

## Goldense Group, Inc.

### Survey

#### Shows Industry Shifting From Monitoring Metrics To Corporate Performance Metrics

**Part 5 of 5 - May 10, 2008**

Goldense Group Inc. [Needham, MA] published its fifth biennial research study on leading practices in R&D/Product Development in May of 2008. The latest survey focused on innovation: its strategies, tactics and operations. This article begins a monthly series presenting select findings from the GGI Survey.

The GGI research was conducted between August 2007 and January 2008. Questionnaires were mailed to product development professionals in a wide range of fields, from North America, Europe and Asia. Responses were received from 209 companies from such industries as aerospace & defense, electronics, chemicals, software and medical products. The questionnaire contained 30 questions covering the following areas: demographic profile, innovation environment, innovation processes, innovation identity, innovation tools, and top corporate-level R&D metrics.

The GGI research has examined the top R&D metrics used in industry over the course of the past decade. The following table shows the percentages of respondents reporting the use of each metric in 1998 and in 2008, and the difference between the two percentages.

This analysis shows a clear trend away from monitoring metrics to performance metrics for R&D. The growing prevalence of metrics such as revenue from new products, average project ROI, and patent measures suggests a shift toward measuring not just activities but also results. Said GGI President Brad Goldense, in a recent interview with Industry Week: "The saying goes, 'You get what you measure.' If the current trends continue North American companies will be ever more competitive in the years ahead."

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# Fast Track

Practitioner-based Research & Knowledge Exchange

Top R&D Metrics Used by Industry, 1998 and 2008	1998	2008	Delta(2008-1998)
1. R&D spending as a percentage of sales	76%	77%	1%
2. New products completed/released [Number of new products released]	68%	53%	-15%
3. Number of approved projects ongoing [Number of products/projects in active development]	61%	47%	-14%
4. Total active products supported	54%	A*	N/A
5. Total patents filed/pending/awarded/[rejected]	51%	61%	10%
6. Current-year percentage of sales due to new products released in past x years	48%	56%	8%
7. Percentage of resources/investment dedicated [to new product development]	46%	41%	-5%
8. Percentage of increase/decrease in R&D head count	43%	31%	-12%
9. Percentage of resources/investment dedicated to sustaining products	39%	A	N/A
10. Average development cost per projects/product	39%	A	N/A
11. Total R&D headcount	B**	59%	N/A
12. Number of products in defined/planning/estimation stages	B	35%	N/A
13. Average project ROI – return on investment or average projects payback	B	31%	N/A

Material in brackets ("[ ]") reports the wording of the given metric in the 2008 survey where it differed from the 1998 survey.

- \* Metrics marked "A" were among the top ten most often used metrics in 1998 but not in 2008.
- \*\* Metrics marked "B" were among the top ten most often used metrics in 2008 but not in 1998.

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