

Designing the innovative organization

Jay R. Galbraith, 1982


A large yellow triangle is positioned in the bottom right corner of the slide, pointing towards the top right.



Invention - creation of a new idea

Innovation – the process of applying a new idea to create a new process or product

Innovating organization: "Those that are designed to do something for the first time"

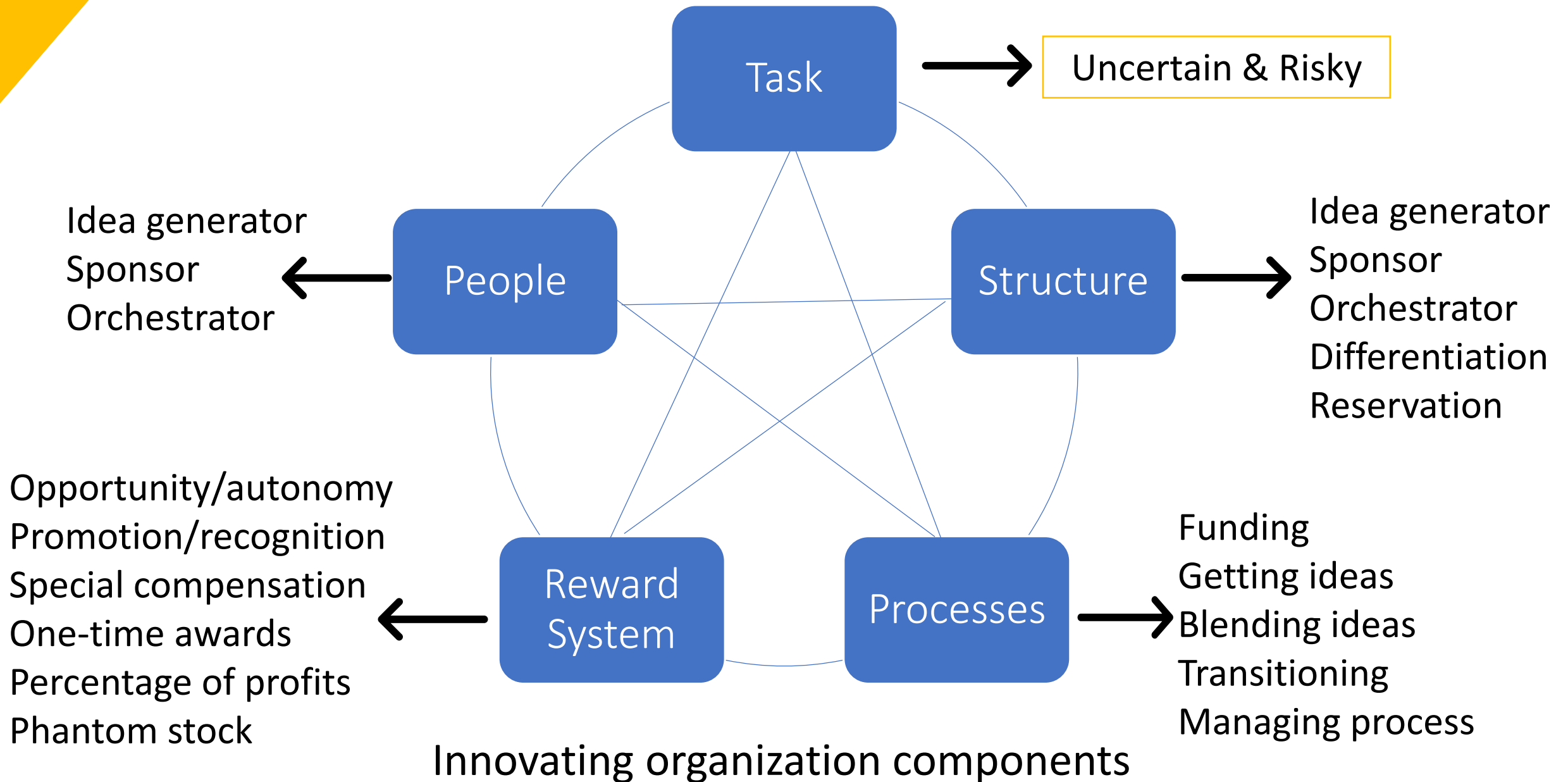


In the early 70's, there was a young, small entrepreneurial firm that could not innovate, even if the president wanted innovation and provided resources to produce a new product

Funding
Talents
New Product
Cash award

Something was missing there...



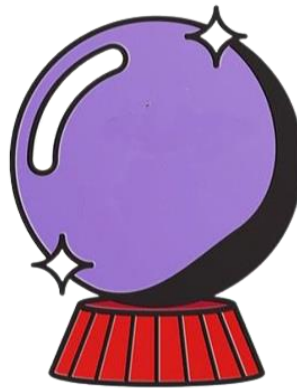


Innovating Organization

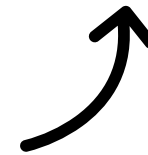
Operating Organization



Innovative Ideas

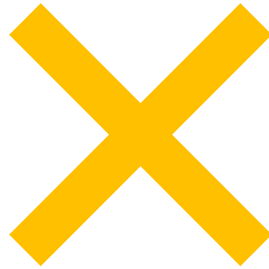


Transition Process



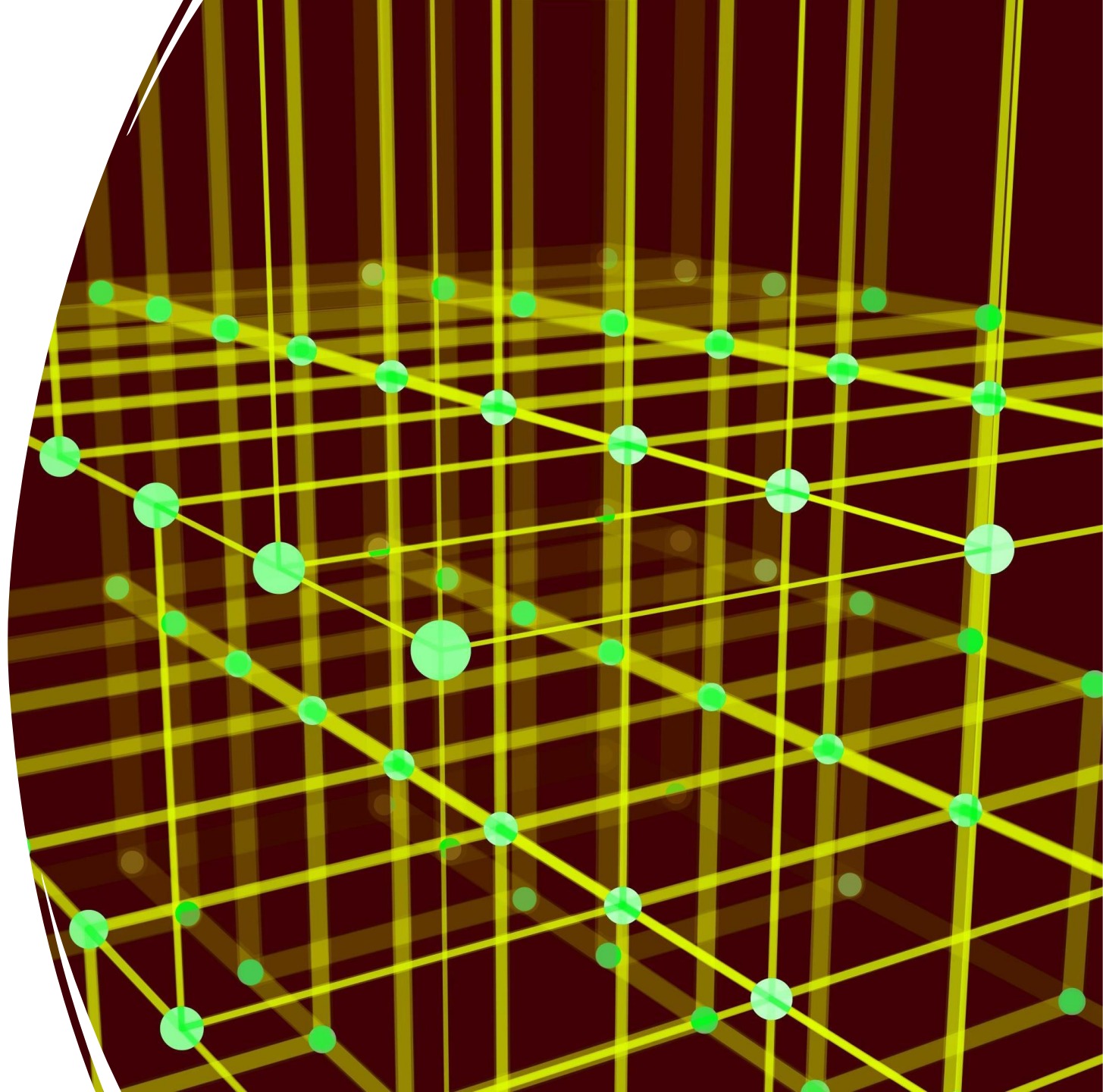


Innovative Ideas



Current Business Concept
/Mold

Structure





Idea Generator (Champion)

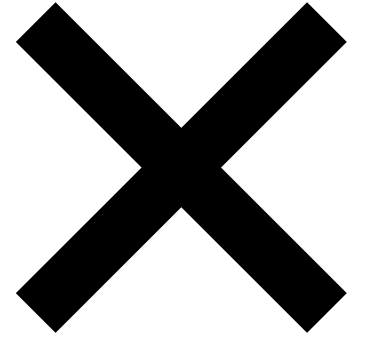
- A low level person
- Experience problem, and develop new response to it.
- Knowledge of technique + User requirement
- She or he can be self-focused



Sponsor

- Middle manager
- Recognize the business significance of an idea
- Work both innovating and operation organization
- Lend the authority and resources to carry idea closer to commercialization
- She or he is aggressive

Multiple Sponsors keep
fragile ideas alive





Orchestrator

- President, top manager
- Balance the power to test new ideas.
- Legitimize the whole process
- Design the innovating organization
- At each stage, she or he has several choices that balance the need for further invention with need for transfer.

A 3D model of a crystal lattice structure. It consists of numerous spheres connected by thin, light-colored rods. One sphere in the lower-left foreground is a vibrant red, while all other spheres are black. The spheres are arranged in a regular, repeating pattern, creating a sense of depth and perspective. The background is a light, neutral color, and the overall lighting is soft, casting subtle shadows from the spheres onto the surface below.

Differentiation



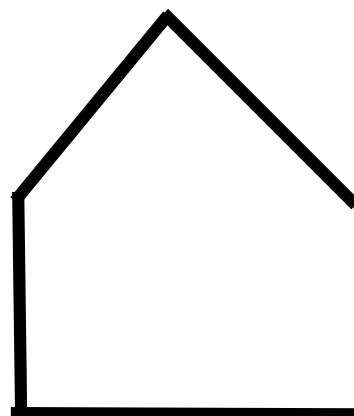
Different
Logic



The more differentiated an initial effort is, the greater likelihood of an innovation.

However, differentiated decrease the likelihood that a new proven idea will be transferred back to operating organization.





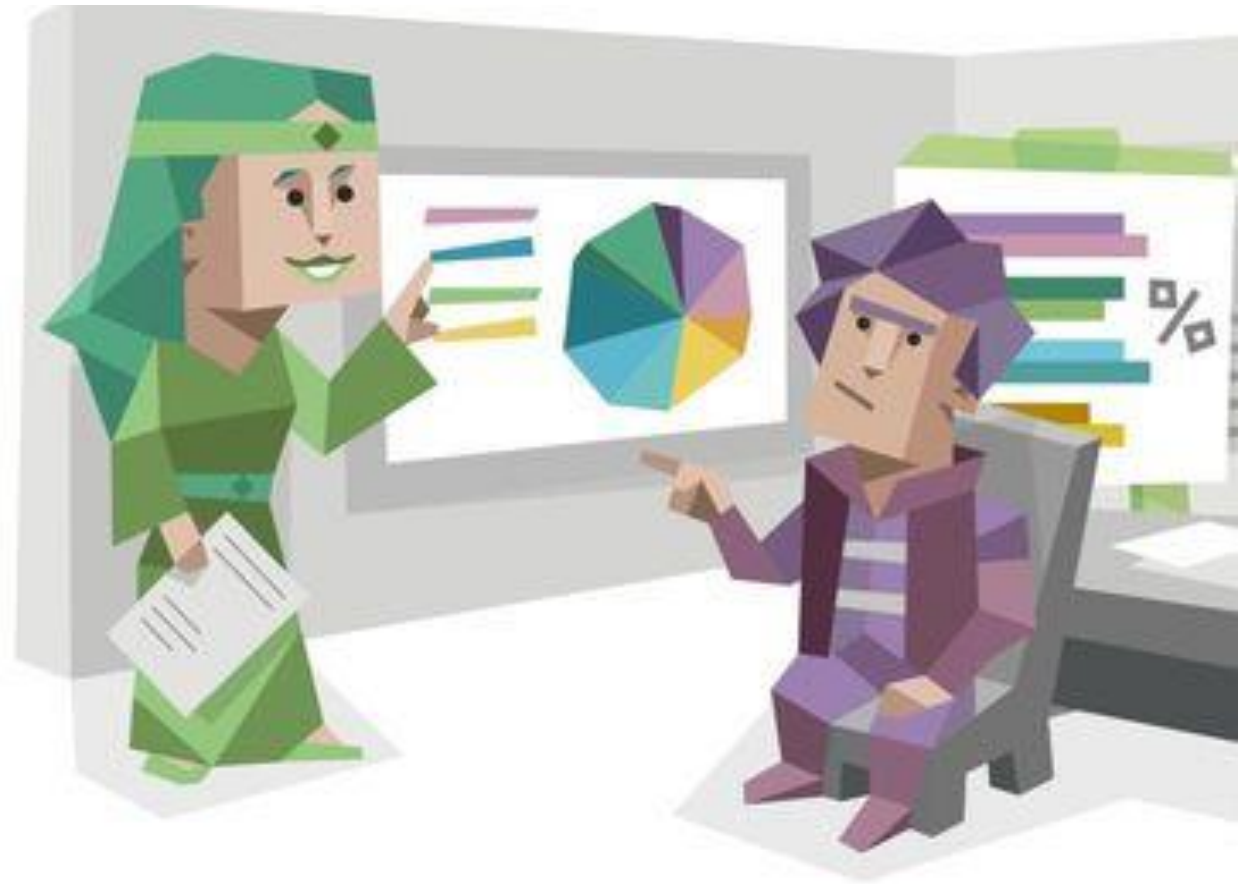
Reservation

Organizational Unit

Housing people solely work for innovating organization

Reservation manager work full-time as sponsor here

Can be internal or external

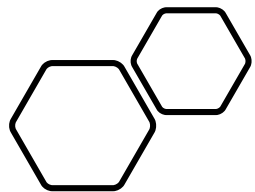


A close-up photograph of a dark, worn metal key lying diagonally across a blue fabric surface. The key has a circular head with a small hole in the center and a notched bit. In the background, white architectural line drawings are visible on the blue fabric. One drawing shows a rectangular structure with a dimension of 6.98. Another drawing to the right shows a more complex structure with a dimension of 13.18 and an arrow pointing to a specific part. The text "KEY PROCESS" is overlaid in white, sans-serif capital letters in the center of the image.

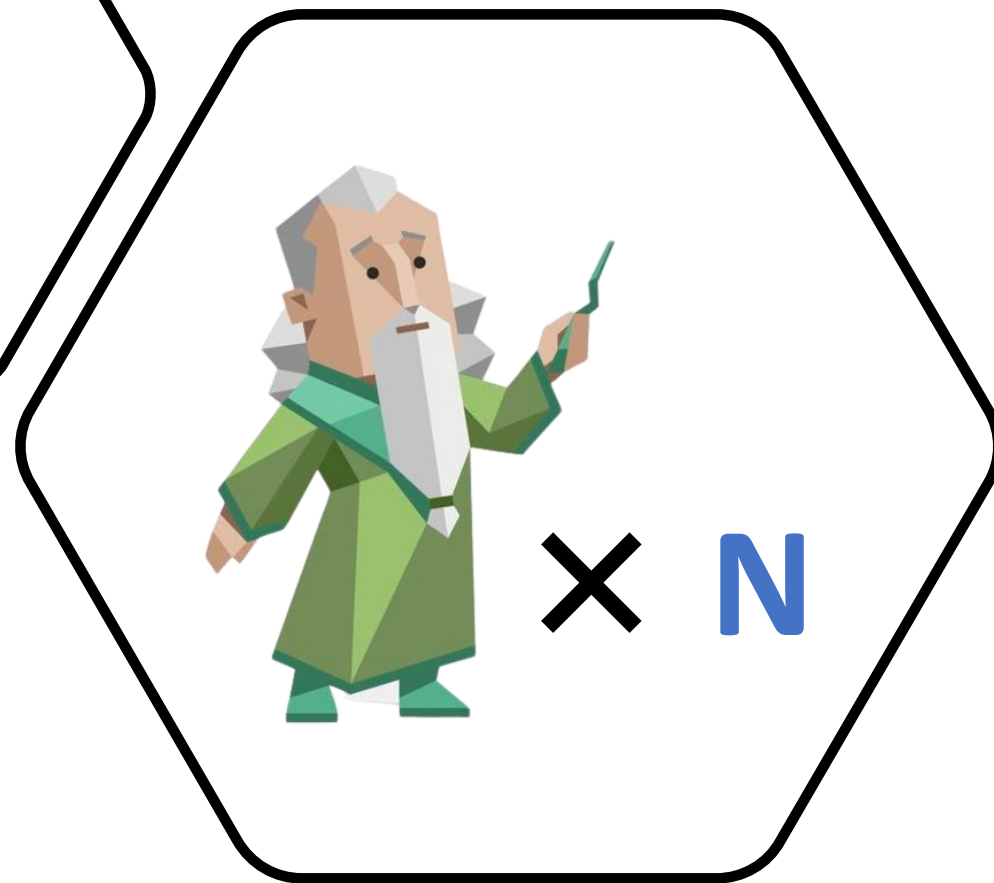
KEY PROCESS



The design of process
help idea generator
and sponsor find each
other.



Funding



Multiple
Sponsors

MATCH-UPS



KEY PROCESS



FUNDING

GETTING IDEAS

BLENDING IDEAS

TRANSITIONING

MANAGING PROGRAM



A 3D rendering of a puzzle. Most pieces are dark grey, but one piece in the center-right is bright red and stands out. The puzzle is set against a dark background that transitions to a lighter grey on the right.

Reward System

The innovating organization needs reward system for both idea generators and sponsors.

Reward for idea generators/Sponsors

Opportunities/Autonomy

Promotion/Recognition

Special Compensation


One-time Rewards

Percentage of profits

Phantom Stock



What can we learn?



A consistent combination of such practices will create an innovating organization that will work.

The point we have emphasized throughout this article is that the organization that purposely designs these roles and processes is more likely to generate innovations than is an organization that doesn't plan for this function.

Innovation is contrary to operations and will be ignored. These and other obstacles are more likely to be overcome if the organization is designed specifically to innovate.