

Lecture 3

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A leader has two important characteristics; first, he is going somewhere; second, he is able to persuade other people to go with him. -Maximilien François Marie Isidore de Robespierre

Lecture 3: Corporate and Social Entrepreneurship

Textbook Reading (Quiz Basis)

Chapter 3. The Entrepreneurial Mindset in Organizations: Corporate Entrepreneurship

Chapter 4. The Global Entrepreneurial Mindset: Social Entrepreneurship

Lecture Agenda

- Part 1: Corporate Entrepreneurship
- Part 2: Social Entrepreneurship

Source: Kuratko (2024)

Chapter 3 Objectives (Corporate Entrepreneurship)

By the end of this section you should be able to:

- 3.1 Define the entrepreneurial mindset within organizations.
- 3.2 Explain why entrepreneurial thinking is needed in corporations.
- 3.3 Define corporate entrepreneurship.
- 3.4 Identify obstacles that block innovation.
- 3.5 Summarize how to reengineer corporate thinking.
- 3.6 Describe the elements of a corporate entrepreneurial strategy.
- 3.7 Explain how managers develop entrepreneurial skills inside firms.
- 3.8 Illustrate how corporate entrepreneurship is an interactive process.

Chapter 4 Objectives (Social Entrepreneurship)

By the end of this section you should be able to:

- 4.1 Define social entrepreneurship.
- 4.2 Identify traits of social entrepreneurs.
- 4.3 Explain shared value and benefit corporations.
- 4.4 Explore challenges in poverty, sustainability, and global markets.

Important Announcements

1. Have you set up a time to have your first mentor meeting? This must be scheduled **before Sept. 20th.**

My first mentor meeting is scheduled for _____.

It will be [circle one] **in person** / **virtual**.

2. Recording studio slots fill quickly! They must be recorded by **Nov 10th.**

Select One:

- I have informed Dr. Chenarides about which days I am available for the podcast recording.
 - I will inform Dr. Chenarides about which days I am available for the podcast recording **today**.
3. Complete the E-IDP **survey and assignment** (no graded but still required!).

Select All That Apply:

- I have completed the E-IDP **assignment** on Canvas
 - I have completed the E-IDP **survey** via Qualtrics
4. Field trip to Denver Food Trade Show on Oct 2nd (2 spots remaining)
 5. Student internship *for credit* (1 spot remaining)

Part 1 Corporate Entrepreneurship

Quick Poll

Can corporations have an _____?

- Think of examples you've seen in food/ag (e.g., new product launches, sustainability projects).

The Entrepreneurial Mindset in Organizations

Corporations face rapid and unpredictable change.

To compete, they:

- _____ operations.
- Encourage **corporate entrepreneurship** (aka _____).
- Continuously innovate to keep pace globally.

Definition: _____ Entrepreneurship (Intrapreneurship)

New venture creation or strategic renewal inside an existing firm. The infusion of entrepreneurial thinking and innovation inside larger, corporate enterprises.

Example companies: Google, 3M, Amazon, Tesla, Procter & Gamble, Abbott

The Need for Corporate Entrepreneurship

Why companies pursue it:

- New competitors emerging.
- Traditional management methods distrusted.
- Talent leaving to start their own businesses.
- International competition & downsizing.
- Desire for higher efficiency/productivity.

Corporate Innovation _____

Practices that build an innovation-driven company:

1. **Set** _____. What steps does the employee need to take so that innovation goals are achieved?
2. **Create a system of** _____ **and** _____. How can risk-taking be encouraged within the company?
3. **Emphasize individual** _____. Key pillars: confidence, trust, accountability
4. **Provide** _____ **for innovative ideas.** How can employees be incentivized to put their innovative talents to use?
5. **Don't punish** _____. How can the company embed _____ into the innovation model?

Definition: Corporate _____

Developing entrepreneurial spirit, generating new ideas and behaviors.

Practices that build an innovation-driven **class**:

1. **Set clear innovation goals.**
→ In class: Your *innovation goal* is to produce a professional podcast episode with your mentor. What smaller steps will get you there? (planning, interviewing, editing)
2. **Create a system of feedback and positive reinforcement.**
→ In class: You'll get feedback from your mentor, peers, and me. How can you encourage each other to take risks and try new approaches?
3. **Emphasize individual responsibility.**
→ In class: Each team member has a role in the podcast. How do confidence, trust, and accountability show up in your group?

4. **Provide rewards for innovative ideas.**

→ In class: Creative approaches (unique interview angles, strong storytelling) will shine through in your final product and class presentations.

5. **Don't punish failure.**

→ In class: Experiments might not work (tech glitches, awkward questions).
How can you turn these into learning moments instead of setbacks?

Apply it to your own experience

- How can you practice these five principles in your mentor relationship?
- How will experimenting with the podcast help you build confidence in risk-taking and innovation?

Quick Poll

Which practice would motivate you most working in an organization?

- A. Having clear innovation goals.
- B. Receiving feedback and positive reinforcement.
- C. Being rewarded for innovative ideas.
- D. Having freedom to work independently.
- E. Having guardrails to fail safely.

How to Determine if _____

If you find yourself craving a workplace where entrepreneurial thinking is encouraged, use these questions to determine if your organization supports that mindset:

Does the company encourage entrepreneurial thinking?

Does the company provide ways for innovators to stay (not abandon) with their ideas?

Are people in the company permitted to do the job on their own, or are they constantly stopping to explain their actions and ask for permission?

Has the company evolved quick and informal ways to access the resources to try new ideas?

Has the company developed ways to manage many small and experimental innovations?

Is the system set up to encourage risk taking and to tolerate mistakes?

Are people in our company more concerned with new ideas or with defending their turf?

How easy is it to form functionally complete, autonomous teams in our corporate environments?

Alternatively, an innovative corporate environment may be built around the application of rules for innovation.

This is the result of a **corporate** _____ that supports innovative behavior.

Table 3.1 Rules for an Innovative Environment

1.	Encourage action.
2.	Use informal meetings whenever possible.
3.	Tolerate failure and use it as a learning experience.
4.	Persist in getting an idea to market.
5.	Reward innovation for innovation's sake.
6.	Plan the physical layout of the enterprise to encourage informal communication.
7.	Expect clever <u>bootlegging</u> of ideas—secretly working on new ideas on company time as well as on personal time.
8.	Put people on small teams for future-oriented projects.
9.	Encourage personnel to circumvent rigid procedures and bureaucratic red tape.
10.	Reward and promote innovative personnel.

Chobani's Incubator Program for New Food Startups

- Chobani launched its Food Incubator in 2016 to support startups focused on **better food for more people**.
- Provides entrepreneurs with:
 - Mentorship from Chobani executives
 - Access to networks in retail, supply chain, and distribution
 - Workshops on branding, marketing, and fundraising
 - Equity-free funding (\$25,000 per company)

Connection to Corporate Innovation:

- Helps Chobani stay at the forefront of food trends.
- Builds partnerships that bring fresh ideas into the company.
- Example of a large food company creating an environment that _____.

Definition: _____

An _____ is a program that supports early-stage startups by providing resources such as mentorship, funding, networking, and workspace to help them grow.

Corporate Entrepreneurship Terms:

(1) _____ vs. (2) _____

Now that we understand the value and culture of entrepreneurship *within* organizations, how do companies actually structure it?

1. **Adding new businesses** (or portions of new businesses via equity investments) to the corporation

- Can take three forms:
 - *Internal corporate venturing* → new ventures created inside the company
 - *Cooperative corporate venturing* → partnerships or joint ventures with other firms
 - *External corporate venturing* → investing in startups outside the company

Example: Tyson Foods investing in plant-based protein startups.

Definition: _____

Creating or investing in new businesses within or alongside the corporation to generate growth and innovation.

2. **Transforming the core business**

- Changes to firm strategy, product offerings, served markets, internal organization, or business model

Example: General Mills shifting resources toward healthier snack lines to adapt to consumer demand.

Definition: _____

Using entrepreneurial thinking to renew and reshape an existing organization's strategy, products, or operations.

Obstacles to Corporate Entrepreneurship

Traditional practice → Problem created → Better approach

Traditional Practice	Problem It Creates	Better Approach
Enforcing rigid procedures	Blocks innovation	Make rules flexible for each situation
Managing only for efficiency & ROI	Competitive lead lost, weak market presence	Focus effort on critical issues (e.g., market share)
Planning for the long term only	Nonviable goals, high costs of failure	Set interim milestones and reassess often
Protecting the base business at all costs	Missed opportunities	Take small, affordable risks
Promoting only “compatible” individuals	Loss of innovators (“boat rockers”)	Support innovators and risk-takers

Note: These examples are **selected from Table 3.2 in Kuratko (2024)**. See the textbook for the complete list.

Cultivating Successful Innovative Companies

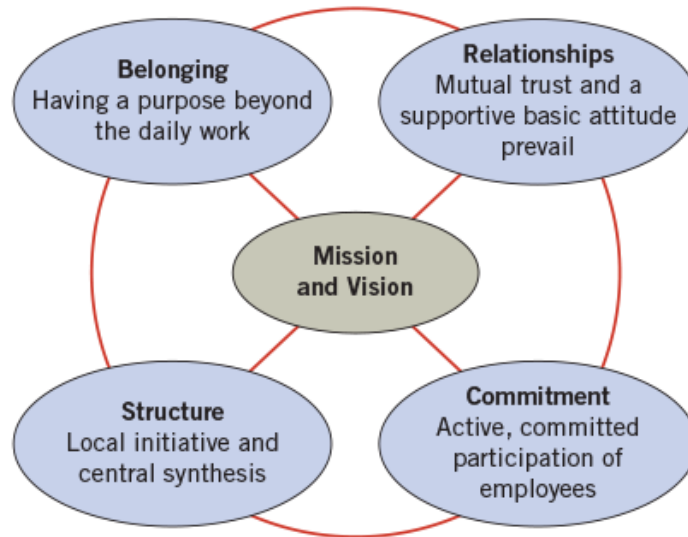
Factors:

1. Develop the _____
2. Encourage _____
3. Structure for an entrepreneurial _____
4. Prepare _____ for corporate innovation
5. Develop _____

Definition: _____

A vision-directed, organization-wide reliance on entrepreneurial behavior that purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity.

Figure 3.3 Shared Vision



▼ Details

An idea web for shared vision and mission leads to four connected circles. They read from the top left in clockwise direction as follows: 1, Belonging, Having a purpose beyond the daily work. 2, Relationships, Mutual trust and a supportive basic attitude prevail. 3, Structure, Local initiative and central synthesis. 4, Commitment, Active, committed participation of employees.

Source: Jon Arild Johannessen, "A Systematic Approach to the Problem of Rooting a Vision in the Basic Components of an Organization," *Entrepreneurship, Innovation, and Change* 3, no. 1 (March 1994): 47. Reprinted with permission from Plenum Publishing Corporation, New York.

Part 2 _____ Entrepreneurship

Setting the Stage

Think of a social cause you care about (local or global).

How could a business help solve it?

Defining _____ Entrepreneurship

- Mixes nonprofit, government, and business features.
- Combines innovation, risk-taking, and large-scale transformation with solving social problems.

Definition: _____

A form of entrepreneurship that exhibits characteristics of nonprofits, governments, and businesses, combining private-sector focus on innovation, risk taking, and large-scale transformation with social problem solving.

Definition: _____

A person (or group of individuals) who founds and/or leads an organization or initiative engaged in social entrepreneurship

Social Entrepreneurship Process

1. Recognize a social opportunity.
2. Translate into an enterprise concept.
3. Acquire resources.
4. Execute to achieve social impact.

Social Enterprises

- Mission-driven: increase **social value**.
- Can be nonprofit or for-profit.
- For-profit model: *Buy One, Give One* (e.g., TOMS Shoes).

Definition: Social Value

Social value is the positive impact created for society when organizations address community, environmental, or social needs.

It goes beyond financial profit to include benefits such as improved well-being, reduced inequality, stronger communities, and a healthier environment.

Companies Built Around a Core Social Mission

Consumer Brands with Activism

- **Ben & Jerry's** → balances profit with activism on climate and social justice.

- **Patagonia Provisions, New Belgium Brewing, King Arthur Baking** → certified **B Corps**, embedding sustainability and transparency into their business models.
- **Unilever** → large-scale sustainability initiatives in agriculture and packaging.

Food Access & Waste Reduction

- **Misfits Market** → sells “imperfect” produce at discount, reducing food waste and improving affordability.

Global Social Ventures

- **Water for People** → expands clean water access worldwide.
- **Sanergy** → builds affordable sanitation systems in Kenya.
- **The Clothing Bank** → trains women in South Africa for entrepreneurship and financial independence.

Benefit Corporations (B Corps)

- **Purpose:** positive social/environmental impact
- **Accountability:** consider stakeholders (workers, community, environment)
- **Transparency:** annual reporting
- **Certification:** Verified by **B Lab**

How certification works

1. Complete the **B Impact Assessment** (covers governance, workers, community, environment, customers).
2. Score at least **80 out of 200 points**.
3. Provide documentation and undergo a review/audit by B Lab.
4. Amend governing documents to reflect stakeholder accountability.
5. Recertify every **3 years**.

Shared _____ & _____
 _____ (TBL)

- _____ → Business creates economic value **while** also solving social or environmental problems.
Example: Nestlé developing fortified foods for low-income markets.

- _____ (TBL) → Success measured not just by profit, but by balancing:
 - **Profit** (economic performance)
 - **People** (social performance)
 - **Planet** (environmental performance)

Why it matters:

If TBL guides decisions, projects with higher **social and environmental returns** are more likely to get funded, even if short-term profits are lower.

Measuring Social Impact

If firms claim to create _____ or follow the *TBL*, how do we know it's real?

Impact can be measured in several ways:

- **Civic wealth / community well-being**
→ e.g., increase in local jobs, education, resilience
- **Scale breadth** (reach more people)
→ e.g., number of households receiving affordable produce
- **Scale depth** (deepen services to current users)
→ e.g., improving nutrition or health outcomes for the same group
- **Extent of social change**
→ e.g., long-term reduction in food insecurity or child labor

Takeaway: Measuring social impact makes TBL and Shared Value **actionable**, not just slogans.

Entrepreneurship

- Many social ventures launched in the U.S. aim to benefit **developing countries**
 - e.g., water access, sanitation, sustainable farming, disaster relief
- Poverty alleviation through entrepreneurship
- Global trade agreements shape opportunities and challenges:
 - **WTO** (World Trade Organization)
 - **USMCA** (U.S.–Mexico–Canada Agreement)
 - **EU** (European Union)
- Ways to go international:
 - Exporting

- International alliances / joint ventures
- Direct foreign investment
- Licensing

Considerations for Social Entrepreneurs Going Global

Before expanding internationally, social entrepreneurs should evaluate:

Area	Key Question	Example
Importing & Exporting	Are there tariffs, trade restrictions, or infrastructure challenges?	<i>Misfits Market</i> explored selling surplus food abroad but faced high logistics costs and strict import regulations.
International Alliances & Joint Ventures	Who are the trusted local partners that can help adapt the model?	<i>World Central Kitchen</i> partners with local chefs and restaurants in disaster zones to scale relief efforts.
Direct Foreign Investment	What are the risks of owning facilities or operations abroad?	<i>Oatly</i> invested in overseas production plants (U.S., Singapore) to meet global demand while maintaining brand consistency.
Licensing	Can technology, trademarks, or processes be adapted by others?	<i>Driptech</i> licensed its low-cost irrigation technology to local distributors to reach smallholder farmers in India and China.
Researching Foreign Markets	How do local culture, regulations, and consumer needs affect expansion?	<i>Tony's Chocolonely</i> studied European vs. U.S. consumer attitudes toward “fair trade” chocolate before expanding.

Takeaway: Expanding globally is not just about scaling up — it requires adapting the mission to new political, economic, and cultural contexts.

Group Activity 3-1

Time: 30 minutes

Format: Work with your pods

Instructions (23-25 minutes)

1. Each group will receive a **scenario** told from the perspective of a founder.
2. Spend the first part of the activity discussing:
 - What is the social problem the founder is trying to solve?
 - How should the team define the **social mission** of this enterprise?
 - Who is the target community?
 - What resources or partnerships will they need?

Debrief (5–7 minutes)

- What did your group define as the **social mission**?
- Did different groups emphasize different values (environment, equity, access, resilience)?
- What trade-offs did you notice when deciding what mattered most?

Closing Remarks

- Corporate entrepreneurship = innovating inside established firms.
- Social entrepreneurship = solving social/environmental challenges through business.
- Both require entrepreneurial mindset, but with different goals.

Summary

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References

Kuratko, Donald F. 2024. *Entrepreneurship: Theory, Process, Practice*. 12th ed. Cengage Learning, Inc.

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