

KEY TAKEAWAYS

- Every organization has resources, processes, and a profit formula that determine what the organization can and cannot do
- Many innovations fail because the wrong resources, processes, and profit formulas are used
 - Set up a separate business unit for disruptive innovations so it can develop the resources, processes, and profit formula needed to win
 - Fold sustaining innovations into the core business unit
- Managers must be able to anticipate the resources, processes, and profit formula their organization will need in the future

CASE STUDY

A giant in the industry, Nypro Manufacturing excelled at delivering high-volume, complex injection-molded plastics products at a low cost. As Nypro's industry evolved, CEO Gordon Lankton saw an opportunity to grow his company by serving an entirely new set of customers—those seeking simple, low-volume products with higher customization. Serving these customers would require new, simpler technology and a new business model. After securing the technology to serve these customers, Gordon had to decide how to implement the technology so the new business model could flourish. There was a risk the organization would “kill” the new model to protect the “core” business. How should he deploy the technology and organize his team for success?

