

The need for the corporate intrapreneurship



**ASSIGN
BUSTER**

Corporate entrepreneurship or Intrapreneurship is an important element in large and medium organizations. Intrapreneurship exists within the organizations . It plays important role in organizational and economic development. Intrapreneurship leads not only to new ventures, it leads to other innovative activities and orientations such as development of new products, technologies, services, strategies and competitive postures (Bostjan, 2003). In good or bad economic times, companies seek innovations to remain competitive. Pinchot called intrapreneurs ‘ dreamers who do’. These people are more intelligent and have ability to perceive the big picture. They are self motivated, and optimistic. These people are action oriented and move quickly to get things done (Frederick, 2010).

Now a day’s market is highly competitive, in order to survive organizations trying to be more innovative. Company’s wants innovative people to work for them. Intrapreneurial techniques have been used throughout the world, some with failure and some with great success.

Categories of Corporate Entrepreneurship

Corporate entrepreneurship is choice of large organizations. Corporate entrepreneurship have been categories in four broad categories.

Corporate Venturing- Corporate venturing involves is starting a new business within the existing business, e. g. Thermo- Electron core competence in medical laser technology and started a new venture involve hair removal salons utilizing their laser technology (Thornberry, 2003).

Intrapreneuring- is an effort used by entrepreneurs to create and build a business to setup their mind and behaviours. Companies who wish to bring

<https://assignbuster.com/the-need-for-the-corporate-intrapreneurship/>

innovation in their companies generally make some intrapreneurs in their company so as to build a culture of creativity.

Corporate renewal or Transformation- When in a company transformation involves innovation and it leads to economic value it is called as corporate renewal.

Industrial Rule Breaking: When a company transforms itself significantly and the change involves competitive environment it is called as industry rule breaking. Amazon. com is one such company that broke the rules of engagement of booksellers (Thornberry, 2003).

Rise of Corporate entrepreneurs

Current change in economy throughout the world pressurise to businesses and industries to change the strategies rapidly to satisfy the multiple stakeholders. Large organisations are focusing on innovation. The need of Intrapreneur arises due to numbers of problem. The number of competitors are increasing rapidly these competitors are very sophisticated, these competitors are not only their backyard but from other countries as well. Many innovative people leave the corporate and became the business entrepreneurs. Organisations want to improve efficiency and productivity (Frederick, 2010).

Corporate entrepreneurial leadership Characteristics

Corporate entrepreneur is a person who focuses on innovation and creativity to transform dreams into profitable reality. A charismatic leader in a company instils an entrepreneurial philosophy in the employees in an organisation (Rodrigues, 2010). These entrepreneurs must have leadership

<https://assignbuster.com/the-need-for-the-corporate-intrapreneurship/>

characteristics. They must be visionary and flexible. Entrepreneur encourages team work and builds coalition of support. For team performance entrepreneur understand the organisation environment they are persist continuously trying to give their best. Open for discussion and diplomatic (Hisrich, 1998).

ENTREPRENEURIAL STRATEGY

Five critical steps of Intrapreneurship strategy are

Developing the vision – This is the first step in planning for the enterprise is sharing the vision what organisation wish to achieve. Employees need to know and understand vision.

Encouraging innovation- Corporate must develop innovation strategy as it is the key element. Innovation can be radical and incremental, radical innovations are launch of breakthrough that radically transforms an industry. They are in the early life cycle. Incremental innovations are systemic transformation of existing service or product into new markets. These products are in advance stage of life cycle. Both type of innovations require vision and support (Frederick, 2010)..

Structuring for an entrepreneurial climate- entrepreneur needs environment where they can develop new ideas and innovative people reach their full potential. Organizations must invest heavily for creating suitable environment for entrepreneurs. Management should support not only people but innovative projects also. In case of failure organization should learn from failure, not punish team (Frederick, 2010).

Developing individual managers for entrepreneurship – for the development organization needs to develop corporate entrepreneurship or innovation training program. One of most successful corporate innovation training programme which is design to train participants. It contains six modules-

The entrepreneurial experience- participants are introducing a entrepreneurial revolution from last three decades. Participants are challenged to think innovatively and recognise the need for new model in today's organisations.

Innovative thinking- Training is given to participants to review the thinking and discussion of common misconnects which inhibit the innovations.

Idea acceleration process- To complete the specific idea or project needs to examine the numbers of aspects of the corporation, including structural barriers and team who accomplish the project.

Barriers and facilitators to innovative thinking: All the possible barriers to innovative behaviours in workplace should be discussed and reviewed. Some example of successful dealing with corporate barriers must be discussed.

Sustaining innovation team (I-teams): The I-teams focus on specific innovations. Mangers form the teams based on ideas moving about in the group and review them to understand the team dynamics.

The innovation action plan: after examining and facilitating the barriers in the innovation of an organization, managers ask the teams to start the process and take appropriate actions. Goals are set, I-team is established,

current situation is accessed, time table is made, for the project completion and evaluation (Frederick, 2010).

Developing I-Teams: Innovation teams holding potential to produce innovative results. Organizations are more committed to an innovative team. The popularity of innovation team on the rise. I-teams are self motivated, self directed and high performing. The knowledge which gained by teams is use for creating new innovations. It is known as collective entrepreneurship (Frederick, 2010).

CHANGE IN ORGANISATIONAL THINKING

Numbers of corporations are trying to re-engineer corporate thinking and encourage an entrepreneurial environment. But some top managers are finding it difficult to implement policies to encourage freedom and not believe in entrepreneurial ideas can be nurtured in their environment. Managers need to develop policies to encourage innovative people. Management should identify potential intrapreneurs in their companies early. If someone has these qualities try to promote him before he leaves the organisation (Frederick, 2010).

Key features in the success of any innovative program are trust, accountability, and confidence. Management should emphasise individual responsibility. To encourage staff to take risk and achieve management should implement the reward system and give freedom. In case of failure project must be examined closely for real learning. Individual must feel free to do all the experiments without the fear of punishment (Frederick, 2010).

Why Intrapreneur are better than entrepreneur

Intrapreneur generally have burning vision which help them to improve the organization as an Intrapreneur you have company name and a marketing channel at your back which can increase the chances of success of your intraprise , Intrapreneur do not need to risk his own funds but as an entrepreneur have to risk your finances. Especially if capital for your idea is easier to come from inside the organisation, Intrapreneur is better than entrepreneur. Success of the intraprise needs continuous assesses of the companies technologies to stay competitive. If the Intrapreneur wants to bypass existing company distribution channel still the company name matters. For the right person, intrapreneuring is invigorating and addicting. The company provides him security with freedom and creativity of the entrepreneur (Pinchot, 1985).

Building Intrapreneurial environment in an organisation

Need for sponsor:

Intrapreneur are naturally action oriented rather than plan endlessly, they almost immediately start doing something to realise their plan. One of the most common trait of Intrapreneur is an unwillingness to accept no for an answer. For this reason Intrapreneur needs active sponsor. Sponsor provide the Intrapreneur with required resources and also help when they fear to start their intraprise. Sponsor is different from mentor. Mentor relationship with Intrapreneur is deeply personal and help him to align his personal needs with satisfy customer needs. Mentors are concerned with carrier strategies along with business strategies (Pinchot, 1985). But a sponsor is involved with technique problem marketing options and way Intrapreneur will present his

idea to management. Sponsors temper analytical objectivity with faith and trust. Most Intrapreneur cannot authorise their own activities, budgets and personnel. Because of the bureaucracy in a corporation staff groups way down Intrapreneurs with reporting requirements multiple approvals safety committees and other concerns that delay progress. In such conditions a sponsor protect the Intrapreneur from any opposition and help him to deal with complaints. Intrapreneurs needs freedom to use the resources, accessibility of resources is important. If they are working in small teams result are much better. Management should to pressurise individuals must be participate voluntarily (Pinchot, 1985). Many organizations are considering innovative ways to respond to their complex and challenging competitive environment. Organisations adopting new practices and routines to protect any distinctive position they possess and stretching their competencies to new limits (Zahra, 1999).

Obstacles for intrapreneurs

Organisation structure is the one of the main obstacle for intrapreneurs. In hierarchical organisation intrapreneurs get more frustrated because they need permission at different levels. These organisations restrict vertical mobility and stifle creativity and innovation. Decentralised organisations and smaller power distance organisations are better for intrapreneurs. These individuals are more focus if working specific area to focus on particular tasks, thus making innovation feasible. However, too much specialisation stifles innovation, an individual losses ' sight of the big picture (Rodrigues, 2010).

Some managers who have less risk-taking ability, manage their organizations in fixed conditions. These managers spend lots of time in taking decisions. This leads to elongation of implementation time, it discourages intrapreneurs. Employees are unaware of manager probable support and they are not presenting ideas and creativity not being transformed into innovation (Pinchot, 1985).

In some organisations higher management implement the ideas but not involving innovator. The original idea maker totally ignored and the credit goes to manager. Innovators are no longer presents their ideas.

Solution for obstacles

Need to change culture to encourage entrepreneurship. Encouragement helps to raise the level of confidence of employees' entrepreneurial behaviour. Information is powerful tool for entrepreneurship and it need to flow freely. Free and fast flowing of ideas permits faster responses. Organisations need to change the structure for fast flow of information (Sethe, 2003).

Management should allow employees to do so innovation and place these ideas into action. Allow them to use the resources for ideas. Surprisingly, corporations are often more capable of taking big risks than small ones they dare acquire companies for tens and hundreds of millions, but cannot risks tens and hundreds of thousands of internal innovations. Most top managers trust themselves to manage risk but are reluctant to let anyone else take risks that may come back to them if the risk taker fails. So it is important for large corporation to take smaller risk for innovation to take place and the top

managers should value the courage and support the intrapreneurs rather than criticizing (Pinchot, 1985).

Reward system should be implemented for encouragement and fairness. Managers who generally supervise intrapreneurs, who generate more profits should be paid more. The disparity in rewards will help in rapid growth in venture capital and increase interest in innovative skills. Many companies who have not implemented any reward system for highly innovative people fail because they do not promote Intrapreneur with new reward system. The basic reward of most companies is promotion which do not work well for most intrapreneurs they need recognition, multiple credits and promotions. If intrapreneurs pay much attention to the risk reward ratio, they probably will not venture. If the intrapreneurs are positive for their innovations, corporations do not get relieved of the responsibilities to give rewards that balance risks and acknowledge extraordinary contribution. Rewarding the Intrapreneur give them the power of recognition and make them more empowered. Thus we need to find the ways to reward the intrapreneurs who have the capability to prove themselves better or equivalent to manager (Pinchot, 1985).

Conclusion

In conclusion, both corporate entrepreneurs and intrapreneurs are highly motivated and have innovative abilities. They can visualise steps from idea to actualisation. Innovation age is a natural partner of information age.

Entrepreneurs are thinkers and doers, planners and workers. The visions of entrepreneurs are just not a quantitative or theoretical. Successful entrepreneurs often have a feeling for the business they are forming that

<https://assignbuster.com/the-need-for-the-corporate-intrapreneurship/>

can only come from hands on involvement. So it is strongly recommended to establish a new venture that create a freewheeling atmosphere in which any one can talk back to any one and the opinions of everyone are respected.

There must be a quick way to resolve issues and get on with it.

Entrepreneurs revitalise business process by encompassing speed and cost effectiveness leading to competitive advantage in the corporate sector. To become corporate leaders, it is vital for the corporate sector to embrace entrepreneurship.