



# ‘Safe’ risk

*To implement change faster than their competitors and win more business, executives need to embrace intrapreneurship.*

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◆ GARY PEACOCK, GORDIAN BUSINESS

Most people understand what an entrepreneur is. One big risk for entrepreneurs is losing everything they have invested in their startup. In contrast, as an intrapreneur, even if your product fails, you get your salary. It is like walking a tightrope with a safety net.

The American Heritage Dictionary defines intrapreneur 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 is easier to understand what an intrapreneur is by looking at the differences to an entrepreneur.

	Entrepreneur	Intrapreneur
<b>Meaning</b>	A person who sets up his or her own business with a new idea	A person employed by a business to innovate a product, service, or process
<b>Resources</b>	Uses own resources	Use resources provided by the company
<b>Capital</b>	Raised by him or her	Supplied by their business
<b>Enterprise</b>	New business	Established business
<b>Dependency</b>	Independent	Dependent
<b>Risk</b>	Taken by the entrepreneur	Taken by the business

Adapted from: <https://keydifferences.com/difference-between-entrepreneur-and-intrapreneur.html>

It is useful to consider some examples of products developed by intrapreneurs as in Table Y. So, why cannot these successful companies Google, Sony, 3M and Amazon, simply develop these products in their normal business processes?

**Table Y**

Company	Idea
Google	Gmail was developed by intrapreneur Paul Buchheit, who worked on this project for four years till its launch on April 1, 2004.
Sony	PlayStation is intrapreneur Ken Kutaragi's brainchild, who wanted to make a better version of the Nintendo console.
3M	Post-it Notes: Art Fry in 1974. Not publically launched until 1979.
Amazon	Amazon Drones: In October 2013, Daniel Buchmueller (software development engineer) officially cofounded Amazon Prime Air with Gur Kimchi (vice president). Kimchi said, "The culture here allows you to be creative without being constrained by what's possible." Buchmueller said, "What started as an idea over coffee with Gur turned into a real, full-blown Amazon project that made its debut in March 2017."

**T**oday business is highly competitive, and markets change rapidly. The pace of change can only increase as AI is bringing bots and robots that will produce leaps in productivity across all industries. So businesses must renew their competitive advantage. One way to do this is constant innovation and one way of constant innovation is 'intrapreneurship'.

**What is an intrapreneur?**

Intrapreneur = (Entrepreneur) – (Risk of losing all your money)

**Intrapreneurs solve problems, and they innovate to get around the constraints and systems in successful organisations.**

Usually, it is for a couple of reasons. First, the proposed new product—Gmail, Playstation, Post-it notes and Amazon Drones—are so different from the main organisation’s products.

Anyone who has worked in a large company knows different ideas or different products can trigger the company’s corporate immune system: many people attack the different idea, and it dies. The bigger the difference in idea or inproduct then the more aggressively the corporate immune system will attack.

The second reason successful companies Google, Sony, 3M and Amazon, cannot develop these products in their normal business processes is [because] new idea needs resources—time, money, and people. To get these resources, the products need to contribute sales to the business usually this financial year. Or, the idea needs to have a business case: a sales forecast to justify investing resources.

But, before you develop the new product—Gmail, Playstation, Post-it notes or drone delivery—no one knows how many customers want them? The company systems cannot deal with the uncertainty. In contrast, venture capital companies face this problem every day. They work on 20 new products knowing that 19 out of 20 will fail; in successful businesses, they expect 19 out of 20 to succeed and one to fail.

**Table X**

Company	Idea
Solve problems	<ul style="list-style-type: none"> <li>Challenge their limits</li> <li>Search for an opportunity in every problem</li> <li>Clearly define a problem (cause and effect)</li> <li>Connect with others emotionally</li> <li>Rarely create problems for others</li> <li>Focus on prevention rather than intervention</li> </ul>
Innovate	<ul style="list-style-type: none"> <li>Provide solutions</li> <li>Constantly try to find ways to make ideas work</li> <li>Are always ready to learn</li> <li>Are proactive</li> <li>Take risks and make mistakes</li> </ul>



So, what do intrapreneurs do to make things happen in these successful organisations? Well, they solve problems, and they innovate to get around the constraints and systems in successful organisations (Table X).

Having these skills is essential, but not sufficient for success.

**How can successful companies encourage intrapreneurs?**

Be a speedboat, not a battleship is the title of a chapter in *Xcelerate* by Paul Broadfoot.

In this book about changing business models, the author captures the essence of what an Intrapreneur needs to be—a speedboat—able to move fast and able to change direction fast.

In contrast, the successful organisation is like a battleship: powerful, slow-moving, slow to change direction, and well-prepared for a fight with another battleship.

In business, the challenge is how to create systems that suit managing a battleship well and managing a speedboat well.

The biggest challenge in managing short-term and long-term: short-term setbacks versus long-term payoff. A useful way to manage the intrapreneurs and the rest of the successful organisation is to manage them differently. Manage them like two different organisations. O’Reilly and Tushman addressed this issue in their 2004 *HBR* article, The Ambidextrous Organisation.

	Successful business (battleship)	Intrapreneur (speedboat)
<b>Manage for</b>	Cost & profit	Innovation & growth
<b>Critical tasks</b>	Operations, efficiency	Adaptability, new products
<b>Innovation type</b>	Incremental	Breakthrough
<b>Competencies</b>	Operational	Entrepreneurial
<b>Controls &amp; rewards</b>	Margins & productivity	Milestones & growth
<b>Culture</b>	Efficiency, low risk, quality, customers Adapted from O'Reilly & Tushman, (2004)	Flexibility, risk-taking, speed, experimentation

Any experienced executive reading this table knows how tough this task is. Managers in successful businesses are under tight controls and will constantly argue that intrapreneurs have it too easy and should be made to comply with the same rules and measures. Managing two parts of the organisation is tough, and so the executive team needs common rewards and a common vision for the company.

With intrapreneurs, as the table suggests, managing risk (or managing mistakes) is important. Learn from strategic options, take risks that should allow you to do at least one of three things:

- To gain better information after partial implementation
  - To gain new or stronger relationships
  - To gain experience or capabilities
- The information or relationships or experience from these risks should allow you to make a better investment decision in one or more years.

### Benefits

Growing an idea from paper to prototype will be easier with an established company's resources. Also, the company will also become more dynamic, flexible, and innovative.

With today's workforce's changing preferences, aspirations, and way of working, it is imperative for companies to encourage intrapreneurship. Intrapreneurs become a company's executive leaders over time.

They move the business forward and rise to the top as they understand the business from all levels. A company should recognise and promote successful intrapreneurs so the business can succeed and grow.

If you are not sure if you need intrapreneurs, remember Jack Welch's words: When the rate of change outside exceeds the rate of change inside, the end is in sight. ■



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