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### Intrapreneurship

In today's economy, where globalization is increasing and multinational corporations are beginning to dominate, entrepreneurship and innovation are more important than ever for small and growing enterprises. Companies need to look beyond competition and create new businesses in new markets if they hope to be successful.

New venture creations come from two distinct sources. The first is entrepreneurs, who create new products and markets and launch new ventures. The second source is the organization itself. Today, about 30% of large companies provide funding for developing new ventures and products. Innovation and entrepreneurship in an organizational setting, with the company using the talents of its creative employees to develop innovative products/services, is known as intrapreneurship.

So, why is intrapreneurship not more widespread? Generally, innovations come from smaller firms or individual entrepreneurs. Almost all big companies start out small, with one or two people having a bright idea. What is it that prevents larger and more resourceful organizations from coming up with the ideas that small entrepreneurs exploit successfully? Four possible reasons have been cited:

1. High failure rate of start-ups
2. High cost and risk involved in commercialization of the idea/concept
3. Possibility of innovative products cannibalizing old products
4. Public attention and the fear of any failure being noticed by the government, funding agencies, unions, or the public at large.

Of course, another large factor that plays into this is the hierarchy, organizational culture, and bureaucracy of larger companies. When new ideas are generated, they are sometimes stifled, criticized and delayed by others in the company that do not have the same vision. In addition, unless your company has an intrapreneur spirit and associated processes, others in the organization will not have a framework to leverage these ideas. In most cases, the only option for a person with a new idea is to leave and try it out on their own.

### Fostering Intrapreneurship

In accordance with the old adage, 'You get what you measure', organizations need to find ways to measure and reward intrapreneurship, both in terms of its frequency and the intensity with which it is pursued. Organizational processes, structures, and leaders are necessary to foster intrapreneurship. Experts have come up with seven suggestions to help them successfully promote this idea.

1. **Self-Selection.** Individuals can appoint themselves to the entrepreneurial task
2. **No Handoffs.** The initiator remains involved with the project throughout its life



## TenStep Supplemental Paper

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3. **The Doer Decides.** The originator must be allowed to proceed as long as the idea is viable
4. **Corporate Slack.** Discretionary corporate resources are available to fund viable opportunities
5. **Patient Money.** Commit for the long-term, accept short-term losses and negative cash flows
6. **Accept Failures and Mistakes.** They are an essential part of developing a successful portfolio of new ventures
7. **Cross-Functional Teams.** Different specialty areas are encouraged to work together on a project-by-project basis

The first three points focus on the individual. People should be allowed to exercise their free will in choosing entrepreneurial projects. They should be encouraged, supported, and rewarded, but not forced. They should also be allowed to stick with the project throughout its life and decide on its viability.

The next three points deal with the resources that are necessary for the first three points. Besides financial resources, the organization must commit to the intrapreneur for the long run and accept losses during the project's initial stages. Most importantly, the organization must accept failure and learn from it.

The seventh point is about organizing for entrepreneurship. Compared to individuals and small outfits, a large organization has the advantage of drawing people from diverse backgrounds, functions, and experiences. This virtue can become a true strength when cross-functional teams are formed on a project-by-project basis.

The last century brought quality to the forefront of production as the key to competitiveness, growth, and profitability. These forces drove companies to seek quality in their products, services, and processes. Quality was the key to staying ahead in business in the last century. Now, quality is the key to staying in business, especially quality that is an industry-wide standard. If the company would like to forge ahead of the competition, it will have to graduate from standard quality to innovative quality. Intrapreneurship is one way to foster this innovation in quality.