



### DESIGNING OPTIMAL FIT

Corporate profits and growth (new markets/products, new/existing clients) happen through employing the best mixture of innovation, people, processes, and culture alignment. The heart of the puzzle is identifying, then executing, what would work best for your particular company and situation. Answering the 3 questions below will point the way to designing the optimal fit for all stakeholders—customers, community, and workforce from executives through rank and file—that actually delivers the desired profits and goals.

- Does your company produce products/services that are **exploitative innovations**, i.e., are they improvements/changes to existing products/services? Example: are your company's products/services like the Apple iPhone 14, which is an improvement on the first-generation Apple iPhone? If yes, then:
  - **Organizational structure:** the traditional hierarchy with its formal chain of command, even with silos, works.
  - **The culture:** specialist roles with defined advancement opportunities as possibilities for adherence to norms, finance first, layoffs/restructurings followed by new hires more fitting the current focuses, and each person doing their “task”—the Frederick Winslow Taylor assembly line from Henry Ford's Model T car days is still alive and working well, albeit computerized and AI-assisted, in the modern world.
  - **The people:** those individuals who have what renowned psychologist Lee Cronbach calls the Achievement via Conformance personality work best. These achievers give their optimal performance when meeting requirements others have set for them.
- If your company fits the above exploitative model, how does your company manage the risk of external **disruptive innovations**? Think what happened to Blockbuster, Borders, Xerox, Kodak, and many others. Some solutions that will prevent traditional companies from joining these dinosaurs are:
  - **R&D** can work IF it's closely aligned to the business strategy process, with top leadership/financial support, plus a separate career track and reward system—think Stanley Black & Decker, a perennial winner in gaining corporate profits and growth through internal R&D efforts.
  - **Skunk works**, originally a concept created and used by Lockheed Martin for aircraft designs that many other traditional companies have used to create a private, closely-run, innovation center with a different management, team, and reward structure walled off and funded separately from all other company activities.
  - **Outsource** to professional innovators—like John Nottingham's company, Nottingham Spirk, which has designed top performing products ranging from toothbrushes to medical innovations—AND/OR outsource to custom shops in your industry that build to suit and are known for innovating in your company's lines of business.
  - **Networks**, such as universities or industry/government associations, can be a source to pump in innovation.
- Did you answer “No” to question 1? If so, then does your company produce products/services that are **explorative innovations**, i.e., are they brand new concepts, like electricity or Wozniak/Jobs' first personal computer? Then:
  - **Organizational structure:** the modern nexus with fluid teams from both internal and external organizations and matrixed leaders providing cognitive framework and stable social context.
  - **The culture:** rapid reconfigurations within existing teams to deal with high levels of uncertainty and to tap into knowledge networks quickly in order to collaboratively create novel innovations fast for old and new clients.
  - **The people:** those individuals who have what renowned psychologist Lee Cronbach calls Achievement via Independence personality work best. These achievers give their optimal performance when each can individually set the tasks themselves AND, interestingly, these independent performers are also more innovative than conforming personas.

#### BOTTOM LINE:

- What is your company's innovation profile?
- Is your company's structure and culture the optimal fit for its innovation profile?
- Are you and others the optimal fit for your company's innovation profile?

Now is a great time to reflect, then act, so that you and your company can design the optimal fit of people, culture, and structure that delivers the desired returns for all in 2025.

### References

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