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The Ambidextrous Organization

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The Ambidextrous Organization

The Idea in Brief

What's the secret to developing the breakthrough innovations you need to stay competitive—while also protecting your traditional businesses? Create organizationally distinct units—but tightly integrate them at the senior executive level.

Ambidextrous organizations segregate exploratory units from their traditional units, encouraging them to develop their own unique processes, structures, and cultures. But they also tightly coordinate these new units with existing organizations at the senior management level. Top-level integration ensures that fledgling units have access to established resources—cash, talent, customers—and simultaneously shields them from the innovation-chilling effects of “business as usual.” Meanwhile, existing units—freed from the distractions of a start-up—can maintain their focus on refining operations, improving products, and serving customers.

Companies that use ambidextrous structures are *nine times* more likely to create breakthrough products and processes than those using other organizational structures—while sustaining or even improving their existing businesses.

The Idea in Practice

Consider these examples of ambidextrous organizations that have successfully pioneered radical innovations while pursuing incremental gains to their established businesses.

USA TODAY

When news consumers began turning to television and the Internet in the 1990s, *USA Today*—the United States' most widely read daily newspaper—knew it had to go beyond its traditional print business to survive. Initially it created a skunk works operation to launch online news service USAToday.com. But isolated from the print operation, USAToday.com was starved of cash, generated meager results, and began losing talented staff.

President Tom Curley adopted a “network strategy”—combining online, television, and newspaper organizations to promote cross-media content sharing. Units were physically separate, and their staffing models, cultures, and processes were distinct. But Curley insisted that all three enterprises be integrated at the top. The three business heads met daily to review stories and share ideas. They also trained print reporters in TV and Web broadcasting, outfitting them with cameras so they could file stories simultaneously in different media. A “network editor” was hired to help print reporters shape stories for broadcast media. Executives who didn't support the new strategy were dismissed. Incentives tied to cross-unit growth targets and willingness to share news content replaced rewards tied to unit results.

During the Internet collapse, when other papers' profits plunged, *USA Today* made \$60 million.

CIBA VISION

To beat giant rival Johnson & Johnson, conventional-contact-lens maker Ciba Vision determined to produce a stream of breakthroughs while maintaining its conventional business. President Glenn Bradley created

autonomous units for six innovation projects. Each had its own R&D, finance, and marketing functions, as well as distinct processes for hiring, development, and rewards.

To integrate new projects with existing businesses, innovation team leaders reported to one person—the vice president of R&D, who managed trade-offs and conflicts between the old business and new units. Innovation project leaders also attended executive-team meetings with established business heads.

Moreover, Bradley enunciated a new vision statement—“Healthy Eyes for Life”—that inspired cross-company teamwork by underscoring connections between the breakthrough initiatives and its conventional operations. Ciba Vision also revamped its incentive system, rewarding managers primarily for *overall* company performance—not individual units'.

Ciba's ambidextrous approach paid off. It successfully introduced several new contact lenses, a macular-degeneration treatment, and a low-cost manufacturing process, while maintaining a profitable business for its conventional lenses. Ciba overtook J&J in some market segments, and over the next ten years, its annual revenues grew from \$300 million to more than \$1 billion.