



The Urgent Intrapreneur Opportunity:

An Introduction For Corporate Leaders

A low-angle, upward-looking photograph of several tall skyscrapers in a city. The buildings are made of glass and steel, with their facades reflecting the sky. The sky is a clear, pale blue with some light, wispy clouds. The perspective makes the buildings appear to converge towards the top of the frame, creating a sense of height and scale. The lighting suggests it might be late afternoon or early morning, as the sky has a soft, warm tone.

In this White Paper:

Entrepreneurs and their startups are the rock stars of our age. The power and freedom that they embody is presented through a constant stream of media stories highlighting success, purpose and bucolic work environments. This lasting societal shift (not a fad) presents both challenges and opportunities for mature corporate organizations.

As leaders of established companies once again focus on attracting, retaining and driving value from employees, intrapreneurship provides an approach to capture the enterprising spirit typically associated with younger ventures.

This document outlines different types of intrapreneurs, the value they add and tactics for support.

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■ Introduction

Since 2008 leaders of established corporate organizations have had no shortage of issues to occupy their attention. Increased competition, shortened product lifecycles, continued margin pressures, globalization, etc. The list goes on.

While all of these issues pose significant challenges, an existential crisis has been brewing under the radar for some time: The ability for mature organizations to attract, retain and engage the best and brightest individuals is under threat.

As evidence, Deloitte's 2014 Millennial Survey found that "Across the globe 70% of tomorrow's future leaders might 'reject' what business as traditionally organized has to offer, preferring to work independently." ⁱ

The foundation for this shift has been some time in the making. During the technology boom of the late-90's / early-2000's the startup business model gained popular attention. College dropouts became billionaires (most notably Bill Gates of Microsoft and Larry Ellison of Oracle) and top talent left lucrative roles on Wall Street (Jeff Bezos of Amazon.com) to lead their own businesses. However, for most young professionals at that point, the entrepreneurial lifestyle was admired from afar.

Some important factors changed in the wake of the 2008 recession:

- Barriers to entry for new businesses decreased significantly. Lean prototyping methodologies, technology enablement and a flood of cheap funding options have made establishing start-ups much more viable.
- Mature organizations shed their workforce. Between 2006 and 2009, young businesses had positive job growth of 8.6%, while mature firms were downsizing by the millions. ⁱⁱ
- Popular media's attention to startup culture has intensified, with every business magazine steadily promoting the success of entrepreneurs and the businesses they create.

**45% of B-School graduates
started a business in 2010-2013**

The result of this shift is that mature companies are losing top talent because the best and brightest no longer see entrepreneurship as a fantasy. This is an issue that is relevant now, not as a potential future state. As an example, in a recent survey the Graduate Admissions Management Council found that 45% of business students who graduated in 2010-2013 started a business directly after graduation. ⁱⁱⁱ

■ Thesis

Time and again established organizations have demonstrated the ability to adapt, but the need to consider talent management in the context of a more innovative environment is now urgent. To maintain relevance, mature organizations need to replicate key facets of the startup and entrepreneurial culture, in ways that can be scaled within a larger corporate context. This will require corporations to prioritize, assess and often reshape their talent strategy.

To win this new “war for talent,” leaders within these organizations need to be realistic about how much they are willing to invest in their people, how far they can push their corporate culture, and how they can give employees the opportunity to develop new thinking. Further, effective intrapreneurial support can rarely be achieved by a single corporate function or individual. A holistic approach requires partnership between leadership, functional groups and business units in order to refocus and drive value from talent programs.

There is clearly a growing undercurrent of intrapreneurial activity and support across established organizations. Companies as diverse as Pfizer, Target, Exxon Mobil, GE, Intuit, etc. have launched or are growing significant investments in these efforts. Still, there is plenty of room for improvement. Few companies have the requisite resources and managerial support in place for intrapreneurs to truly thrive.

This whitepaper will outline various forms of intrapreneurship and the different actions taken by corporate leadership, innovation teams, and business units to provide support and drive business growth.



■ What is an Intrapreneur?

First, it is important to provide a high-level definition of an “Intrapreneur”.

An intrapreneur is an employee that is encouraged to generate and develop new ideas within the context and structure of an existing corporate organization. Simply put, an intrapreneur is an employee of an established (often large) organization with an entrepreneurial mindset.

With this context, it is also important to consider the difference between an entrepreneur and an intrapreneur. A 2013 study by Aloña Martiarena showed that intrapreneurs are more similar to standard employees than they are to entrepreneurs. She writes:

“Specifically, comparing the decision-making of intrapreneurs to that of entrepreneurs, the former are significantly more risk averse, expect lower but less uncertain reward and are broadly endowed with a poorer set of entrepreneurial abilities; despite having higher levels of human capital they fail to recognize business opportunities and have lower confidence in their entrepreneurial skills.”

The fact that these individuals exhibit less “entrepreneurial abilities” is offset by their interest and knowledge to navigate the corporate organization. It is important to note these differences when working with intrapreneurs.

**“Intrapreneurs create businesses inside businesses
that transform novel ideas into profitable realities.”**

– Noam Wekser, Thought Leader

In practice there is a wide variety of approaches to building and supporting intrapreneurs within organizations, the most common of which are listed below:

- **Intrapreneur Consultants:** Some organizations choose to develop internal consulting SWAT teams that are charged with generating and deploying new ideas as a full-time role. Members of these teams can own the development of ideas at various points, or throughout the whole development life-cycle.
 - *Pros:* This can be a great opportunity to focus on execution for a limited number of key ideas.
 - *Cons:* This can be an expensive model to maintain. Further, cultural benefits from these employees are not leveraged more broadly across the organization. Ownership by business units can also be a challenge at the time of launch / handover.

- **Intrapreneur as Career Development:** In this model key employees are given opportunities to work on ideas for a period of time, but then asked to go back into their existing roles at a certain, often pre-defined point. There are a few different ways that this approach can work, including positioning intrapreneurs as part of a high potential / leadership development program or participation in a corporate incubator.
 - *Pros:* This can be positioned as an extension of existing HR, career development programs, providing greater synergistic opportunities.
 - *Cons:* Employees are often dissatisfied in going back to their old day-to-day roles. In addition, individuals can spend more time positioning their involvement as a success, rather than driving true value to the development of an idea. Finally, high potential employees, who may be offered this opportunity, are often over-utilized with potential for fatigue or competing obligations.

- **Intrapreneurs as Owners:** This approach most often takes place when entrepreneurs are introduced into larger organizations through acquisitions of startup organizations, frequently assisted by corporate venturing efforts. These entrepreneurs then switch over to being intrapreneurs within the context of the corporate organization.
 - *Pros:* The demonstrated entrepreneurial success and skills of these individuals can be leveraged across the organization, both directly (application of skills) and indirectly (used as a broader communication resource).
 - *Cons:* These individuals often struggle to find their footing in large organizations, and thus retaining them within a corporate context can be challenging.

- **Intrapreneur Networks:** Organizations such as Pfizer, Coca-Cola and GE are building and supporting networks of intrapreneurial-minded employees. These individuals are trained in new skills, connected with like-minded individuals and given the opportunity to work on new ideas, generally as an extension of their day-to-day roles.
 - *Pros:* This model leverages skills across an organization, engages a range of employees, positions key employees to act as catalysts for broader behavior change within an organization, and ideally leads to longer-term cultural change.
 - *Cons:* This model requires a high degree of commitment from leadership and can require significant resources to maintain and track success.

■ The Benefits

While there are a variety of approaches to supporting corporate intrapreneurs for consideration, they generally share a consistent set of benefits, including:

- **Idea Development:** Intrapreneurs are an effective channel to generate, and more importantly execute, new thinking within a corporate environment. The real challenge of corporate innovation efforts is on the back-end execution of ideas and so intrapreneurs can help increase the capacity for idea development.
- **Innovation Activity Support:** Positioned correctly, these individuals can act as champions and participants for the range of activities that an Innovation Program may run including ideation focused challenges / campaigns, training efforts and networking programs.
- **Employee Engagement:** Intrapreneurial efforts within an organization engage existing employees, often with broader spill over effects into the organization, especially when positioned as a type of compensation for high achievers.
- **Model New Behaviors and Skills:** Organizations often require certain skills and personality traits, leading to a fairly homogenous workplace. This is especially the case in heavily regulated or process-oriented businesses. The resulting lack of diversity can be detrimental to an organization's long-term success. Intrapreneurial skills and behavior can provide a much-needed balancing factor to the overall drive towards consistency.
- **Cultural Change:** These individuals support a culture that welcomes new thinking and ideas. Intrapreneurs can introduce and act as champions for cultural change, which is often sorely needed within established, mature organizations that are seeking to support new ideas.
- **External Positioning:** Every company in the world talks about being innovative, but when you scratch the surface there is often not much activity taking place. Having an active intrapreneurial support program in place allows an organization to promote a valid message of innovation to customers, partners, and investors.



■ The Challenges

As of now, only 9% of corporate intrapreneur programs are successful. ^v Why are these programs failing? While a serial entrepreneur may be very comfortable at failing fast, an intrapreneur cares about keeping his or her job (as outlined in the definition section earlier). Therefore, a supportive organizational infrastructure is crucial for success of any intrapreneurial focused effort.

While most companies these days say that they are innovative, many harbor organizational cultures that shut down innovation. An employee is much less likely to experiment with new ideas if they think it could negatively impact their career. Visible and well-positioned safety nets are needed for employees to take the intrapreneurial plunge.

Too often, intrapreneur programs are isolated from the rest of the organization in corporate incubators and accelerators. These are often created based on the assumption that the risk profile for entrepreneurial behavior within established business units is too high. This approach creates problems when new products or solutions face significant push-back as they are introduced back into established business units. This type of situation frustrates intrapreneurs who are motivated by idea execution and success. In addition, established corporate leaders may question the value of the effort in the first place.

Some companies are open to new thinking, but fail to direct efforts towards the right types of ideas. A common mistake is for organizations to pursue truly disruptive products or services, when they lack the cultural ability to support this kind of thinking, even if they have effective intrapreneurs in place.

Finally, as quoted in the definition section of this document, Martiarena suggested many employees with new ideas don't have the right entrepreneurial skills to pursue them meaningfully. Without the proper training and access to the right channels and resources, employees are less likely to be effective intrapreneurs.

■ Actions Around Intrapreneurs

There is a wide range of activities and approaches that organizations can use to support and improve the effectiveness of intrapreneurs, with a few listed below:

- **Idea Development Time:** Setting aside work hours for employees to develop new ideas may seem like a very simple action, but it is crucial and often difficult to implement. It can be seen as a way to encourage intrapreneurial behavior across a range of individuals who are looking to develop new ideas. This approach was initially associated with 3M, but more recently popularized by Google.
- **Innovation Training:** Intrapreneurs require a different set of skills than many organizations have traditionally considered or actively supported. Accordingly, organizations such as Pfizer, Intuit, Target and GE are establishing broad employee training programs, to provide these skills to a wide range of intrapreneurial spread across the organization. This training may include ideation techniques, stakeholder mapping, business plan development, etc. In addition, these efforts should include information around relevant organizational priorities, industry trends and the appropriate resources / channels / processes that are available to support the development of new ideas.

“Intrapreneurship is [an]... excellent opportunity to develop the leadership skills and career perspectives of an organization’s top employees.”

– Alan Russell

- **Tools and Resources:** Aligned with training, employees can be given access to a range of tools, templates, articles, etc. that they can use to robustly develop their thinking and ideas. These tools can help employees move beyond an idea, to a more fully built out concept or solution. These tools can be made available through various online platforms, or within physical spaces such as innovation centers or incubators.
- **Incentives:** Organizations frequently enhance their existing incentive programs to more actively encourage intrapreneurial behavior. Incentives that align with intrapreneurial thinking often complement corporate priorities and drive behavioral change over time. However, the existing processes may run counter to an intrapreneurial approach, so some rebalancing could be required.

- **Support Networks and Mechanisms:** The popular perception is that being an intrapreneur is a fun and exciting way to improve your career prospects. The reality, however, is that these individuals are creating change, often in environments that are hostile to new ways of thinking. It can be tough, and frankly has the potential to damage longer-term career aspirations. This is why creating appropriate support networks and mechanisms are essential to underlie intrapreneurial efforts. This can be achieved through a range of strategies:
 - A popular and easy approach is to create online communities targeted at these individuals on social platforms (SharePoint, IBMConnections, etc).
 - A more intensive alternative is to create formalized networks of intrapreneurs, where they are given designations such as Innovation Catalysts, Champions, etc. These networks can feature a range of activities directed towards members, so that they have a sense of belonging and get access to opportunities to further develop their skills and networks.
- **Leadership Support:** Securing active, visible and consistent leadership support around intrapreneurial efforts encourages success at all levels (participation by individuals, business unit support, funding, etc.). Impactful support incorporates consistent application from a range of leaders over time. Specifically, Business Unit leadership support is necessary, as they will often have more sway over individual employees and access to resources.
- **Functional Collaboration:** Effectively supporting intrapreneurs requires a variety of functional groups within a large organization to work together. This may include collaboration amongst groups such as Innovation Programs, HR, L&D/Training, Knowledge Management, C-suite, Business Unit leadership, etc.

“Intrapreneurship is an attitude, not a department.”

– Dawn Elyzabeth, Speaker and Consultant

- **Channels and Processes:** It is essential to have established and transparent systems and processes in place so that new ideas can be effectively assessed, selected and developed. Some examples might include: innovation challenges, online suggestion boxes, idea review committees, accessible templates and idea development processes, etc.
- **Communication Plans:** Having an effective communication strategy in place will help promote the work of intrapreneurs and position them for more success. These efforts should be targeted at particular audiences and encourage awareness, participation and ongoing support.

■ Conclusion

As the innovation competency within corporate organization matures, the approaches to driving value from intrapreneurs gains attention and value by leaders. Supporting intrapreneurs, in a way that is scalable, impactful and sustainable is a key opportunity to win the talent wars. While startups and entrepreneurs may continue to dominate the media spotlight, more established organizations can attract, retain and drive value from employees in ways that is aligned with corporate goals and objectives. We are at a crucial inflection point for established organizations, and they need to respond decisively to retain their ability to attract the best and brightest, while also being able to develop new, innovative products, services and process improvements to retain a competitive advantage.

It is an exciting time, ripe with opportunity. Capture it by supporting your intrapreneurs.



■ About the Authors



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Anthony is the CEO of Culturevate, empowering client's employees to execute ideas with measurable ROI and inspiring innovative cultures. The organization offers innovation training (developed in association with Professor Chris Labash from Carnegie Mellon University); a SAAS-based portal of innovation materials, tools and templates; along with consulting focused on building employee engagement around innovation. Anthony is a widely read author, speaker and advisor to industry leaders at organizations such as Fidelity Investments, Pfizer, U.S. Postal Service, Johnson & Johnson and ADP. He previously led The BNY Mellon innovation program and has a Masters of Commerce (University of Sydney) and Bachelor of Economics (University of Newcastle).

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Culturevate provides industry-leading innovation training and technology. We empower employees to execute ideas with measurable ROI. We offer a variety of services and support including:

- **Training** – Actionable learning for employees around the skills of innovation ideation, business planning and idea execution.
- **Technology** – Customized portal features innovation-focused templates, videos and articles, driving employee behavior change.
- **Engagement** – Strategic guidance and tactical support to generate the best results from your most innovative employees.

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