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Getting Started: Organizational Structures to Promote Continuous Innovation

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Abstract

83% of companies' view innovation as a top priority, however only 3% are actually ready to translate this priority into actionable results. To enable innovation as a continual integrated enterprise process, senior leadership must first assess the organization's current status. While this may seem complex, the paper introduces a comprehensive initial assessment methodology that enables organizations to easily evaluate their innovation readiness across three dimensions: historical innovation performance, organizational architecture, and innovation metrics. The application of artificial intelligence may assist in the initial assessment to include detailed views of the organization's culture, reward systems, work structures, and information systems. Recognizing that many organizations may lack fundamental innovation structures based on assessment results, the paper proposes two specific initiatives to overcome initial implementation barriers. First, incorporate innovation performance objectives into employee performance plans across all organizational levels—from individual contributors to senior executives—with clearly differentiated responsibilities. Second, institute formal innovation processes with designated process owners, key objectives, specific metrics, and communication channels, overseen by senior leadership with quarterly board reporting. By providing both assessment tools and concrete starting points, this framework offers established organizations a practical pathway to transform innovation aspirations into systematic organizational capabilities, distinguishing between incremental improvements and transformative initiatives with market-dominating potential.

Keywords: *Corporate Innovation, Artificial Intelligence, Organizational Structure, STAR Model for Corporate Innovation*

1. Introduction

1.1 The Innovation Crisis in Modern Organizations

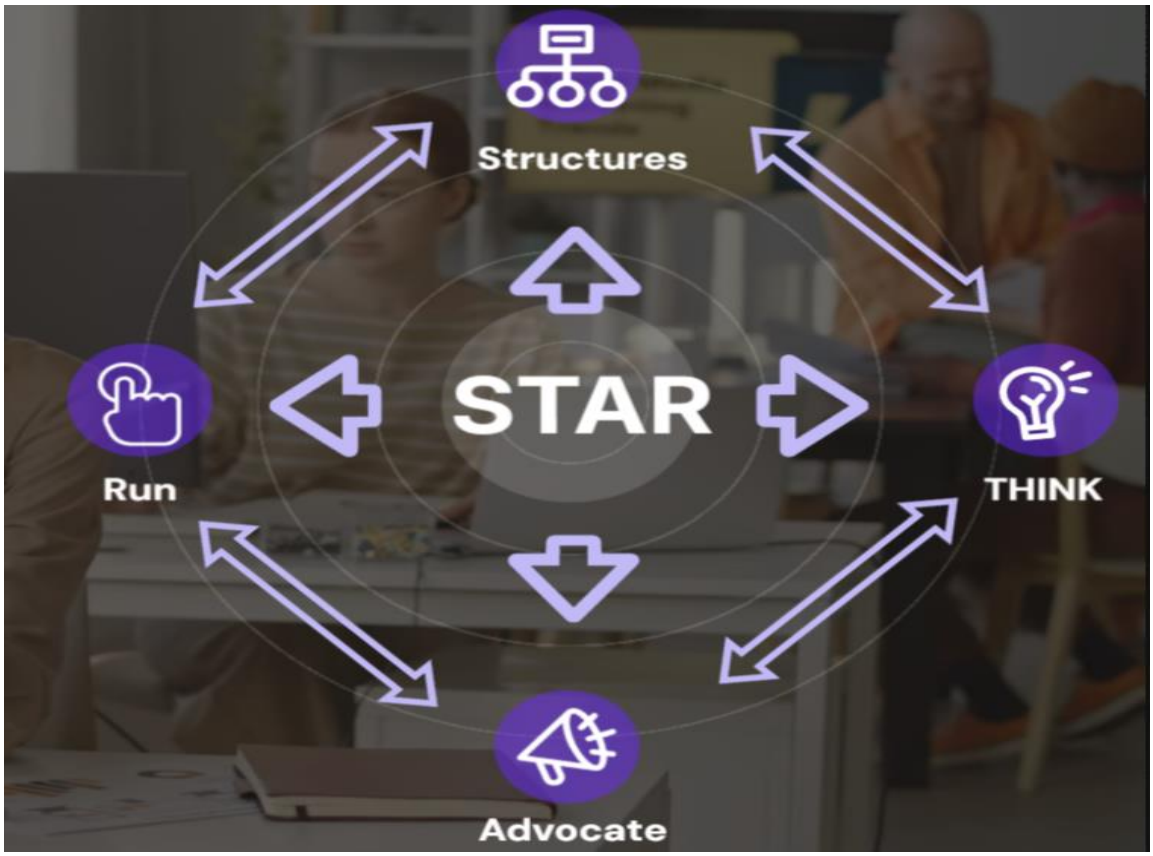
Contemporary organizations face a critical innovation paradox: while 85% of U.S. managers consider innovation essential for survival, only 13% of firms have successfully embraced new technologies and innovation processes (Berman et al., 2024). This gap stems from multiple barriers including resource constraints, misaligned compensation structures, and cultural resistance within established organizations. Unlike startups, existing organizations must navigate complex organizational dynamics while fostering innovation within established frameworks. Start-up companies focus on launching new products, addressing funding, liquidity, rapid development and finding willing developers. However, existing companies face unique challenges such as staffing, compensation, technology, leadership, company culture, risk aversion, and lack of support. Without strategic architecture to promote bold innovations, companies default to fragmented tactical activities, failing to distinguish between minor product enhancements and transformative initiatives that could lead to market dominance (Berman et al., 2024). This systemic failure to differentiate innovation types significantly impairs organizations' ability to achieve sustained competitive advantage in today's rapidly evolving technological landscape. Despite the recognition of the need to innovate and in light of the challenges, there is a need for an implementation protocol.

1.2 The STAR Model as a Solution

The STAR Model for Corporate Innovation offers a comprehensive framework designed to overcome traditional barriers to innovation in established organizations. As outlined by Berman et al. (2024) and illustrated in Figure 1 below, STAR comprises four key components: Structures (organizational principles influencing innovation outcomes), THINK (process for envisioning market-dominating ideas), Advocate (securing internal and external support), and Run (framework for market execution). This holistic approach specifically addresses the challenges that existing organizations face, distinguishing it from models designed primarily for startups or product development (Berman et al., 2024).

Figure 1

STAR Model for Corporate Innovation



The model's effectiveness has been demonstrated through real-world applications, notably in cases such as Lectric e-Bikes. In this case, the concepts were learned while in the process of innovating. Lectic created the internal structures that allowed innovation to flourish, and they learned the value of prototyping and recruiting advocates to verify that the prototype was workable and met the needs of their customers. When Lectic launched an updated product, the company achieved $250+ million in revenue within three years. All of this was accomplished after adapting STAR principles (Berman et al., 2025). Had the leaders of Lectic e-Bikes had the STAR model to employ at the outset of their journey, the success may have occurred sooner. Unlike traditional innovation approaches that focus solely on product development, STAR integrates organizational design, human creativity, and market execution while maintaining ethical practices and human-centered design principles. This comprehensive framework enables organizations to systematically address

common innovation barriers including resource constraints, compensation structures, and cultural resistance while fostering sustained market leadership (Berman et al., 2024).

2. Literature Review

The evolution of corporate innovation frameworks reveals significant gaps that the STAR model addresses. Traditional models have progressed from linear approaches to complex systems involving multiple stakeholders (Tidd, 2006), with four primary transformation models emerging: corporate accelerators, external startup platforms, consortia/alliances, and direct entrepreneurial approaches (Boni & Joseph, 2019). While these models offer various engagement mechanisms, including equity-based and technology-sharing arrangements (Weiblen & Chesbrough, 2015), they often fail to address the unique challenges faced by established organizations, as highlighted by Berman et al. (2024).

Current models emphasize the distinct innovation processes between startups and mature corporations (Freeman & Engel, 2007) yet rarely provide comprehensive frameworks for established organizations to overcome internal barriers. Research has identified six models of advanced R&D in global firms (Sidhu et al., 2015) and established the importance of corporate entrepreneurship in innovation management (Escobar-Sierra et al., 2017). However, these approaches typically focus on specific aspects of innovation rather than providing the holistic structure found in the STAR model, which integrates organizational design, human creativity, and market execution (Berman et al., 2025).

The STAR model fills a crucial gap by addressing both development and diffusion aspects of innovation (Tidd, 2006) while providing specific mechanisms to overcome organizational barriers that existing models often overlook. Unlike traditional frameworks, STAR's integrated approach encompasses structural, creative, advocacy, and execution elements, making it particularly relevant for established organizations seeking to achieve market dominance through innovation (Berman et al., 2024).

3. Innovation Assessment

3.1 Historical Innovation Performance Assessment

The structural foundation for implementing STAR begins with a comprehensive assessment of an organization's innovation readiness. As demonstrated by Berman et al. (2024), this assessment should evaluate three critical questions: the quantity of new innovations launched over the past

five years, their impact on revenue and market penetration, and whether these innovations created sustainable competitive advantages. This historical performance assessment provides a baseline for understanding the organization's current innovation capacity and identifies specific areas requiring enhancement. As shown below, the historical performance assessment is relatively easy to initiate. It entails counting the number of significant innovations introduced by the organization in the last five years and then assessing the revenue and market impact. The assessment also includes the extent that innovation is even tracked and rewarded by the organization (See Figure 2).

Figure 2

Historical Innovation Performance Assessment Checklist

☐	Does the organization information system track innovations?
☐	How many innovations has the organization launched in the past 5 years?
☐	What is the revenue and market impact of each innovation?

3.2 Innovation Structural Assessment

The historical assessment provides a quick macro view of the organization's innovation history. A more detailed assessment is needed that focuses on the presence of a supportive organizational architecture that establishes and communicates clear principles and practices that influence innovation outcomes. Berman et al. (2025) emphasize four key structural elements: **culture** that enables independent thought, **rewards** that reinforce innovative behavior, **work structures** that balance control and creativity, and **information systems** that track innovation progress. Organizations must deliberately construct these elements to foster an environment where innovation can thrive while maintaining operational efficiency.

As shown below, this is relatively easy to initiate. The innovation structural assessment (See Figure 3) should focus on whether principles of innovation are clearly articulated, the culture supports independent thought, the system rewards innovative behavior and whether the information system enables the submission and tracking of innovative ideas and products. The inability to rapidly complete the checklist may indicate the absence of structural innovation architecture.

Figure 3

Innovation Structural Assessment Checklist

- Do principles influencing innovation outcomes exist? How is this communicated?
- Are cross collaboration innovation teams encouraged? How are they assessed?
- Are rewards communicated and paid for innovative behavior? How much has been paid in the last five years and to whom?
- Do work structures balance control and creativity?
- Does the organization information systems accept, track and report the results of innovations?
- Is your organization piloting the use of artificial intelligence to enhance and accelerate innovation? If so, what are the pilots?

3.3 Innovation Metrics Assessment

Beyond the historical innovation perspective, the adoption of innovation metrics represents a crucial component of the structural foundation. According to the STAR model, organizations should develop metrics that distinguish between regular process enhancements and bold new initiatives with market-dominating potential (Berman et al., 2024). These metrics should track not only innovation outputs but also measure the effectiveness of the organization's innovation support systems, including reward structures and advocacy networks.

As shown in Figure 4, below, the initial assessment should focus on the extent to which the organization has metrics to assess overall innovation effectiveness and success of the innovations. While it is important to distinguish between regular product enhancements and bold market-dominating initiatives, it is equally important to understand the number of innovation submissions by employees, managers, and senior executives. If the promise of innovation is relegated to a small group of senior executives, the opportunity for market dominance is severely constrained.

Figure 4

Innovation Metrics Assessment Checklist

- ☐ How many product enhancements were submitted?
- ☐ How many of the submitted product enhancements were accepted?
- ☐ How many innovation ideas were submitted?
- ☐ How many of the submitted innovation ideas were accepted?
- ☐ How many innovation ideas were submitted by each division and employee type?
- ☐ What percentage of employees submit innovation ideas?
- ☐ What is the net result of innovation ideas to market (i.e. revenue, market share, etc.)?

4. Expanding Initial Assessments With AI

The innovation assessment checklists presented above provide useful company-specific baseline scorecards consistent with the adoption of the STAR model. The use of artificial intelligence may expand the initial assessment to include detailed views of the organization's culture, reward systems, work structures, and information systems (Berman et al., 2025). The intent is to use AI to create more dynamic and responsive organizational structures (Feng, 2024) while also using vendor provided algorithms based on company specific data (Maddipudi, 2024).

In Terms of **culture**, AI can analyze internal communications and employee feedback to identify cultural barriers to innovation. Individual contributors can use AI-powered tools to suggest improvements to daily workflows, while managers can deploy sentiment analysis to gauge innovation readiness. Senior executives can leverage AI dashboards that track cultural transformation metrics across departments.

Regarding **rewards**, AI can personalize recognition by identifying individual innovation preferences and patterns. Individual contributors can benefit from AI-assisted peer recognition platforms, middle managers can use AI to fairly evaluate innovation contributions, and executives can implement AI systems that correlate innovation activities with business outcomes to inform strategic reward decisions.

For **work structures**, AI can optimize team compositions based on complementary skills and innovation styles. Individual contributors can use AI tools to identify cross-functional collaboration opportunities, managers can implement AI-powered project management systems that balance routine and innovation activities, and executives can employ predictive analytics to determine which organizational structures best foster innovation.

Relative to **information systems**, AI is revolutionizing innovation management by extending information technology systems far beyond traditional boundaries. AI can supercharge many aspects of corporate innovation. It can help identify existing product enhancements, new product ideas, and new markets to enter. It can assist with skill mapping and even workload optimization. The most exciting development lies in AI's potential to identify emerging trends through sophisticated analysis tailored to pre-defined company profiles. AI systems are emerging that can simultaneously detect new technologies, products, competitors, and shifts in consumer behavior while also predicting realistic implementation timeframes (Itonics, 2025). By scanning hundreds of diverse sources and cross-referencing them against specific company parameters, AI effectively discovers the proverbial needle in the haystack—critical insights that would typically remain buried in the overwhelming flow of information. This capability transforms innovation management from a reactive process into a proactive, data-driven discipline that anticipates change rather than simply responding to it.

5. Putting the Assessments to Work

The results of the initial assessment may indicate that some (or all) structural components necessary to create on-going organizational innovation may not be present. To jump-start the process of integrating innovation as a core tenet in the organization, senior leadership should initiate and support two actions. As a starting point, incorporate an innovation performance objective into every employee's performance plan. Although employee performance plans vary by industry and by company, they provide important guidance relative to employee and executive expectations. As shown in Table 1, below, expectations vary by employee type. While individual contributors should be expected to identify structural opportunities to enable continuous innovation, middle management should enable this while senior executives should provide organizational support, funding, and recognition.

Table 1

Innovation Performance Plan Recommendations

	Individual Contributor	Middle Manager	Senior Executive
Culture	Identify opportunities to build culture of innovation	Identify and enable opportunities to build culture of innovation	Identify, enable, and support opportunities to build culture of innovation
Rewards	Identify reward structures that encourage innovation	Identify and enable reward structures that encourage innovation	Identify, enable, and support reward structures that encourage innovation
Work Structures	Identify work structures that encourage innovation	Identify and enable work structures encourage innovation	Identify, enable, and support work structures encourage innovation
Information Systems	Identify information systems to track innovation	Identify and enable information systems to track innovation	Identify, enable, and support information systems to track innovation

In addition to inserting innovation into performance plans senior leadership should institute the creation of innovation processes with associated metrics. Consistent with the STAR model (Berman et al., 2024), process owners should be selected by senior leadership to address culture, rewards, work structures, and information systems (see Table 2). Working with a cross-discipline team, they should establish key objectives and metrics. They should also determine the appropriate communication channel needed to establish acceptance across the organization. To ensure company-wide integration, a senior executive should be appointed to host the process and report on the results quarterly to the board.

Table 2

Innovation Process Owner and Objectives

	Process Owner (Suggested starting point)	Key Objectives (Established Collaboratively by Senior Leadership and Individual Contributors)	Key Metrics (how do you measure)	Communication (who needs to know)
Culture				
Rewards				
Work Structures				
Information Systems				

5. Future Research Directions for STAR Model Assessment

The evolution of the STAR Model for Corporate Innovation assessment checklists represents a critical juncture in innovation management research, where theoretical frameworks must meet the practical demands of diverse organizational contexts. As such, two primary research trajectories emerge that will fundamentally reshape how organizations evaluate and implement continuous innovation practices.

5.1 Cross-Industry Adaptation: Building Universal yet Specific Tools

The first major research initiative focuses on the complex challenge of cross-industry adaptation. While the core principles of the STAR Model for Corporate Innovation may remain consistent across sectors, the practical application of assessment checklists must be tailored to address the unique operational realities of different industries. For example, healthcare organizations, manufacturing environments, and financial services present their own distinct challenges

5.2 Development: Creating Meaningful Measurement Standards

The second major research trajectory addresses the critical need for robust benchmark development. Currently, organizations implementing STAR Model assessments often lack

meaningful comparison points to evaluate their performance relative to industry peers or best-in-class innovators. This research initiative will establish comprehensive scoring benchmarks that provide context and meaning to assessment results. Properly contextualized, these benchmarks can illuminate which checklist components most strongly predict traditional innovation outcomes while potentially identifying new dimensions of innovation capability that conventional metrics fail to capture.

5.3 Integration and Impact

The practical implications of this research extend far beyond academic understanding by allowing organizations access to assessment tools that not only measure their current innovation capabilities but also provide industry-relevant context for improvement prioritization. Leaders will understand not just where their organizations stand in absolute terms, but how their innovation capabilities compare to relevant peer groups and what specific improvements would yield the greatest performance gains.

The proposed research agenda represents a significant opportunity to bridge the gap between innovation theory and practice, creating assessment tools that are both theoretically grounded and practically actionable. This ultimately leads to more organizations successfully implement continuous innovation practices by providing them with accurate, relevant, and actionable assessment capabilities that respect the unique contexts in which they operate while maintaining the theoretical rigor necessary for meaningful performance measurement.

6. Conclusion

The implementation of the STAR Model (Berman et al., 2024) provides organizations with a comprehensive framework to address the innovation paradox faced by contemporary enterprises. By establishing robust structural foundations that foster innovation readiness, organizational architecture, metrics, and technology integration, companies can systematically overcome traditional barriers to innovation. Integrating innovation objectives into performance plans and creating dedicated innovation processes with clear ownership and metrics can transform organizational culture and enable continuous innovation.

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