

INTRAPRENEURSHIP – An engine for corporate growth?

Institute: Narsee Monjee Institute of Management Studies, Mumbai

"In most organizations people are thought to be either dreamers or doers. Both talents are not generally required in one job. But the trouble with telling the doers not to bother about their dreams is that they dream anyway. When they are blocked from implementing dreams of how to help your company they're dreaming dreams of revenge. A mind is meant to imagine and then act. It is a terrible thing to split apart the dreamer and the doer."

- Gifford Pinchot

Unfortunately, most organizations around the world still indulge themselves in the “*terrible thing to split apart the dreamer and the doer*” when it comes to harnessing the true potential of their employees. There are examples, few but significant, of organizations that have woken up to the potential of encouraging the entrepreneurial spirit of their talent force. Hardly a surprise that some amazingly innovative business plans have been reaped in-house. But the pertinent questions we ask ourselves are: “Is this just a flash in the pan, or can this intrapreneurial culture be institutionalized within the organization?” Then we wonder, “Can the innovations be aligned with the corporate goal or will wild, parallel and out-of-sync ideas emerge out of the process?” Given the positives, “What should corporates do to incubate and encourage intrapreneurship?”

To find answers to these questions, our work will use the following framework:

- What is corporate entrepreneurship/ intrapreneurship?
- Can it be aligned with corporate goals?
- How should the organization nurture and manage it?
- What could retard intrapreneurship?
- Our recommendations

Intrapreneurship made easy!

"An intrapreneur is a person within a large corporation who takes direct responsibility for turning an idea into a profitable, finished product through assertive risk taking and innovation."

- Employees dream by default
- The ideas they think of, normally deal with their immediate surroundings, namely the organization
- Therefore, majority of their thoughts revolve around betterment of the organization
- The prerogative to channel this brilliant potential lies with the organization
- If a suitable environment is provided:
 - The idea generator can be motivated to better the company's cause from inside
 - Results in employee satisfaction, rise in productivity
 - Ideas generated can become competitive advantage tools
- Corporate discouragement may lead to:
 - Employee de-motivation
 - A passionate idea might force the employee to see its development outside the organization
 - The company does not benefit from an insider's recommendation for improvement

Aligning with corporate goals

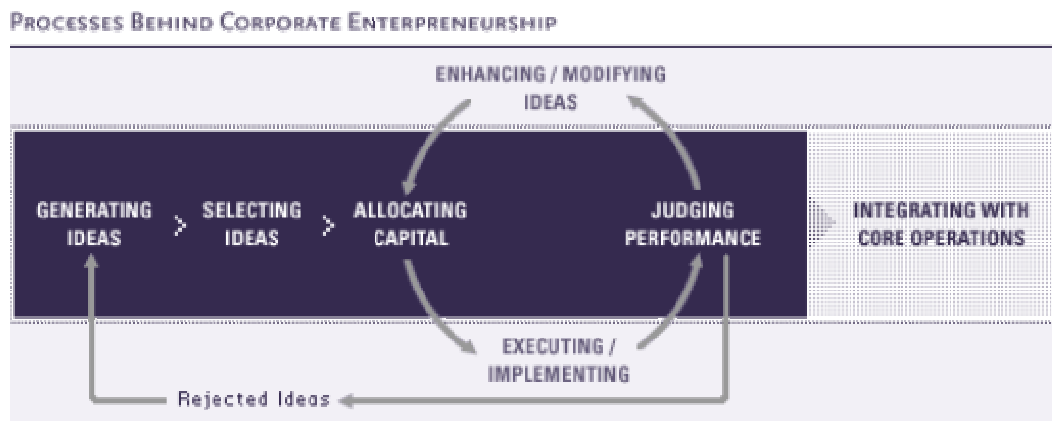
- Every employee might have their own innovative ideas
- Areas covered might be diverse
- Some concepts may be un-related or contrary to corporate goals
- It's crucial that the idea generation process be well directed
- Encouragement of un-related ideas will foster time and resource wastage
- The process may not lead to innovation for the sake of furthering the cause of the organizational business, the obvious objective
- Communication of the objective to the employees remains a serious challenge to the success of intrapreneurship
- However, the perception that because of the above, intrapreneurship and corporate goals cannot be complementary, is a fallacy
- 3M, an innovation driven company, has tapped intrapreneurial talent to great success
- Information technology companies thrive on innovative ideas for internal process improvements, out of the box solutions to existing problems and most importantly, insightful observations regarding the use of IT in prospective industries and clients
- R&D intensive companies and consulting companies greatly benefit from creative observations regarding potential business opportunities
- Despite having dedicated business spotting teams, companies could do well to have as many people donning the 'opportunity-observer' hat
- This is because a great business idea is not the copyright of any designated team
- A professionally managed intrapreneurship process can provide the parent company with vehicles of growth
- Hence, this actively helps in the attainment of the corporate goals

Intra-corporate incubation

"Some look at things and ask 'Why?'. Others look at things and ask 'Why not?'"

- George Bernard Shaw

- Intrapreneurial thought needs to be identified and encouraged
- The onus is on the company to provide for an environment where innovative ideas can germinate
- An open environment should be backed up by a strongly managed process
- The 'Big Picture' issues should be strongly re-enforced
- There should be an intelligent idea-evaluation model
- The model should have a balanced qualitative and quantitative criteria
- For e.g. criteria should test alignment with strategic goal, should reward process improvement concepts and highly reward revenue fetching plans
- Setting monetary targets might ensure discipline in some cases. However, it might unnecessarily stifle creativity in other cases
- An idea of merit should be allowed to be implemented by the conceiver in a systematic, budgeted, measurable and accountable process



*www.dartmouth.edu

- Guidelines loosely revolving around the following should be published:

1. Build your team, intrapreneuring is not a solo activity.
2. Share credit widely.
3. Ask for advice before you ask for resources.
4. Under promise and over deliver. Publicity triggers the corporate immune system.
5. Do any job needed to make your dream work, regardless of your job-description.
6. Remember it is easier to ask for forgiveness than for permission.
7. Keep the best interests of the company and its customers in mind, especially when you have to bend the rules or circumvent the bureaucracy.
8. Come to work each day willing to be fired.
9. Be true to your goals, but be realistic about how to achieve them.
10. Honor and educate your sponsors.

*www.pinchot.com

- "You can't create wealth unless you are willing to share it."
 - Intrapreneurial employees should be granted something akin to ownership rights in the internal 'intraprisers' they create
- Companywide involvement should be encouraged by insisting on truth and honesty in marketing and marketplace feedback
- Intrapreneurial teams should be treated as a profit center rather than a cost center (i.e., they are responsible for their own bottom line). One way some companies handle this is for the team to have their own internal bank account
- Team members should be allowed a variety of options in jobs, in innovation efforts, alliances, and exchanges
- Employees must be encouraged to develop through training programs
- Internal enterprises should have official standing in the organization
- A system of contractual agreements between internal enterprises should be defined and supported by the organization
- A system for settling disputes between internal enterprises and between employees and enterprises is part of the intrapreneurship plan

What can retard intrapreneurship?

- Costs of failure too high, rewards of success too low
 - Intrapreneurs need to be given the space in which to fail, since failure is an unavoidable aspect of the intrapreneurial process
 - This is not to say that organizations should simply condone failure, but rather that organizations need to begin to measure and attribute failure to either intrapreneur's fault, or circumstances beyond the intrapreneur's control - and punish and reward accordingly
 - Similarly, the rewards for success are usually inadequate - few organizations provide rewards for Intrapreneurs that even closely approximate the rewards available to the entrepreneurial counterparts
- Inertia caused by established systems that no-one is willing to change
 - Most organizations are governed by implicit and explicit systems, and in many cases people are reluctant to change them
 - Many organizations use their existing systems to prove they already have the "right answer" , effectively dousing creativity
- Hierarchy
 - Organizational hierarchies are what create the need to ask for permission
 - Deeper the hierarchy, that harder it is to get permission for anything new
 - Hierarchies also tend to create narrow career paths and myopic thinking, further stifling creativity and innovation
 - People lower down in the hierarchy have a tendency to become dis-empowered through having to ask permission, eventually developing the "victim mentality" that causes reactivity

The team recommends

- *"As competition intensifies the need for creative thinking increases. It is no longer enough to do the same thing better... no longer enough to be efficient and solve problems. Far more is needed. Now business has to keep up with changes... And that requires creativity. That means creativity both at a strategic level and also on the front line, to accompany the shift that competitive business demands... from administration to true entrepreneurship."*

Edward De bono

- Our analysis suggests that the concept of Intrapreneurship indeed holds the promise to unleash the tremendous potential of an organization's work force
- Companies must create an open environment and culture, where dreamers are allowed to experiment with radically new thinking
- A corporate goal aligned evaluation model for ideas (pre-published for employee information) should filter ideas
- A systematic process should further facilitate the mentoring, development and implementation of ideas that hold merit, by the conceivers themselves
- Suitable rewards should be given to deserving projects
- The entire company structure should be made flexible enough to accommodate such dynamism
- Failures should be taken in stride and learnt from. They are inevitable
- In the end, a truly intrapreneurial organization is bound to come up with a regular churn of brilliant ideas that will somewhere down the line provide for vehicles of future growth

"The best innovators aren't lone geniuses. They're people who can take an idea that's obvious in one context and apply it in not-so-obvious ways to a different context. The best companies have learned to systemize that process."

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