



INVESTOR GUIDE

**USING *INNOVATOR MINDSET*[®]
AND *INNOVATOR INSIGHTS*[™] REPORTS**

Introduction

Innovator Mindset provides investors with data-based estimates of the likely business outcomes of specific investment opportunities. These estimates are not a substitute for due diligence, but they provide valuable insights about the entrepreneur and the venture. Innovativeness has been found to be a high value attribute for an entrepreneur, one that should be considered along with other more conventional investment criteria.

When using any of the reports available through Innovator Mindset to evaluate a candidate for investment, you should thoroughly review all of the information provided, to understand how to interpret the metrics in the report and apply them to your investment decisions. This guide provides important additional information and context.

How to obtain an IM report

All IM assessments can be taken online on-demand at InnovatorMindset.com directly through the [IM shopping cart](#). Typically, investors simply direct investment candidates to the IM website to obtain a report. It should take someone about 15 to 20 minutes to complete the questionnaire. Reports are then sent to the person taking the assessment, so the candidate will need to provide you with a copy.

Research has found that the attributes measured by IM are important to an entrepreneur's success, and strong predictors of a venture's business outcomes. So as a potential investor, you should ask the entrepreneur to obtain and provide an IM report early in your conversations—at the cup-of-coffee stage--rather than waiting until you get to formal due diligence. This is a great way to gain some high value insights quickly and will probably prompt some questions to ask during your initial interview and subsequent conversations.

What IM reports tell you

Innovator Mindset currently provides three reports:

[IM Summary Report](#)

This report provides a high level overview of a person's innovativeness, as measured by their Innovativeness Index, and how that translates into value creation.

[IM Snapshot and Interpretation Guide](#)

This report provides more details about the specific personal attributes (beliefs, values and behaviors) that indicate how innovative someone is. This information is useful for understanding someone's strengths and gaps and where they can make high-value adjustments. This report is especially useful for understanding how someone can become more innovative and therefore increase their success and value creation. It can also be used to design an intervention to increase their innovation capabilities. That might be a candidate with an appealing business proposition who is not as personally innovative as they may need to be.

[Innovator Insights for Entrepreneurs](#)

This report uses the same personal indicators as the other reports, and also considers some of the attributes of a specific venture, to calculate probabilities, including the likelihood of success or failure and the venture's probable value creation.

Innovator Insights for Entrepreneurs is the report that is most relevant to investment decisions, so this is the one you should ask to see. You may want to review the others as well, especially when you are actively contemplating an investment in a specific venture.

What IM reports do not tell you

None of these reports can tell you what will happen with any specific entrepreneur or venture. Rather, they provide insights into how ready someone is for the particular challenges they face and how that may shift the odds for or against their success. It's similar to a weather forecast that may predict a 70 percent chance of rain. That doesn't mean that it will definitely rain, but that under the given conditions, it rains about 70 percent of the time. So a candidate who may have a 40% chance of creating exceptionally high value, with a 10% probability of failure, is probably a more attractive investment than someone with a 10% chance of creating exceptional value or a 50% failure rate. Probabilities have always been part of the reality of making investments, but prior to the development of IM, it wasn't possible to reliably determine in advance what the probabilities were. Of course there are many other factors including things like technology, market opportunity and early business outcomes that may or may not outweigh those probabilities in your considerations.

Each *Innovator Insights* report is based on data gathered about a single entrepreneur and a single venture. The entrepreneur's score also indicates how that person may perform on a different venture, but the probabilities will probably change because no two ventures pose exactly the same challenges. When an entrepreneur undertakes a new venture, they should retake the IM assessment so the estimates are relevant to that venture.

IM Retakes

If the dashboard in the *Innovator Insights* report indicates that it was the result of the entrepreneur retaking the assessment, the predictions should still be helpful but may be less reliable. Retakes have not been studied to determine whether they provide the same statistical validity. In such cases, we may be able to check our records and provide you with additional context. A retake may result from someone simply repeating the assessment to try to improve their score; it may be because they've started a different venture, or it may be the result of an intervention such as coaching or training in how to be more innovative. This is an area of ongoing research.

Evaluating Teams

The research to date has focused on the impact of a single founder. Assessing teams is more complex. You may want to have everyone who plays a significant role in determining the strategic direction of the venture take IM. Those scores and probabilities then need to be considered collectively, along with such things as the group's cohesion and decision-making style. There are still many insights to be gained, but the probabilities will be less precise.

IM for Recruiting

As an investor, you may have occasion to help founders build their leadership team. Growth almost always leads to a need for more hires. IM is a great tool to identify those candidates who are most likely to advance the organization's innovation agenda. For this application, the IM Snapshot usually provides the best metrics.

IM Interventions

With both individuals and teams, a well-designed intervention such as a seminar or coaching may be a wise investment. For those who are less robust in their innovativeness, it can improve those capabilities, and therefore improve the odds of venture success. Even for those who already score high, it makes sense to be sure that they are fully aware of their own innovativeness and what is behind it so they can leverage and reinforce those tendencies. Those who score relatively low on the Innovativeness Index have the most to gain, but those who score high can make the largest incremental gains in value creation. This is because the rate of increase in value creation becomes very steep at the high end of the scale.

Please [contact us](#) at Innovator Mindset if you have any questions. We want to help you use our reports to make the best possible investment decisions.

Be sure to review the [Terms of Service and Use and Privacy Policy](#) on the Innovator Mindset website. For more information about the research behind IM, go to [IM Research](#).

Published by Innovator Mindset LLC, Minneapolis, USA

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