

Simons' Levers of Control

Worked Example: Driving Innovation in a Technology Firm

Strategic Objective

Encourage continuous innovation while managing risk.

The challenge: How do you give people freedom to experiment without losing control? All four levers must work together.

INSPIRE BELIEVE

Belief Systems

- **Mission emphasizes innovation** and customer impact
- Leadership communicates “**Experiment and learn**” mindset
- ▶ **Employees are motivated to generate and test new ideas.**

CONSTRAIN PROTECT

Boundary Systems

- **Clear limits on budget and risk exposure**
- **Compliance and ethical guidelines** defined
- ▶ **Employees know where innovation is acceptable and where it is not.**

MONITOR MEASURE

Diagnostic Controls

- **Track number of experiments** and product launches
- **Measure revenue from new products**
- ▶ **Management ensures innovation efforts produce results.**

ENGAGE DEBATE

Interactive Controls

- **Regular leadership reviews** of innovation pipeline
- **Active discussion of market trends** and uncertainty
- ▶ **Leaders stay involved in learning and strategic adaptation.**

How the Four Levers Work Together

Inspire → Encourages ideas and motivates creative behavior

Constrain → Limits risk and defines boundaries for action

Monitor → Ensures innovation efforts produce measurable results

Engage → Drives learning and strategic adaptation over time

The Key Tension to Manage

Levers operate in two pairs with opposing forces:

Positive (energizing) — Belief + Interactive systems inspire and engage.

Negative (constraining) — Boundary + Diagnostic systems constrain and monitor.

Too much constraint kills innovation. **Too little** creates chaos. The manager's job is to hold the tension.

Key Teaching Line

*Innovation succeeds not because of one control, but because **all four levers are aligned**.*

Executive version: *The question is not “How do we control the business?” — it is “Which levers do we pull, how hard, and in which direction?”*

Class Discussion**Why do innovation initiatives fail?**

- Belief systems say “innovate” but metrics punish failure
- Boundaries are so tight that no experiments are feasible
- Diagnostic controls focus only on short-term output
- Leaders are not engaged — reviews are performative

▶ **That’s a lever misalignment—not a lack of creativity.**

Adapted from Robert Simons, *Levers of Control: How Managers Use Innovative Control Systems to Drive Strategic Renewal* (Boston: Harvard Business School Press, 1995).

*Control systems don’t just monitor performance—they **shape** it.*