

# Intrapreneurship: Developing Corporate Entrepreneurship



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# Defining The Concept

Recent research has defined corporate entrepreneurship as a process whereby an individual or a group of individuals, in association with an existing organization, creates a new organization or instigates renewal or innovation within the organization.



# The Need for Corporate Entrepreneurship

1. Rapid Growth in the number of new and sophisticated competitors
2. Sense of distrust in the traditional methods of corporate management
3. An exodus of some of the best and brightest people from corporations to become small business entrepreneurs
4. International competition
5. Downsizing of major corporations
6. An overall desire to improve efficiency and productivity



# Obstacles in Corporate Venturing

## Traditional Mgt Practices

- Enforce Standard procedures to avoid mistakes
- Manage resources for efficiency and ROI
- Control against plan
- Plan for the long term
- Manage functionally
- Avoid moves that risk the base business

## Adverse Effects

- Innovative solutions blocked, funds misspent
- Competitive lead lost, low market penetration
- Facts ignored that should replace assumptions
- Nonviable goals locked in, high failure costs
- Entrepreneur failure and/or venture failure
- Missed opportunities



# Obstacles in Corporate Venturing, cont.

## Traditional Mgt Practices

- Protect the base business at all costs
- Judge new steps from prior experience
- Compensate uniformly
- Promote compatible individuals

## Adverse Effects

- Venturing dumped when base business is threatened
- Wrong decisions about competition and markets
- Low motivation and inefficient operations
- Loss of innovators



# Reengineering Corporate Thinking

- Set *explicit* goals
- Create a system of *feedback* and *positive reinforcement*
- Emphasize *individual responsibility*
- Give *rewards* based on results



# Innovative Philosophy

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 bootlegging of ideas – secretly working on new ideas on company time as well as 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



# Specific Elements of a Corporate Intrapreneurial Strategy

- Developing the Vision



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# Shared Vision



# Specific Elements of a Corporate Intrapreneurial Strategy

- Developing the Vision
- Encouraging the Innovation
  - Radical innovation is the launching of inaugural breakthroughs
  - Incremental innovation refers to the systematic evolution of a product or service
- Structuring for an Intrapreneurial Climate
- Developing Venture Teams



# 3M's Innovation Rules

- Don't kill a project
- Tolerate failure
- Keep divisions small
- Motivate the champions
- Stay close to the customer
- Share the wealth



# “Corporate Entrepreneurship Assessment Instrument (measured key entrepreneurial climate factors)

- Management Support
- Autonomy/Work Discretion
- Rewards/Reinforcement
- Time Availability
- Organizational Boundary



# Developing Venture Teams

- A venture team is composed of two or more people who formally create and share the ownership of a new organization.
- The leader is called a “product champion” or an “intrapreneur”.



# The Interactive Process of Intrapreneurship

## Who Are Entrepreneurs?

- Intrapreneurs are sometimes captured by the description as “a dreamer who does.” They tend to be action oriented. They can move quickly to get things done. They are goal oriented, willing to do whatever it takes to achieve their objectives. They are also a combination of thinker, doer, planner, and worker. They combine vision and action.



# The Ten Commandments of an Intrapreneur

- 1. Come to work each day willing to be fired**
- 2. Circumvent any orders aimed at stopping your dream**
- 3. Do any job needed to make your project work, regardless of your job description**
- 4. Network with good people to assist you**
- 5. Build a spirited team: choose and work only with the best**
- 6. Work underground as long as you can – publicity triggers the corporate immune mechanism**
- 7. Be loyal and truthful to your sponsors**
- 8. Remember that it is easier to ask for forgiveness than for permission**
- 9. Be true to your goals, but be realistic about the ways to achieve them**
- 10. Keep the vision strong**



# The Interactive Process of Individual and Organizational Characteristics



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# An Interactive Model of Corporate Entrepreneuring

