



**THE EVIDENCE NETWORK**  
Measuring Innovation Impact

# Impact Measurement – Best Practices

**Brian Barge PhD**  
**President and CEO**  
**The Evidence Network**



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# The Evidence Network (TEN)



**TEN is an independent third-party assessment firm**



**We focus exclusively on impact assessments of organizations and programs that support business innovation**



**Rigor of academics; practicality of industry**



**Born Global**



# ECONOMIC IMPACT

## COMPANY GROWTH

REVENUE GROWTH  
**\$178.5** MILLION  
of \$299.5 Million Total Revenue

INVESTMENTS RECEIVED  
**\$150.6** MILLION

CREATED  
**610** JOBS  
of 2,310 Total Jobs



THE POWER  
OF YOUR  
ORGANIZATION'S  
IMPACT!



## YOUR ORGANIZATION IMPACT

REVENUES  
**\$9.4** MILLION

INVESTMENTS RECEIVED  
**\$8.8** MILLION

CREATED  
**58** JOBS

PORTION OF COMPANY  
GROWTH ATTRIBUTED  
TO YOUR ORGANIZATION



# What questions am I addressing?

**Q: What is the impact of your incubator/accelerator on companies and the economy?**

**A: Impact is manifested in terms of:**

- Improving companies' capacity to perform
- Improving companies' market performance
- Impact on the economy

**Q: What is your incubator/accelerator's performance relative to others?**

**A: Benchmark using impact measures**





# Benefits of Robust Impact Assessments

Robust assessments of impact on companies enables you to:

- **Provide evidence** of impact to get funding and make good spending decisions
- **Increase** your impact
- **Attract** the best companies
- **Be accountable** for results to Funders, Boards of Directors, and Advisory Committees
- **Link** incubator activities to the economy
- **Communicate** your impact to stakeholders





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Tuesday, August 26, 2014

10:43 AM EDT

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### Star finds taxpayer-funded MaRS' math doesn't quite add up

Star investigation: Public agency cites confidentiality agreements when asked to back up numbers, keeps names of most clients secret, as CEO who earns more than half a million dollars a year disagrees with Star's conclusions



“The \$3-billion impact figure is based on analysis so flimsy that it wouldn't pass the test of a Grade 10 science student, which is ironic for an institution charged with commercializing research by some of Canada's top universities,” said Mark McQueen, CEO of Wellington Financial, a Toronto-based firm that provides debt to venture capital-backed innovation companies across North America.



# Impact by 'Association'

## Example 1:

***Battelle estimates 'the total employment impact of all research parks in the US and Canada to be more than 750,000 jobs.'***

Characteristics and Trends in North American Research Parks, 2007,  
Battelle Technology Partnership Practice

## Example 2:

***'A top listed incubator generates 2.4 times higher number of jobs per client per year.'***

UBI Index 2013

**'Be careful how you spin it!'**  
**Meredith Erlewine**  
**Measuring your Business**  
**Incubator's**  
**Economic Impact**  
**NBIA (2007)**



# Impact by ‘Association’

## Example 3 – Surviving firms:

‘...the facility has assisted more than XXX tenants and graduates, with YYY percent of firms surviving five or more years’

## Example 4 – Financing raised:

‘...XXX companies have benefitted from participating in YYY programs and raised more than \$ZZZ billion in funding’







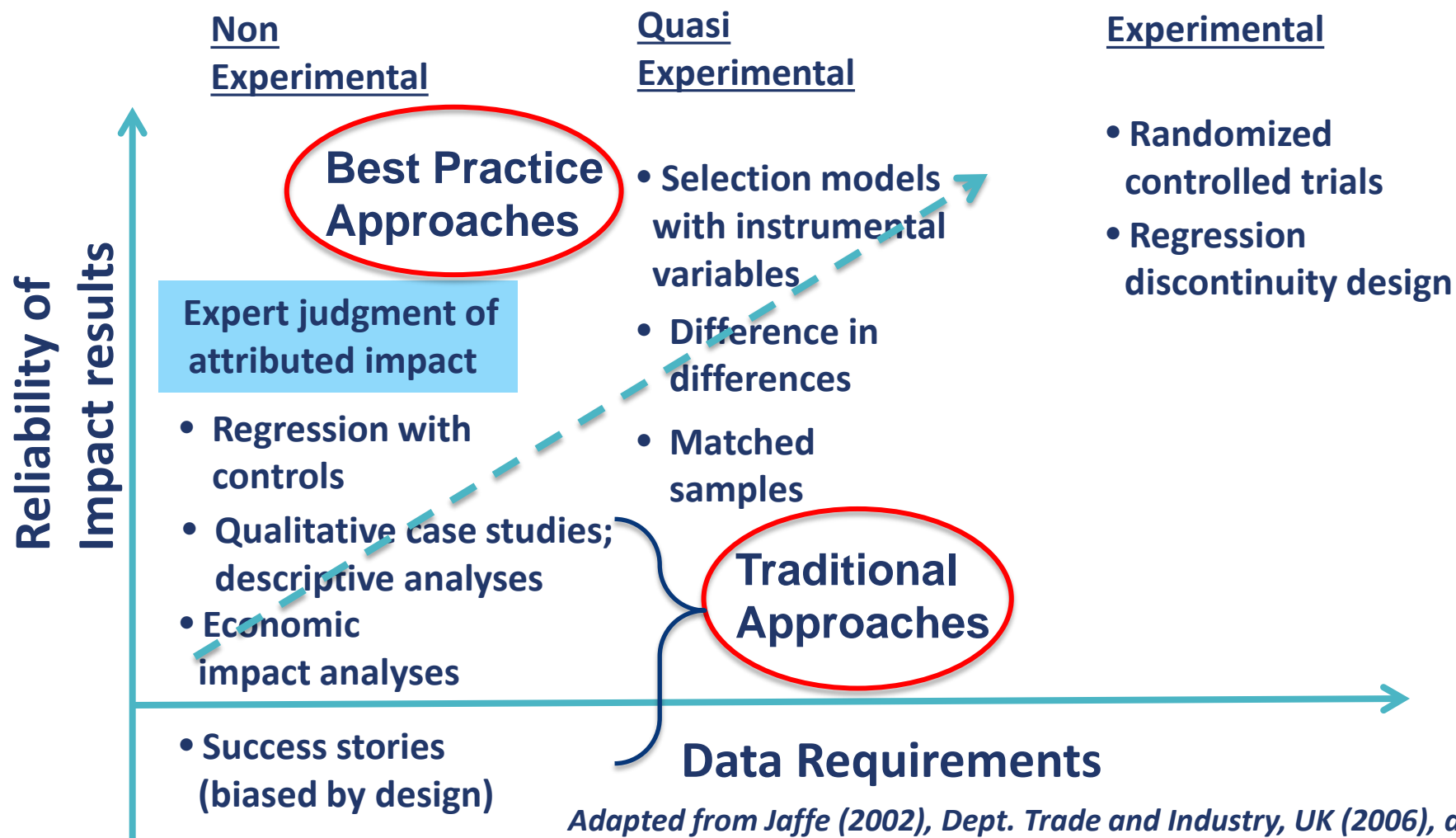
# What characterizes best practice methods?

- Best practice methods distinguish the 'treatment' effects (impact of incubator support) from the 'selection' effects (would the companies have performed better anyway?)





# Best Practices – Methods, Data, and Reliability



*Adapted from Jaffe (2002), Dept. Trade and Industry, UK (2006), and Council of Canadian Academies (2013)*



# How do incubators REALLY impact companies?

**Incubator/Accelerator**

**Client Company**

**Mission**



**Impact on  
company  
performance**



**Services**



**Impact on  
company  
capabilities**



*See Dalziel, M. & Parjanen, S. (2012). Measuring the impact of innovation intermediaries: A case study of Tekes. In Melkas, H. & Harmaakorpi, V. (eds.) "Practice-based innovation: Insights, applications and policy implications", Springer.*



# Uses of Expert Judgment - Examples

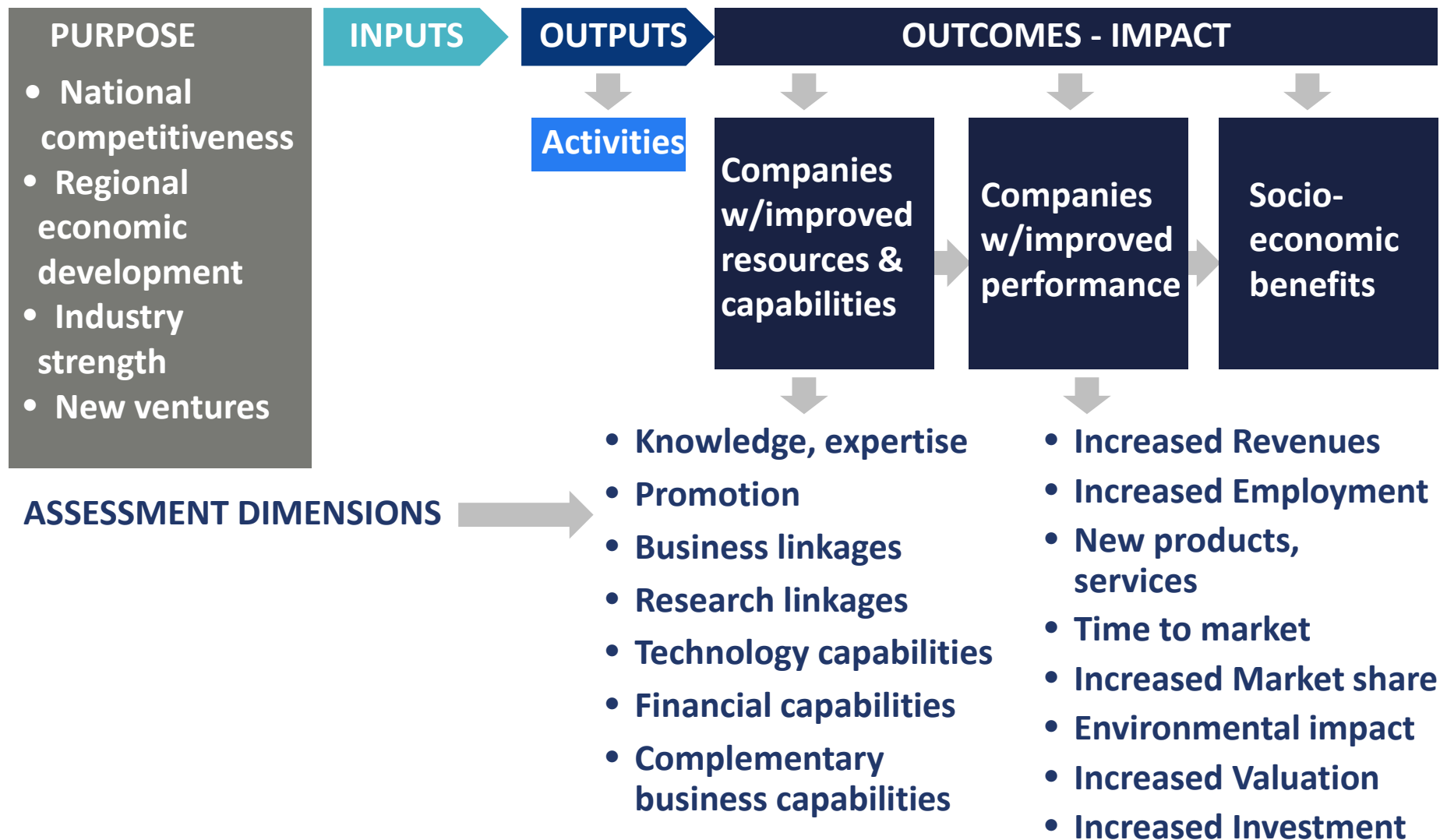
- Design of aircraft engine controls
- Assessment of software quality
- Assessment of health care counseling
- Cost estimation
- Project planning
- Predicting future events
- Innovation impact assessments (The Evidence Network)



Impact on companies  
attributed  
by expert judgment  
of companies



# TEN's Impact Assessment Methodology

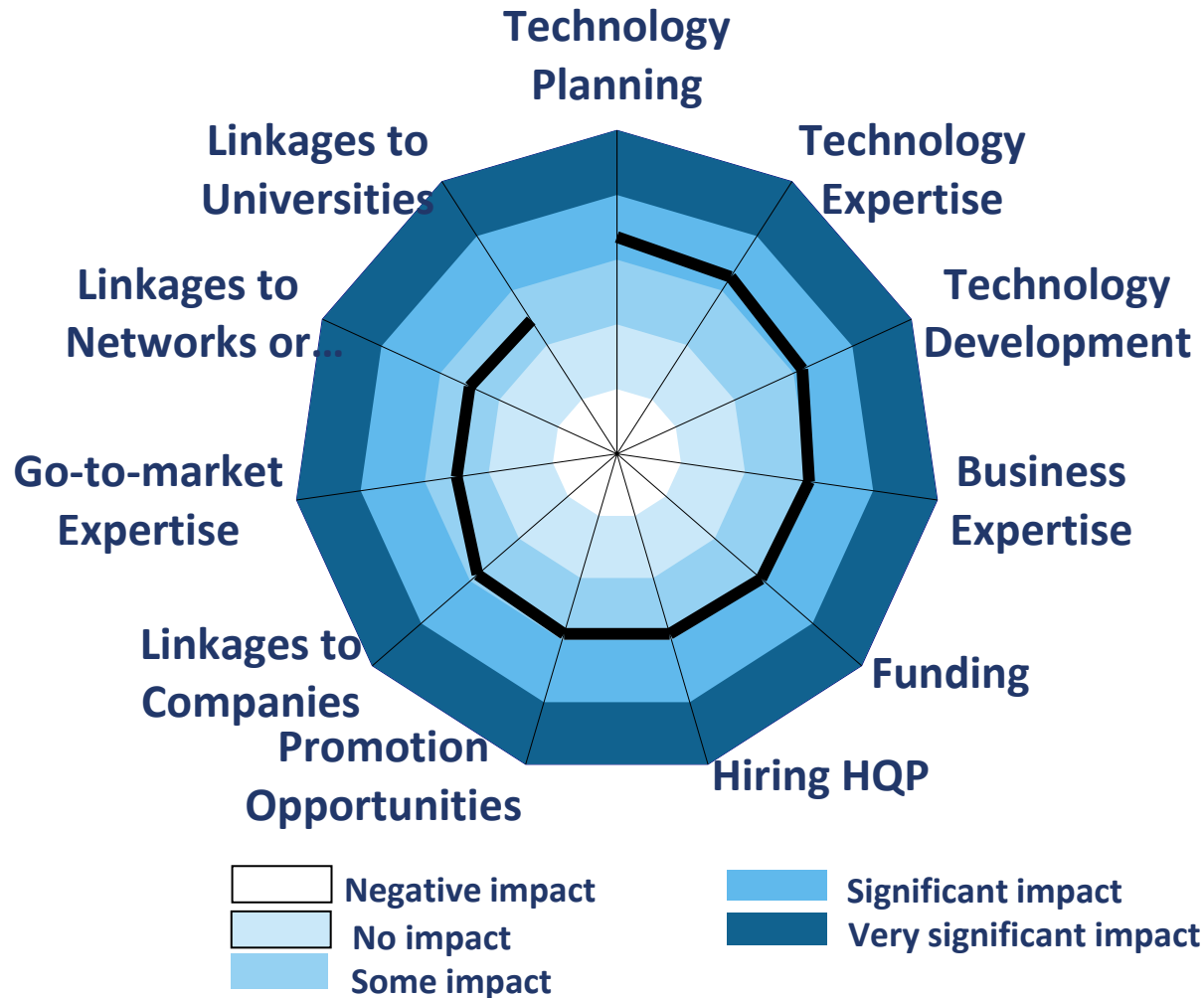






# Impact on Company Capabilities

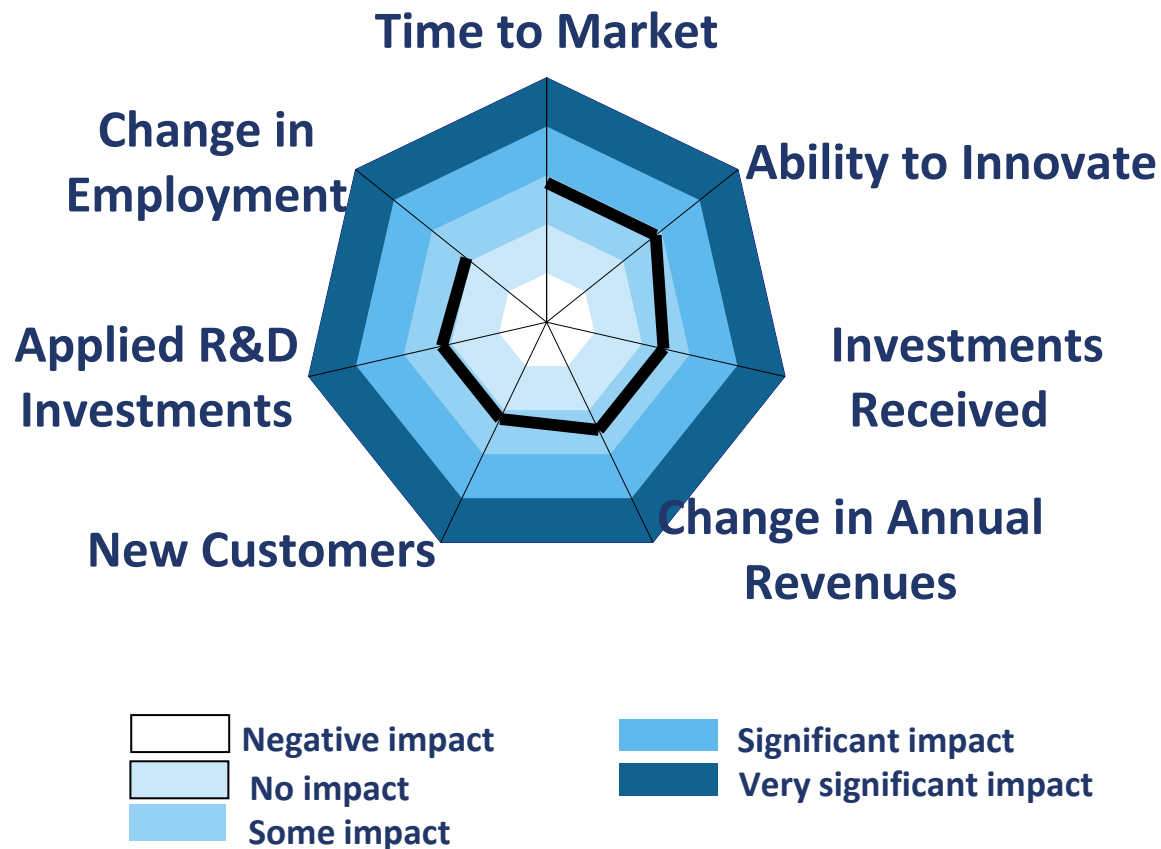
## Example 1: Technology Accelerator





# Impact on Company Performance

## Example 1: Technology Accelerator





# Best Practices Achieve Impact

## Use of Services

### Information services

- Information or member services
- Mentoring and consulting

### Development services

- Technology projects
- HQP development

## Example 1: Technology Accelerator

## Impact on Capabilities

### Expertise and funding

- Business expertise
- Technology planning
- Technology expertise
- Technology development
- Go-to-market expertise
- Facilitation of Funding

### Institutional linkages and hiring

- Linkages to universities
- Linkages to government
- Hiring HQP

### Business linkages and promotion

- Promotion opportunities
- Linkages to companies

## Performance Impact

- Change in revenues
- Change in employment
- New customers

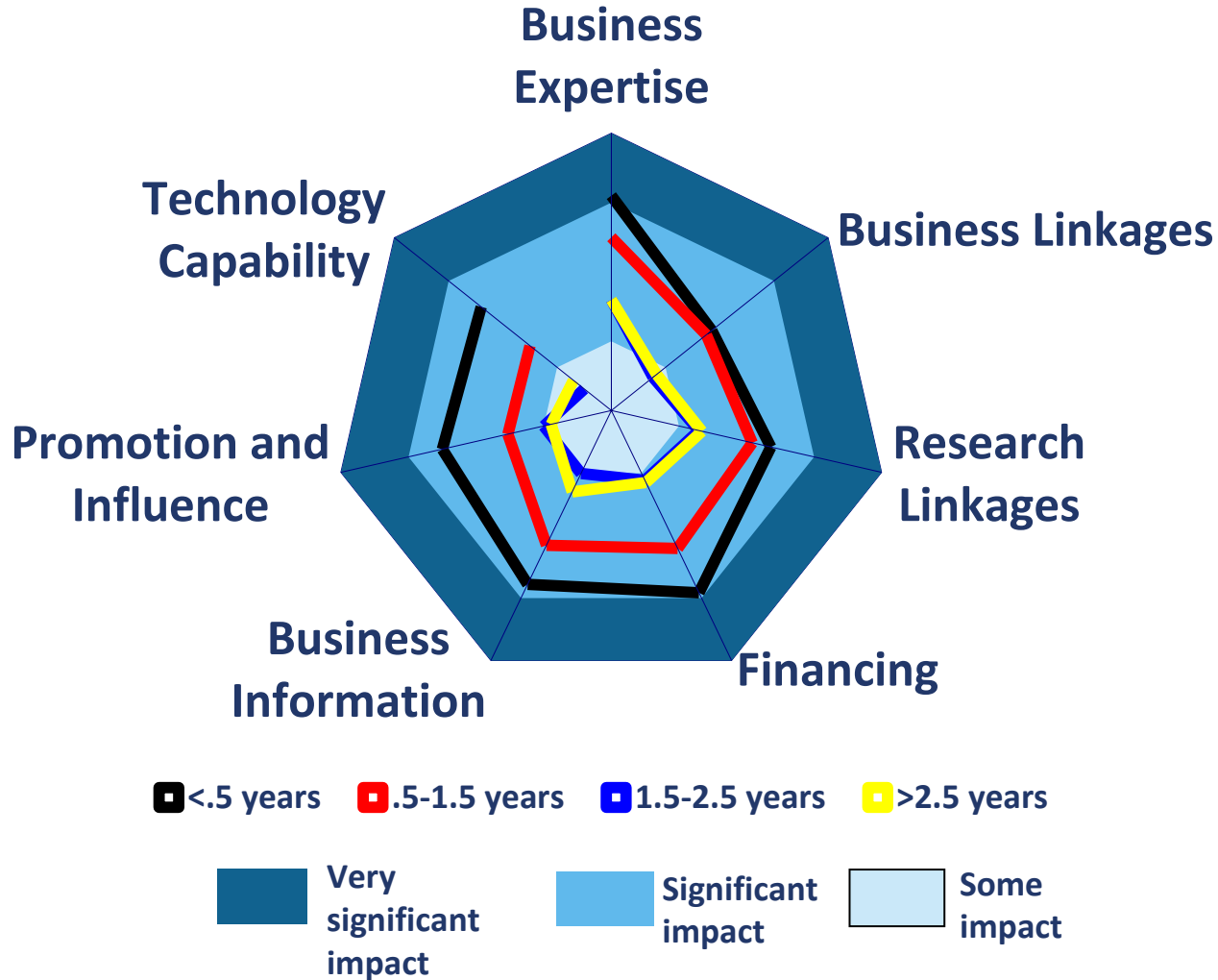
99%

95%



# Impact on Company Capabilities

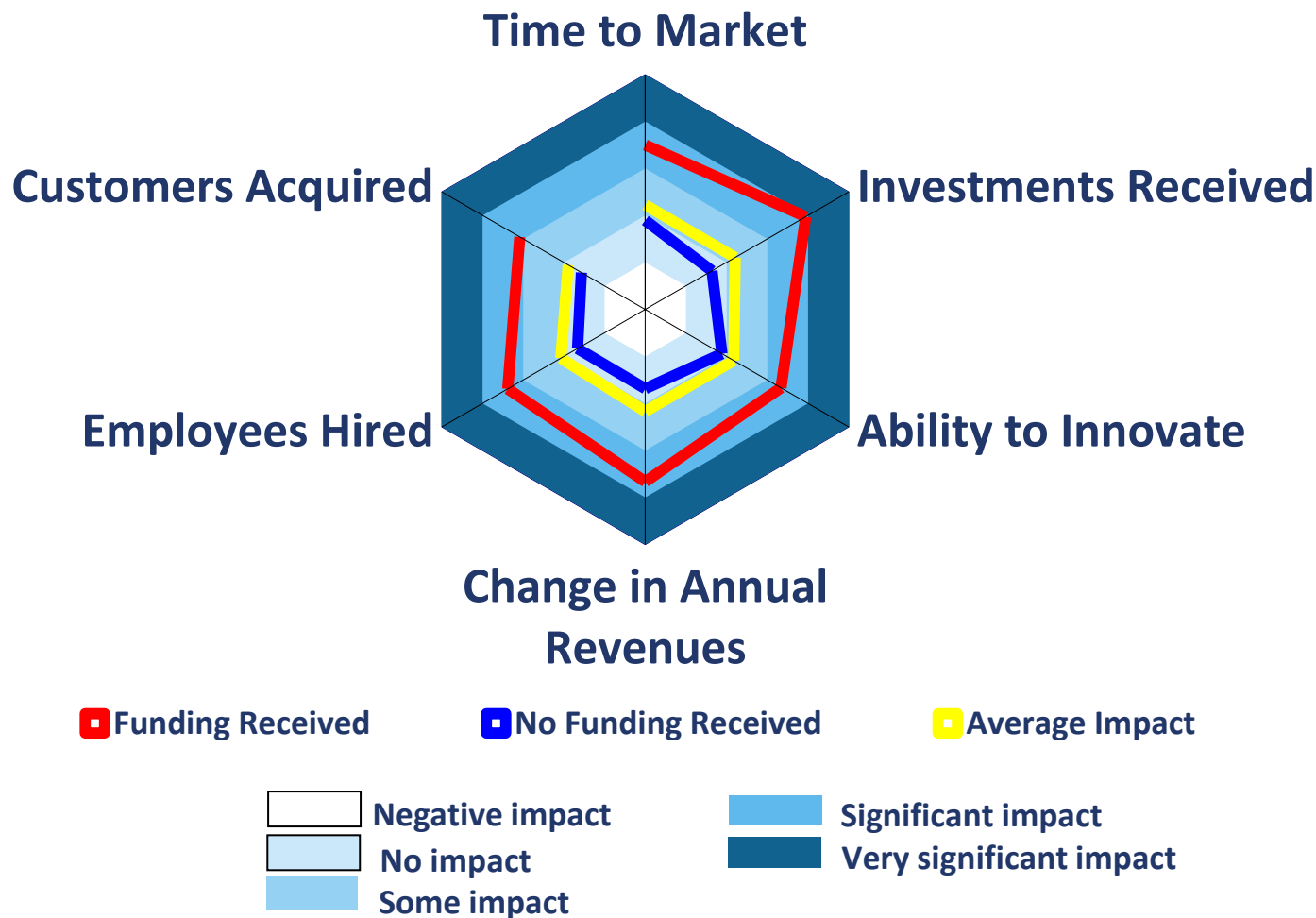
## Example 2: Large incubator/accelerator





# Impact on Company Performance

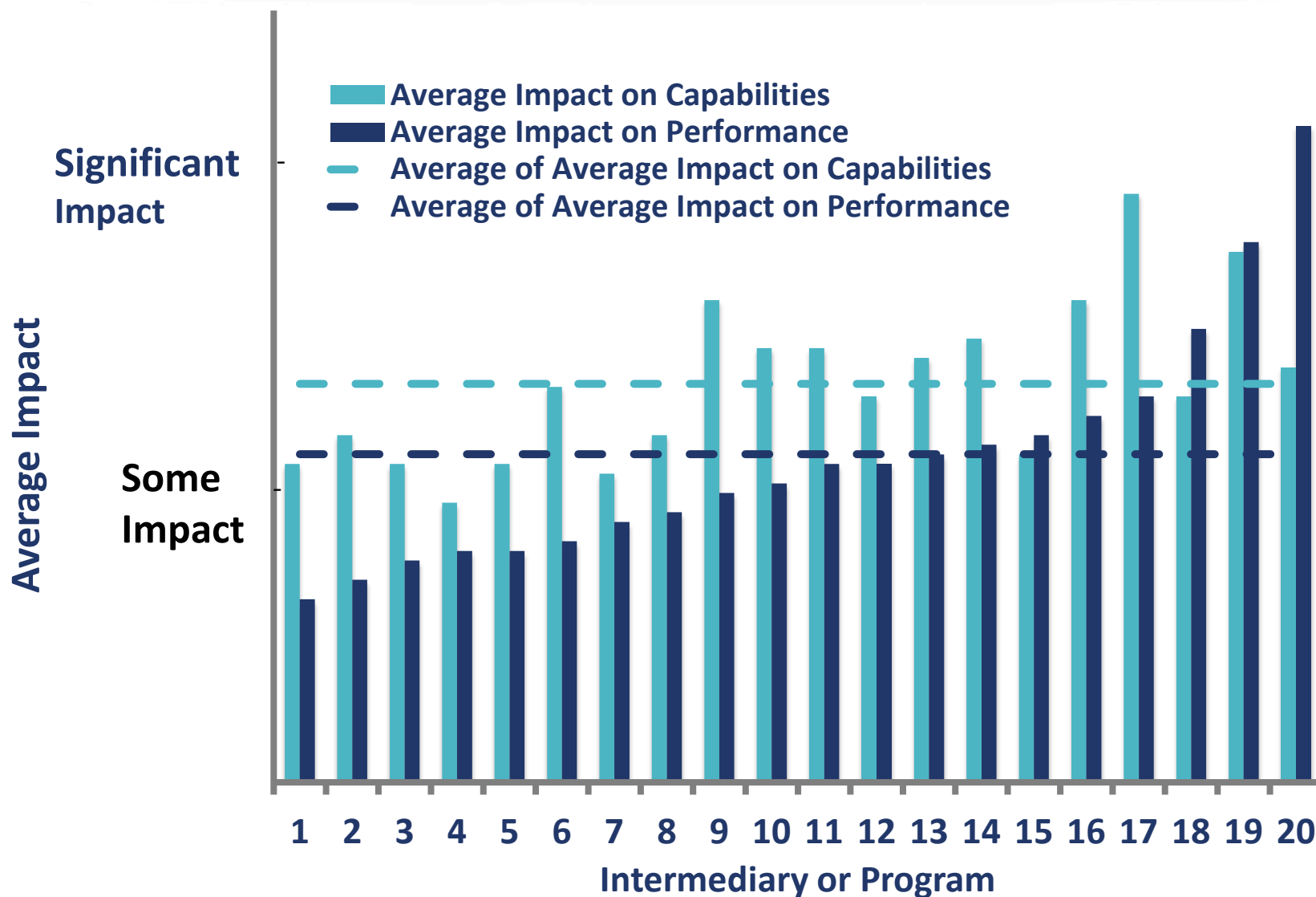
## Example 3: Funding incubator/accelerator







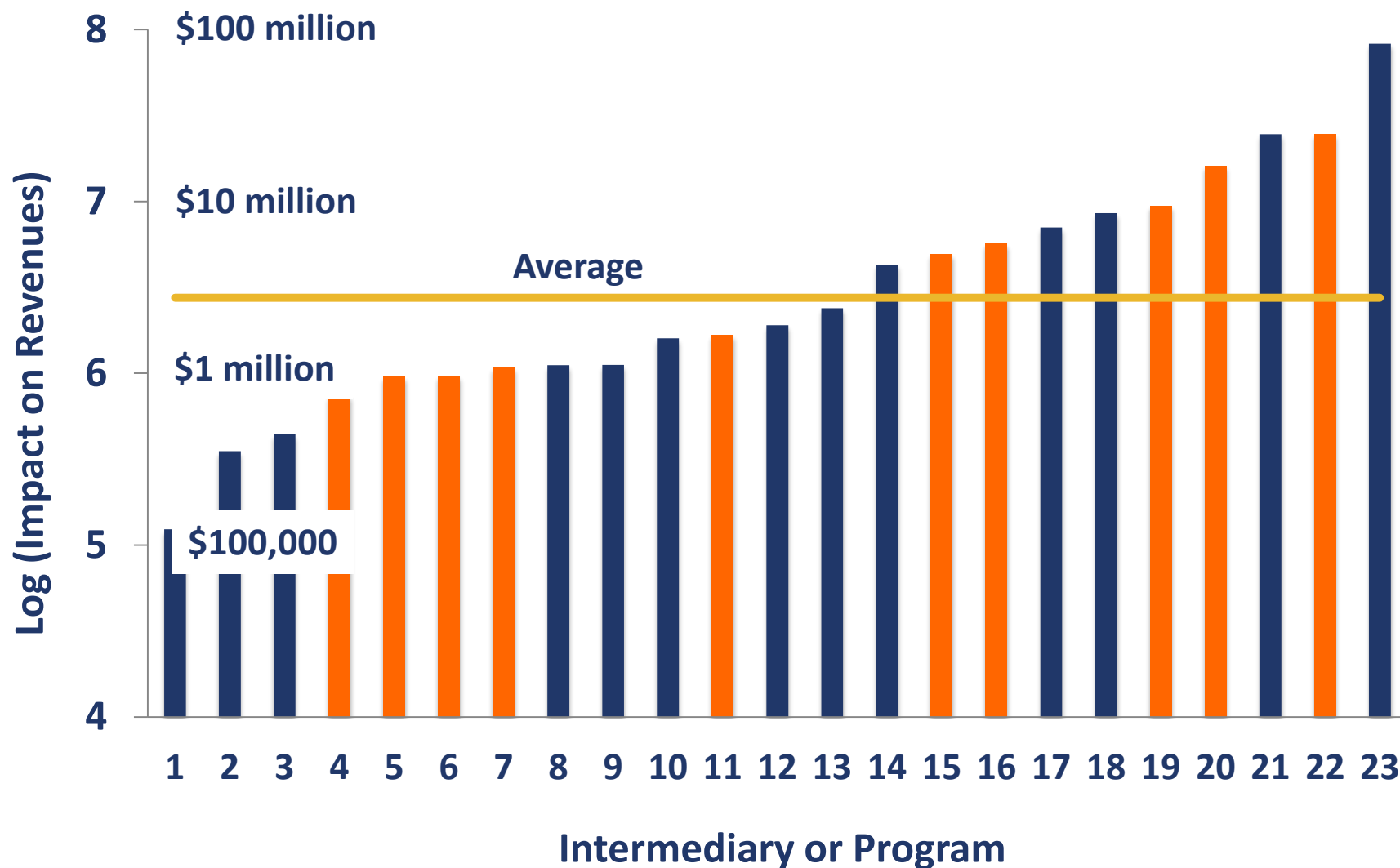
# How good is good? Benchmarking Impact





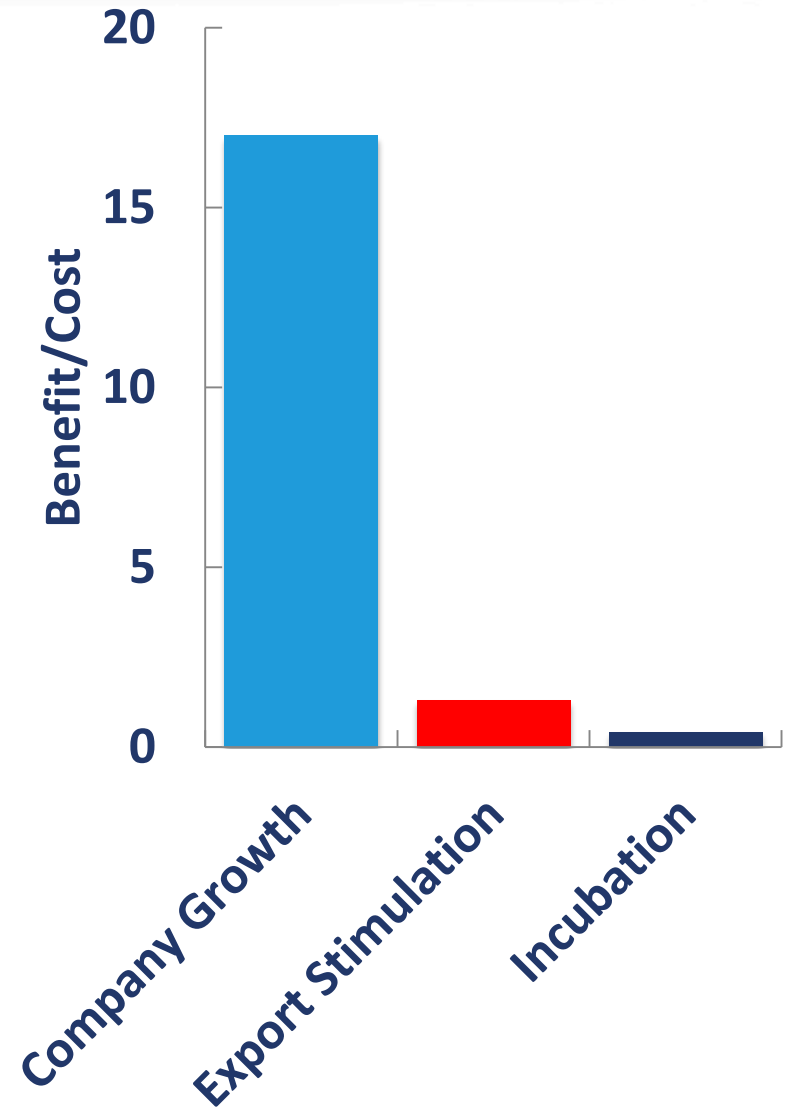
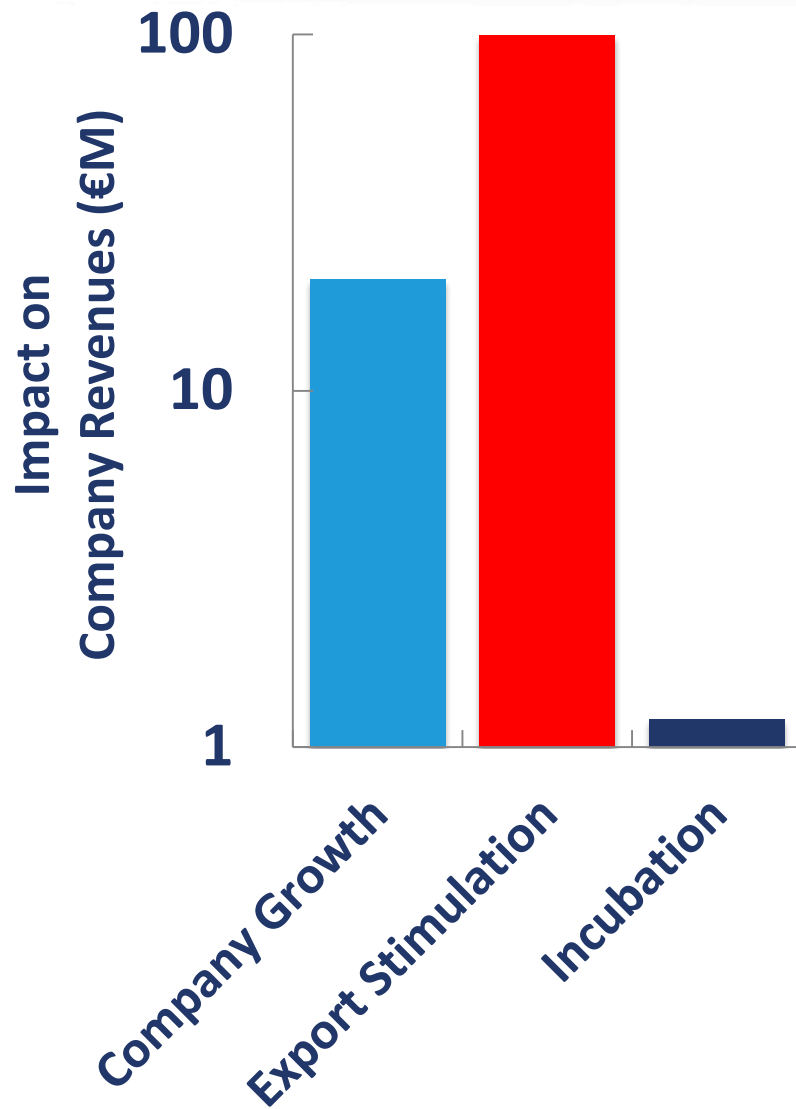
# Attributed Impact on Revenues

These are the data to feed into economic impact estimators.



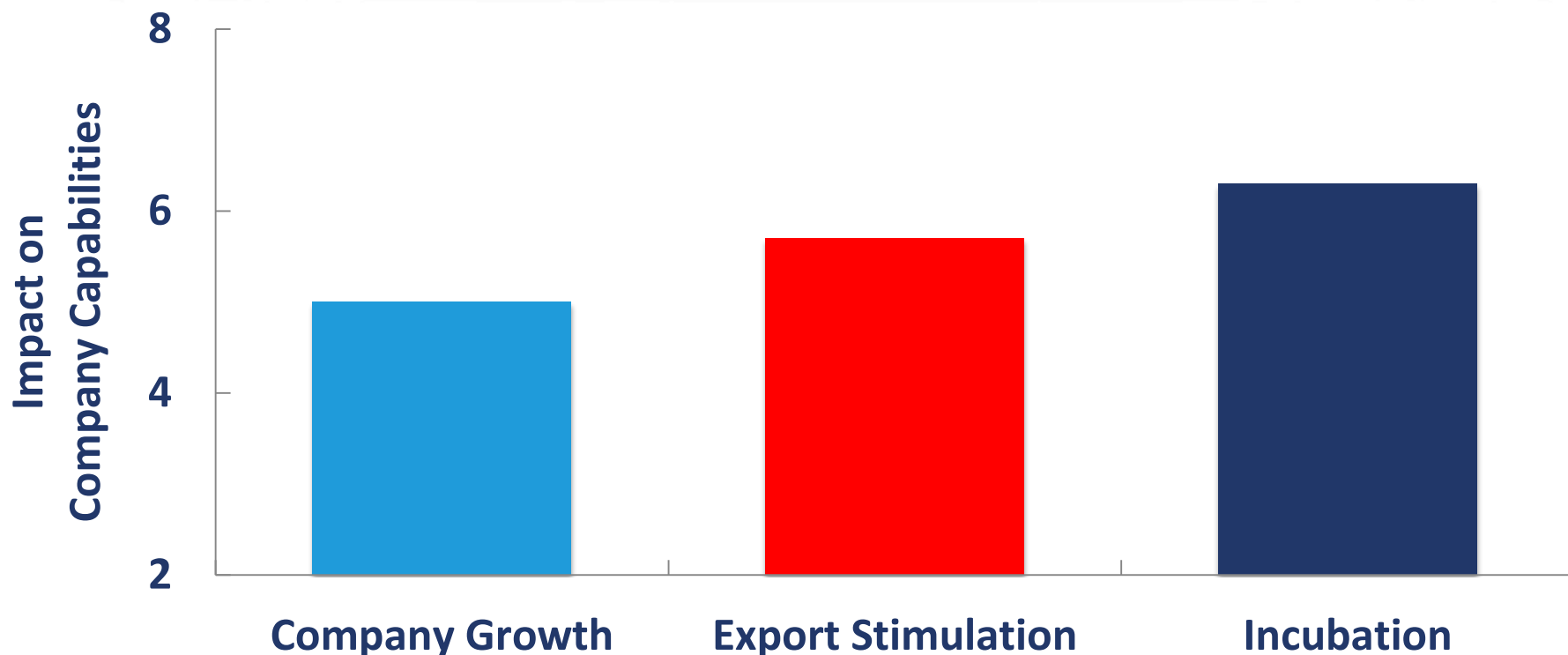


# Best Performer? Which Benchmark?





# Best Performer? Which Benchmark?



**Impact on companies' resources and capabilities leads to improved company performance**



**Reporting on impact requires multiple assessment dimensions**



# Conclusions

- **Credible impact reporting distinguishes incubator impact from other factors affecting company performance**
- **Impacts attributed by companies to incubators can be used to identify best operations practices in support of:**
  - **Funding decisions**
  - **Performance improvements**
  - **Communications to stakeholders**