

## WHY EMPLOYERS NEED INTRAPRENEURS



The key to increased productivity and innovation is to use the talents of the entrepreneur -- the prime mover of the business system.

Entrepreneurs are the lifeblood of small businesses, but they can be effective in large corporations as well. The term *intrapreneur* was coined to designate people charged with entrepreneurial functions within large corporations.

Let's take a look at who these entrepreneurs are, their place in business and what effect they have on business. Then we'll examine the qualities that characterize these innovative people.

There are millions of businesses in the U.S. that run as sole proprietorships, and more than a million that run as partnerships. These, and a small fraction of the nation's millions of corporations, are run by entrepreneurs.

Very often, small businesses prove to be more productive than large businesses. Most economists view small businesses as the primary driver of U.S. economic expansion. Aware of this success, a growing number of large companies are giving intrapreneurship high priority. They are creating special corporate task forces, mini-enterprises and spin-offs of subsidiaries or departments to encourage the innovation and enthusiasm associated with smaller ventures.

Yet, in the process, companies are discovering that their methods of operation must undergo considerable change. They see that they must get away from inflexible bureaucracies and ineffective centralization in order to provide an atmosphere that encourages would-be intrapreneurs.

How does a company make use of intrapreneurs? One way is to establish small profit centers and enclaves run by intrapreneurs, managers and technical professionals who invigorate old programs, start new projects and develop new products, services and solutions of higher quality. Companies best known for establishing new intrapreneurial ventures include Procter & Gamble Co., [Johnson & Johnson](#) and [General Electric Co.](#).

While details of the intrapreneurial program differ at each company, the policies are similar. They all give full autonomy to new ventures, which are separate from regular business. The project manager has a direct pipeline to the top or to the executive in charge of innovation. He also is given carte blanche to mobilize any marketing, finance, manufacturing or research resource at the company.

### Qualities of the Intrapreneur

Here are some of the qualities shared by intrapreneurs.

**Love of business.** For the intrapreneur, the process of business is a real turn-on. Clay Hamner, a developer and the former director of the Center for Entrepreneurial Studies of the Fuqua School of Business at Duke University, tells this story: "Walter Hoving, the president of Lord and Taylor department store in 1939, resigned that very successful job, put together as much money as he could and became a major stockholder of Bonwit Teller. In the early 1950s, he sold Bonwit Teller for \$67 million, borrowed \$2 million more from friends and bought a jewelry company. Now that is an intrapreneur. For him, it's the process, not an outcome."

**Need to achieve.** According to one popular stereotype, intrapreneurs are primarily interested in making money. But, while they expect to make money, their main motivation is not wealth, but a desire to do something well. As intrapreneur Ken Levy puts it, "It's a driving force to achieve what most people can't -- making something out of nothing. It's much like an artist's drive or an athlete's."

Intrapreneurs enjoy and savor their successes. They willingly put up with many difficulties and sacrifice more than the average manager or technical professional.

**Work hard.** High-powered intrapreneurs have an extraordinary capacity to work for long hours. They can spend several days, or even weeks, with less than a normal amount of rest or sleep. They approach their tasks with determination, with an almost monomaniacal thoroughness, especially during the first stages of the new venture.

Intrapreneurs' personal lives are frequently viewed merely as tools of their professional lives. Such intense preoccupation demands a great deal of sacrifice, and often means that family life takes a back seat. One wife of an intrapreneur once claimed that, in one year, her husband not only forgot her birthday, but their wedding anniversary, Thanksgiving, Fourth of July and Christmas.

Such behavior might indicate that intrapreneurs are workaholics. There is, however, an important distinction: Workaholics work hard to shore up a weak and unstable sense of self-worth; intrapreneurs are consumed by work because they find it exciting and satisfying.

**Get results.** Successful intrapreneurs are action-oriented and want to start producing results immediately. The true intrapreneur is a doer, not a dreamer.

Many people are ambivalent about success; they do and do not want to succeed. The high-powered intrapreneur is apparently free of this ambivalence. There are no if's and but's about succeeding. J. C. Egneur, co-founder of Outdoor Venture Co., says, "All we think about at night is not what we're going to do if we don't make it, but how we're going to succeed."

**Opportunities.** Intrapreneurs are able to see the areas of unfilled need around them -- the gaps in products, processes, applications and services. They have a keen sense of spotting opportunities not only in good times, but in bad as well. In addition, they're always ready to perceive something unexpected, novel or possible and exploitable in everything they encounter.

Tom Bata, who fled Hitler's invasion of Czechoslovakia, founded Bata Shoe Co., the world's largest shoemaker. He was fond of telling the story about two shoe salesmen who were sent to a poverty-stricken country. One wired back, "Returning home immediately. No one wears shoes here." The other cabled, "Unlimited possibilities. Millions still without shoes."

**Take moderate risks.** Contrary to a popular stereotype that sees the intrapreneur as a gambler and high-risk taker, effective intrapreneurs have been found, in general, to prefer taking moderate, calculated risks. That way the chances of winning aren't so small as to be a gamble, nor so large as to be a sure thing. Moreover, they set goals for the measures that tend to be rather high and challenging, but at the same time attainable and realistic.

If you aim for only 25% of the possible, you are apt not to exceed it, because this limit becomes fixed in your mind. If, on the other hand you shoot for 100%, you may fall short of this mark, but the sheer intention of going for it all will place you far beyond the 25% point.

**Set goals.** Goal-setting for intrapreneurs constitutes an act of self-assertion. While they have a natural competitive spirit, they're more interested in competing with their own past achievements and standards than they are in beating the other person.

Many less-successful intrapreneurs tend to rest on their laurels. But the only way to counter letdown after a success is to start actively pursuing a new goal;

the more-successful intrapreneurs do so as a matter of course. Contrary to another stereotype notion, most intrapreneurs aren't in a hurry to succeed rapidly. Experiences with delay have helped them to build up considerable frustration-tolerance.

**Dogged Pursuit.** Single-mindedness in pursuit of a goal is another valuable ingredient in the makeup of successful intrapreneurs. They know that it's absolutely mandatory to maintain focused concentration over weeks, months or even years to attain an important objective. Powered by the needs for achievement and success, this single-mindedness generates persistence and dedication that don't fluctuate or wane before the goal is reached.

**Realistic, but nonconventional.** Successful intrapreneurs, who characteristically possess intellectual honesty, confront facts squarely when they're wrong. The road to success has many zigzags in it, and there are potentially many wrong turns. The smart intrapreneur faces up to this and deals with reality.

Mr. Hamner addresses the oddball aspects of the intrapreneur's attitude: "Intrapreneurs look at the world in a non-linear way. You remember [the equation]  $Y = A + B$  and then it has  $+ E$  on the end, which is the error term? That  $E$  out there was everything you couldn't explain by putting in the linear model. And the  $E$  is where the intrapreneur operates. That's where his mindset is. He's a non-linear thinker."

**Self-confident.** Successful intrapreneurs are self-reliant and believe strongly in their own abilities to achieve the goals they set for themselves. They believe they have control over the external events in their lives.

Successful intrapreneurs are not joiners. Studies have shown that the need for friendship acts as a deterrent to intrapreneurial behavior. Joining for intrapreneurs is only done for the tactical purpose of making contacts, gathering useful information, seeking help, solving problems or for furthering business ventures.

The sure self-confidence that successful intrapreneurs usually exhibit is based on their anticipation that they'll successfully master challenges, overcome obstacles and realize their desires. As the late venture capitalist Patrick Liles of Charles River Partnerships said, "It has to be a certain kind of ego. Not the 'I'm the big cheese' ego. Those people are big talkers and poor listeners. It has to be the 'I'm going to do well' sort of ego. Successful intrapreneurs almost never consider failure a real possibility."

Effective intrapreneurs have a solid self-esteem that stems from a healthy feeling of self-acceptance. While they can readily acknowledge their faults, they take active steps to overcome them.

**Recover quickly from failure.** Successful intrapreneurs know that they have to take responsibility for the failures as well as the successes of their ventures. They don't look for scapegoats when things go wrong. They accept their own mistakes as part of the scheme of things. Their disappointment is short-lived. They can bounce back fast and concentrate on the next project with an undiminished enthusiasm. Successful intrapreneurs know how to build on successes and learn from past failures.

**Solve problems.** Effective intrapreneurs, with all their painstaking attention to detail, are able to balance facts and deliberation with intuitive decision-making. They know that they'll never have enough facts and that even the best plan is seldom beyond questioning. Intrapreneurs tolerate ambiguous situations well and can arrive at decisions under conditions of uncertainty.

In the end, successful intrapreneurs strongly rely on their hunches and trust them. Some intrapreneurs exhibit almost uncanny intuitive powers. Author Pat H. Alcorn says, "A person of intrapreneurial bent is somewhat like the Indian scout who could ride into a valley where there was no life, rein in the horse and say, 'Indians.' No tracks, no smoke signal, no drums -- just something in the wind. Those who don't act until all relevant facts have been assembled will rarely make a big mistake, but they will rarely enjoy a big success, either."

One corporate president claims to have a test for identifying intrapreneurial types: "I throw every candidate right in with the alligators. The establishment types complain they can't farm alligators in a swamp. The intrapreneur farms 60% of the alligators, markets another 30% for everything but their squeal, drains their part of the swamp and leases the land for an amusement park overlooking 'Alligatorland.' The other 10% of the alligators? That's his delayed compensation."

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