peer insight

FOSTERING INTRAPRENEURSHIP

Successful intrapreneurship requires passionate people, the right amount of permissions from the right levels of the organization, and just enough supporting protocols and processes.

I've shared the differences between entrepreneurship and intrapreneurship **_before_**, so now I want to go deeper into the latter. To share my findings alliteratively, I will discuss the People, the Permissions and the Protocols required for successful intrapreneurship within established organizations.

Previously, I laid out the most impactful differences between the classic unattached entrepreneur and the corporate one – the intrapreneur. In sum, I think that while it might seem at first glance that the intrapreneur is sitting pretty – living a cushy existence where personal risks are lower, resources more abundant, and support systems more tangible – in actuality, the intrapreneur has the multiplied complexity that comes from facing most of the same constraints and risk factors as entrepreneurs TIMES an additional, and formidable, set of organizational antibodies and roadblocks. That means for most if not all intrapreneurs, there's an even higher chance of failure than with classic entrepreneurship. Now, it might be a slow death versus a spectacular fireball, but nonetheless the odds are stacked against intrapreneurs in an intimidating and sometimes hard-to-see-coming way. (For example, where entrepreneurs can easily see the lack of customers, or funding, or other failure signals, intrapreneurs may not realize that internally-originating delays mean eventual failure.)

> "Intrapreneurship faces the complexity of entrepreneurship X the complexity of a large organization."

Why bother at all? Well that's a topic for another post, but I believe that the incubation activities intrapreneurs conduct and bring to market are the most affordable means for realizing significant new growth. So, in the face of those aforementioned odds, how can organizations enable and empower intrapreneurs to go in search of new growth? Who is up for that challenge, and what do they need to succeed?

PEOPLE (THE INTRAPRENEUR)

Intrapreneurs aren't unicorns but rather a real cohort of corporate change-makers that's here to stay. An archetype that organizations are looking to hire, grow and retain with new verve.

It's been suggested before that intrapreneurs are just the restless, younger members of the workforce impatient to make an impact on their organizations, but that's an obvious overstatement. As Fast Company outlines in an article entitled _The Rise of the Intrapreneur_, this isn't about young employees trying to game the corporate hierarchy, looking for new ways to move up the ranks and past their senior colleagues, it's about filling gaps and creating things that don't yet exist – that's the driving desire for these change-makers dubbed intrapreneurs.

WHAT IS UNIQUE ABOUT A SUCCESSFUL INTRAPRENEUR? THEY ARE:

1. Gifted problem-solvers:
They think about "what can be done" in the context of "what has been done" and are exceedingly clever about creating synergies and interdependencies across the organization to strengthen their case

2. Resourceful connectors:
They have the organizational map imprinted in their memory, so that they can access existing resources as needed; they have personal contacts throughout the organization, and they understand who to lever (or avoid) when communicating across the organization

3. Adaptive opportunists:
They aren't visionary contrarians the way an entrepreneur is, but they are wired to see opportunity, and they are practical about adapting what's already working to accommodate the opportunity

4. Humble:
They are comfortable with ceding credit to others, knowing that incubating an opportunity is just the beginning and that others will factor more visibly in bringing to market their concepts

I believe very strongly that **intrapreneurs need to opt-in to the role.** They don't have to self-identify as intrapreneurs but they do have to self-select. I've seen growth projects suffer by dragging along low-appetite-and-aptitude innovators, and I've heard tell of many culture change efforts stalling under the weight of begrudging assignees, on board to serve a political agenda.

One of our long-time clients, we'll call him Jim, carved his own path for doing things differently within a pretty unexpected context, an Energy Utility. He wasn't assigned anything more specific than "optimization" but through a sequence of human-centered design research and some in-market experimentation, Jim led the company to an offering that is now being sold to other Energy Utilities – talk about successful navigation of some stubborn orthodoxies.

Jim's success can be traced to his ability to adapt to the organizational context he was in, to leverage connections inside and outside of the firm to help pull the opportunity to market, and to build a vision of success that was so much more than just a new service – it was a future-proofing endeavor for the whole company – and he spread credit throughout the organization, both up and down to key stakeholders and contributors.

While a stand-alone topic in its own right, intrapreneurial behaviors like this can certainly be learned, but the most effective way to scale them is through an action-learning process where aspiring intrapreneurs can work alongside seasoned ones in the context of a live project. This project-led point of view carries over into the next section.

PERMISSION (THE SPONSOR)

Hero-intrapreneurs don't need permission, but if you want intrapreneurship to truly flourish, senior leadership needs to invite it.

In a blog post entitled "***Why Intrapreneurship is Suddenly Happening Again***," Gifford Pinchot says, "Many major companies have run out of large opportunities to cut costs and easy opportunities to expand globally with existing products. Acquisitions only turn out well if you innovate with what you have bought. To remain relevant in a rapidly changing world companies need a high volume of cost effective innovation."

I stand by my assessment in an ***earlier post*** that incubation is indeed the most cost-effective of the high-growth strategies. Successful incubation of breakthrough opportunities requires intrapreneurs; the quantity of whom we know is swelling on the back of an impact-motivated generation. As the ***Rise of the Intrapreneur*** posited, "Never before has there been such a push for employees to take ownership of their own corner of a company."

In parallel, most organizations in most industries have moved from talking the talk around being innovative to now walking the walk. Design Thinking and human-centered design has proliferated, accelerators and incubators are full of activity, and corporate innovators are proud to share their work. Yet while we have a plethora of insights and concepts, most are struggling to get into the market and be realized. Which is where intrapreneurship is most crucial; the gifted-problem-solving, humble-yet-resourceful connector.

More than the now-cliché permission to fail, I like to reframe the need here as the permission to take affordable risk (for the right reasons of course). Senior leaders sponsoring innovation need to go beyond communicating the what and why, and form a set of permissions at the level of an opportunity or concept, distinct from the classic incremental improvement work that the organization is familiar with. And it requires a new set of behaviors in sponsors who advocate for possibilities like a VC would – and likewise they should dole out funding as a VC would, in a measured, tempered way – rather than serving as a critic or judge of what works. After all, the market picks winners, we don't.

At a Fortune 100 apparel client, they've created a "Growth Board" that is comprised of a few risk-tolerant C-suite members, a serial entrepreneur, and a couple of seasoned business unit GMs. This group revised the classic decision-making model of the company to enable choosing where and how they'd explore breakthrough innovation opportunities. This arms-length separation from the executive committee, and the explicit charge of the group on growth and its advocacy, has turned the group into an extremely efficient investor panel, one that asks, "Why shouldn't we invest in this?" rather than "Why should we?"

Additionally, as averaged returns of M&A look less appealing and more expensive, and those of CVC riskier and slower, incubation and intrapreneurship gain favor amongst internal investors within large organizations and senior leadership. At that Fortune 100 apparel client there are dozens of opportunities being explored simultaneously – scale unimaginable in several years within an M&A or CVC portfolio. And thereby you see more permission, even an explicit, articulated push, for intrapreneurial endeavors. Voila.
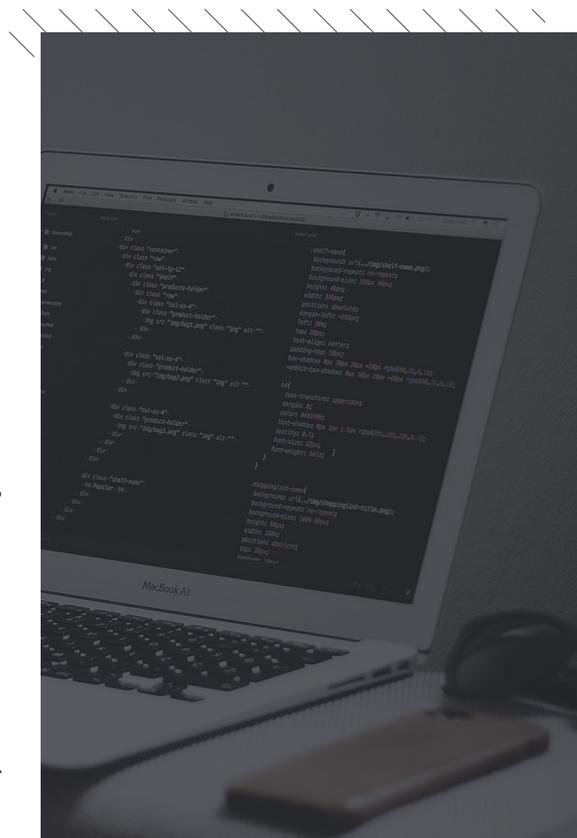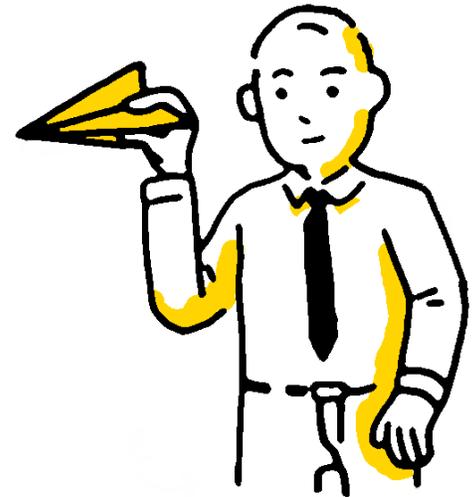
PROTOCOLS (PROCESS, METHODS, AND GOVERNANCE)

Large organizations thrive on consistency, so there is an impulse to make intrapreneurship follow a predictable process, but beware the impulse to unleash company-wide intrapreneurship. Inside of more than a few organizations, I'm seeing an interesting swing from enabling the front-end of the innovation pipeline with a massive injection of ideas (see the plethora of solutions for *open innovation, crowd sourced ideation*) to now enabling the innovation process with mass acculturation.

This is a well-intentioned shift since companies can generate more ideas in a day than they can work on in an entire year. Regardless, I'd push for caution with the culture change program. While important, it finishes last if force-ranking which should come first:

1. A single innovation/ growth project

2. An innovation process flow and governance model

3. A broader culture change to encourage innovation

The unit of management for innovation isn't ideas, it is **problems + teams**. Ideas are fragile and prone to pivot once they meet the market, whereas problems and teams are resilient and can stay intact through many pivots until the problem is solved. And problems + teams are also called "projects."

By leading with a project we can assess what existing mechanisms help or hinder breakthrough innovation, as well as appreciate any conspicuous gaps. Thereby we can some set requirements for the architecture and give context to establishing a custom-to-the-organization governance model. I've seen organizations spend months designing and selling-in a closed-loop innovation process. It was all too abstract until they ran a pilot project. Once the project was complete, they had a practical reference point, and a much simpler set of governance mechanisms emerged.

Then, and only then, we can contemplate the culture needed to support that system. And even at this point, the job-to-be-done is really to train the organization to receive the input of the process – to protect it, advocate for it, and advance it. This mostly happens at the senior levels, and with the intrapreneurs themselves, who instinctively translate their passion into an internal marketing asset.

It is analogous to building a fire: A project serves as kindling to catch at ignition, the architecture is the pyramid of larger logs you put around the kindling, and the acculturation is the wood you pile on after to keep it burning. You cannot build a fire in reverse order, so training the culture to innovate without any kindling to catch, or fuel to feed once it does, means those new culture timbers will sit there cold and dry, producing no heat.

Intrapreneurship isn't waiting for us to start, its already happening. All you have to do is find a successful growth project, pull back the veneer, and you'll find an intrapreneur and a sponsor.

If you want an entry point to this major shift in thinking, start by identifying successful a intrapreneur and have them and their senior sponsor (the one who okayed the work and/or funded it) articulate their approach, what metrics they held their project up against, how they got buy-in from key stakeholders, and what factors they found most critical to success. This can give you a head start on the criteria for creating a more formal mechanism for receiving the outputs of intrapreneurial efforts across the organization.
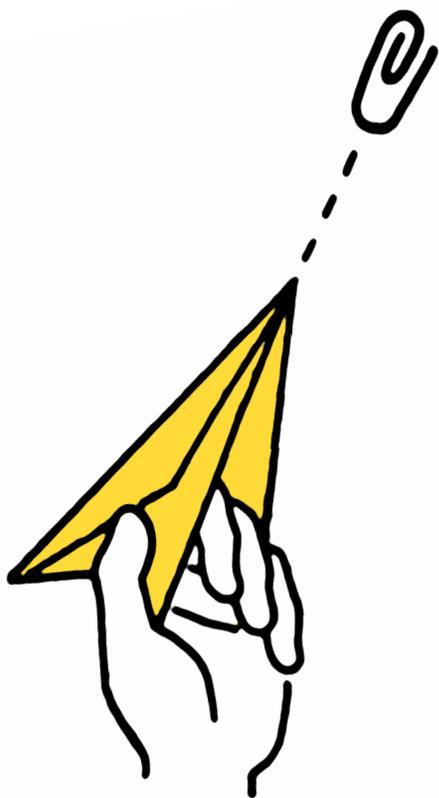
SUMMARY

In brief, you need the right people, the right permissions and the right protocols to foster intrapreneurship inside of an established organization. Here's a recap:

PEOPLE (THE WHO)

- Intrapreneurs need to opt-in; they don't need to self-identify with the moniker but they need to volunteer for the work.

- Senior sponsors providing air cover need to self-select too.

- Intrapreneurs need to be rewarded for their risk-taking, and part of their remuneration should be tied to the success of the venture (note: this does not necessarily have to be a financial reward).

- Aspiring intrapreneurs need to work with experienced ones to develop their skills; intrapreneurs and their output are better if they work in pairs, and will create the connective network that is key to sustainability.

PERMISSIONS (THE WHY)

- Senior leaders – sponsors – need to participate in an intrapreneurship governance model that enables them to advocate for founders rather than judge ideas

- Leadership needs to believe and convey that intrapreneurship is a viable option for high-growth returns.

- Sponsors have to know how to measure it and how to support it from being prematurely exposed to the expectations placed on later-stage endeavors; time and resource boundaries, and clear expectations, communicated from executive leadership comprise the foundation for intrapreneurship permission

- The system needs to fund intrapreneurship projects as a VC would, doling out funds in a measured way for hitting key milestones, not based upon broad appeal or arbitrary requests.

PROTOCOLS (THE WHAT & HOW)

To build an enabling environment for intrapreneurship, an organization should:

- Explore it Project first, then build the supporting Architecture, then build a Culture (therein emphasizing senior sponsors first, then others

- Pick projects that have both a strong intrapreneur - "founder" - and a strong senior sponsor – a "champion"

- Share medium wins along the way, and lessons-learned on a regular basis, to help uncover keys to success as well as the recurring sticking points to design around with future projects

- Stay away from creating new language that makes it tough for outsiders to access and understand

To build an enabling environment for intrapreneurship, run a Project through the system first, then build the supporting Architecture, then build a Culture.

Interested in hearing more?

Clay Maxwell | cmaxwell@peerinsight.com | 336.430.5403