project. A small, well-trained team will have the best chance of success. Depending on the size of your company, you will need anywhere from 2 to 6 people to implement the new system. However it is worth noting that the team needs to be full time on this project. The composition of the team also needs to be clearly communicated to the leadership of the company.

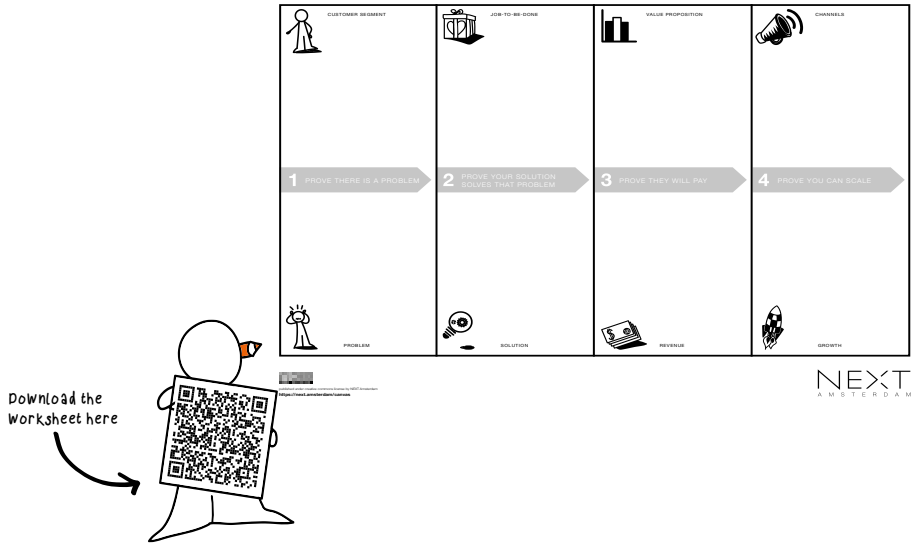
It is also important to ensure that the team reports regularly to a key sponsor or steering group which sits at the executive level of the organization.

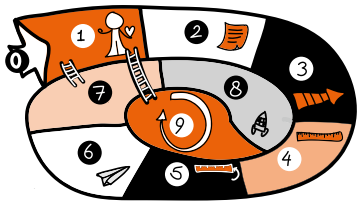
Needless to say, the team needs to be as diverse as possible, especially from a background perspective. A finance-centric team will find it hard to convince hard-core innovators that they will be helpful. Similarly, an all innovators team will struggle getting the buy in from the finance folks in the company; particularly when they are faced with the prospect of marrying the innovation accounting system with the standard accounting one.

But probably the most important element you need to set in place when building and training your team is mindset. What's important is to find people with a growth mindset and "just-do-it" attitude. People that understand that mistakes are part of the process of getting something done; people that are not afraid of making mistakes as long as the project progresses.

[Task 3.2] Create the first version of your company's Product Lifecycle Framework

For this task you can use the worksheet in Chapter 4.





Step 4: Identify the existing measures for innovation in your company and see whether or not they fit with the newly created definition of innovation and the Product Lifecycle Framework

It is difficult to think that your company doesn't have any measure for innovation today. Most companies look at least at ROI when they measure innovation. Others even have indicators in place that measure, for example, the number of ideas generated per year or certain other measurements for certain innovation activities.

Not all of the existing indicators your company has are bad. Coming in with an attitude that disregards the work others have done in the past will not help in winning over allies. Therefore we suggest the following two tasks to complete this step:

[Task 4.1] Identify the existing indicators for innovation in your company

Together with your team, look at identifying all the indicators that are already in place in the company. Ethnography work such as interviews is really useful here. You'll probably need to run interviews with finance and innovation people as well as with folks in HR.

[Task 4.2] Filter the indicators so that you are left only with the fitting ones

You need to have a very good understanding of every indicator you have identified before deciding whether or not to discard them from, or use them in, the new innovation accounting system. To do that effectively, you can use the following template that will help you and your team get a better perspective on the indicators you have collected in the interviews.

Existing Indicators Documentation Form:

Name of the indicator.

What is the question this indicator is asking?

Where does the data come from?

Where is the result going?
(Informing another indicator or is just reported as it is.)

What is the result useful for?
(What decision can we make with the metric?)

Which part of the ecosystem does the indicator belong to?
(Team, funnel, ecosystem, culture, capability.)

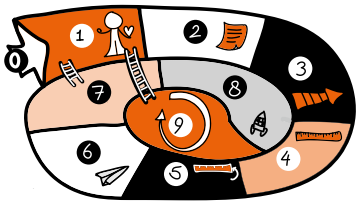
The indicators you can directly discard are the vanity indicators. Vanity indicators are hollow indicators that look nice on the surface but hold little substance. They are the ones that make you look good in front of others but do not help you understand your own performance in a way that informs actions. These indicators are great for pointing at, if you want to appear to be improving, but they often aren't actionable and aren't related to anything you can control or repeat in a meaningful way.

It is worth noting that any indicator can be a vanity one; particularly if the leadership doesn't do anything with the results.

You'll still have to filter the indicators that you've labeled as "not vanity." The best way to go about filtering the remaining indicators is to look at: Does the indicator fit with your company's definition of innovation? For example, an efficiency indicator might not be really useful for a company pursuing breakthrough innovation.

Is the indicator going to help you build an innovation accounting system that's based on the principles in Chapter 3? Take, for example, an indicator that takes ages to compute for little insight; this is in contradiction with the 6th principle so it can very well be discarded.
Whether or not the indicator complements the financial accounting system by mitigating against some of the shortcomings we outlined in Chapter 2.

Lastly you need to communicate your findings to the relevant stakeholders.



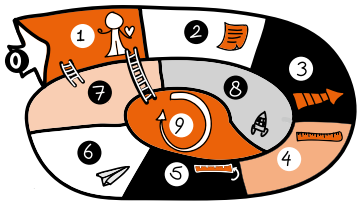
Step 5: Develop the new measure for innovation for all layers of the ecosystem as well as the supporting artifacts

From the previous step you have a very good idea of what the company is already tracking (and if it is useful). To make your innovation accounting system very robust, you now need to come in and complement what already exists with new indicators.

[Task 5.1] Develop new measures

We hope that throughout the book we have given you some good suggestions of indicators you can use and how to use them. However, if you feel you need to have something more tailored to your company or complement our list with other indicators, we suggest you approach the development of new indicators with the following pointers in mind:

- Your indicators need to be actionable. Essentially, they have to trigger a behavior change, otherwise they'll be labeled as vanity.
- The indicators need to be connected with the critical success factor of the activity they are designed for.
- Make sure that the amount of time required to gather the data and train people on how to use and report your new indicators should never outweigh the insight they provide.
- Your new indicators need to be able to connect with other ones. Similar to the abstraction principle we explored earlier in the book.
- Lastly, understand that every indicator can be gamed and there is no such thing as "the only indicator." Also remember that indicators can trigger the wrong behavior - so always be aware of the "dark side."



Step 6: Pilot the system (incl. onboarding people)

Now, with everything in place you just need to see if what you have created is actually driving impact and is fitting for the context of your company.

In the spirit of *"eating your own dog food"* we always recommend you to pilot the new system first, before deploying it at scale throughout the organization.

When it comes to running governance pilots, it's always best to follow Peter Drucker's advice: run 3 pilots on different business units or sites. This way you'll have more accurate data regarding the outcome.

To complete this step we suggest the following four tasks:

[Task 6.1] Identify the right pilot candidates

Selecting the right pilot candidates is an important task. You'll have to decide who's in and who's out.

As this decision needs to be very contextualized, it will be hard for us to tell you exactly how to go about selecting the candidates. However, we can share with you some of the things we've seen and applied with our clients.

The pilot candidates should be business units where there's a clear need for a complementary accounting system. Preferably they should be customer-facing business units. Also, these units need to be significant enough in size and contribution to the bottom line of the company for the pilot to be taken seriously. Lastly, we would advise you to go with units where you know that the leaders are more risk tolerant and therefore more friendly towards the idea of a pilot.

From our experience, the people that are going to fully support you in your quest to run a pilot, are the managers that are under pressure from the board to prove the value of their innovation activities. We observed a direct relationship between the level of innovation investment and the pressure to prove what the money is being spent on.

[Task 6.2] Get buy-in for the pilot

For this task, we encourage you to reuse the template and tools we have spoken about earlier.

Specifically, the stakeholder radar from task 1.1 will help you map and understand the stakeholder dynamic of the business unit in which you want to deploy the pilot.

The elevator pitch template from task 4.2 will help you get your foot in the door.

Furthermore, when getting buy-in, it's important to establish with the leaders what success looks like. Essentially creating a short list of parameters against which the pilot itself will be measured.

These parameters can be both quantitative and qualitative. For example, the usefulness of the data that reaches the leadership level can be assessed through a survey/questionnaire at the end of the pilot.

A clear definition of success will help you later on when reviewing the pilots (step 7) so make sure you don't overlook this activity.

Lastly, you should always agree on a timebox for the pilot. And again this timebox needs to be context sensitive. From experience we can suggest that a pilot of an innovation accounting system in a business unit of about 5,000 employees should not take longer than 12 months to run.

[Task 6.3] Train the people

Once the buy-in is secured and you have identified three business units to pilot the new system in, you need to start focusing on educating everyone with respect to the new indicators, process, tools and artifacts (the new system).

Together with your team you'll have to work up and down the organization, teaching product teams, setting up and training Venture Boards, and educating executives.

In most cases, your go-to activity will be workshops.

In order to run effective workshops, you need to start from a workshop skeleton before going anywhere near PowerPoint. The skeleton has to contain 3 parts: the audience profile, the learning outcomes and the actual schedule[1].

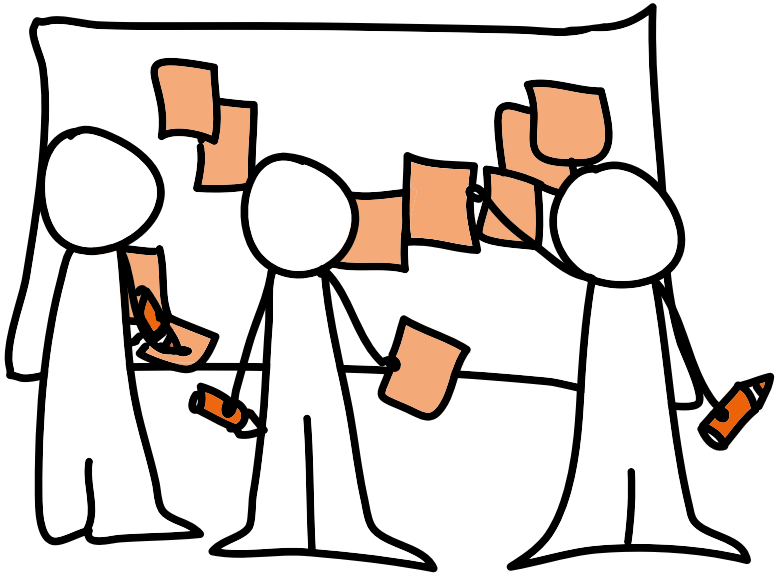
Before creating the content for the workshop, you have to be very clear on the people you are going to have in front of you. Creating a clear audience profile is done by figuring out the answers to these questions: Who is your audience? How experienced are they? What do they expect out of this workshop? What are their concerns and objections?

The audience profile will help you determine the right type of content and format as well as other details such as tone of voice.

The second part of your workshop skeleton is around the leading goals. Before preparing the content of the workshop you need to be very clear on what you expect to transmit to your audience, what would you like them to leave the workshop with?

Making your audience understand a certain indicator requires a different workshop setup than if you expect your audience to get familiar with a concept or learn how to use a new artefact.

Lastly, you need to look at the actual schedule. How many hours do you have at your disposal? How many breaks will you need to keep the energy level high and learning effective, and so on?



With all this added clarity, you can now decide on the best fitting format and you can start creating the actual content.

For more on the topic of designing and running effective workshops we would encourage you to pick a copy of Rob Fitzpatrick's and Devin Hunt's book "*The Workshop Survival Guide*."

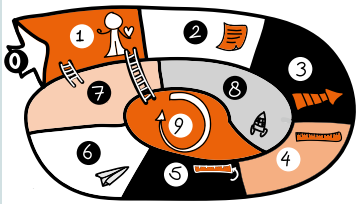
To make sure you have all your bases covered before kicking off the pilot you can always use the following checklist:

Pilot Checklist

- ◯ Three business units.
- ◯ Commitment for the pilot from the top tier in the company ensured.
- ◯ Commitment/buy-in from the leaders in the selected business units for the pilot ensured.
- ◯ Resources needed to run the pilot secured.
- ◯ Clear timebox for the pilot agreed on.
- ◯ The success of the pilot will be measured using these qualitative means:
  A:
  B:
  C:
- ◯ The success of the pilot will be measure using these quantitative indicators:
  A:
  B:
  C:
- ◯ Have a clear understanding of the needed training for the pilot to succeed.

[Task 6.4] Deploy the pilot

With all the pieces in place it is now time to get going. Good luck with the pilots!



Step 7: Review, update the system

You've concluded the pilots. Congrats! Now it is time to review them and update the system based on the learnings you got.

[Task 7.1] Review the pilot

Do you recall the definition of success we said you have to have in place before starting your pilots? Well this is where you are going to need it!

Part of reviewing the pilots is matching what you expect the pilot to bring with what did actually happen.

To do that, we encourage you to look at both qualitative insights and quantitative facts.

Checking the quantitative facts is easy. You will only have to compare what you've put down as parameters to check before the kickoff of the pilot and see if there are any changes.

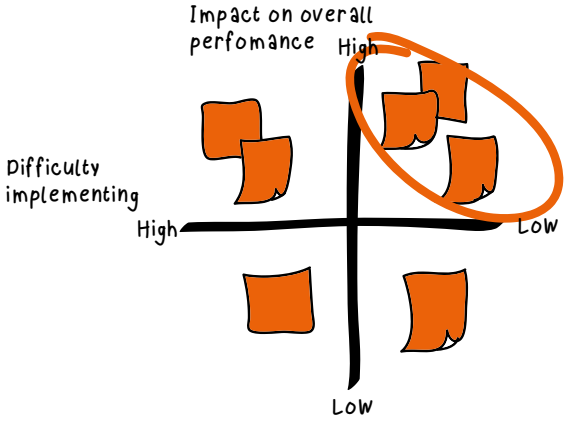
Running debrief interviews and/or sending out surveys to all stakeholders are good activities you and your team can perform to get qualitative inputs on your pilots.

Your interviews should ideally contain questions in all of the following 3 categories: what went well, what needs to be changed, what needs to be dropped.

With all the qualitative insights and suggestions collected, you can now move to consolidate the insights by spotting patterns and clustering the inputs.

Obviously, in your upcoming system update you won't be able to include all the comments and suggestions. Therefore it's important to prioritize.

Here we encourage you to build a HiLo diagram where the vertical axis represents the impact the suggestions/insights will have on the overall performance of the system. The horizontal axis outlines the difficulty you'll have in implementation.



This populated HiLo diagram will serve as a pseudo improvement roadmap for you and your team.

[Task 7.2] Update the system

Updating the system requires you to consider both the qualitative and quantitative feedback you receive from running the pilot.

For every improvement you decide to make, you have to have a clear connection to an outcome. Therefore we suggest you use a simple form that's going to bring clarity to your actions.

From there it is just going to be a matter of working through the HiLo diagram and implementing the required updates.

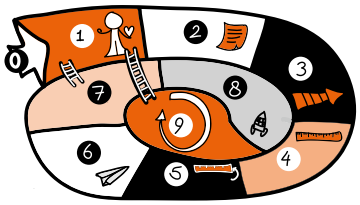
Innovation Accounting System Improvement Card:

Having support in <this issue>

We believe that <this action / improvement>

Will result in <this outcome>

The outcome will be measured by
<this indicator>



Step 8: Scale the system

With the lessons learned factored into your change process, it's time to scale beyond the three pilots you initially ran. But while piloting and then scaling the pilot, sounds like a perfectly logical approach, there is plenty of evidence that shows that even successful pilot projects often don't lead to successfully scaled implementations[2].

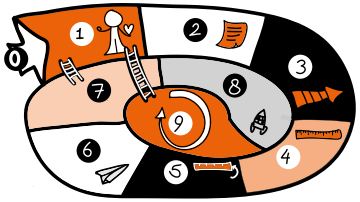
Scaling a pilot out across an existing system is substantially different from running a successful pilot. The success of a pilot can be attributed to many factors[3]:

- In some instances the "success" of a pilot was simply a result of random chance, or what researchers call the Hawthorne Effect.
- In other cases the success was due to what you might call a "hidden parameter"; something that researchers don't realize is affecting their test. For example, managers might be incentivized to make the pilot work, or the usual cultural and administrative barriers to change might be temporarily suspended.
- Sometimes the success was due to high quality, fully committed staff. The people chosen to participate are particularly receptive to trying new things. They often feel they're "special" for being chosen and therefore work particularly hard.
- Other times the results are survivor bias.

But at scale these conditions might no longer exist. Instead, everyone is told to follow specific directions to ensure that the new approach is implemented consistently, training and support are spread thin, there is no relief from other goals, and the change is often viewed as just one more requirement on top of everything else.

However this does not need to be your reality. There is an alternative path you can take once you have achieved a successful pilot. As part of the scaling phase, create the conditions that allow other business units to adopt the system and use it in their unique circumstances. Make them feel ownership over what's being implemented. Doing so requires encouraging collaboration and behavior-change[4].

More specifically: rather than telling them exactly what to do, challenge them to find ways of improving the pilot by inviting them into the pilot review session (step 7). Give them some guidance about the extent to which they can modify what came out of the pilot, but otherwise let them loose and see what they can do to generate solutions that they own. Finally, capture all the inputs and include them in the scaled system.



Step 9: Constantly monitor, review and update the system

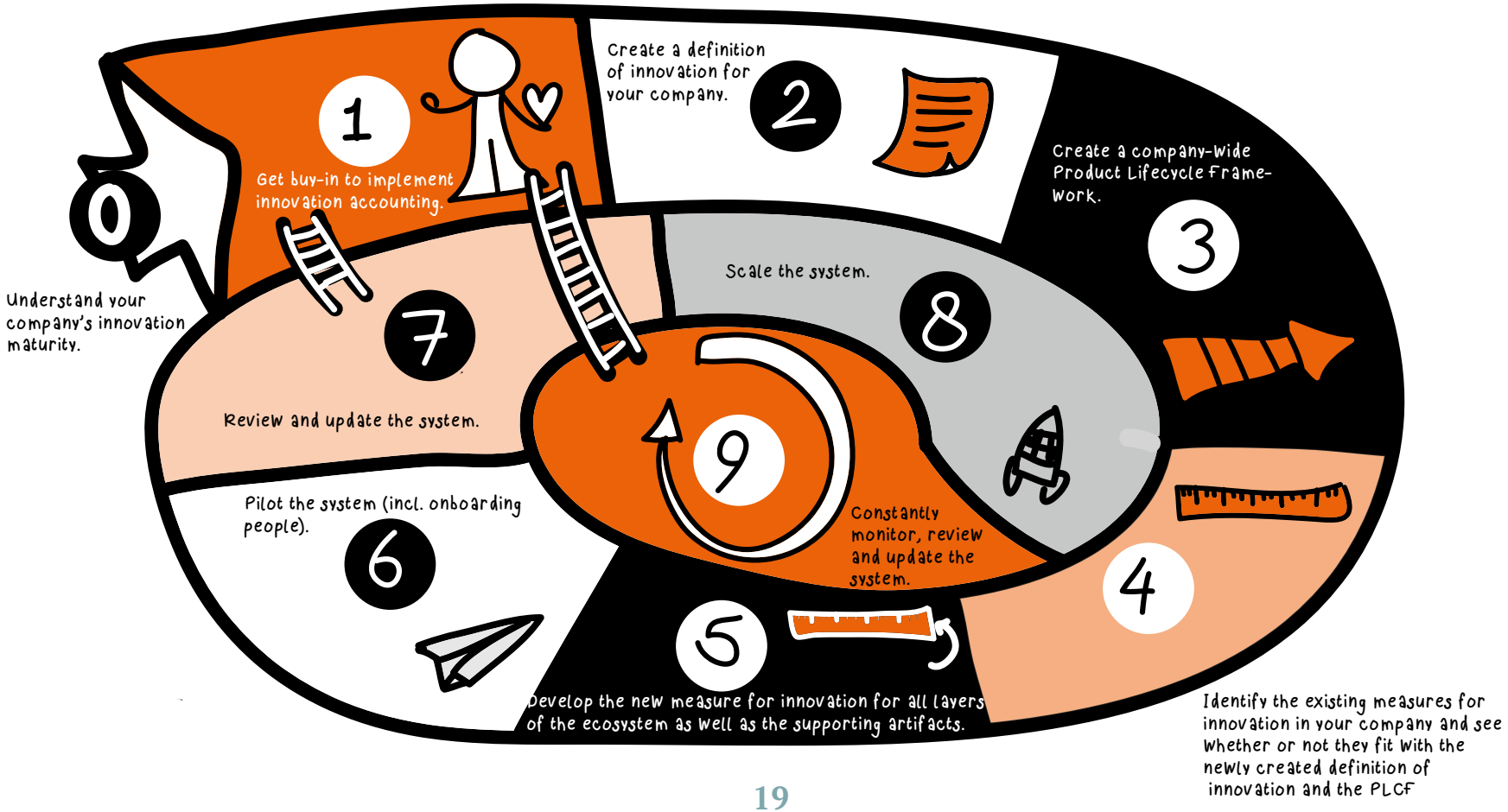
Nothing is forever. It's great that you now have an innovation accounting system designed specifically for your organization. But this doesn't mean that this system is perfect. It will never be.

Updates in your company's vision or strategy might lead to different needs for innovation, which in turn will lead to different indicators being required. Similarly, changes in your company's macro environment might trigger a need to update the innovation accounting system.

Therefore it's your responsibility to constantly monitor the system and identify if it still provides the promised value. Changes, small tweaks or updates are part of keeping the innovation accounting system up and running and, above all else, useful.

Under normal circumstances we would encourage you to run a retrospective of the entire system every 24 months. But sometimes you might need to make changes sooner.

Speak with, and involve the people that work constantly with the innovation accounting system. The teams, the Venture Boards and the executives will be the ones that can flag problems or shortcoming in the system. Be humble and curious, always ask yourself if there are better metrics you can design and deploy. Pretend the innovation accounting system is a startup, you are the founder and the company is your client. Always be on the lookout for better ways to serve your clients' needs.



NOTES:

References:

1 R. Fitzpatrick and D. Hunt. (2020) 'The Workshop survival guide'
2 https://www.theatlantic.com/business/archive/2011/12/why-pilot-projects-fail/250364/
3 https://www.theatlantic.com/business/archive/2011/12/why-pilot-projects-fail/250364/
4 https://hbr.org/2021/01/how-to-scale-a-successful-pilot-project

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