Success is dependent on the interface of the 3 critical organizational systems: Structure, Leadership and Innovation, with 3 critical human systems: Context, Culture, & Capability.

1. **Structure**: All things being equal, the organization with the best **structure** wins. In the history of human conflict, the best organized army wins (Greek Phalanx, Spanish Tercios, Prussian high command) unless facing superior **leadership**.

2. **Leadership**: Superior leadership beats best structure (Napoleon, Nelson, Patton) unless facing radical innovation. Historically, there wasn’t material structural differences between Napoleon’s army or Nelson’s fleet compared to their adversaries. Often they were at a disadvantage. They won because of superior leadership.

3.  **Innovation**: New innovation beats Structure & Leadership. The Spanish Tercios were undefeated for 150 years, until the advent of more accurate rifles. Tactics had to change from squares to lines. Battleship dominated warfare from ships of the line to dreadnoughts until the advent of air power. Then fleets with the most air craft carriers had the advantage.

* Structure improvement has incremental gain potential,
* Talent improvement has big gain potential, and
* Innovation improvement has breakthrough gain potential.

The 3 organization systems are optimized by the following 3 human systems.

1. **Context,** which defines the job and the structure within which they operate. Roles, responsibilities, goals and the metrics necessary to satisfy an internal or external customer have to be defined to maximize the impact of the structure. Context defines work so that leaders can lead and managers can manage.
2. **Culture**, which defines motivation, mindset & purpose so that Leaders can lead by embedding their mindset in their organization. An in3 developed culture diagnostic reveals how organizations view the world:

* why they go to market as they do,
* why they make the decisions they do,
* why they manage people as they do.
* why some strategies work and some do not.
* why some people fit and others do not,
* why some change happens, and other change does not.

It often predicts problems before they occur.

All of the above scenarios are primarily influenced by culture and the common mindset passed down by Leadership

1. **Capability** which identifies the expertise needed for successful execution and sets job standards so leadership can recruit, promote & develop talent with confidence. Leadership and Innovation are both dependent upon Capability. The deeper the capability, the more likely the innovation.

The organization that develops its Context, Culture & Capability is engaged, motivated, and high-performing.

In summary, while each system affects another, the **Context** system primarily influences **Structure**. The Context system *shows what the organization needs to do* to accomplish the end in mind. The **Culture** system primarily influences **Leadership and Motivation**. The Culture system reveals if the organization *will do what it needs to do*—is there a gap between the mindset needed to execute and what exists in-house? The **Capability** system primarily influences **Innovation**. The Capability system reveals if the organization *can* *do what it needs to do*, and the *gap* *between* what is *required* and what is *in house*.