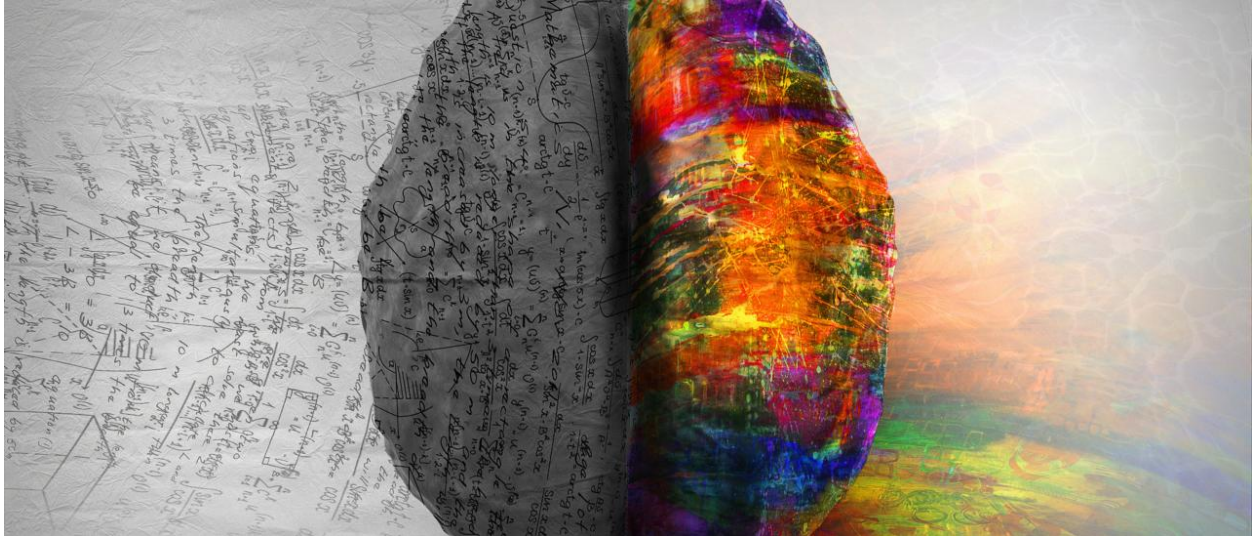

Forecasting the Success of Innovations



By [Henrich Greve](#) , INSEAD Professor of Entrepreneurship

Creators beat managers at predicting an innovation's success, unless they're predicting the success of their own work.

You probably know someone who owns an Apple Watch, or maybe you own one yourself. Is it a creative idea? Well, the multi-function watch was creative the first time it appeared in science fiction, but that was a long time ago. Technologically a watch with the Apple Watch functionality has been possible for a while, but firms have waited because they were unsure if it could become a success. If fewer and fewer people wear watches, because smartphones do the same job and much more, why make a watch?

In fact, the potential for success of the Apple Watch was in dispute as soon as it was launched, and it is still not settled. This is an issue that surfaces again and again – firms need to estimate the potential success of ideas, both creative ones and more conventional ones. Innovative solutions are increasingly granting a competitive edge, but managers cannot decide to invest in every novel idea an organisation generates. At the same time, organisations can't afford to miss out on potentially transformational ideas. There are many examples of managers rejecting novel ideas that go on to be

huge successes.

How can organisations make better decisions about which ideas to pursue? In a [forthcoming paper in *Administrative Science Quarterly*](#), Justin Berg, of the Stanford Graduate School of Business, examines this question in the context of who in the organisation might be best placed to decide what is most likely to be a creative success: creators, managers or customers?

The question is important because it reflects an ongoing tension in firms. Creators think that managers don't have the right kind of thinking to appreciate their work and managers think that creators are poor decision makers, especially when evaluating their own work. Theoretically the key difference is between the divergent thinking that underlies creativity (generating ideas by exploring many possible solutions), and the convergent thinking that underlies analysis and decision making (giving "correct" answers to standard questions).

Creative circus

In his paper, Berg turned to the circus industry and drew upon 339 circus professionals, spanning creators, managers and people who occupied roles with both duties across 43 countries as well as 150 non-circus people. Participants were then asked to watch online videos of circus acts and forecast how successful the videos would be with the audience. Creators and those with dual roles also submitted videos and were able to forecast the success of their own work as well as that of others. Berg also surveyed the audience, asking them to rate the videos.

It turns out that the creators are much better at assessing creative success than managers are. Managers could be the worst – even laypeople outperform their predictions in one measure of assessment accuracy.

But managers still had an edge in some respects: creators are bad at assessing the success of their own work (you get no points for guessing that they overestimate it). Even more interesting, a creator with a strong track record of past successes is especially bad at assessing the acts, probably due to overconfidence.

For organisations to better forecast the success of creative ideas, this study gives a good rule of thumb for managers. If a creator says, "I know this product idea will succeed/fail because [insert own success story here]", it

would be worth considering whether they are talking about their own creation or others and what their past record has shown. It would also be useful for managers to ignore themselves occasionally too. Having creators assess each other's work could be the best way of forecasting whether an idea will be a hit or not. If that's not possible, ask the audience.

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