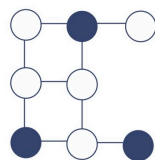


Impact Assessment Methodology



THE EVIDENCE NETWORK
Measuring Innovation Impact

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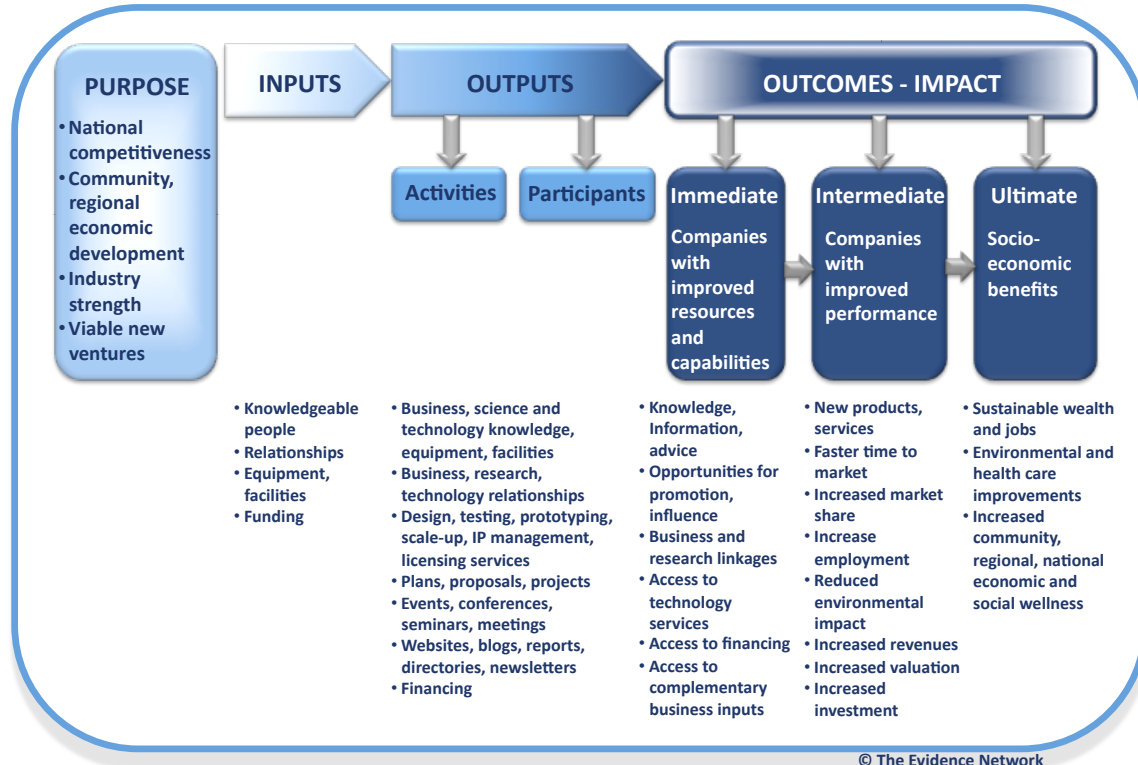
TEN's Impact Assessment Methodology

TEN's approach to measuring innovation impact is based on the premise that innovation intermediaries can be described as an overarching class of organizations whose members share common goals. Despite their diversity, innovation intermediaries, ranging from small economic development organizations to large and sophisticated research institutes, seek to make their member or client companies more innovative, in the interests of facilitating increases in their viability, profitability, or other manifestations of their success.

TEN's Logic Model

The logic model shown below illustrates how innovation intermediaries work to fulfill their missions, and how TEN measures their impact. As shown at the top-left of the diagram, innovation intermediaries express their purpose in terms of national competitiveness, regional economic development, industry strength, or viable new ventures, and conduct activities to achieve immediate and intermediate impacts on the companies that are their members or clients, and long-term impacts in the form of socio-economic benefits. The immediate impacts of innovation intermediaries are improvements in the resources or capabilities of client or member companies, intermediate impacts are improvements in the performance of client or member companies, and long-term impacts affect communities, industries, economies, societies, and the environment.

TEN's Innovation Intermediary Logic Model



Working backwards, from right to left, the logic model shows *how* different types of impact are achieved. The achievement of long-term impact depends on the achievement of intermediate impact, which in turn depends on the achievement of immediate impact. So, for example, an innovation intermediary that seeks to create economic growth in a region (its purpose and desired long-term impact) does so by facilitating improvements in the performance of local companies (its desired intermediate impact), either by facilitating company growth or the creation of new ventures, or by attracting new companies to the region. It facilitates company growth and the creation of new ventures by facilitating improvements in the resources and capabilities of local companies (its desired immediate impact). The fundamental insight is that innovation intermediaries achieve their desired intermediate and long-term impacts by affecting the resources and capabilities of the companies with which they work.

Importance of Outputs

TEN measures the intensity of use of outputs, and the immediate and intermediate impacts of innovation intermediaries. By measuring the intensity of use of outputs, we are able to ascertain which service offerings of intermediaries are considered to be most important to companies. This information is essential for intermediaries that aim to better match their program offerings to company needs, and thereby improve their program's impact on companies.

Immediate Impact

By measuring immediate impact, TEN provides intermediary managers and boards of directors with timely feedback on the suitability and effectiveness of intermediary services. Note that we measure immediate impact by asking about the *impact* of intermediary services on specific company resources and capabilities, not by asking about *satisfaction* with intermediary services, as a customer satisfaction survey would do. While clients may be satisfied with an intermediary's networking event, the event may or may not have had an impact on their ability to find, for example, new suppliers.

Intermediate Impact

By measuring intermediate impact TEN provides management, investors, and other stakeholders with evidence of the effect of intermediary services on company performance in terms of new products and services, employment, or revenues, etc. Measuring intermediate impact is important because it corresponds to the missions of intermediaries and provides the hard evidence of results that stakeholders seek. But company performance depends on a number of factors and so to assess intermediate impact we consider both the change in company performance and the degree to which the change is attributable to the intermediary. For example, to determine the impact of a research institute on the revenues of client companies, we ask about both changes in revenues and the degree to which those changes are attributable to the services of the research institute.

Ultimate Impact

Innovation intermediaries hope to have long-term impacts that correspond to their missions. But the measurement of long-term impact is difficult because changes in the economy, the environment, or society are brought about by the collective actions of many players. So it is difficult to attribute such changes to the activities of a single organization. But as long-term impact is facilitated by the achievement of intermediate impact, evidence of intermediate impact is suggestive of possible long-term effects.

Measurement Dimensions

TEN's logic model expresses the expectation that outputs create immediate impacts and that immediate impacts on company resources and capabilities will lead to subsequent impacts on company performance, an expectation that holds across all types of innovation intermediaries. The activities in which innovation intermediaries engage are supported by knowledge-based and tangible inputs, and they lead to a wide range of outputs such as knowledge, relationships, events, publications, prototypes, equipment, and facilities. The outputs are expected to lead, in turn, to the immediate, intermediate, and long-term impacts described above. Details of how innovation intermediaries achieve their desired impact, together with dimensions on which to assess immediate and intermediate impact are shown in the lower part of the above diagram.

Statistical examinations of the relationships between outputs, immediate impact, and intermediate impacts make it possible to assess which outputs and immediate impacts are significantly related to the impact of the intermediary on companies' performance in the market.

TEN Surveys

TEN measures the variables described above using a customized survey instrument. Our impact assessment surveys are short and easy for member or client companies to complete. Assessments can focus on a single organization, can compare actual to targeted performance, or can compare the performance of multiple units, divisions or organizations.