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Homework 1

INTRAPRENEURSHIP VS ENTREPRENEURSHIP

Starting with the basic definition, entrepreneurship is The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship combined with the land, labor, natural resources, and capital can produce a profit. The entrepreneurial spirit is characterized by innovation and risk-taking and is an essential part of a nation's ability to succeed in an ever-changing and increasingly competitive global marketplace. On the other hand, intrapreneurship is a practice of entrepreneurship in an established firm.

Intrapreneurship applies the 'startup' style of management, characterized by flexibility, innovation, and risk-taking, to a secure and stable firm. The objective is to fast track product development, to take advantage of a new opportunity or to assess the feasibility of a new process or design.

Intrapreneurship and entrepreneurship, even though the enunciation of the two words are similar there is a lot of differences in what they actually mean and represent. An entrepreneur is a person who takes a considerable amount of risk to own and operate the business, with an aim of earning returns and rewards, from that business. He is the most important person who looks for new opportunities, products, techniques and business lines and coordinates all the activities to make them real. On the contrary, an intrapreneur is an employee of the organization who is paid remuneration according to the success of the business unit, for which he/she is hired or responsible. In other words, an intrapreneur is an inside entrepreneur, or an entrepreneur within a large firm, who uses entrepreneurial skills without incurring the risks associated with those activities. The primary difference between an intrapreneur and an entrepreneur is that an entrepreneur starts his own business with an idea or concept whereas an intrapreneur represents an organization and motivates innovation within the limits of the organization. Intrapreneurs are able to work on a special project that fosters innovation within their organization. Another major difference is that intrapreneurs do not take on as much risk as entrepreneurs because they work within a company rather than leading ventures on their own. Whereas an entrepreneur is an individual who, starts a small business and assumes all the risks and rewards of a given business venture or Idea.

The intrapreneur is the revolutionary inside the organization, who fights for change and renewal from within the system. This may give rise to conflicts within the organization, so respect is the necessary key in order to channel these conflicts and transform them into positive aspects for the organization. Even though intrapreneurs benefit from using the resources of the organization for the implementation of the emerging opportunities, there are several motives why innovation is more difficult to implement in an existing organization, such as :

- **The size:** the bigger the organization the more difficult it is to have an overview of the actions of every employee
- **Lack of communication:** Specialization and separation, help in concentrating on the areas of interest, but hinder communication.
- **Internal competition:** Internal competition amplifies the problem because instead of sharing the knowledge with others it borders the knowledge sharing. Everyone wants to keep the information for themselves.
- **Feedback received in case of success/mistake:** Costs in case of failure are too great and the reward for a successful outcome too small. Intrapreneurs must be allowed to commit mistakes because such mistakes are an inevitable part of the entrepreneurial process. The recognition of success is also very rare.
- **Dullness:** Many companies are slow and reluctant to change. Intrapreneurs bump many times into the well-known sentence “We always did it this way”, which leaves little or no space to creativity. The willingness to try new things appears only when the company’s shortcomings become apparent, but even so, they don’t give room to an innovative leader.
- **Hierarchies:** Organizational hierarchies compel employees to ask permission for actions that fall outside their daily duties. The more complex the hierarchy the more difficult it is to impose change. Hierarchies have also tended to create short-term thinking. Employees on lower hierarchical levels have a “Victim-Mentality” due to a reduced area of action and reduced responsibilities.

On the other hand, the risks involved with entrepreneurship are different and much severe than intrapreneurship. Some of the risks that every entrepreneur faces, from ideation to ongoing development are:

- **Heavy losses:** Entrepreneurs could suffer from heavy losses especially today when the economic downpour is still evident. When there is a lack of market demand or when competition is very high, a business could suffer setbacks and at times, these losses could be too big that the entrepreneur may not be able to keep going with the business.

- **Debt payments:** Usually, when one starts a business, he may not have sufficient funds to cover all the necessary costs. To counter this, the entrepreneur seeks a loan from a bank or financial institution. There is nothing wrong with it really but the problem lies in the fact that there are always financial setbacks along the way which may hinder us to pay our debts on time and as a result, they have to deal with penalties and late charges which could compound our debts to amounts that we find very difficult to pay.
- **Employee issues:** Employee dissatisfaction could end up in strikes and demands for higher pay. This is certainly going to affect productivity and profit loss on the part of the entrepreneur.
- **Stiff competition:** Competition could make or break a business. If the entrepreneur cannot keep up and stay ahead of their competitors, they run the risk of getting left behind. Entrepreneurs must have strategies to effectively manage competition.
- **Market instability:** Due to the fact that the market is never stable, this means their profits will also be unstable. Entrepreneurs have to be ready for the highs and lows and must have the means to keep their business going, regardless.
- **Liability:** When there is only one owner, this person becomes solely liable for whatever happens to the company, the business, and its people. When accidents, lawsuits, and debt issues occur, the proprietor is solely responsible.
- **Stress:** Since entrepreneurs are the only person managing the business as a whole, they need to be devoted to it. This means they would have to put many hours working and they would have to deal with every problem that occurs. This can be stressful if not managed properly, and entrepreneurs must be ready for these.
- **Conflicts and disagreements:** When several people own a business such as in the case of joint ventures and corporations, conflicts and disagreements are bound to happen. This is because they may differ in management styles, culture, and even objectives. When proper intervention is not made, disagreements could result to conflicts which will affect the business.
- **Customer acquisition:** The most severe type of risk every entrepreneur faces that's acquiring customers for their business. Even though their idea would look extremely good on paper but the business will never succeed without valuable customers and acquiring customers is the most challenging thing that every business has to face.

There are also a lot of similarities between intrapreneurship and entrepreneurship. The major similarities between an entrepreneur and an intrapreneur are that both of them work towards innovation. The main characteristic of becoming successful in either of the two is by having a strong vision about the future, as both try to create a product or a project which will be the future of the company. A keen knowledge of the market and its current problems are required in order to excel in both the fields. The important skills to become an entrepreneur or an intrapreneur are a leadership, intelligence and vision, and adaptability. A key part of success is being able to get others on board by motivating them to achieve a shared goal. Creative management and diverse approaches to leadership are typical among both entrepreneurs and intrapreneurs. Both involve opportunity recognition and definition. Both intrapreneurs and entrepreneurs require a unique business concept that takes the form of a product, process, or service. Both are driven by an individual champion who works with a team to bring the concept to fruition. Both intrapreneurs and entrepreneurs must be able to balance vision with managerial skills, passion with pragmatism, and proactiveness with patience. Both involve concepts that are most vulnerable in the formative stage, and that require adaptation over time. Both are predicated on value creation and accountability to a customer. Both entail risk and require risk management strategies. Both involve significant ambiguity and require harvesting strategies.

The following are some pros and cons of being an entrepreneur or an intrapreneur:

Entrepreneurship	
<p>Advantages:</p> <ul style="list-style-type: none"> • You are your own boss - independency • The income increases • You have the chance to be original • You have part of excitement and adventure • There are a lot of possibilities • Salary potential – you decide upon you 	<p>Disadvantages:</p> <ul style="list-style-type: none"> • Money pressure – giving up on the security of a regular paycheck • Fewer benefits as the business is new • Long working hours • Mistakes are magnified • All decisions must be made alone
INTRAPRENEURSHIP	
<p>Advantages:</p> <ul style="list-style-type: none"> • Ability to stay in a friendly, well-known environment • Practicing your skills within an organization – lower risk 	<p>Disadvantages:</p> <ul style="list-style-type: none"> • The reward may not be up to expectation • Innovation may not be appreciated accordingly

<ul style="list-style-type: none"> • Using companies resources, good name, knowledge • Access to customers, infrastructure 	<ul style="list-style-type: none"> • You can be innovative but to a certain limit – you are not your own boss
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Conclusion:

Since, last few decades, it has been noticed that people give more value to innovations, which lead to the rise in the number of startup companies year on year. This is because the world is changing rapidly with the advancement in technology. It has also resulted in competition among companies. Now, if the enterprise wants to stand in competition with other enterprises, it should bring something new in their products. Entrepreneur and Intrapreneur play a major role here, to enter into new business and even markets.

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