

INTRAPRENEURSHIP: REINVENTING THE CORPORATION

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Abstract

The relentless pressures of competition stemming from globalization, technological changes, privatization etc. today are increasingly making the organizations harder and harder to survive merely by competing. One of the pathways to weather these storming changes is to unleash the entrepreneurial energies of employees organization to carve out new paths, initiate new ventures, defy the status quo and break fresh ground usually referred to as "intrapreneurship". Intrapreneurship being the major driver of organizational reinvention is typically intra-organizational revolution challenging the status quo and fighting to change the system from within. The companies are, therefore, interestingly looking towards their entrepreneurs to take them beyond competition. The spirit of intrapreneurship needs to be matured through various facilitators related to environment, management and organization. However, it has various retaining factors too. This can be easily dealt with depending upon the personality traits of an intrapreneur, which are inborn not made. Although our upbringings, belief systems, education training and development may affect our ultimate behaviors. Thus to create organizational cultures, conditions and process to reinvent the corporations, identification of future success factor is a must on sustained basis for an intrapreneur who plays a key role in keeping employees motivated and open new avenues for them to bring their vision and creativity into reality for the benefit of the organization.

INTRODUCTION

"As competition intensifies the need for creative thinking increases miracles. 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 the strategic level and also on the front line to accompany the shift that competitive business demands ...from administration to true entrepreneurship."

Edward de Bono

Organizations are finding it harder and harder to survive merely by competing. One of the pathways for companies to cope up with these storming changes is to unleash the entrepreneurial ability latent in its employees to develop an **intrapreneur**. The word '**intrapreneur**' was coined by Gifford and Elizabeth Pinchot in 1976. An **intrapreneur** typically represents an intra-organizational revolutionary., challenging the status quo and fighting to change the system from within. Thus, very simply put, Intrapreneurship is Entrepreneurship practiced by people within established organizations. According to The American Heritage Dictionary (1992) 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 motivation."

Most organizations find that their ability to identify and innovatively exploit opportunities decreases as they move from the entrepreneurial to the growth phase. Therefore companies need to adopt an entrepreneurial strategy- the essence of which is innovation (Schumpeter, 1934; Drucker, 1985) leading to the birth of new technical knowledge that would provide a solution to a customer problem, matches this technical capability with the

satisfaction of the market. This process leads to the birth of new businesses. Thus, the process by which the individuals inside the organizations pursue opportunities, without regard to the resources they currently control is often referred to as Corporate Entrepreneurship (Stevenson, Roberts and Grousbeck, 1998)

INTRAPRENEURSHIP: INSTITUTIONALISING ENTREPRENEURSHIP DIFFERENTLY

A variety of labels or specialized terms have been used by the researchers to describe the same phenomenon as follows;

1) Corporate Venturing: The creation of new businesses within an existing firm through corporate entrepreneurial efforts (Zajac, Golden and Shortell, 1991)

2) Corporate Entrepreneurship: The process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization. (Sharma and Chisman, 1999)

3) Strategic Renewal: refers to the corporate entrepreneurial efforts that result in significant changes in an organisation's business or corporate level strategy or structure.

4) Innovation: is at the heart of entrepreneurship. (Stevenson and Gumpert, 1985) and refers to the introduction of a new product, process, technology, system, technique, resource or capability to the firm or its markets (Covin and Miles, 1999) either independently or part of an organizational rejuvenation process.

Rejuvenation within an existing organization (Stopford and Baden-Fuller, 1990), internal entrepreneurship (Schollhammer, 1982) is also sometimes used to denote corporate entrepreneurship.

ENTREPRENEURSHIP VS. INTRAPRENEURSHIP

An entrepreneur is an individual who accepts financial risk and undertakes new financial ventures. The word derives from "entre" (to enter) and "prendre" (to take) and in general sense applies to any person starting a new project. The two magic words for the entrepreneur are "what if-----?" The entrepreneur sees the world through a kaleidoscope constantly looking at it from different angles to address different needs thus,

"Entrepreneurship is the process of creating value by bringing together a unique package of resources to exploit an opportunity."

"Entrepreneurship is the pursuit of opportunity without regard to resource currently controlled."

From above definitions, we can note that entrepreneurs are opportunity driven and are good at seeing patterns of change. While a manager asks "given the resources under my control what can I achieve?"

The entrepreneur asks, "Given what I want to achieve what resources I need to acquire?"

Therefore according to George Bernard Shaw "The reasonable man adopts himself to the world; the unreasonable one persists in trying to adopt the world to himself. Therefore all progress depends on the unreasonable man." This describes an entrepreneur. Entrepreneurs create their own futures, understand it and go with the flow. Finally we can say that entrepreneurship has three foundations:

- Innovation
- Calculated risk taking
- Creativity

However, entrepreneurship may sometimes be confused with intrapreneurship, that, of course, have few things that are different.

For starters, the Intrapreneurship acts within the confines of an existing organization. The dictates of most organization would be that the Intrapreneur should ask for permission before attempting to create a designed

future- in practice, the Intrapreneur is more inclined to act first and ask forgiveness than to ask for permission before acting.

The Intrapreneur is also typically the intra-organizational revolutionary challenging the status quo and fighting to change the system from within.

ADVANTAGES OF INTRAPRENEURSHIP OVER ENTREPRENEURSHIP

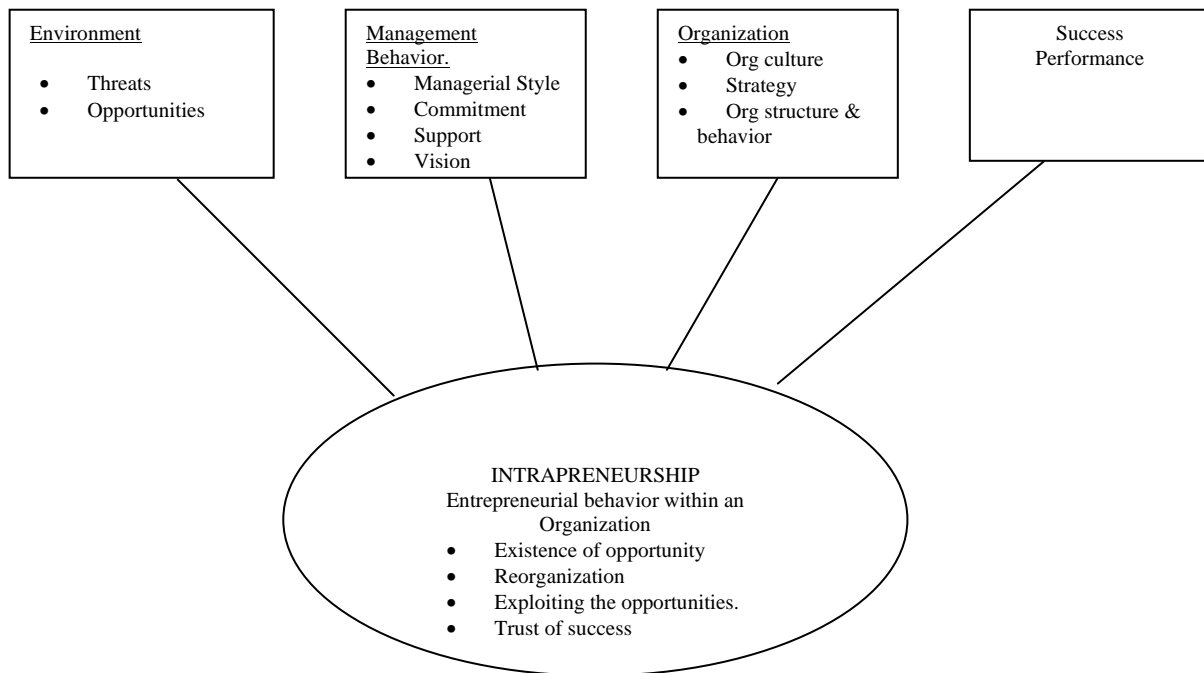
- Ready source of a free” resources within the organization that can be applied to the opportunity being exploited.
- Access to customers
- Infrastructures
- Management Pools
- Leverage on an existing business

DISADVANTAGES OF INTRAPRENEURING VS. ENTREPRENEURING: -

- Continuity of sponsorship
- Short-term mentality
- Corporate meddling, bureaucracy, decision by committee
- Lack of passion
- Have to be big to be material
- Aversion to risk

FACTORS FACILITATING INTRAPRENEURSHIP: -

Intrapreneurship is a process, which occurs in interaction with the environment (Van de Van, 1993). As with new entrepreneurial ventures odds against success are enormous. Intreprenurship means bottom- up, off the beaten track business building, spearheaded by people who yesterday ere working as line managers or employees. It is inconsistent with reengineering, downsizing and other efficiency methodologies. It is the business plan step that separates true intrapreneurship from a glorified suggestion system. The goal is to foster new ventures, not just stimulate the production of ideas. Intrapreneurs need both incentives and safety net. The factors nurturing the spirit of intrapreneurship can be well depicted with the help of following diagram: -



The factors influencing intrapreneurship (Heinonen 1999b, elaborated from Guth-Ginsberg 1990, Miller 1983, Kuratko et al. 1990)

On the basis of the study, the emerging central factors are the management interpretation of environmental changes- whether threats or opportunity and the resources available to the organization to react to the changes in its environment, Some other enablers are: -

- Support of the top management
- The freedom to fail
- The ability of the management to condone mistakes and create an atmosphere of learning
- The freedom to induct or remove any member of the intrapreneurial team freedom to select suppliers etc. This is what Hamel(2002) refers to as an 'Open market for talent'
- Recognition of work well done
- Rewarding innovative ideas
- Sharing of success stories
- Constant reminders to employees of the vision and mission of the company
- Access to corporate resources
- Defined corporate culture
- Stable, supportive, competent sponsorship and governance
- Utilization of core competencies of the company
- Patience
- Superior planning

FACTORS RETARDING INTRAPRENEURSHIP

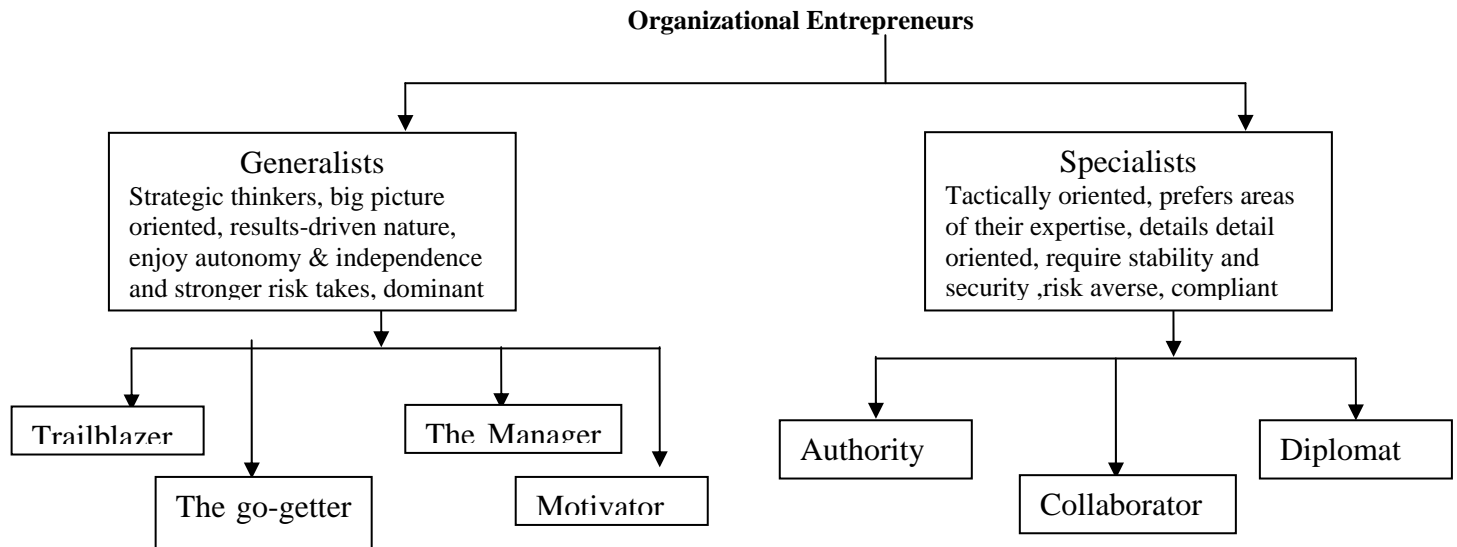
The primary factors retarding Intrapreneurship are:

- The cost of failure too high, and the rewards of success are too low: Intrapreneurs need to be given the space in which to fail, since failure is an unavoidable aspect of the Intrapreneurial process. Similarly, the rewards for success are usually inadequate -few organization provide rewards for Intrapreneurs that even closely approximate the rewards available to the Entrepreneurial counterparts. Most incentivisation programmes needs to be upgraded accordingly.
- Inertia caused by established systems that no one is willing to change: Most organizations are governed with explicit and implicit systems and in many cases people are reluctant to change them. Intrapreneurs are met with “this is the way we’ve always done it around here.” “Changing it now would just take too much effort....” Most organizations use their existing systems to prove they already have the “right answer”, effectively dousing creativity.
- Hierarchy: Hierarchies also tend to create narrow career path and myopic thinking, further stifling creativity and innovation. People lower down in the hierarchy have a tendency to become disempowered through having to ask permission eventually developing the “victim mentality” that causes reactivity.

Organizations, therefore, need to find ways to measure and reward Intrapreneurship both in terms of its frequency and the rigor with which it is pursued. Organizational processes and structures are required to foster Intrapreneurship just as they are for any other aspect of the organization.

PERSONALITY TRAITS OF AN INTRAPRENEUR:

Every personality type –and, therefore, every person have the potential to grow a successful business. According to a survey by Accord Management Systems Inc., California based behavioral consultancy, people basically come in two flavors- generalist and specialist, with different personality types as depicted in the diagram below.



A brief look at the seven personality types is as follows:

- 1) Trailblazer: Very competitive, ambitious and goal oriented. They have two speeds -fast and faster. They base their decisions on fact rather than feelings and are calculated risk takers.
- 2) Go Getter: Dominant, sociable and independent. The drive to succeed is sometimes tempered by the interest in and concern for others. They are typically good leaders and good managers.
- 3) Manager: Dominant and independent goal oriented analytical, focusing more on processes and outcomes than on people have a higher than average level of relaxation and are a great behind- the -scenes leader.
- 4) Motivator: High level of sociability, great consensus builder and a driver of change, good at convincing and nurturing relationships.
- 5) Authority: Backbone of the society, an excellent distributor, detail and tactic oriented. Often refer to themselves as “accidental entrepreneurs” because they may end up running a business that was never a part of their original plan.
- 6) Collaborator: Very sociable, dislike cold calling or pitching new ideas and likes to follow prescribed rules and guidelines.
- 7) Diplomat: Restless and enjoy working under a certain amount of pressure, adjust easily to change and deal well with new situation, Experience difficulty in delegating details but do a great job when they can do the work by themselves.

Thus each of the seven entrepreneurial personalities is more compatible with some type of business than others. The most successful entrepreneurs know that greatest knowledge is self-knowledge. Also, the spirit of innovation is inborn, not made, although our managerial belief systems, education, training and development affect our ultimate behaviors, our core personalities remain relatively constant throughout our lives.

FOSTERING INTRAPRENEURIAL ENVIRONMENT

1. Support from ownership and top management. This support should not simply consist of passive approval of innovative ways of thinking. Ideally, it should also take the form of active support, such as can be seen in mentoring relationships. Indeed, the small business owner's own entrepreneurial experiences can be valuable to his firm's intrapreneurial employees if he makes himself available to them.
2. Recognition that the style of intrapreneurialism that is encouraged needs to be compatible with business operations and the organization's overall culture.
3. Make sure that communication system within the company is strong so that intrapreneurs who have new ideas for products or processes can be heard.
4. Intelligent allocation of resources to pursue intrapreneurial ideas.
5. Reward intrapreneurs. All in all, intrapreneurs tend to be creative, dedicated, and talented in a variety of areas. They are thus of significant value even to companies that do not feature particularly innovative environments. Their importance is heightened, then, to firms that do rely on intrapreneurial initiatives for growth. Since they are such important resources, they still have a hunger to make use of their talents in a variety of areas. They are thus of significant value even to companies that do not feature particularly innovative environments. Their importance is heightened, then, to firms that do rely on intrapreneurial initiatives for growth. Since they are such important resources, they should be rewarded accordingly (both in financial and emotional terms). For while intrapreneurs may not want to go into business for themselves, they still have a hunger to make use of their talent and a wish to be compensated for their contributions. If your small business is unable to unwilling to provide sufficient rewards, then it should be prepared to lose that intrapreneur to another organization that can meet his/her desires for professional fulfillment.
6. Allow intrapreneurs to follow through. Intrapreneurs who think of a new approach or process deserve to be allowed to maintain their involvement on the project, rather than have it be handed off to some other person or task force. Ensuring that the individual stays involved with the initiative makes sense for several important reasons. The intrapreneur's creativity and emotional investment in the project can be tremendously helpful in further developing the process or product for future use. Moreover, they usually possess the most knowledge and understanding of the various issues under consideration. Most importantly, however, the small business enterprise should make sure that its talented and creative employees have continued input because not allowing them to do so can have a profoundly morale-bruising impact.

CONCLUSION:

Organizational change, in its essence, is about bringing a change in organizational routines that are ineffective, inappropriate and dysfunctional which needs to be identified and changed. This requires exposing people to alternative perspectives to free them from the dysfunctional constraint of their mental modes. Large companies are now heading for this journey to create organizational cultures, conditions and processes that facilitate innovation and enable large numbers of employees to move from an "employee mindset" to an "intrapreneur mindset". This transition may although seem non trivial but the identification of future success factors, namely, speediness, flexibility, integration and innovativeness may result in compressing this gap. Speediness may be in relation to product development and changes in relevant strategic lineation. Flexibility can be manifested as regards to learning, getting rid of job descriptions and role obscurity and acquisition of teamwork skills. Integration calls for extensive and open interaction with clients. Innovativeness pertains to discussion on impossible reform and new solutions for new problems. Therefore, sustained efforts at encouraging innovation and its torchbearers i.e. the intrapreneurs play a key role in keeping employees motivated and open new avenues for them to bring their vision and creativity into reality for the benefit of the organization.

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