



## Innovation Index: Call for Ideas

*Innovation Nation*, the DIUS White Paper on innovation (March 2008) states that NESTA will 'develop an Innovation Index to measure UK innovation in the round ... A pilot index will be published in 2009 with a fuller system in place by 2010.' For more information on the background to and content of the Index project, please see the 'Innovation Index library' in the 'Call for Ideas' discussion forum on <http://www.innovationindex.org.uk/>

Please submit responses by **5pm on Friday 12<sup>th</sup> September 2008**.

Each question is posted on the Innovation Index website available at <http://www.innovationindex.org.uk>. There you can post answers to individual questions, entire responses or make more general comments. Entire responses may also be e-mailed to [innovationindex@nesta.org.uk](mailto:innovationindex@nesta.org.uk). Please indicate if you would prefer all or part of your response to remain confidential.

### **1. What is innovation?**

The former Department for Trade and Industry (DTI) defined innovation as "the successful exploitation of new ideas". While this definition is short and simple, identifying its components is far harder.

A more detailed definition of innovation would be: change associated with the creation and adoption of ideas that are new-to-world, new-to-nation/region, new-to-industry or new-to-firm.

Is this definition missing something? Is it capturing too much? Is it feasible and/or desirable to distinguish between innovation and adoption?

### **2. What does "the UK" mean?**

Policymakers are interested in innovation due to the economic and social value that it can generate for UK citizens, but what are the sources of this value creation?

Should the Index focus on innovation performed in the UK (regardless of the nationality of the organisation or the innovator), or instead on innovation performed by UK organisations anywhere around the world (since they facilitate transfer of knowledge to the UK)?

### **3. What should be the main objective of the Innovation Index Project?**

We propose that the new Index must track the innovation that matters most to the UK and embed this understanding at the heart of innovation policymaking.

However, within that overall goal are a number of competing sub-objectives. Which is most important? What is missing?

1. Being complete (on its own terms) by 2010, with a meaningful interim deliverable that is useful to policymakers in 2009.
2. Containing clear insights for the main innovation actors in the UK - businesses, universities, etc (see question on audiences for further detail).
3. Accounting for 'hidden innovation', open innovation, user-led innovation, absorptive capacity and innovation in public services.

4. As far as practicable, being comparable across similar sectors across different countries.
5. Producing a series of outputs that are accessible to the media and policymakers.
6. Forming a framework for a systematic body of work on innovation measurement and recommendations for the improvement of underlying statistics.

#### **4. *Who should be the top three audiences for the Innovation Index?***

The Innovation Index is intended to provide useful information to those in a position to improve the UK's capacity for innovation. Who are they?

We propose five groups:

- Leaders of organisations who play a leading role in the UK's ecology of innovation, notably business leaders, university Vice-Chancellors, educators, skills bodies, regulators and investors.
- Senior economic policymakers in Whitehall and the devolved administrations.
- Those responsible for the delivery of public services in Whitehall and the devolved administrations.
- Those responsible for regional economic development across the UK.
- Output must be credible with the private sector and the academic community.

#### **5. *How to organisations currently measure innovation?***

The index will be strongest when it builds on existing measures of innovation collected by public or private sector organisations. How do leading organisations currently measure their innovation performance? How transferable is this between firms and sectors?

#### **6. *How should we capture innovation in the delivery of public services?***

Measuring innovation in the public and third sectors is a challenge. What are the potential approaches to achieve that? How have other countries approached this challenge? What data would be required to do it?

#### **7. *What should the output of the Innovation Index look like?***

The final output of the Innovation Index Project must be useful to businesses and policymakers. What form should it take? What sort of detail or aggregation is most useful? And how should data be broken down (by region, sector, etc)? What examples of best practice exist elsewhere?

#### **8. *What is the outcome of innovation that we are trying to measure?***

More innovation is not always good. Innovation, therefore, is an intermediate goal on the way to a larger one. What is this final goal?

Productivity growth captures relatively well market-based innovation, but does not apply well to non-market based activities, for instance in the public sector. It also has some problems with particular sectors, like retail and financial services. Should the Index consider additional measures that account for social innovation, and that look at wider impacts, such as welfare, wellbeing or happiness? How could this be done?