



REPORT

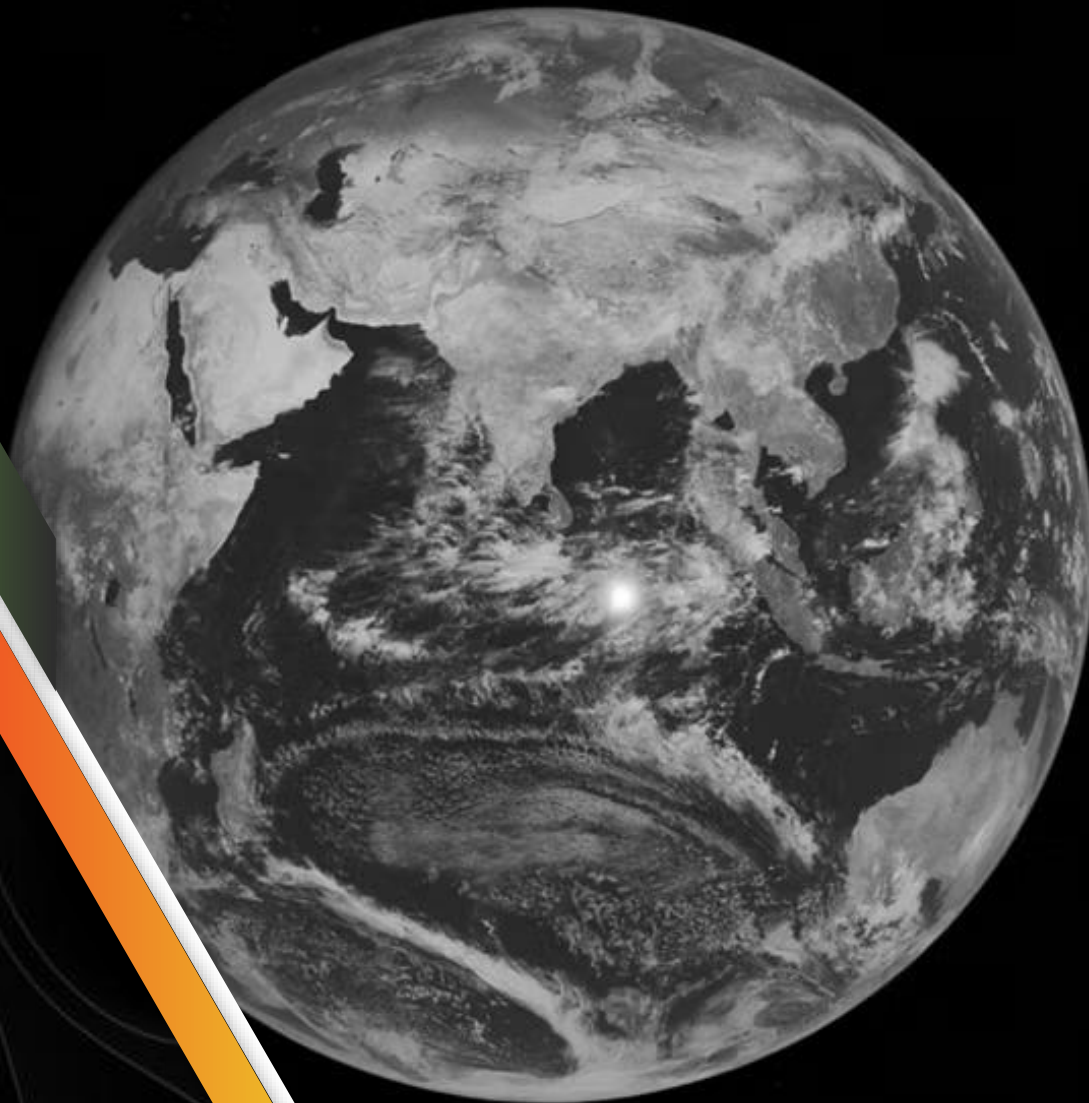
# The 2026 Lux Innovation Survey

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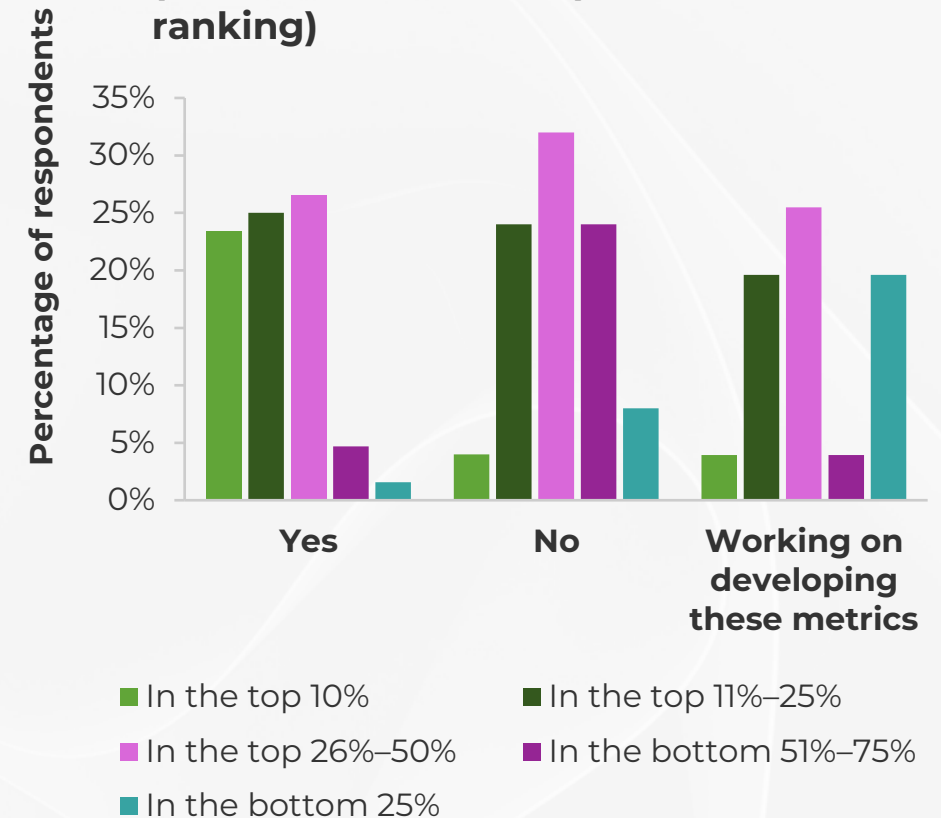


## Innovation teams need a clear structure, goals, and KPIs to be successful, but less than half have them

The 2026 Lux Innovation Survey focused on two key themes: innovation benchmarking and risk. We found that despite differences in organizational structure, most innovation teams participate in all aspects of innovation. R&D teams routinely engage in open innovation, while open innovation teams contribute to R&D management. All groups also contribute to corporate strategy.

This flies in the face of another finding from the survey: Groups with clearly defined KPIs are far more likely to report success than those without KPIs. This effect compounds: Teams with clearly defined KPIs can easily articulate their impact and build buy-in for more innovation. There's no way these innovation teams that do a little bit of everything can have a clean set of KPIs to report on. As the risk environment deteriorates and innovation gets harder, corporations must develop more focused innovation teams with clear goals and KPIs to enable their teams to thrive.

**Is your group evaluated on metrics?  
(versus self-assessed performance  
ranking)**

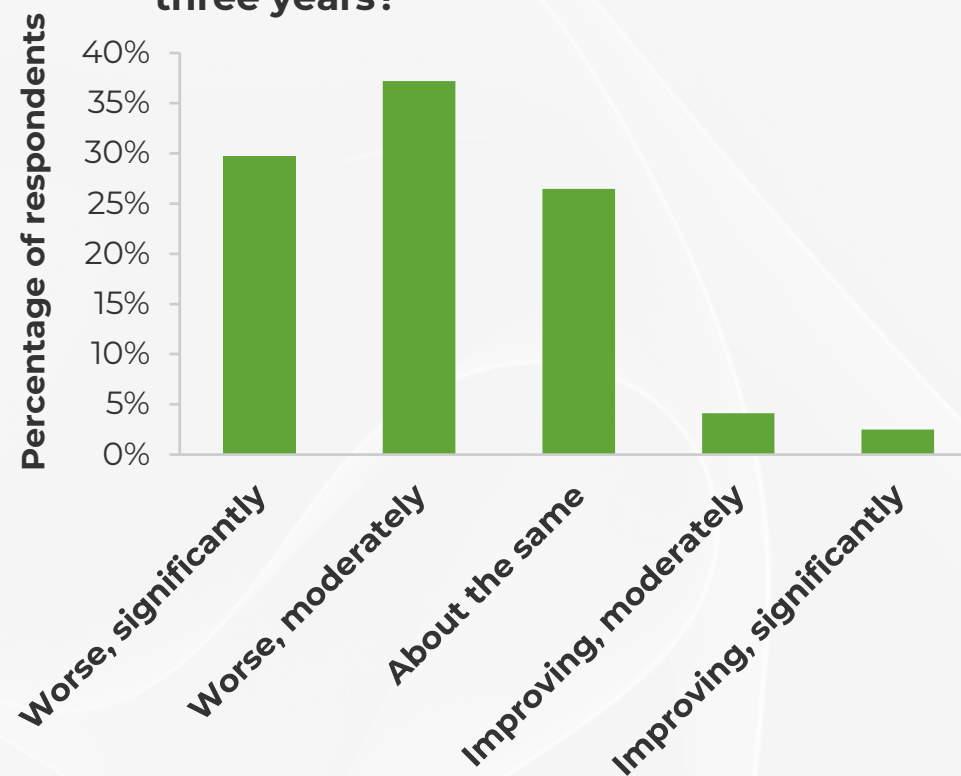


## The risk environment is negatively impacting innovation, and it's only going to get worse

The innovation community's sentiment on risk is powerfully negative: 84% of respondents said the risk environment is negatively impacting their work, and a full two-thirds think things will get worse over the next three years. The biggest risk was not war or geopolitics (though those ranked high) but fierce competition — especially from China.

This result throws the lack of KPIs from the benchmarking analysis in sharp relief. Innovators know there's an innovation superpower targeting key sectors of the future economy, from AI to electrification, and yet, more than one-half lack the fundamental business structures and processes needed to thrive. Corporations must act quickly to focus and improve their innovation efforts or else risk being left behind as their competition develops and scales foundational technologies for the emerging sustainable economy.

**How do you expect the business risk environment to change over the next three years?**



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- 2** | **Analysis:** Different innovation structures have responded to risk and performed differently.
- 3** | **Outlook:** What to expect and what it means for you

# Landscape

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Innovation teams are operating in a very different environment than a decade ago, marked by uncertainty and higher pressure than ever to deliver. To understand how teams are responding, we focused the 2026 Innovation Survey on benchmarking and risk.

# Innovation teams are confronting a rapidly changing landscape

## **Corporate innovation teams are operating in a very different environment than a decade ago.**

Corporate innovation has a long history, dating back to the pure-science R&D labs of the 1930s and 1940s. The rise of VC and startups in the late 1990s and early 2000s brought growing concerns about technology-driven disruption, prompting companies to adopt open innovation and CVC practices. These approaches became increasingly common in the 2010s, and as companies matured in their tech scouting and open innovation capabilities, concerns about technology-driven disruption began to ease.

However, the 2020s brought unprecedented volatility to the innovation environment, driven not by technology disruption but by macroeconomic and geopolitical shocks. The coronavirus pandemic, inflation and high interest rates, wars in Ukraine and Iran, climate-related supply chain disruptions, the blockage of the Suez Canal, and tariffs have all upended long-standing assumptions about the global economy. This has made innovation incredibly difficult: How can companies make long-term bets when fundamental economic assumptions are in doubt?

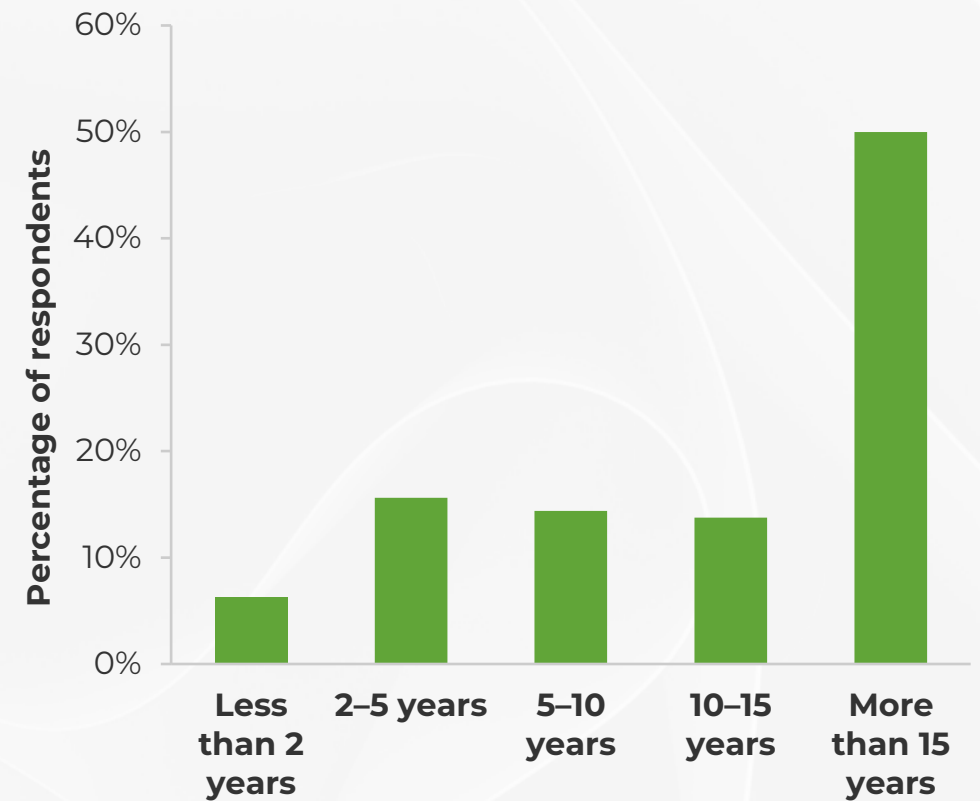
The 2026 Lux Innovation Survey seeks to shed light on how innovation teams are responding to this new environment. This year's survey has two major themes: benchmarking performance, and responding to risk. Together, these themes provide insight into how innovation teams are adapting to growing uncertainty and which practices contribute to stronger performance.

# We surveyed 160 senior innovation professionals from a wide range of industries

## The Lux Innovation Survey draws on both our clients and broader innovation network

This year's innovation survey drew responses from 160 participants. We initially opened the survey up to clients of Lux Research and then extended the survey to our network in the broader innovation ecosystem. The typical respondent is a management-level professional at a large corporation, often a Fortune 500 company. Half of respondents have more than 15 years of experience in R&D or innovation, and the most common titles include manager (e.g., R&D manager, innovation manager) and director (e.g., director of R&D, director of new product development). Because the survey was anonymous, we lack a precise industry breakdown, but respondents' titles suggest a composition similar to Lux's client base, with representation from energy, chemicals, agrifood, and life sciences. A small number of respondents also came from government agencies, startups, and incubators.

How long have you been active in R&D and/or innovation?

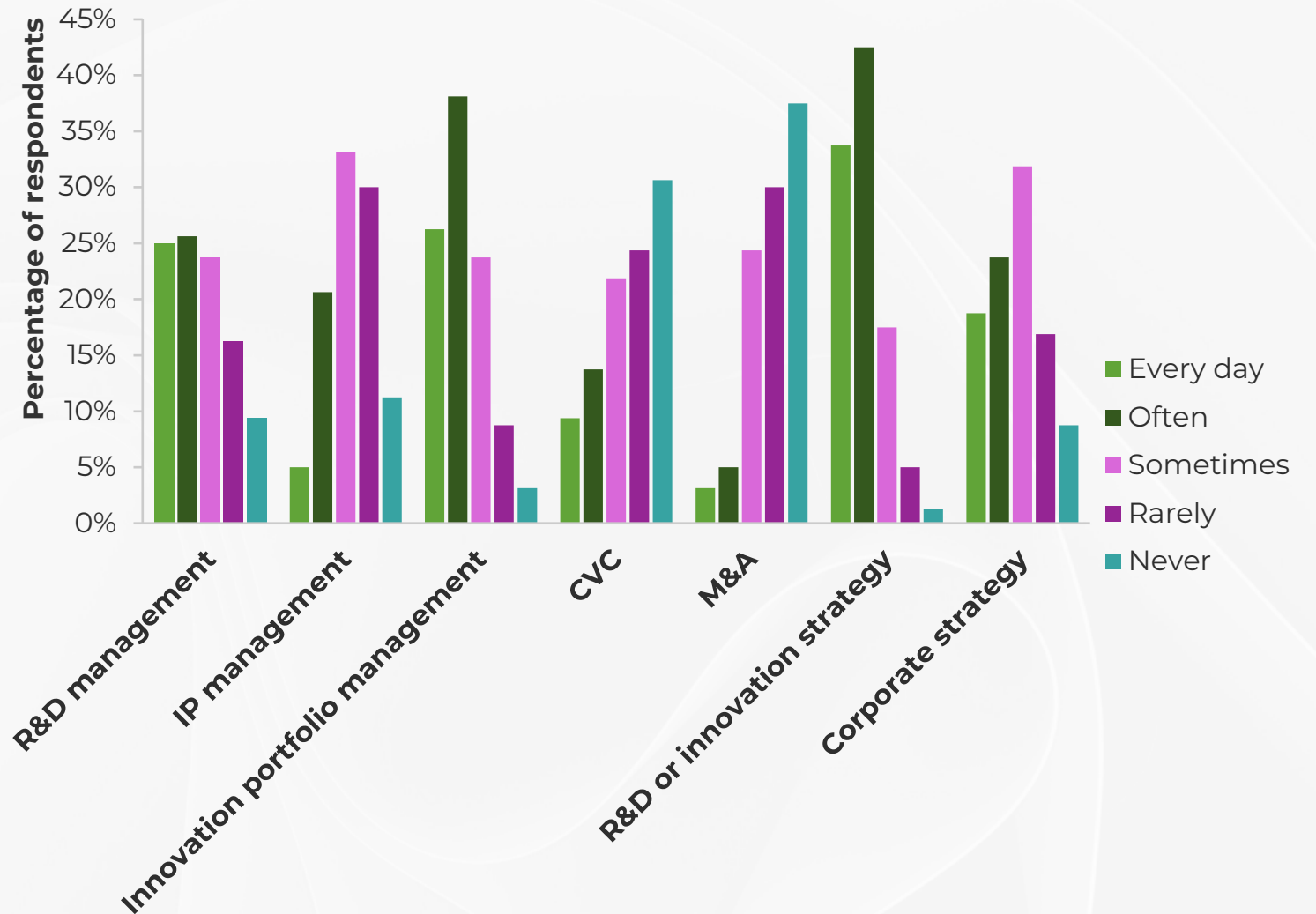


## Strategy and R&D work is most common

### Among our respondents, innovation strategy is the primary function

R&D or innovation strategy is the most common function among respondents (76%), followed by innovation portfolio management (64%) and R&D management (51%). Corporate strategy is less common (42%), while fewer respondents regularly engage in IP management (26%), CVC (23%), or M&A (8%).

On a scale of 1 to 5, 1 being “never” and 5 being “every day,” how often does your role require you to occupy yourself with the following activities?

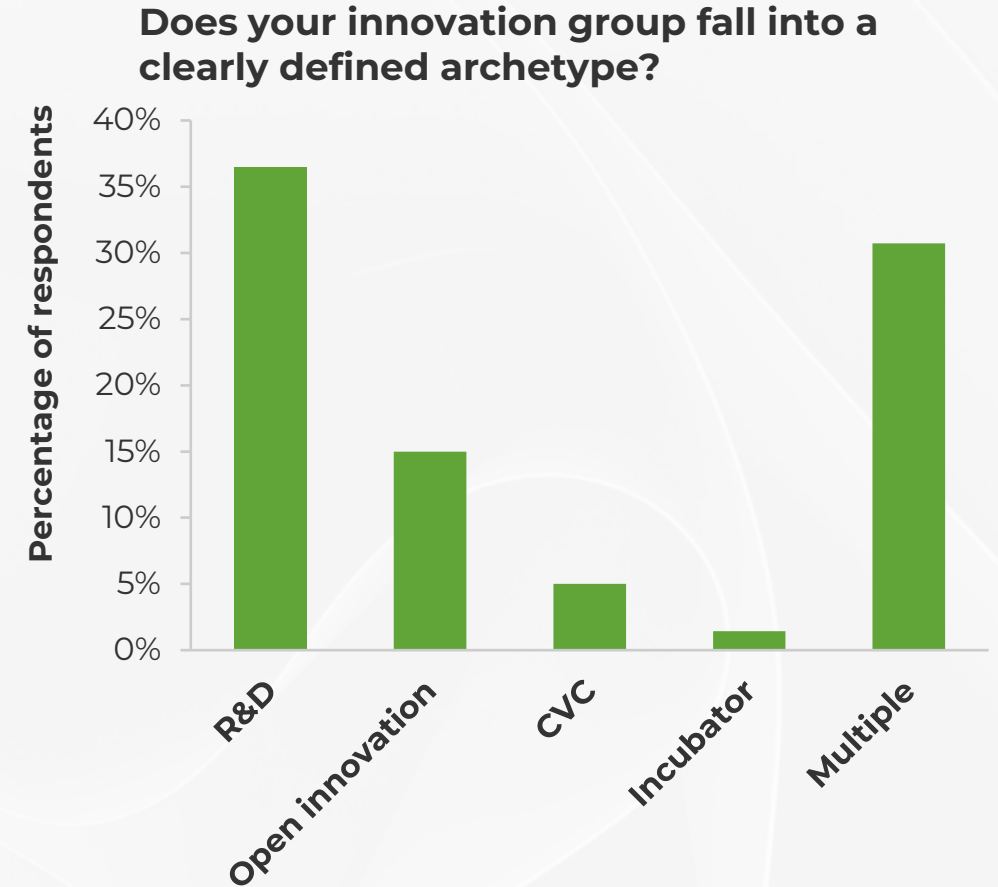


## There's a disconnect between innovation function and structure

**In addition to the work respondents do, we asked if their innovation group fell into a clearly defined structure**

There's a clear disconnect between innovation teams' structures and their day-to-day activities. R&D was the largest single archetype (36%), followed by open innovation (15%), while about one-third of respondents reported working across multiple archetypes. However, these distinctions have little bearing on activities: 15% of R&D respondents frequently engaged in CVC, with another 20% sometimes involved, while 57% of open innovation respondents frequently engaged in R&D management. About 40% of respondents across all archetypes participated in corporate strategy.

These findings point to the relative immaturity of innovation as a corporate function. While companies have undeniably gotten better at the individual skills of innovation, the corporate structures are far from set. In the following section, we will examine whether we can find clearer distinctions between these self-reported archetypes.



# Analysis

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Innovation teams have many different archetypes — R&D, open innovation, CVC — but these structures don't link clearly to activities, goals, outcomes, or assessment of risk.

## We asked survey respondents how they measured success and how they ranked themselves relative to their peers

### Our questions sought to understand innovation teams' goals and KPIs as well as their performance

Innovation teams have consistently struggled to establish meaningful KPIs. Because innovation occurs at the earliest stages of business creation, its impact on financial KPIs can take years to materialize and is difficult to isolate from other business activities. Without clear metrics, innovation teams struggle to demonstrate their value to the C-suite or assess their own performance. The relative immaturity of innovation as a corporate function has also limited the development of widely accepted best practices. To help address this gap, we analyzed KPIs shared by 47 survey respondents to identify common approaches to measuring innovation performance.

#### Benchmarking Questions

Does your innovation group have clearly defined goals or target outcomes?

If yes, what are those goals?

Are your goals aligned with corporate goals and business unit goals?

Is your group evaluated against its goals using defined metrics?

If yes, what are those metrics?

How consistently has your group achieved its goals/target metrics?

How would you rank the innovation expenditure and effort of your innovation group relative to your industry peers?

How would you rank the performance of your innovation group relative to your industry peers?

## One-third of innovation teams lack goals

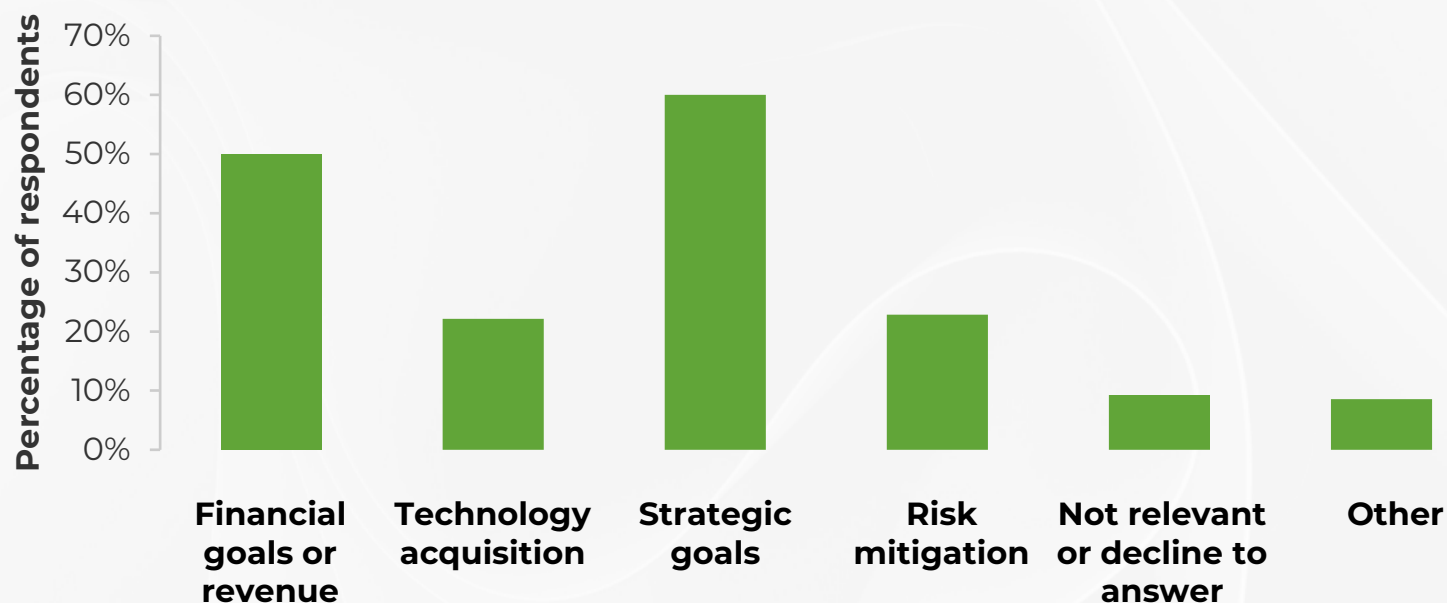
### About 50% have financial goals

Defining target outcomes is the first step toward measuring performance, but one-third of innovation teams have not reached this point. Among teams with defined goals, strategic objectives were most common, although priorities varied somewhat by archetype. R&D teams were more likely than other groups to report risk-mitigation goals and were nearly twice as likely as open innovation teams to report financial goals (52% vs. 28%). Open innovation teams were most likely to focus on strategic goals. Overall, however, goals varied widely, with little clear connection to organizational structure.

### Does your innovation group have clearly defined goals or target outcomes?



### If yes, what are those goals?

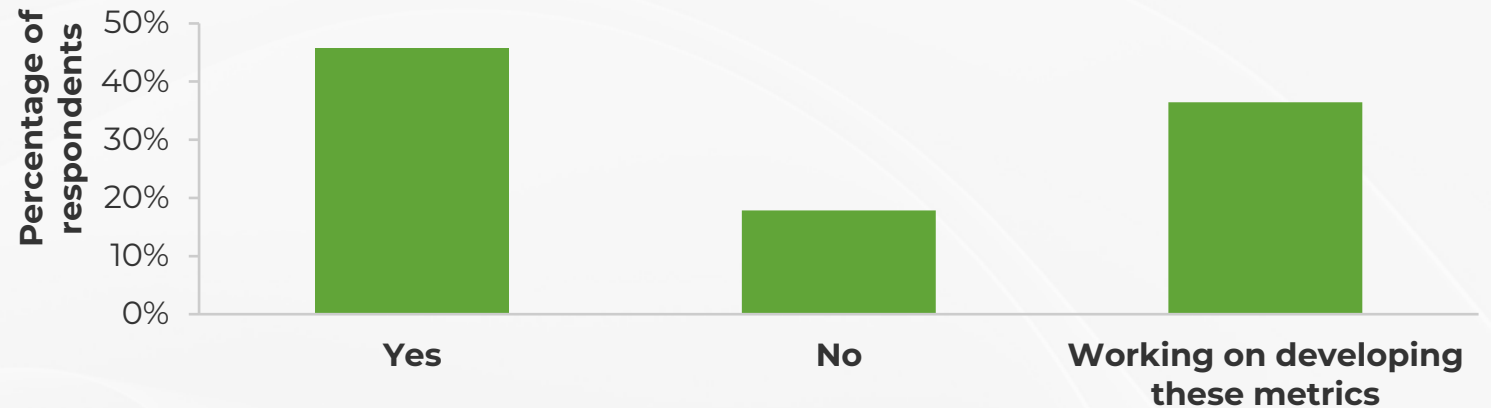


## Less than half have KPIs

### Most innovation teams don't have clear measures of success

About two-thirds of respondents with established metrics shared their KPIs, although the level of detail varied. Financial KPIs were the largest category, with cost reduction the most frequently cited measure. However, the overlap among milestones, portfolio throughput, and technology readiness suggests that most innovation teams measure their direct outputs rather than their broader business impact. KPI selection also varied little by organizational archetype, with R&D and open innovation teams reporting similar measures.

### Is your group evaluated against its goals using defined metrics?

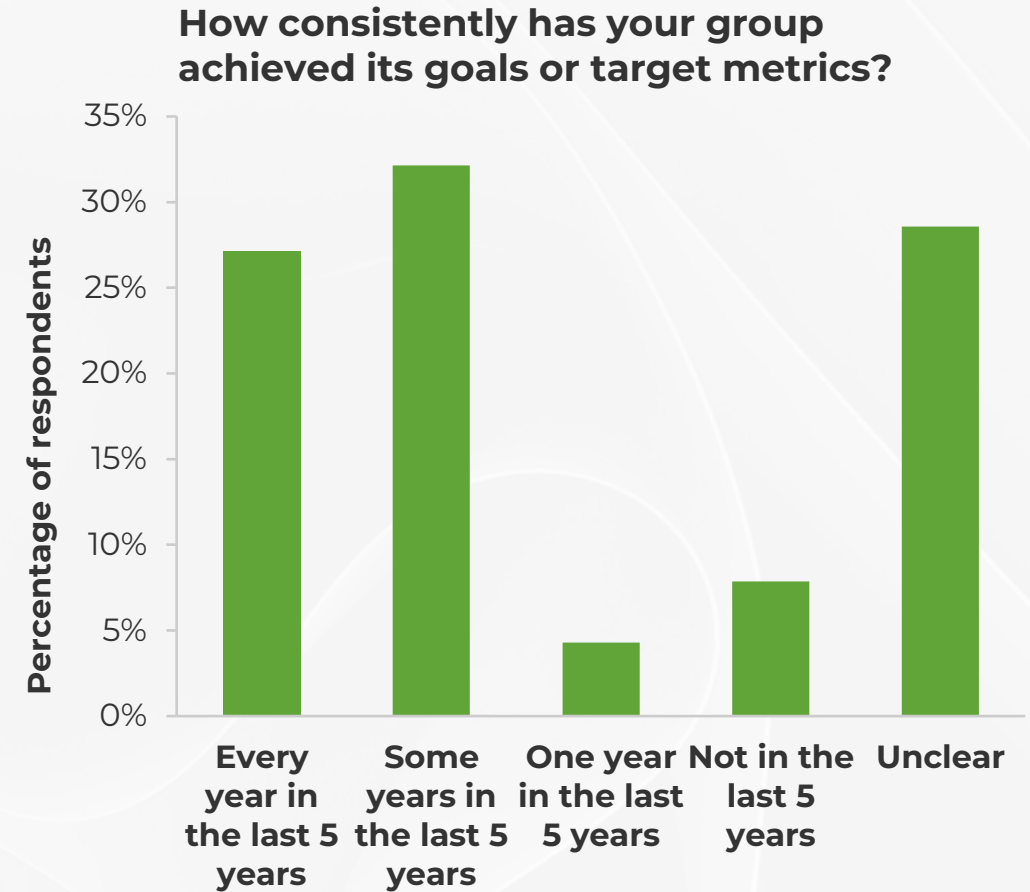


| Theme                                  | % of Respondents | Pattern                                                                          |
|----------------------------------------|------------------|----------------------------------------------------------------------------------|
| Financial and commercial outcomes      | 40%              | Revenue, margin, ROI, cost reduction, growth, and value realization              |
| Milestones, stage gates, and delivery  | 30%              | Milestones, on-time delivery, stage-gate progress, pilots, and commercialization |
| Portfolio throughput and success rates | 26%              | Project counts, conversion or success rates, and portfolio throughput            |
| Strategic alignment and engagement     | 19%              | Alignment to corporate strategy, business engagement, and customer impact        |
| Technology readiness and IP            | 11%              | Technology readiness, patents, IP submissions, and technical progress            |

## One-quarter of innovation teams achieve their goals consistently, while a slightly larger portion can't tell if they are achieving their goals

### Innovation teams report generally strong performance, but 40% miss their goals or cannot measure results

Most innovation teams met their goals in at least two of the past five years, a positive result given the coronavirus pandemic and subsequent geopolitical and macroeconomic disruptions. About 12% reported significant difficulty achieving their goals, although these teams at least have clear performance measures. More concerning, 28% could not determine whether they had met their goals. While assessing recent outcomes can require hindsight, uncertainty over a five-year period suggests a fundamental lack of visibility into innovation performance. This finding highlights the continued immaturity of innovation measurement in many companies.

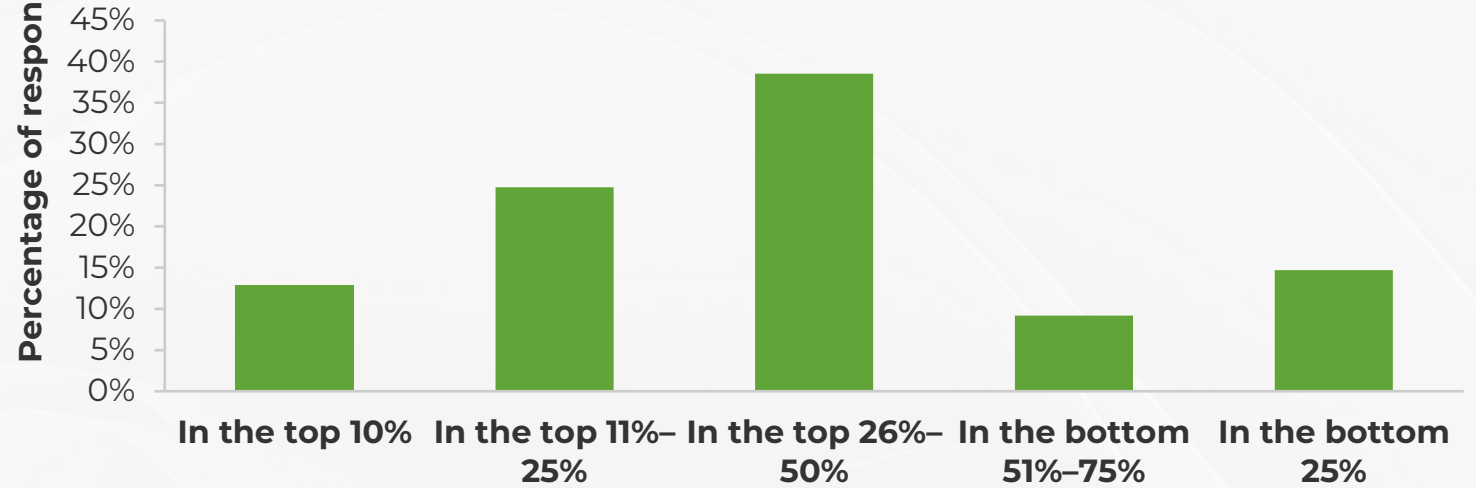


## Effort and performance rankings look similar

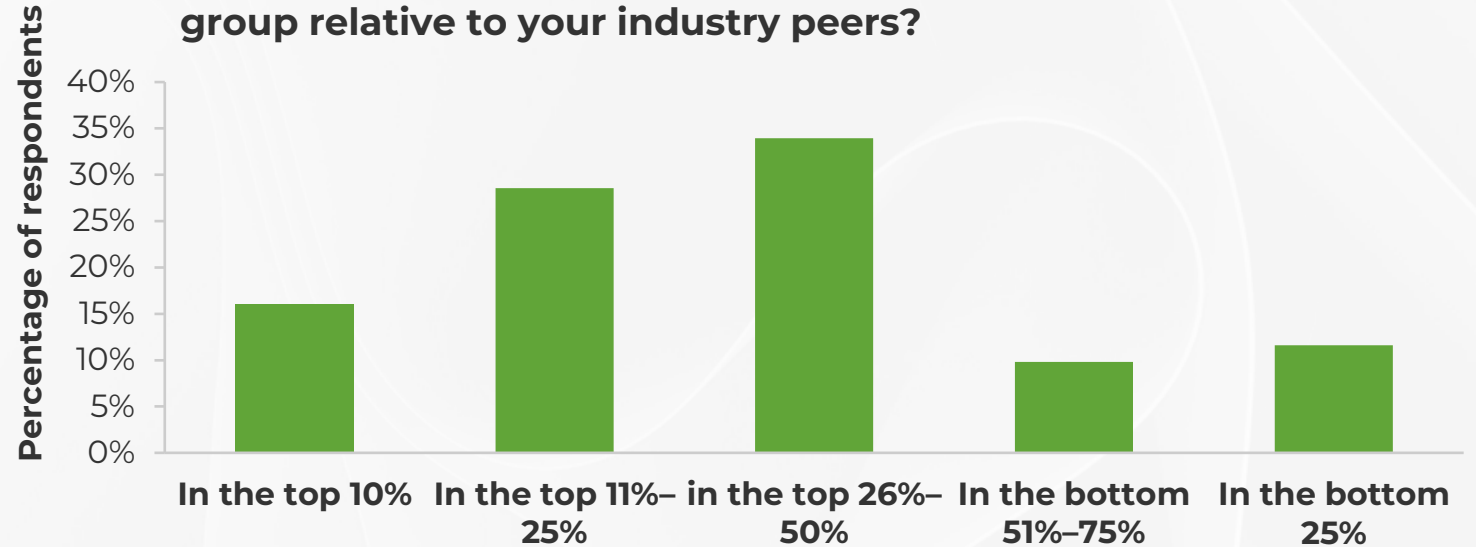
### Results may reflect bias or the group of respondents

When asked to compare themselves to peers, innovators generally gave themselves favorable ratings: 45% of respondents put themselves in the top 25% of performance. This finding could be a reflection of human nature, but it's possible these results are accurate. Lux's network likely skews toward companies that *do* put more effort into innovation and perhaps outperform their peers. Still, it's probably better to take the self-reported goal achievement from the previous question as a better indicator of performance.

### How would you rank the innovation expenditure and effort of your innovation group relative to your industry peers?



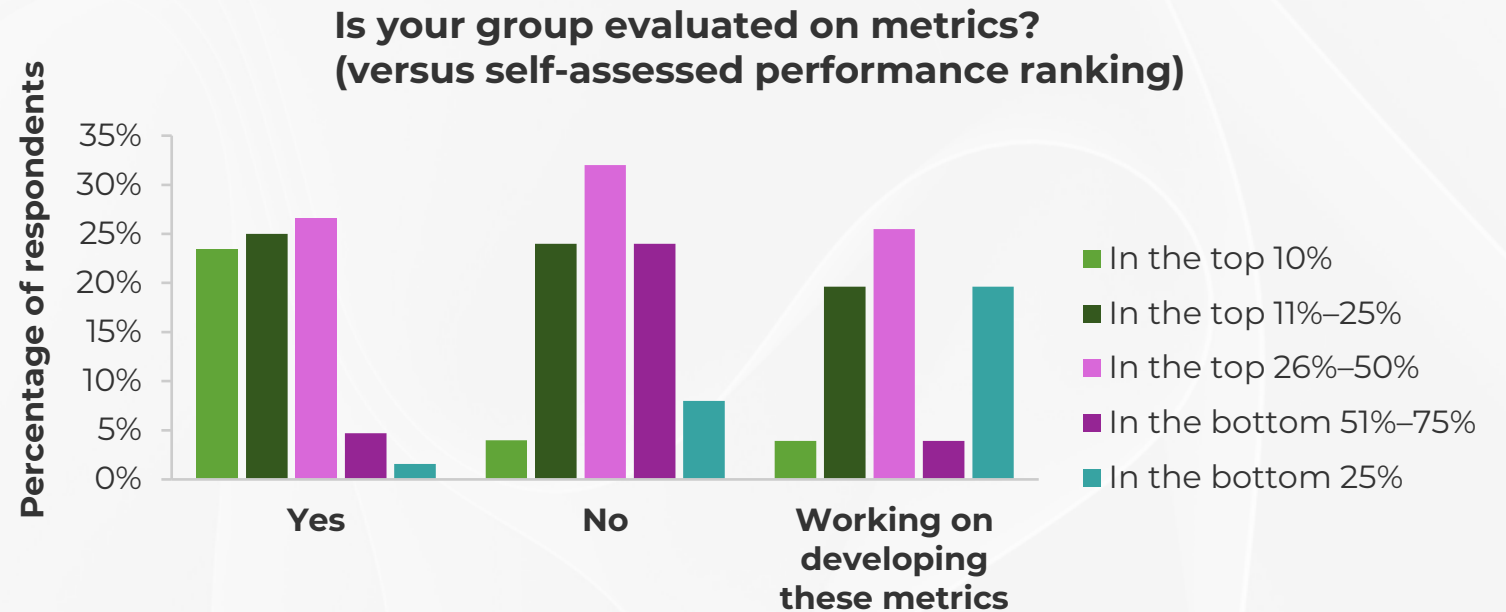
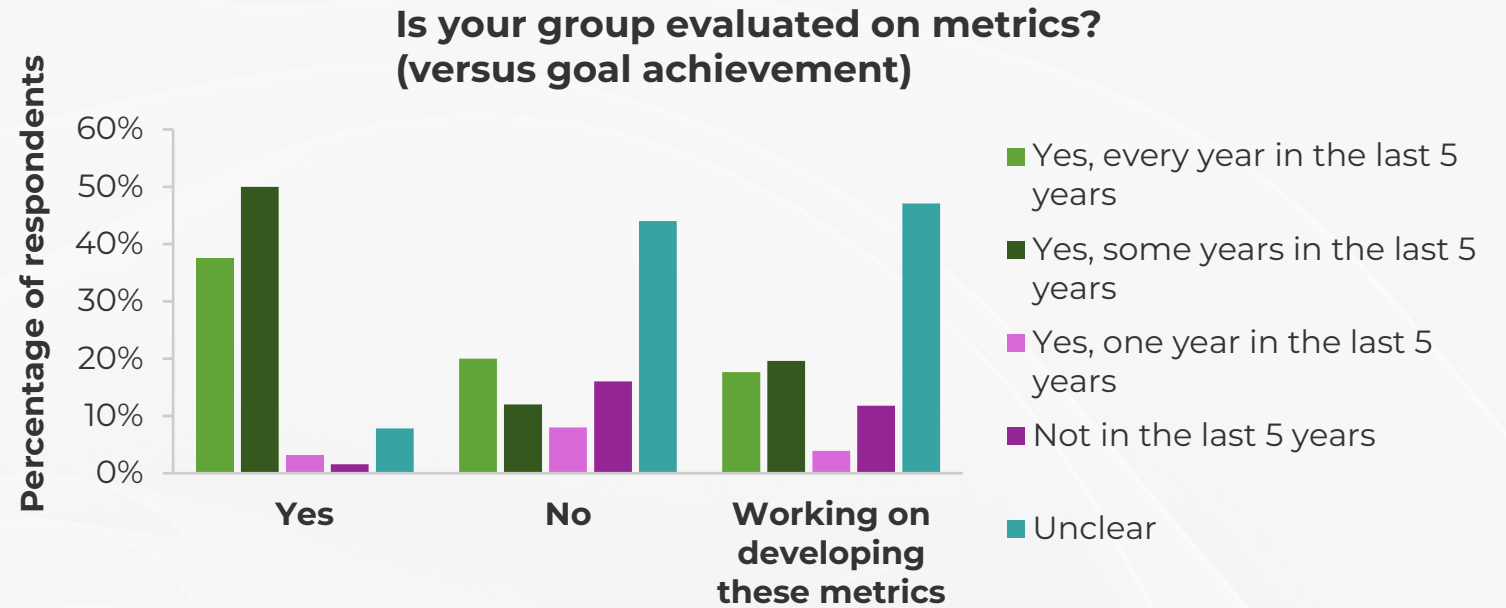
### How would you rank the performance of your innovation group relative to your industry peers?



## Innovation teams with KPIs perform better

**On both benchmarking questions, those with KPIs perform better.**

Innovation teams with clear KPIs are far more likely to report outperforming their peers, partly because they have greater visibility into their own performance. However, the relationship also holds for self-assessed performance rankings. This correlation may reflect greater organizational maturity among teams with established KPIs, as well as their ability to demonstrate value and build support for innovation projects.



# We asked survey respondents how risk informs innovation and what risks they are facing now and in the future

## Risk now shapes innovation; we examined key risks and their role in innovation decisions

In last year's survey, innovation leaders identified risk and volatility as the greatest challenges to successful innovation. This year, we explored these challenges in greater depth. We hypothesized that although companies routinely conduct risk assessments, they rarely communicate the findings to innovation teams or integrate them into innovation processes. We also examined which risks innovators consider most pressing today and in the future. Finally, we compared the risk findings with our performance benchmarks to determine whether higher-performing innovation teams approach risk differently from their peers.

### Risk Questions

Does your company perform business risk assessments on a regular basis?

Is the innovation team involved in the creation of these business risk assessments?

Does the innovation team have access to the results of these business risk assessments?

Does your innovation team use business risk assessments in picking innovation activities?  
If yes, how?

What's the biggest risk you see in your business today?

What's the biggest risk you see to your business in the next three years?

# Innovation teams are risk takers but remain disconnected from corporate risk management

## Our hypothesis of a risk assessment–innovation disconnect holds, but less strongly than expected

Most companies conduct risk assessments, but not all share the findings with innovation teams. About 20% of respondents work at companies that conduct risk assessments but do not provide innovation teams access to them. There's a significant opportunity to expand the use of risk assessments in innovation, simply by enabling better communication between different corporate groups. Despite the communications issues, 43% of teams already use business risk assessments to guide innovation decisions, exceeding our expectations and suggesting growing recognition of risk's role in long-term innovation strategy. The next section examines how teams apply these assessments.

### Risk Questions

Does your company perform business risk assessments on a regular basis?

|     |     |    |     |
|-----|-----|----|-----|
| Yes | 83% | No | 17% |
|-----|-----|----|-----|

Is the innovation team involved in the creation of these business risk assessments?

|     |     |    |     |
|-----|-----|----|-----|
| Yes | 49% | No | 51% |
|-----|-----|----|-----|

Does the innovation team have access to the results of these business risk assessments?

|     |     |    |     |
|-----|-----|----|-----|
| Yes | 63% | No | 37% |
|-----|-----|----|-----|

Does your innovation team use business risk assessments in picking innovation activities?

|     |     |    |     |
|-----|-----|----|-----|
| Yes | 43% | No | 57% |
|-----|-----|----|-----|

## Innovators use risk in stage gates; some use it to identify opportunities

### Thirty-three respondents shared how they use risk assessments in innovation practices

The previous questions examined how innovation teams use corporate risk assessments to guide strategy. Here, we explore how corporate and technology-specific risks influence innovation stage gates.

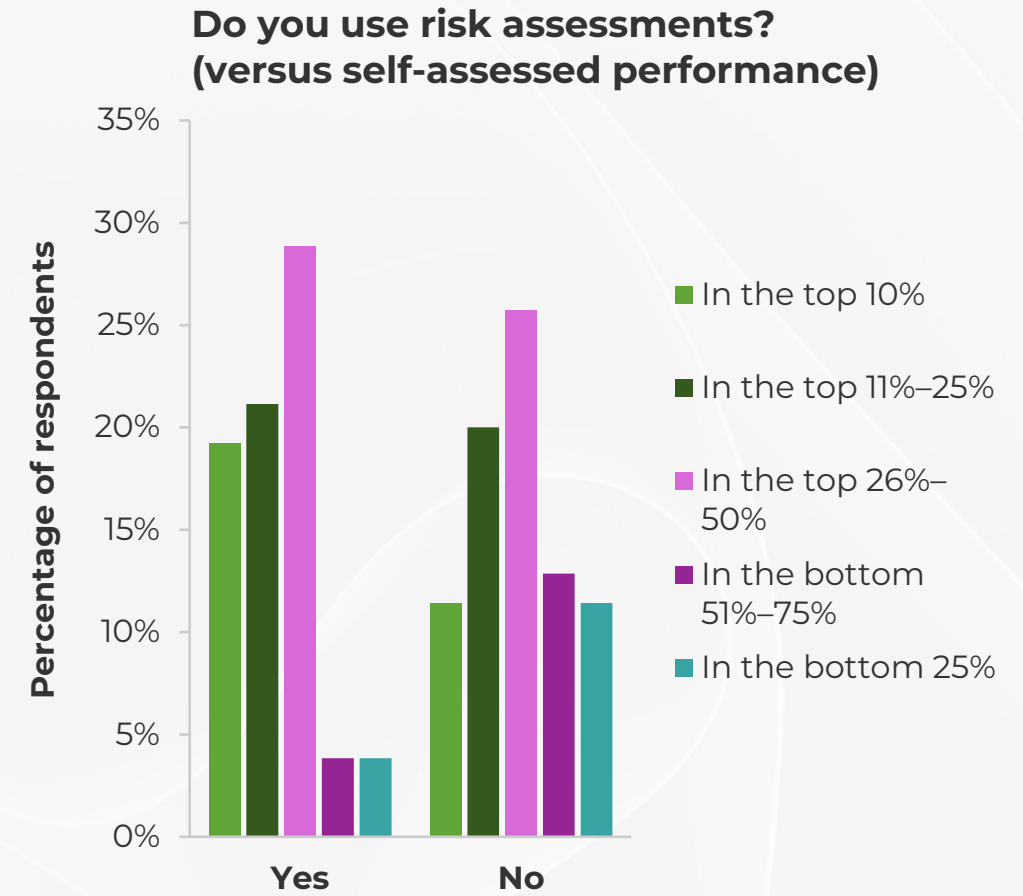
The most common application is screening individual projects, cited by 39% of respondents. Teams outside the innovation function, including risk management, executive leadership, and business unit heads, often conduct these assessments. Risk assessments appear to play a greater role in evaluating projects than selecting technologies or planning innovation activities, with only about half as many respondents reporting these uses. Other applications include broader innovation planning, coordination with business units, and prioritization of incremental R&D.

| Theme                                         | % of Respondents | Pattern                                                                                     |
|-----------------------------------------------|------------------|---------------------------------------------------------------------------------------------|
| Stage gating and project-level derisking      | 39%              | Risk is used to identify exposures, define mitigations, and derisk opportunities.           |
| Portfolio selection and resource allocation   | 18%              | Risk informs screening, priority setting, investment focus, and resource allocation.        |
| Business alignment and governance             | 18%              | Innovation teams connect risk decisions to business units, planning, and governance forums. |
| Technology and market readiness               | 15%              | Teams assess technical readiness, market attractiveness, competition, and supply exposure.  |
| Product adaptation and incremental innovation | 15%              | Risks redirect product development, components, and innovation focus areas.                 |

## Innovators who use risk assessments also have better outcomes

### Innovators who use risk assessments are about twice as likely to put themselves in the high-performing category

Although the survey is anonymous, unique respondent IDs allow us to compare answers across questions. Respondents who reported using business risk assessments to guide innovation decisions were disproportionately represented in the top 25% of self-reported performance rankings. While this correlation does not establish causation, it suggests that teams using risk assessments perceive themselves as more successful. Risk assessments may also help innovation teams build organizational support for projects, potentially improving their ability to advance innovations through stage gates and toward commercialization.



# China, geopolitics, and AI dominate risks

## Competition from China and supply chain risks are rising issues

We grouped respondents' open-ended answers into the risk categories shown on the right. China was the only country identified by name as a competitive threat, alongside fears of commoditization and oversupply. These competitive pressures loom larger in the three-year outlook, while funding and talent become less prominent. Geopolitical and regulatory uncertainty rank higher among current risks, potentially reflecting the Trump administration's unconventional trade policies.

| Theme                                                          | Key Risk Today (% of respondents) | Key Risk in 3 Years (% of respondents) | Highlights                                                                                                                           |
|----------------------------------------------------------------|-----------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market and competitive pressure</b>                         | 27.0%                             | 32.0%                                  | Competition from China, demand uncertainty, new entrants, commoditization, and differentiation compose the most common risk cluster. |
| <b>Geopolitical, macroeconomic, and regulatory uncertainty</b> | 23.0%                             | 18.9%                                  | Geopolitics, regulation, trade, and macroeconomic uncertainties remain pervasive across both horizons.                               |
| <b>Technology disruption and pace</b>                          | 20.5%                             | 17.2%                                  | AI, cybersecurity, adoption speed, and readiness create concern about being outpaced.                                                |
| <b>Funding, resources, and cost pressure</b>                   | 17.2%                             | 9.8%                                   | Funding availability, investment capacity, and rising cost pressure are more immediate than long-range concerns.                     |
| <b>Internal execution, strategy, and talent</b>                | 17.2%                             | 9.8%                                   | Short-term focus, slow decisions, portfolio execution, and capability gaps constrain innovation internally.                          |
| <b>Supply chain, energy, and materials</b>                     | 11.5%                             | 12.3%                                  | Supply continuity, raw materials, energy prices, and the sustainable transition remain persistent operational risks.                 |

# Outlook

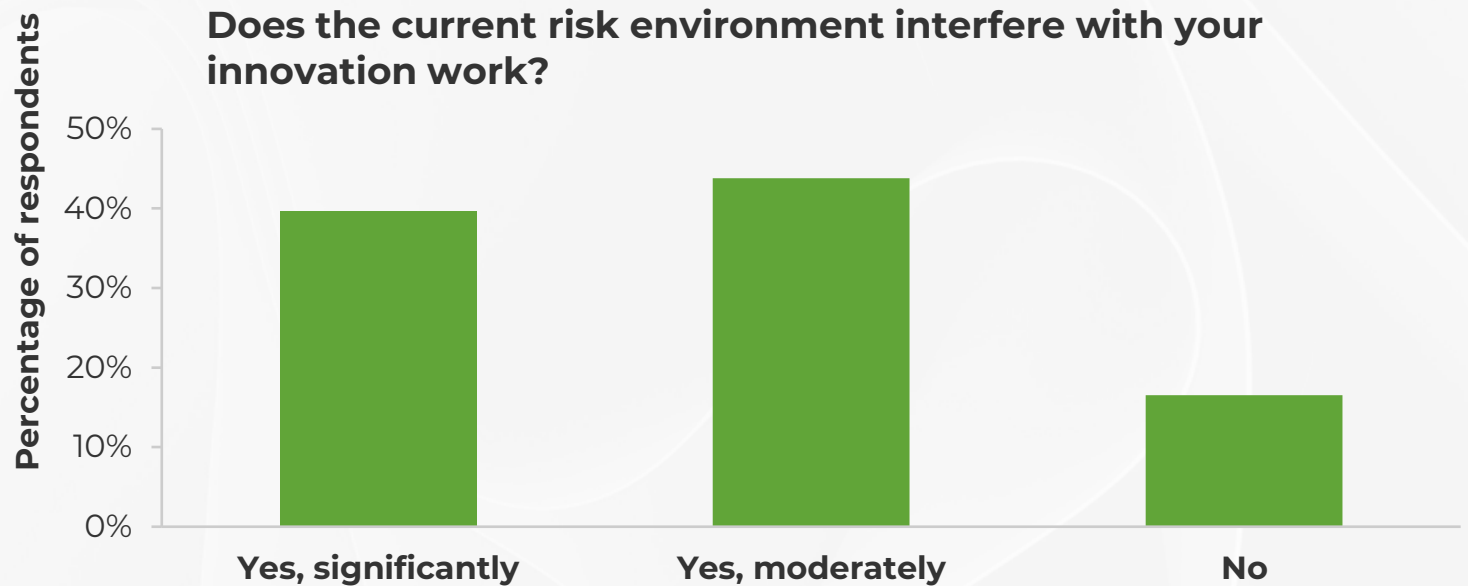
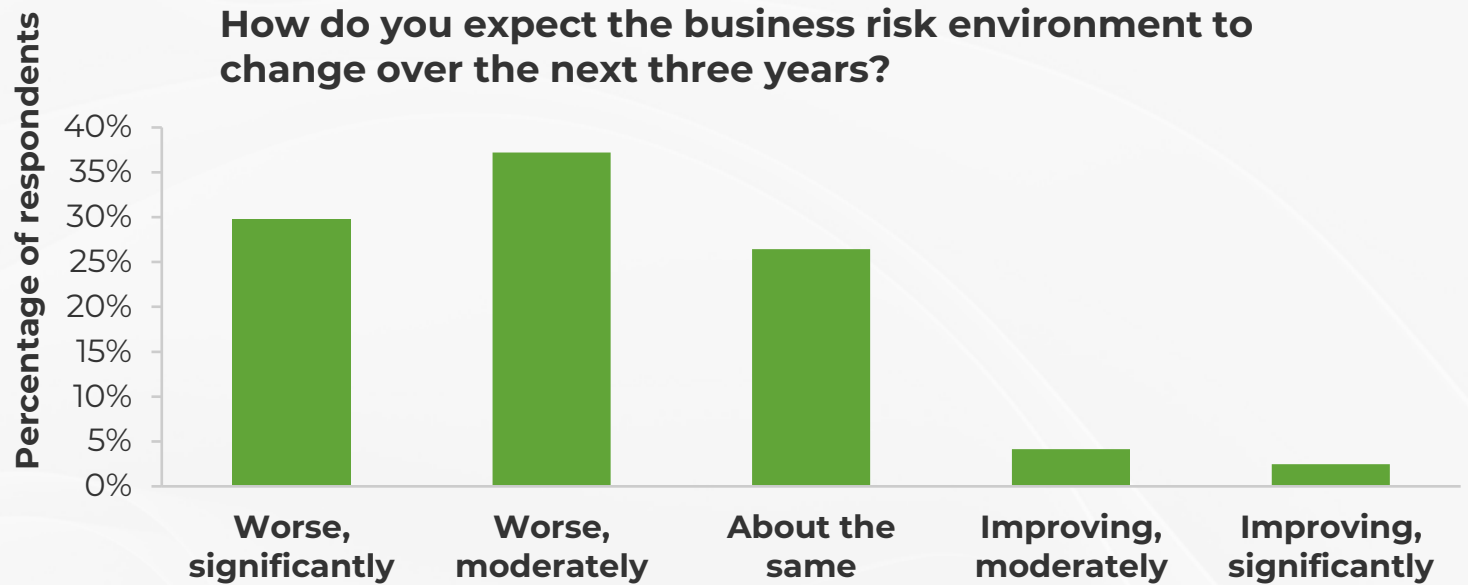
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Despite performing relatively well, our survey respondents are pessimistic about the future.

## Innovators think things are going to get worse

### Sentiment is powerfully negative

Two-thirds of innovators expect the business risk environment to worsen over the next three years, while just 7% anticipate improvement. Already, 84% report that current conditions negatively affect their innovation efforts. If these expectations materialize, achieving innovation goals will become even more difficult. Teams will need to adapt their approaches, particularly those that ranked themselves in the lower tiers of innovation performance.



# Innovation teams are held back by messy structure; to thrive in a risky world, they need focus and discipline

## Despite nominal differences in approach and structure, innovation teams do a mishmash of everything

Over the past century, corporations have increasingly specialized roles and workflows to improve efficiency and effectiveness. Innovation teams, however, appear to have largely missed this trend, perhaps reflecting the legacy of self-directed R&D labs or the multidisciplinary nature of innovation itself.

This lack of specialization contributes directly to challenges we regularly hear from clients. **It's difficult to demonstrate the value of innovation work through clear KPIs when responsibilities span so many functions.** It's also difficult to consistently apply best practices when workflows vary and ownership of tasks remains unclear. These challenges slow decision-making — the single biggest complaint from startups working with corporate innovators — particularly when every decision requires a customized process.

When innovation teams focused primarily on avoiding disruption, these inefficiencies may have been acceptable. That is no longer the case. Innovators must now deliver transformative changes to core businesses, advance sustainability, and help mitigate risk. To achieve these goals, executives should consider streamlining innovation functions, giving groups such as R&D and open innovation clearly delineated responsibilities and more easily measurable outcomes. They also need to empower these teams by providing access to corporate resources, such as risk assessments, while granting them the authority to make decisions and act on them.

# Structured innovation programs combined with program-level KPIs can help teams manage volatility

**Volatility management is a communication problem for innovation teams: They must keep executives focused on long-term outcomes in the face of near-term crises**

Structured innovation programs go by many names, but all generally follow a similar approach: Companies establish a public-facing set of innovation challenges, criteria for innovators seeking to address them, and defined resources or rewards for successful participants. Examples include Shell's [GameChanger](#) program and AkzoNobel/Nouryon's (now shuttered) [Imagine Chemistry](#) program. These initiatives initially sought to attract innovators to underserved technologies, but they offer another benefit: **Their highly structured nature makes it easier to establish clear KPIs** to measure performance and outcomes.

As we've discussed elsewhere, innovation teams are vulnerable to volatility because executives tend to cut long-term programs to shore up short-term performance and because innovation ecosystems [aren't well equipped to respond to volatility](#). Structured programs can help address both challenges: Companies can design them specifically to attract innovators to problems arising from volatility, while clearer KPIs can help build organizational support for innovation. **Companies should pair near-term activity KPIs (i.e., the number of partnerships formed) with longer-term measures of impact.** Examples include the diversity of technologies within the program or its overall option value. These measures can help demonstrate how innovation teams prepare their organizations for the worsening risk environment they anticipate.

# ABOUT LUX

Our mission is to advise leaders about commercially viable science and technology to enable human-centric innovation. We deliver research and advisory services to inspire, illuminate, and ignite innovative thinking that reshapes and grows businesses. Using quality data derived from primary research, fact-based analysis, and opinions that challenge conventional wisdom, our experts focus on finding truly disruptive innovations that resonate with real consumer and market needs and make good business sense.

The “Lux Take” is trusted by innovation leaders around the world, many of whom seek our advice directly before placing a bet on a startup or partner — our clients rely on Lux’s human-centric insights to make decisions that generate fantastic business outcomes. We pride ourselves on taking a rigorous, scientific approach to avoid the hype and generate unique perspectives and insights that innovation leaders can’t live without.



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