# Building Intrapreneurs

by Jatin Desai, Author of *Innovation Engine - Driving Execution for Breakthrough Results*

> "**Intrapreneurs are well suited to transform an organization more quickly and effectively because they are naturally wired differently and exhibit some critical attributes. They are highly self-motivated, free thinkers and masters at navigating around the bureaucratic and political inertia of most large companies.**"
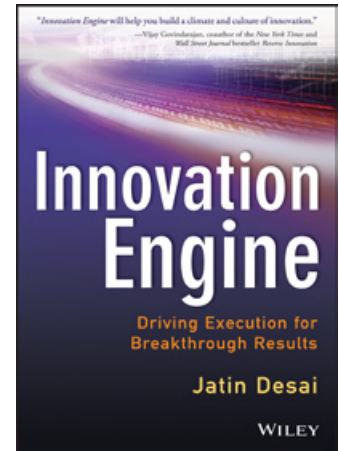
Innovations occur when great corporate innovators generate real wealth, not just great ideas. Leaders who overutilize resources and underdeliver value cannot be called real innovators. Innovation requires diversity in ability and competence of your people. Pair them together as often as you can, and they will drive growth and performance. Create a pool of intrapreneurs as a certified group of growth resources in every part of your business.

The book *Innovation Engine* details a systematic process to help build an organization's engine for innovation while operating the *performance engine*. In the earlier chapters it details how to create a case for culture of innovation across your organization and proposes how to create urgency for innovation, build an innovation strategy, create an innovation roadmap, and maintain momentum to gain support from all key stakeholders in the company. The book also introduces a framework for how to manage the entire innovation program, specifically, the innovation management process—to help find ideas, evaluate them, select the best ones, and properly guide them toward successful implementation while reducing risk of failure. To be awfully successful at deploying your *Innovation Engine,* you will need to build a bench of corporate innovators - Intrapreneurs.

Intrapreneurs and Intrapreneurship

Intrapreneurs are well suited to transform an organization more quickly and effectively because they are naturally wired differently and exhibit some critical attributes. They are highly self-motivated, free thinkers, and masters at navigating around the bureaucratic and political inertia of most large companies.

Intrapreneurship allows companies to grow business, find and retain talent, and compete with peer companies. Intrapreneurship has been the key to excite and motivate the creation of innovative products, processes, services, and partnerships for companies like Procter & Gamble, Raytheon, 3M, Nokia, Tata, and Google.

Innovations arise from great ideas and persistent problem solvers. The very best innovators are called intrapreneurs, a term coined in 1986 by Gifford Pinchot III to describe these exceptional entrepreneurs working inside the corporations. Many intrapreneurs could easily start their own businesses.

The good news is that you already have some natural intrapreneurs in your company. Some you know about, but most are hiding. An important task is to find these talented individuals and unleash their creativity with a supporting environment.

Intrapreneurs are not always your top talent or the

rebels or mavericks. But they *are* unique and *are* certainly the opposite of 'organization men'. When you find them, support them correctly, and magic *will* occur.

In our informal research, teaching executive MBA students, speaking at conferences, and working with our global clients, we have surveyed thousands of executives over the last two decades. Of all we surveyed, only six executives identified themselves as being idea poor. Ask any CEO of a public company and the same will be true.

Finding ideas is not the problem. The real challenges firms face have to do with selecting the best ideas, testing them quickly, executing them flawlessly, and getting their ideas to spread. This is a crucial point.

To build your **Innovation Engine**, your firm must excel at operationalizing ideas from your energized people who are willing to do everything in their power to fight off every internal resistance without creating chaos—these are your intrapreneurs.

Intrapreneurship

Intrapreneurship, a word shortened from the term intra-corporate entrepreneurship, refers to the entrepreneurial activities of employees within the boundaries and auspices of a larger organization. A *Harvard Management Update* article describes intrapreneurship as "bottom-up, off-the-beaten-track business building, spearheaded by people who were working as line managers or employees." A popular example of intrapreneurship is Skunk Works, the alias for Lockheed Martin's advanced development program, where a group of engineers step outside the bureaucratic environment of the corporation to develop successful and innovative products.

In many decentralized organizations, CEOs feel that they have done their part by giving strategic and operational autonomy to each line of business and then leave the rest up to them. In theory, that works if the goal of the business is to streamline, drive operational efficiencies, create certainty, reduce risk, and keep everything status quo. Most management and control systems, as we discussed in Chapter 7, are designed to dumb down decision making and restrict operational freedom.

On one hand the CEOs provide autonomy but also enforce corporate control systems (see Chapter 7) on the business units. This forces business unit barons to comply with the CEO and, in turn, block hands-on innovation efforts by their very own intrapreneurs.

For employees, one of the major benefits of intrapre-neurship is the freedom to work independently (or on a team) on tasks defined by the group but still aligned to the needs of the organization.

In a firm with 5,000 employees, there are at least 200 natural innovators, and of these at least 25 are great intrapreneurs. It is these individuals who will build the next business for your firm. Don't be mistaken: The top talent your human resources group tracks are not the only members of this top 25 list.

Intrapreneurship is the process used to identify, cultivate, and make these groups successful—the 200 innovators and 25 intrapreneurs.

Brief History of Silicon Valley

In the 1950s, Robert Noyce was credited with inventing technology that eventually became the microchip. After getting his Ph.D. from MIT, he worked for Shockley Semiconductor. Semiconductors was a young industry at the time, and Noyce had countless ideas. But to his frustration, the "experienced" executives did not welcome those ideas. In 1957, Noyce and seven bright engineers left to start Fairchild Semiconductor, which invented semiconductor technology. In 1968, Noyce and Gordon Moore cofounded Intel—the inventor of microprocessor technology. Today, Noyce is well regarded as the father of Silicon Valley. It was his disturbing experience at Shockley that prompted him to create a casual working environment for his young budding engineers at Fairchild and Intel. In many ways, he defined the Silicon Valley working style that has given the world innovations in every sector.

In the late 1970s, the great inventor Ed DeCastro created the extremely successful PDP-8 minicomputer for Digital Equipment. Later he was unsuccessful at convincing Digital Equipment leaders to support another new computer idea and left to start Data General, which became the fourth-largest computer manufacturer.

Data General was sold to EMC Corporation in the 1990s. Around the same time, Steve Wozniak also hit walls at Hewlett-Packard with his idea for a PC. He reluctantly left to join Steve Jobs, who had unsuccessfully pitched a similar idea at Atari, and that was the start of Apple.

Failed Leadership for Innovation

When we look closely at businesses, we find that this happens all the time. Smart people leave companies to start their own ventures because their firms did not be-

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lieve in intrapreneurship as a critical tool for growth.

It may surprise you that many senior leaders are actually afraid to promote out of-the-box thinking for fear of losing their best employees to success and then to competitors; this is a sure sign of failed leadership.

Tomas Chamorro-Premuzic addresses this issue in a recent article titled "How Bad Leadership Spurs Entrepreneurship." He argues that 70% of successful entrepreneurs have one thing in common: They got their business idea while working for a previous employer.

These talented individuals left because the organization they worked for did not have an intrapreneurial process to pitch their ideas and their boss was unbearable. Most employee engagement research confirms this point.

This is good news and bad news. The good news is that additional new small businesses create many new jobs. Since the 1980s, America has seen 50 million jobs replaced with 100 million new "skilled" jobs. Entrepreneurial ventures also attract global minds to the United States. In the same article, Chamorro-Premuzic men-

tions that 50% of the world's skilled immigrants go to the United States for jobs. He explains:

"There are at least 500 start-ups with French founders in the San Francisco Bay area, and there are over 50,000 Germans in Silicon Valley, where salaries for software engineers are much higher than in Europe (or elsewhere)."

The obvious bad news is how ill-equipped large corporations are at retaining and benefiting from such bright minds. One can argue that for large corporations, this is not bad news since most small businesses fail. So, if a large company allowed these employees to try their ideas, the corporations would experience more failure. It is true that not everyone within a company would be a successful entrepreneur outside. But if anyone can identify the best entrepreneurs, it is likely the company itself can, given its deep HR processes, expertise, and access to resources.

When there is failed leadership for innovation, it is often because managers and leaders did not create an environment for employees to master the skill of intrapreneurship. Managers must be taught to attract, develop, and retain entrepreneurial talent for strategic growth of a firm. Sheryl Sandberg understands this at Facebook, Larry Page and Serge Brin understood this when they brought in Eric Schmidt at Google. Ratan Tata understood this when he and the Tata board selected Cyrus Pallonji Mistry to be his successor, and Steve Jobs understood this when he hired Tim Cook.

Embedding Intrapreneurship

For a company, intrapreneurship is the ability to think big and small at the same time while unleashing the entrepreneurial spirit of each employee in the firm. For an individual, intrapreneurship is the method and mind-set of becoming a force of positive change and ingenuity every day.

For a long time, the business world has believed that a carefully structured product development process is the key to unplanned entrepreneurial passion. A plethora of research proves this to be false. Invariably, in large organizations, innovation never happens without an individual or small team passionately working on a unique idea.

When such people start up new companies, they are called entrepreneurs. Inside large organizations, we call them intrapreneurs. To help operationalize innovation, we recommend embedding intrapreneurship within your HR competency model.

Successful Intrapreneurs

In the course of our firm's work over the past 25 years, we have met hundreds of great intrapreneurs. In 2008, our firm launched a research study to obtain deeper insight into how one becomes a successful intrapreneur.

During the study, we were given the freedom to explore the IQ, EQ, and spiritual quotient of the participants. I am deeply indebted to all of them for allowing us to find their unique and similar patterns by getting into their heads and hearts. Twenty-six candidates participated, with variety of global experiences in 11 different industries. Our research team used three primary criteria to select candidates for the study:

1. Experience in successfully building or growing a new product/service or starting a new business in a listed/public company of 2,000 or more employees that has been in business for at least five years

2. Contributed to the company's top line (e.g., through product development, a new distribution channel, new markets, or new services)

3. Evidenced an exceptional knack for uncovering and seizing opportunities to help advance business growth

After evaluating the research, we discovered six patterns that made our intrapreneurs very successful. Armed with these new insights, we started Phase II of the project—to validate our findings in practice. We informally surveyed and watched in practice hundreds of corporate employees during workshops or consulting projects and weighed the data against our research insights. You can read the stories of our intrapreneurs in Chapter 8 of *Innovation Engine*.

Six Intrapreneurial Patterns

By studying great intrapreneurs, it became very clear why they were extremely successful.

Pattern #1: Money Is Not the Measurement The primary motivation for intrapreneurs is *influence with freedom*. One hundred percent of our candidates clearly demonstrated this pattern—with story after story. This doesn't mean they don't want to be rewarded fairly. It means that money is not the starting point for them. Reward and compensation are like a scorecard of how well they are playing the game of being a successful intrapreneur, but it is not the game.

Pattern #2: Strategic Scanning Intrapreneurs we met are constantly thinking about what is next. They always

> **"Discipline has to do with the hard work of identifying your core values and aligning them with an organizational vision and values. This vital task of identifying purpose and values alignment is foundational to finding meaning at work. Ultimately its meaning that will inspire passionate output from every employee toward greatness and, therefore, innovation success."**

seem to be one step into the future— what we call the second pattern, strategic scanning. These change agents are highly engaged, passionate, very clear, and visibly consistent in their work and interactions. They are not sitting around waiting for the world to change. Often they are figuring out which part of the world is about to change and arrive just in time to leverage the new insights. They love to chase the new and novel—not for the sake of new, but to make shifts in their surroundings. This makes them natural trend hunters. Learning is like oxygen to them.

Pattern #3: Greenhousing When the idea seed is formed, the intrapreneurs tend to contemplate on it for days and weeks between calls, meetings, and conversation. As they shine more light on it, it becomes clearer, but not bright enough to share it with potential naysayers. They are afraid to share it too early, because often, others will dismiss it without fully appreciating it. So, they protect it for a while. This is the third pattern—greenhousing the ideas.

Pattern #4: Visual Thinking Intrapreneurs grow the idea by applying visual thinking. The fourth pattern, visual thinking, is a combination of brainstorming, mind mapping, and design thinking. Only after an exciting insight do they seem able to formulate and visualize series of solutions in their head—not just one. They never converge on a solution the first time around. They are keenly aware of the need to honor the discovery phase for the new solution, giving it time to crystallize in their heads and hearts. They know that the first solution is not the best solution. They allow themselves to say "I don't know all that I need to know about this or that. So what else is possible?"

Pattern #5: Pivoting Once more, 100% of intrapreneurs we interviewed practiced the fifth pattern called

pivoting. Pivoting means making a courageous and significant shift from the current course of action, a shift most people would never make. For example, Apple and Steve Jobs pivoted from being an education and hobby computer company to a consumer electronics company in the late 1990s. Wipro of India pivoted from being a small vegetable oil manufacturer to a software outsourcing powerhouse because of the vision and courage of their CEO, Azim Premji. When Zappos started in 1997, it wanted to sell shoes without touching shoes. The company almost went bankrupt. The now-famous founder and CEO Tony Hsieh pivoted to only selling shoes that were in the Zappos warehouse. Zappos shifted from being an online shoe company to an online customer experience company. In 2009, Amazon bought Zappos for $1.2 billion. Speaking of Amazon, Jeff Bezos pivoted Amazon from being the world's largest online megamall that sold everybody else's stuff (books, music, apparel, computers, electronics and DVDs) to selling its own hardware—the Kindle line of readers. Bezos knew that e-books would not sell without e-readers. This strategy has paid off well—as of this writing, Amazon owns about 60% of the e-reader market share, and its market capitalization value is north of $100 billion. These entrepreneurial leaders embody pattern 5—pivoting.

Pivoting means making a strategic change from the current path you have chosen. For high-tech venture capital–funded start-ups, it is a badge of honor. It is expected. For others, it is an admission of failure. The period leading to making a pivot decision is filled with tremendous pressure to change—by the management and the investment body. It often creates a feeling of desperation and often crumbles teams. Pivoting can force people to leave a project and sometimes even the firm they work for. Pivoting sounds scary and unfathomable

to most mature organizations, although it's often what is needed to resuscitate a dying company.

Pattern #6: Authenticity and Integrity - The intrapreneurs we studied demonstrated the attributes of confidence and humbleness at the same time. They did not exhibit the maverick-like behavior often associated with successful corporate innovators. They all, however, exuded high self-awareness and sense of purpose. None of these individuals were handed a silver platter. Each earned their way up the ladder and carved out their own future through hard work and tenacity.

This sixth pattern we observed in the intrapreneurs we studied was the premium they placed on authenticity and integrity, both in their work and in the work of others around them. These corporate innovators see their work and workplace as a playground for much more than earning a living. Since they already have self-confidence, to them the means are as important as the end. The means have to do with the quality of relationships and quality of the effort they expect of themselves, people around them, and the firm they work for.

For in-depth analysis and insights, *Innovation Engine* addresses these important questions concerning building a bench of intrapreneurs—your fuel for growth:

1. What is the definition of a corporate intrapreneur?
2. How does one become a successful intrapreneur?
3. How do you find intrapreneurs within and outside your company?
4. What are methods and tactics to develop intrapreneurs and intrapreneurial teams?
5. What are the HR implications for nurturing intrapreneurs?

To read more, please visit Jatin Desai's *Innovation Engine - Driving Execution for Breakthrough Results* published by John Wiley & Sons; available at all popular book retailers in the world. Above article is reprinted with permission from John Wiley & Sons. ∎

Jatin Desai is cofounder and chief executive officer of The DeSai Group, is a seasoned business executive, strategic advisor, and coach for senior leadership teams. He has extensive field experience in the areas of strategy alignment, corporate innovation, talent management, large-scale change, culture transformation, and information technology.

Jatin has been active in leadership and operating roles since 1983, when he cofounded The DeSai Group, which offers solutions for strategy, innovation, and leadership development and provides innovation execution and management services to Fortune 1000 and Global 2000 companies.

Jatin has helped address and manage the complex issues of worldwide market strategies, positioning, market expansion, development of innovative applications, mergers and acquisitions, joint venture management, cross-border outsourcing, new product introductions, human resource development, sales and marketing, and manufacturing.

His firm's clients in United States include: The Hartford Insurance, Bristol-Myers, Cigna, Merck, Macy's, Atkins, Wal-Mart, Vistage, Ketchum, BIC, Pitney Bowes, Prudential, ESPN, Duracell, United Technologies Corporation, Pratt & Whitney, Carrier Corporation, Sikorsky Aircraft, Hamilton Sundstrand, Vistage International, and many more. In India, the firm's clients include: 3M, ABB, Aditya Birla Group, Bangalore Airport, Bosch, Coromandel International, Cognizant, JRF, Infosys, Infotech, Larsen & Toubro, Siemens, Titan Industries, UPL, and many more.

Jatin has written papers, regularly speaks at conferences, lectures at colleges and universities, and delivers educational workshops.

In India, he has given lectures at IIT, IIM, University of Mysore, Sri Sathya Sai University in AP, Alliance Business School in Bangalore, Welingkar Institute, MS Ramaiah Institute of Technology in Bangalore, and CII–Bangalore. He chaired a session at CII's Fifth Annual Innovation Summit in Bangalore in June 2009 and lectured at the CII Innovation Forum in Bangalore in July 2009.

Jatin resides with his family near Hartford, Connecticut, USA.