

## **Intrapreneurship: Fostering Entrepreneurism in Organizations**

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### **Abstract**

At some point an entrepreneurial venture reaches the point of being an established business. What that point is arguable. Some definitions specify a certain dollar sales for a certain length of time, others say that once the growth rate has leveled off, a business is no longer in its entrepreneurial stage. While reaching a point of "being there" is an achievement, a real concern for most businesses is that somehow becoming an established business means that the entrepreneurial spirit has been lost. Hence, the growth of intrapreneurship - fostering entrepreneurship within established organizations.

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### **Introduction**

Intrapreneurship is a concept of an employee thinking and acting as an entrepreneur, but within a company. An intrapreneur acts independently, is proactive, brings new ideas, which means that he brings innovations to the company. He/she thinks as an entrepreneur, but within his/her company, within a smaller world which he/she understands perfectly. Such an employee is one of the tools for the European companies to be successful in the market and survive in the global economy.

### **History of Intrapreneurship**

It was Norman Macrae who, in 1976 in an article in *The Economist*, predicted a number of trends in business -one of them being “ that dynamic corporations of the future should simultaneously be trying alternative ways of doing things in competition within themselves”. In 1982, he revisited his thoughts in another article in the *Economist*, noting that this trend had resulted in confederations of intrapreneurs. He suggested that firms should not be paying people for attendance, but should be paying, competing groups for modules of work done. His contemporary were Gifford and Elizabeth Pinchet who were developing their concept of intra-corporate entrepreneur. Under their model, any person who wishes to develop an intrapreneurial project would initially have to risk something of value for example their salary. The intrapreneur could then sell the completed project for both cash bonuses and intra-capital which could be used to develop future projects. Based on the success of some of the early trials of their methods in Sweden they began a school for intrapreneurs and in 1985 they published their first book, *Intrapreneuring*. By 1986 John Naisbett was citing intrapreneurship as a way for established businesses to find new markets and new products in his book “ *Re-inventing The Corporation*”. Steve Jobs also described the development of the Macintosh computer as an intrapreneurial venture within Apple. The concept was established enough that in 1990 Rosabeth Moss Kanter of Harvard Business School discussed in her book, “*When Giants Learn to Dance*”, the need for intrapreneurial development as a key factor in ensuring the survival of the company. And, in 1992, *The American Heritage Dictionary* brought intrapreneurism to its dictionary and defined it as “a person within a large corporation

who takes direct responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation". It was a concept here to stay.

### **The Intrapreneur**

For the intrapreneurial employee, advice abounds. They are advised to be courageous, moderate risk takers, frugal, flexible, and creative about their pathway. Their task is to put together a team of enthusiastic volunteers, build a network of sponsors, and ask for advice before asking for resources.

Gifford Pinchot's out-of print book "Intrapreneuring, Why You Don't Have to Leave the Corporation to Become an Entrepreneur" provides 10 commandments for intrapreneurs:

1. Do any job needed to make your project work regardless of your job description.
2. Share credit wisely.
3. Remember, it is easier to ask for forgiveness than permission.
4. Come to work each day willing to be fired.
5. Ask for advice before asking for resources.
6. Follow your intuition about people; build a team of the best.
7. Build a quiet coalition for your idea; early publicity triggers the corporate immune system.
8. Never bet on a race unless you are running in it.
9. Be true to your goals, but realistic about ways to achieve them.
10. Honor your sponsors.

Online forums that encourage new thinking have evolved with Fast Company and The Intrapreneuring Cafe being among the favorites. Fast Company has the goal of chronicling the changes under way in how companies create and compete, highlighting the new practices shaping how work gets done, showcasing teams who are inventing the future and reinventing business, and equipping the people exploring this uncharted territory with the tools, techniques, models, and mind-sets they need. The Intrapreneuring Cafe, run by intrapreneur.com discusses a variety of specific intrapreneurship issues such as what the best businesses are for intrapreneurship and government agency intrapreneuring. They also run want ads for intrapreneurs.

Another direction intrapreneurship is growing is in developing scenarios to anticipate future trends and responses. Scenarios are stories about possible futures which enable organizations to learn, adapt and develop better strategies. Scenario planning begins by identifying the focal issue or decision. There are an infinite number of stories that could be told about the future; the purpose is to tell those that matter, that lead to better decisions. While scenarios to-date have primarily been used for large scale planning efforts for such projects as education in the United States, it is very applicable to the business environment today.

### **Intrapreneursvs Entrepreneur**

Looking online, the Webster's Revised Unabridged Dictionary from 1913 defined an entrepreneur as "one who creates a product on his own account." That sounds a trifle stuffy, is very limited and doesn't fit for many of the people widely known as entrepreneurs. The meaning of the word entrepreneur has certainly evolved since 1913. Entrepreneur is an individual who starts his/her own business." From the Merriam-

Webster Online comes a more current definition: "one who organizes, manages, and assumes the risks of a business or enterprise." Assuming risk certainly fits most entrepreneurs. This definition is definitely richer, but still lacks the sense of innovation that one usually associates with entrepreneurs.

Moving from formal definitions, Ashoka, an organization which promotes social change, calls for "social entrepreneurs," people who open up major new possibilities in education, health, the environment, and other areas of human need, "just as business entrepreneurs lead innovation in commerce, social entrepreneurs drive social change." The concept of business entrepreneurs leading innovation is appealing because it denotes more than just starting a business. An entrepreneur herself, Daile Tucker, provides her thoughts on what it takes to be an entrepreneur in *Are You an Entrepreneur?* She defines an entrepreneur as "a person who has decided to take control of his future and become self-employed whether by creating his own unique business or working as a member of a team, as in multi-level marketing." She identifies work ethics and several character traits of successful entrepreneurs, ending with "Entrepreneurs compete with themselves and believe that success or failure lies within their personal control or influence." This begins to touch on motivational aspects for being an entrepreneur which may distinguish the type of person drawn to being an entrepreneur.

Mark Hendricks takes Tucker's definition a step further, acknowledging innovation, but also providing alternatives. Hendricks suggests that to be an entrepreneur you don't particularly have to be daring. Many entrepreneurs are perfectly content to sell tried-and-true products, bringing a steady income without the intensity of launching a new product. He labels these lifestyle entrepreneurs. They want to be their own boss and make a good living, but they don't need to be on the cutting edge, which entails living where one wants, working with people one likes, and doing work one wants to do.

### **The Intrapreneurial Organization**

Intrapreneurs have been credited with increasing the speed and cost-effectiveness of technology transfer from research and development to the marketplace. While intrapreneurs are sometimes considered inventors, inventors come up with new products. Intrapreneurs come up with new processes that get that product to market. Part of the reason they are considered similar to inventors is that they are creative and are risk-takers in the sense that they are stepping out of their traditional role within the business. However, their risk-taking behavior is personal. In terms of the business, they actually work towards minimizing the risk through the innovative approaches they use to more efficient and effective product production and sales.

Some methods that have been used by businesses to foster intrapreneurship are:

- Users of internal services are allowed to make their own choice of which internal vendor they wish to use.
- Intrapreneurial employees are granted something akin to ownership rights in the internal intraprisers they create.

- Companywide involvement is encouraged by insisting on truth and honesty in marketing and marketplace feedback.
- Intrapreneurial teams are treated as a profit center rather than a cost center (i.e., they are responsible for their own bottom line). One way some companies handle this is for the team to have their own internal bank account.
- Team members are allowed a variety of options in jobs, in innovation efforts, alliances, and exchanges.
- Employees are encouraged to develop through training programs.
- Internal enterprises have official standing in the organization.
- A system of contractual agreements between internal enterprises is defined and supported by the organization.
- A system for settling disputes between internal enterprises and between employees and enterprises is part of the intrapreneurship plan.

Intrapreneurism in business has evolved to encompass a variety of concepts: identifying and fostering employees who have what is considered to be intrapreneurial traits, developing an intrapreneurial process for part or all of a business, and developing innovation through rewarding intrapreneurial behavior.

### **Human Resources Issues in Intrapreneurship**

What has intrapreneurship meant in the reality of the business environment? The area of greatest impact has been, of course, in human resources. Intrapreneurship has not just become a method for revitalizing business processes, but of also revitalizing jobs.

In GTE's Information Systems Division that has paid off for the company and its employees too. This program was actually developed by a former GTE employee, Anthony Spadafore, who left GTE to form his own consultancy program, Pathfinders, which works towards developing self-directed employees. Spadafore spent extensive counselling the volunteer employees in this new way of thinking and working. From the initial group eight new projects were proposed and a number of them funded. A number of employees have defined totally new career paths for themselves. This program has totally redefined how GTE does business.

3M is another company that has reaped the rewards of intrapreneurism. 3M has a standard policy that allows all employees to work on developing their own business ideas at least 15 percent of the time they are at work. One of the big breakthroughs that came from this program was the concept of Post-It-Notes which was pioneered by an employee that wanted something that wouldn't fall out to mark pages in his hymn book at church.

One of the most exciting concepts in intrapreneurism is developing intrapreneurial competing teams within a company. The organization can be organized around teams that function as small businesses nested and networked together. These teams can be focused on a product such as a new car, a process, such as public relation or a service, such as the

secretarial services of the organization. What evolves is a free market system with work coordinated more effectively and responsibility distributed more widely.

### **Conclusion**

Intrapreneurism as a field is just reaching a more stable point in growth itself. A variety of models are in practice industrywide. More information about workable models is surfacing daily. The dialog between entrepreneurs and intrapreneurs on common challenges has been limited to-date, but has the potential for providing substantial synergy for both efforts. To quote Tom O'Malia from his introduction to the book, *Been There, Done That*, "Entrepreneurs are about loving their journey, not their destination." For me, this sums up the excitement and fun of being an entrepreneur. And that is why it is not synonymous with being a small businessperson. The entrepreneurial mind set can operate in all sizes and types of businesses

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