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Cultivating 'Intrapreneurs'

Article by Unfold in collaboration with McDonalds

Growth is a vital priority for every business. More so in today's world, where the way we do business is changing rapidly, and on so many levels – flexible business models, digital transformations, millennial workforces, and so on. And not to mention competition very often comes from the unlikeliest places. In a shifting, complex climate like this, business leaders are learning something crucial about innovation: it can no longer help a firm just to keep the lights on. On the contrary, innovation today has to help a firm *grow by leaps and bounds*. Innovation has moved from the rarefied atmosphere of the pristine laboratory or the 'center for innovation' and it has entered the cubicle, the shop floor, the board room. Perhaps even the performance appraisal meeting.

This is a huge change. Many firms are still coming to terms with this shift. This is because, for a typical business, innovation has no real place in the scheme of things. All processes are streamlined for maximum efficiency. There's no perceived need to experiment. New ideas are discouraged. The unofficial maxim is don't rock the boat. Keep your eye on profitability. Any change in the status quo could result in diminishing returns in the short-term and that can send ripples of alarm through the workforce, the stock market, and the media.

And yet, ironically, competition from disruptive new ideas keeps pulling the rug out from under these very same businesses. The non-innovating business looks at the new player and thinks, "It's a fad, a short-term trend. It is highly unlikely that this upstart will take over the market and wipe out the need for entire categories of products and services. After all, there are still so many people who rely on these products and services. They can't just all change their mind at once. Next year, things will be very different." But the non-innovating business quickly realizes what it perceived as a fad was actually the tip of the iceberg of a new reality, a new way of thinking that his consumers like and that he didn't anticipate. Now he has two choices: emulate what the disruptor has done or counter it with something new. Either way, he has to significantly change human potential and process. And either way, he has lost considerable time.

Big business today recognizes the value of a structured intrapreneurship program to encourage "entrepreneurial thinking". But unlike other corporate functions, intrapreneurship requires balancing creativity, which is a rare commodity in a highly structured environment, with influence.

It's the cross-pollination of ideas that provides the creative spark to solve business problems. Serendipity cannot be left to chance. It must be carefully cultured.

Influence is the other major factor; long-time employees who understand the inner workings, the informal & formal power structures, are better prepared to push innovative ideas.

Pavanjit Singh, McDonalds

Some businesses have been highly successful on the innovation front, though. They have managed to consistently do new things, beat the odds, stay relevant and in the game. What separates these organizations from the rest? What makes consistent

winners in the tough, unpredictable, 'no guts no glory' world of innovation? How do they bring new ideas and products to the market and succeed wildly? The answer lies in an area that we often take for granted: people.

Ultimately it is not technology or money that breeds innovation. Those are just the enablers. Innovation is forged in the vital crucible of people, of human potential. A firm's success at innovation rests squarely on whether it encourages its people to think like entrepreneurs and then supports their efforts at creating breakthroughs.

The natural reaction to this is "I can't afford that." But can you afford to lose your best people? Because that is what invariably happens when you don't let them out of the cage of process and into the wilderness of innovation: their thirst for their idea makes them either look for another employer or forces them into entrepreneurship. As much as it is a matter of pride to see this person grow in their new venture, it is also a sobering thought that this person's hidden talents are not benefitting the ex-employer in any way.

But what if creative and resourceful employees were encouraged to innovate within the organization? What if we could identify and encourage a breed of people who bring an entrepreneurial mindset to their work in the organization? What if we could foster a team of 'intrapreneurs'?

The word "intrapreneur" was coined in the late 70s. The term refers to an employee who is encouraged and nurtured by the organization to convert their idea into a profitable new product or service for the organization. Businesses and organizations that have large numbers of intrapreneurs have succeeded in innovating and moving ahead of the crowd.

Having established that innovation is vital for the next level of growth in today's complex marketplace, and that innovation is going to come only from a team of intrapreneurs, *how does an organization consistently support the work of 'intrapreneurship'?*

Some organizations are quick to send out memos to their employees to "innovate" and offer them words of support. But the truth is employees look for *tangible evidence* of such support in every interaction. In other words, they are quick to differentiate between a facade of innovation and a real, authentic *culture* of innovation.

There are various elements to building a *culture* of supporting intrapreneurs:

1: Getting rid of risk aversion

It is important that the management not be averse to risks. Innovation hinges on a comfort with risk. Employees who sense they live in a no-risk climate will squash all hopes for new ideas.

2: Mentors

Most successful intrapreneurs had a "godfather" within the organization, who was high up in the hierarchy of the organization and realized the potential of the employee. This godfather was able to shield the innovator from routine assignments and budget restrictions, in effect, giving some freedom to the innovator to experiment and even fail while she or he worked on a pet project.

As organizations with intrapreneurs matured, this support became more formal. In the 80s, Intel spun off a division to work on personal computers without imposing the normal processes on the division and gave it the freedom needed to work outside the restriction of the main organization.

3: Altering work structure

You cannot encourage someone to innovate if their work structure doesn't have the room for it. Many organizations ask their people to innovate and then choke them with insurmountable targets and work pressure. This kind of 'innovation' is only self-fulfilling. To truly encourage your people to innovate, you need to make a tangible difference to their work structure. For example, Google allows its employees to *spend 20% of their working hours* on a project of their choice.

4: Aligning innovation to objectives

One of the rules gleaned from such successful firms is that employees should be allowed to experiment.

But allowing complete freedom may not urge the employee to work in the direction that the organization would like. So it becomes important to encourage the person to innovate within some acceptable boundary and to take responsibility for time and resources. Conduct reviews. Monitor progress. Ask for outcomes. Let the person be prepared to drop the project if it is going nowhere.

This kind of an approach allows freedom to the intrapreneur to experiment and create while also encouraging them to work with objectives.

4: Generosity toward failures

Making sure there's no penalty for dropping an 'unsuccessful' initiative is key to nurturing innovative employees. Most breakthroughs undergo several failures before their innate potential is realized. Organizations that apply a productivity or outcome-oriented mindset to innovation work are defeating the purpose. One needs to look at intrapreneurial

McDonald's and Intrapreneurship

The bigger and more successful an organization gets, the lesser the play of creativity & entrepreneurial thinking in its operations. That dichotomy is true for most, if not all big companies.

Institutionalizing Innovation is critical as it requires the organization to see beyond the immediate horizon. Intrapreneurship is a great way for companies to not only foster innovation and an entrepreneurial mindset, but also an important engagement tool for its employees.

Intrapreneurs are more likely to provide the "eureka" moments because they are uniquely positioned, by design, to look outside-in. Innovation is not creativity, it's the value creation through creativity and an intrapreneur is uniquely positioned to bring that innovation to bear. The role of an intrapreneur in a company's innovation management capability is only poised to grow as it becomes more mainstream and a part of corporate curricula

failures as opportunities for everyone to learn. Failures should be analyzed and lessons should be shared as valuable insights into the problem. It should also be internalized that the seeds of success lie somewhere in the anatomy of this failure.

5: More relaxed assessments

Some organizations tend to be very systematic in their assessment of their employees. They prefer to rate them based on progress at short intervals and stages. But innovative individuals and groups need to be allowed more flexibility and a general direction of the group needs to be seen as progress while evaluating performance.

6: A less power-centric culture

Cultural dimensions also seem to play an important part in fostering or hindering an innovative corporate culture. Western nations with individualistic cultures and lower power distance are often perceived to be more encouraging of innovation and intrapreneurs. If your organization relies heavily on hierarchy for decision-making, it may be at odds with fostering the intellectually open, flat climate that is so important to finding and motivating intrapreneurs.

Conclusion

Moving towards an intrapreneurship culture is not an exact science. There are many ways to get there. But there are some distinct enabling factors, as outlined in this article. One cannot promise breakthrough innovations with these factors. But one thing is certain: the inclusion of this kind of thinking will certainly draw the latent innovators out of the woodwork, motivate them to give more to the company, and it will dramatically raise your chances of innovating for growth and profit. A few years ago, encouraging innovation within the company was a 'good thing to do'. Today, it is a 'must do'. The fastest way to get on the right track is to start building a climate that's conducive to intrapreneurship right here, right now!