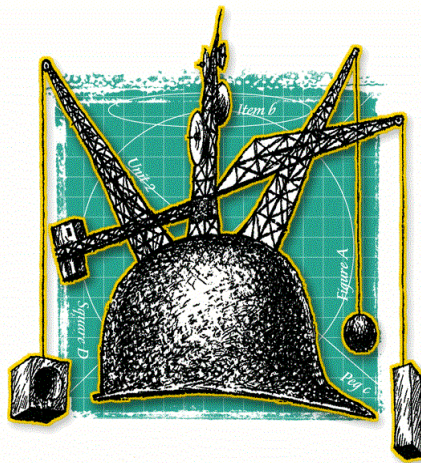


Intrapreneurialism – A Core Value of an Organisation's Culture

In an intrapreneurial system, the role of management is changing from enforcing orders and rules to sponsoring innovation and creating visions that guide and focus the efforts of self-starting intrapreneurs.



by Doug Ross

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INTRODUCTION

As part of our work for clients, we are often faced with the significant issue of how the concept of 'entrepreneurial' as a core pillar of their strategy can be translated into leadership and management behaviour. As such, we have undertaken to prepare this note as a primer to ongoing discussions allowing organisations to better address this issue. Furthermore we also acknowledge that being a "true" entrepreneur is very difficult within the framework of a large and growing organisation that needs to take advantage of synergies, economies of scale and shared risk taking for its success. In short, this risk can not rest with one or a few people only. As a publicly traded organisation with multiple stakeholders most firms needs to drive entrepreneurialism within the defined organisation framework, boundaries, and risk parameters. Thus for the purpose of this paper we will refer to the concept of developing entrepreneurs within a larger organisation as that of intrapreneurialism.

Intrapreneurship – Back to the Future

Intrapreneurship is multifaceted and loosely defined. Taken most broadly, intrapreneurship refers to the process of innovation and progressive change within an organisation.

Intrapreneurialism was a management trend of the early 1980s when North American business was striving to compete against increasing pressure from innovative overseas markets — particularly Japan. Intrapreneurialism has subsequently taken a back seat to other corporate strategies such as business process reengineering, downsizing and rightsizing. Major cut backs found in the 80's and early 90's gave way to growth as the critical success factor. In short, organisations recognised that they “could not shrink to greatness”.

With the rapid emergence of dot.coms, e-coms, dot.corps, and a shift to new economy business practices we witnessed the reintroduction of the entrepreneurial concept, sense of personal ownership and need for accountability within both our employees and leaders. Now much of the re-entrenched e-world is looking for stability and has migrated back to established brands and larger organisations. The organisations that have adopted employees from this growth culture are in turn struggling to balance co-ordination and alignment (the old bureaucracy) in large organisations with the desired entrepreneurial spirit of high performers in today's workforce.

As a result, many organisations are now looking to *innovation* and *creativity* as distinctive business competencies for growth. This innovation and creativity will be driven by the empowerment and energy of their employees, and a number of organisations are revisiting the idea of developing internal entrepreneurs – intrapreneurs!

Intrapreneurialism – fancy words or real action?

Through the development and culturing of intrapreneurs in an organisation, it is expected that managers will be more inclined and able to identify and *do something* about opportunities to

improve the business. Effective implementation of an intrapreneurial development program can benefit stakeholders in a number of different ways:

- Offer managers the excitement and challenge of managing their own business while progressing in their career;
- Reduce bureaucracy with fewer people collecting and passing information up and down the current chain of command;
- Empower managers and employees to make day-to-day decisions on their own and be accountable for the resulting success of their actions;
- Transform employees from individuals passively following orders to ones proactively seeking ways to better serve customers and reduce costs; and
- Support managers in turning new ideas into action by undertaking small acts of innovation rather than replication of tasks defined from above.

Competitive advantage can be found in a culture that cultures Intrapreneurialism

Intrapreneurially inspired business managers are fast emerging as a critical source of competitive advantage. Often managers are faced with the challenge of both the *mechanics* of business (planning, financial management, and innovative decision making) and the *dynamics* of managing a business unit under significant pressure for change.

In such an environment, intrapreneurial managers not only need to be able to operate their business units “as if they owned them”, but also need to co-ordinate effectively across functional lines. In addition they need to influence stakeholders at all levels, lead business teams through process improvement changes and, most importantly, apply good business judgement to everyday decisions while successfully competing for resources and support. This is especially true in organisations that have grasped the concept of "managing for value" or "value based management" where business metrics and results are king.

Intrapreneurs with the right competencies can drive value creation

It is little wonder that organisations are now recognising the importance of taking a more rigorous approach to selecting and developing intrapreneurial managers as they need to have competencies that typically reflect those of high performers. And it is the high performers who can be most clearly identified as driving value creation. Through a benchmarking process with leading companies and suppliers we have identified the following competencies for intrapreneurialism.

Business Results Oriented Competencies (The Mechanics):

- Decision making within a systems framework;
- Basic finance;
- Customer needs focused;
- Business planning; and
- Innovation, problem solving and process improvement.

Maximising Human Resources Competencies (The Dynamics):

- Management and motivation of others; and
- Personal confidence and leadership skills.

Additionally, “best practices” for the successful implementation of an intrapreneurial program and culture in a firm indicate the need to:

- Obtain executive buy-in to the program as sponsors and champions of change;
- Ensure that managers have autonomy to make decisions and undertake risk;
- Allow managers to select their priority projects which are aligned with corporate goals;
- Undertake personal assessments to identify target areas for development;
- Ensure that a strong supportive mentorship or coaching system is in place;
- Ensure that basic business skills are learned, especially in the core competency areas;
- Use active on-the-job learning and peer-to-peer support;
- Develop individual career plans for personal development and motivation; and
- Develop, implement and measure specific individual intrapreneurial action plans.

The people make the culture – the culture supports the risk and appropriate risk drives value

The goal of developing an intrapreneurial culture is to ensure that an organisation has a cadre of managers whom:

- Have a personal foundation for intrapreneurial success and are able to develop self-confidence to stretch themselves in new directions; and
- Have an intrapreneurial approach to business management and are able to develop and apply their multi-disciplinary (soft and technical) talents to meet their organisation's business objectives by:
 - ⇒ Developing their ability to be business systems or “big picture” thinkers; and
 - ⇒ Developing the ability to undertake successful business process adjustments and changes in the workplace

A culture shift is typically needed to support entrepreneurial success

In our search to understand the issues that commonly emerge in organisations contemplating an intrapreneurial culture we found that:

- A culture shift around current behaviours, skills and abilities is needed;
- Definitions of intrapreneurialism must be consistent with the needed culture shift and business case for change;

- Competencies identified for development need to be consistent with business processes and expected results and must be a core component of both managers and leaders competencies. In short organisational alignment is critical or confusion, mixed expectations and ultimately confusion will rein;
- Often the current culture does not fully support risk taking and innovation;
- In many organisations a quantum shift to an intrapreneurial culture may not be appropriate as often the firm is not yet be ready for implementation of a full intrapreneurial program – too much too soon;
- Cross over exists between developing innovation and intrapreneurialism and simply holding managers accountable based on an effective performance management program; and
- Clear measurements of success are required to measure both the expectations of the employees/leaders and the investment in training and development.

Trying to define a nuance – free enterprise business leadership excellence

Typically internal sources at any given firm define the concept of intrapreneurialism in different ways. Some employees tend to think more broadly in terms of level of autonomy and financial accountability, while others suggested that simply getting managers to think as business leaders was the critical goal of any program.

The need for a culture shift around current behaviours, skills and abilities of the managers is core to the success of any change initiative and allowing for a dialogue in the discussion of how intrapreneurship is defined has been found to be successful as part of the change programme. Typical definitions for intrapreneurship found from our investigations include:

- Development of a “business mind set”.
- Improve managers’ understanding of the role they can perform in contributing to the attainment of the organisation's business goals.
- Development of skills to manage in today’s business environment.
- Achieving business results aligned with overall business objectives.
- Have managers manage their business units as if they were their own businesses.
- Inspire a sense of responsibility of the business and accountability for meeting objectives.
- Have managers make decisions and manage within the context of the organisation (Customer) system as a whole.

Benchmarking intrapreneurialism – best practices from literature and academia

To gain an understanding of best practices in Intrapreneurship, we also conducted a review of articles and studies. A summary of the key findings around this literature review is provided

below, highlighting findings in the broader area of intrapreneurial management, as well as those related specifically to intrapreneurial skill development.

Selected topics covered include:

- A. Management
- B. Employees
- C. Change
- D. Risk
- E. Structure
- F. Work Styles

A. Management

The literature review established the following as being essential to the success of Intrapreneurial Management within an organisation:

- The mechanics (day-to-day tools and decisions) are as important as the dynamics (influencing and communications) in the development and management of an intrapreneurial environment.
- Senior Management, Director and Manager level commitment and reinforcement of intrapreneurialism is critical for success. Only management can establish an environment which motivates managers to improve and achieve and, as a by-product, to enhance productivity.
- Leaders can present a barrier to developing intrapreneurial workers. Bureaucratic managers typically work to prevent changes and surprises as they are traditionally measured based on ensuring that the plan works or keeping the status quo. Intrapreneurs on the other hand are called upon to make changes and to seize opportunities as they arise while continuously learning new ways to meet customer needs – they challenge the status quo.
- In an intrapreneurial system, the role of management is changing from enforcing orders and rules to sponsoring innovation and creating visions that guide and focus the efforts of self-starting intrapreneurs.
- Successful intrapreneurial management of a business unit may be reflective of the following criteria:
 - ⇒ Ability to take decisive action;
 - ⇒ Acceptance of responsibility; and
 - ⇒ Acceptance of risk as a function of success.

B. Employees

The literature review identified individual employees' contributions as the driver behind innovation, process adjustments and the creation of something new within the work place. In particular the following was identified as key:

- Employee motivation, including career development plans and opportunities, plays a significant role in improving productivity through intrapreneurial initiatives.
- Individual employee vision and alignment with the corporate goals focus energy and provide for a win-win situation.

- Not all employees will be motivated to assume the role of intrapreneur. Management should recognise that not all employees are motivated to the same extent to assume accountability for risk, innovation and business development.

C. Change

Although the literature had vast amounts of information with regard to intrapreneurialism and change, the significant premise pertaining to this review is that change is an organisational and individual process of development.

- Inspiring and developing intrapreneurialism within the ranks is a change process, not simply a set of tasks.
- Cultural icons, success stories and heroes are needed to celebrate, recognise and encourage intrapreneurial Managers who demonstrate risk taking and implement new initiatives inside the organisation.

D. Risk

Most articles explicitly or implicitly deal with the issue of risk as a function (almost necessity) of success for the intrapreneur and the organisation intending to implement an intrapreneurial program.

- Some reports suggest that ‘true’ intrapreneurial success is hard to achieve. While others go as far as to say that two thirds of corporate initiatives in North America attempting to establish an intrapreneurial environment have failed.
- With increased employee autonomy comes the associated risk (exposure) for management and increased risk (responsibility) for the employee to be accountable for their actions. Employees need to learn how to wisely manage risk using good business judgement and fact based analysis.

E. Structure

The literature in the field of intrapreneurialism is dominated by the writing of Gifford and Elizabeth Pinchot who have written extensively on most aspects of entrepreneurialism within organisations. In particular, they outline the basic components of an intrapreneurial structure. It is beyond the scope of this article to review their “Intraprise manifesto” which more fully outlines their views. The following is a brief summary of key points:

- Employees are treated with independence, dignity and responsibility.
- Employees make up their own minds about what to do, limited only by general rules and commitments.
- Employees have access to resources as required by their ideas -- and are held accountable.
- Employees have the authority to manage the resources of their business units without interference.
- Employees are free to select their associations (i.e., peer support, coaches).
- Employees are permitted, and even rewarded, for taking qualified risks and making mistakes.

F. Work Styles

Although dated to the 80s, the writing of Jerry White, in his book *Intrapreneuring* suggests there are specific work styles of the developing intrapreneur. These various styles may be important for new economy organisations as managers with different styles are developed to assume leadership. They include:

- True Intrapreneurs -- who already think of themselves as willing to take reasonable risks on-the-job, trust both their ideas, and abilities and are self-confident.
- Threshold Intrapreneurs -- who are willing to take some risks, see themselves as potential leaders and take on extra responsibilities.
- Hard Workers -- who are excellent, efficient employees with a strong work ethic and work well with others. They may need to be given a strong sense of direction but are valuable because of the stability they add.
- Maintainers -- perform their jobs adequately, seldom seek out extra responsibility, are content with status quo and enjoy having independence on-the-job.

Conclusion

As organisations decide to commit their brand, reputation and the inspiration of its employees to the concept of entrepreneurialism they will need to reinforce this desired culture with effective measurement, competencies, and leadership to allow innovation to flourish. In this note we have outlined numerous ways in which firms can translate this concept into implemented action. In short, converting concept to strategy to action!

ABOUT THE AUTHOR

Douglas Ross has recently assumed the role of Managing Director for Europe of Square Peg International after retiring his Partnership in Watson Wyatt where he supported clients for over a decade in over 20 countries for their Human Capital Group.

He is known for his dynamic and practical consulting approach that evolved during an unusual career spanning CEO, theatre producer, soldier, and manufacturing manager. Doug has been honoured by the Canadian Government for his leadership work and in December 2002 was recognised by the Independent Newspaper as one of the top 10 management consultants in the UK.

His practical experience M&A integration experience combined with his credentials as an MBA, Certified Management Consultant, appointment as Associate Professor of Marketing Strategy and position as past global Chairman of the Strategic Leadership Forum commend him to support clients to align their people practices, processes and technology with their strategies. In addition, Doug is co-author of the groundbreaking European Human Capital Index, which links people practices to shareholder value and author of The Success Equation and Beyond Lip Service published in 2004.

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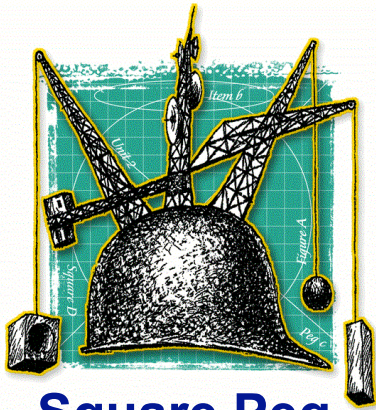
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