Understanding Corporate Entrepreneurship and Development: A Practitioner View of Organizational Intrapreneurship

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Abstract
This article focuses on understanding corporate entrepreneurship and how intrapreneurs develop through the use of literature, an interview a corporate entrepreneur, and personal experiences of the authors on how a company can enhance its longevity and remain competitive by embracing entrepreneurship as an organizational value. The literature review identifies many of the benefits and challenges of corporate entrepreneurship, while an in-depth interview with an experienced intrapreneur provides insight into corporate entrepreneurship from the practitioner’s perspective.

Today’s corporate managers, leaders and academic scholars are in search of discovering innovative methods of encouraging individuals and teams to become creative and, thus, make their organizations more competitive. Overall, the paper discusses the concepts of entrepreneurship, corporate entrepreneurship, intrapreneurship, and collaborative entrepreneurship for readers and researchers. Besides practical recommendations for the creation of a culture that is focused on corporate entrepreneurship, this article also concludes with examples of collaborative entrepreneurship and practical implications of these concepts for existing and future entrepreneurs. Finally, recommendations are offered for future research and scholarship on entrepreneurship.

Introduction
The founder of Atari and Chuck E. Cheese’s, Nolan Bushnell, states that “A lot of people have ideas, but there are few who decide to do something about them now. Not tomorrow. Not next week. But today. The true entrepreneur is a doer, not a dreamer” (Gundry and Kickul, 2007, p. 2). According to Gundry and Kickul (2007), the entrepreneurship journey, which requires taking action and doing, involves the discovery, evaluation and exploitation of available opportunities if a person or groups of individuals are to effectively bring new goods, services and processes to today’s competitive market. Of course, the origins of entrepreneurship in the local and global marketplaces can be traced back thousands of years.

The foundation of Hayek’s Theory of Cultural Evolution is that the growth of civilization can be traced to members of society emerging from small, confined groups and developing new relationships and processes. This emergence did not involve formal planning, rather it was spontaneous. As the population grew as a result of this proactive
evolutionary step, rules were established by society that fostered and facilitated growth (Feldmann, 2006).

Hayek posited that this structure will eventually stifle new evolutionary progression, leading to the downfall of the society. The paradox being that the rules and structure required for the culture to thrive will ultimately lead to the culture’s demise.

Each organization has its own unique culture, and similarities can be seen between Hayek’s view of cultural evolution and the progression of a culture within an organization. Often, organizations are founded by entrepreneurs with little or no planning. As the organization grows rules and procedures are implemented that provide the structure needed for the company to flourish. However, with this growth often comes bureaucracy, which stifles innovation and inevitably a company’s ability to compete (Ireland, Kuratko & Morris, 2006).

It is well established that developing and nurturing an entrepreneurial culture will enhance a company’s ability to develop innovative solutions and sustain strategic competitive advantages (Parboteah, 2000). Hayek’s theory has many proponents within the academic community and this paper will assume Hayek’s theory to be valid.

Assuming that the rules implemented by corporate ventures will ultimately be responsible for the company’s demise, various facets of corporate entrepreneurship will be explored in an effort to identify strategies that could be implemented to enhance a company’s longevity.

**Entrepreneurship Traits and Dimensions**

While corporate entrepreneurship is one of the fastest growing areas of management research, is often misunderstood as many believe the term itself to be oxymoronic (Thornberry, 2001). Thus, it is important to distinguish between entrepreneurship and corporate entrepreneurship. Erkkila (2000, p.19) states that “Entrepreneurship is drawing from a wide range of skills capable of enhancement to add value to a targeted niche of human activity.” Erkkila continues by saying that “The effort expended in finding and implementing such opportunities is rewarded by income and independence as well as pride in creation.” Others state that entrepreneurship is primarily viewed as an individual pursuit and associated with start-up entrepreneurs (Thornberry, 2001), whereas corporate entrepreneurship is viewed as acting entrepreneurially within the confines of an established organization. In a traditional start-up venture, entrepreneurial practices are central to the company’s mission and at the core of processes. Corporate entrepreneurship doesn’t need to be a core organizational principle for an established company to benefit from it (Thornberry, 2003), and is it usually found at the periphery of a venture (Antoncic & Hisrich, 2003).

There is no agreed upon definition of entrepreneurship (McFadzean, O’Laughlin & Shaw, 2006). According to Erkkila (1990) entrepreneurs should be viewed as those possessing the traits presented in Figure 1. Following this interpretation, self-employment
would be deemed a manifestation of entrepreneurship, rather than a condition of it. Most companies don’t have a corporate culture conducive to entrepreneurship (Ireland, Kuratko & Morris, 2006) and inhibit entrepreneurial employees by implementing policies and procedures that stifle the aforementioned entrepreneurial traits. As a result, entrepreneurial employees leave the organizations and pursue their own ventures.

Although business schools have significantly increased the number of courses taught in entrepreneurship and corporate venturing since 1970 (Scott, Rosa & Klandt, 1998) numerous myths associated with entrepreneurship remain. As a result, there seems to be a misalignment between the perceptions of human resource managers and the realities of entrepreneurship. However, leaders of successful companies, like DuPont (Echols & Neck, 1998), have recognized that entrepreneurially inclined employees can be valuable contributors to a company’s success if their skills are nurtured. Converting employees with entrepreneurial aptitude into corporate entrepreneurs can deliver exceptional value to stakeholders. Companies like 3M, Pfizer, and France Telecom have thrived due to strategies that embrace corporate entrepreneurship principles (Johnson, 2001). Numerous successful products, including the Speed Pass®, were the direct result of corporate entrepreneurship (Thornberry, 2003).

Corporate entrepreneurship (sometimes referred to as Intrapreneurship) is viewed as the process of stimulating innovative ideas and processes, often with a focus on wealth creation (Scott, Rosa & Klandt, 1998). There are four types of corporate entrepreneurship (Thornberry, 2001)

- **Corporate Venturing** – The process of starting new ventures that are related to the company’s core business. Companies that utilize a vertical integration strategy would view corporate venturing as an attractive strategy, as would companies that have core competencies in specific areas. For example, Proctor and Gamble has leveraged its expertise in packaging into a spin-off business that provides consulting services to Fortune 500 companies.
• *Organizational Transformation* – Focus is placed on enhancing operational efficiencies. This is not entrepreneurial per se, but does focus on the entrepreneurial trait of parsimoniousness.

• *Intrapreneuring* – Identification of employees within an organization that may have entrepreneurial aptitude. Not every employee needs to have entrepreneurial skills for corporate entrepreneurship to flourish, however, it is essential that those with innate entrepreneurial ability be identified and nurtured.

• *Industry Rule Bending* – This facet of corporate entrepreneurship pertains to initiating paradigm shifts within an industry. Companies that can identify innovative products and processes can attain first mover status and gain market-share. Dell Computer (Dess & Lumpkin, 2005) is often cited as an entrepreneurial company that changed the landscape of an entire industry by embracing this principle.

The common denominator of each is that it focuses on innovation and creating something new, be it a product or process. To foster corporate entrepreneurship Dees and Lumpkin (2005) state that a company must have an entrepreneurial orientation. There are five dimensions of entrepreneurial orientation as presented in Table 1. An important consideration for managers pertaining to corporate entrepreneurship is that it cannot be achieved without an intrinsically motivated employee (Gaw & Liu, 2004).

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
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<tbody>
<tr>
<td>Autonomy</td>
<td>Employees are encouraged to become a <em>Project Champion</em>, negotiating for the ability to bring a new product to market and/or institute a new internal process.</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>The company must be committed to investing in Research and Development and creating new products that may not be commercially accepted.</td>
</tr>
<tr>
<td>Proactiveness</td>
<td>The willingness to differentiate ideas from opportunities via research and trend analysis. This dimension requires the company to have a future-orientation.</td>
</tr>
<tr>
<td>Competitive Aggressiveness</td>
<td>Companies with an entrepreneurial orientation will not only willingly engage the competition, they will eagerly engage them and conduct seemingly predatory tactics (price slashing, battle of attrition etc.) to gain market-share.</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>A clear understanding of the business, financial, and professional risks associated with corporate entrepreneurship.</td>
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Corporate entrepreneurship ventures can be either initiated internally or externally (Ireland et al, 2006). However, the most common scenario involves an aspiring entrepreneur seeing an opportunity in the market, and attempting to obtain company resources to pursue it. While entrepreneurially oriented companies will facilitate opportunity recognition and pursuance, they will also impose internal barriers that challenge the aspiring corporate entrepreneurs (Echoles & Neck, 1998). It is essential for managers to maintain some degree of centralization and structure as corporate venturing can result in fragmentation (Dess & Lumpkin, 2005).

It is also important for managers to recognize that they can’t predict who will be successful as corporate entrepreneurs. Rather they can develop from any area within the
company (Thornberry, 2003). Abraham (1997) states that four factors (autonomy, rewards and reinforcement, time availability, and management support) are required for corporate entrepreneurial success, as presented in Figure 2.

![Figure 2 - Corporate entrepreneurship success factors (Abraham, 1997).](image)

**The Role of Corporate Entrepreneurship Training**

Scholars have long debated if entrepreneurship can be taught (Erkkila, 2000). The academic community, until relatively recently, has treated entrepreneurship as a vocational trade rather than as a facet of management or organizational behavior. However, an upswing in entrepreneurship research over the three decades has led to renewed interest in the longstanding nature vs. nurture debate.

About 93% of scholars believe that entrepreneurial aptitude can be developed through education and training (Erkkila, 2000). Some facets of entrepreneurship (business planning) may be more teachable than others (opportunity recognition), however, there seems to be accord within the academic community that virtually all employees can be taught to be more innovative.

Corporate entrepreneurship can occur spontaneously within an organization (Sundbo, 1999), or result from strategic initiatives. However, the impact of formal controls on corporate entrepreneurship is minimal (Antoncic & Hisrich, 2003); suggesting that companies shouldn’t try to force entrepreneurial initiatives through training, rather provide a nurturing environment where ideas can flow holistically.

Based on insights gleaned from scholarly articles the authors have developed a list of the ten most important considerations for executives and human resource managers who may be considering developing a corporate entrepreneurship training program:

1. The company should do a forensic analysis of its culture to determine if it has an entrepreneurial orientation (Dees & Lumpkin, 2005). It may be appropriate to have a consultant perform this analysis as the results of a self-administered test may not be valid.
2. If you want to get people to act as entrepreneurs you need to pay them as entrepreneurs (Dees & Lumpkin, 2005). Entrepreneurs are not necessarily motivated by money, but they will expect to be compensated fairly for the value they have created for stakeholders.

3. There must be alignment between the goals of the company and the corporate entrepreneur (Johnson, 2001). The mission of the venture should be clearly written; responsibilities ascribed to the appropriate stakeholders; and clear and measurable objectives must be determined.

4. The corporate entrepreneur must be sufficiently intrinsically motivated (Gaw & Liu, 2004), otherwise he/she may not have the commitment required to accomplish the objectives.

5. Bureaucracy is the biggest impediment to corporate entrepreneurship (Ireland, et al., 2006). Thus, a commitment to helping the corporate entrepreneur by establishing a flatter organizational chart will be helpful.

6. Training should be continuous and not overly structured (Ireland, et al., 2006).

7. Corporate entrepreneurship training should be conducted within every department of the organization (Thornberry, 2001).

8. The organization, and training, should remain highly flexible. There is a positive correlation between learning and entrepreneurship (McFadzean, et al., 2006). Therefore, the lessons learned in a failed venture could prove valuable in the success of a subsequent venture.

9. Senior management must train aspiring entrepreneurs to make a valid business case for their proposed ventures before submitting it for consideration (Echols & Neck, 1998).

10. Entrepreneurship is best demonstrated through experiential learning methodologies, thus training exercises should contain hands-on components (Rae, 2006).

Table 2 - Traits of successful corporate entrepreneurship teams (Lewis, Wright and Geroy, 2004)

<table>
<thead>
<tr>
<th>Team Traits</th>
<th>Implications for Corporate Entrepreneurship Training</th>
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<tbody>
<tr>
<td>Start-up</td>
<td>Team members view themselves as part of a start-up company, rather than part of the parent company.</td>
</tr>
<tr>
<td>Orientation</td>
<td></td>
</tr>
<tr>
<td>Empowered</td>
<td>Team members have a sense of autonomy, and are inhibited by organizational rules.</td>
</tr>
<tr>
<td>High Performing</td>
<td>Team members are intrinsically motivated, and were generally high performing prior to joining the start-up team.</td>
</tr>
<tr>
<td>Focused</td>
<td>Members have a clear understanding of the ventures goals and available resources. The ambiguity associated with traditional start-ups is mitigated.</td>
</tr>
<tr>
<td>Establish</td>
<td>The team is responsible for setting up its own rules and procedures, rather than relying on the established procedures of the parent company.</td>
</tr>
<tr>
<td>Procedures</td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>The team is willing to look outside the parent company and develop relationships with new stakeholders.</td>
</tr>
<tr>
<td>Relationship</td>
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</table>

Another important aspect of corporate entrepreneurship development is establishing a team-based approach. Corporate entrepreneurs are essentially leaders, thus they must avoid developing the traits of an individualistic serial entrepreneur and focus
on building a strong team of internal and external stakeholders (Lewis, Wright & Geroy, 2004).

Training managers would benefit by stressing a team-oriented approach, rather than focusing primarily on the individualistic qualities often associated with entrepreneurs. Lewis, Wright and Geroy (2004) state that successful teams within entrepreneurial environments demonstrate the qualities presented in Table 2.

**A Practical View: An Interview with a Corporate Entrepreneur**

Entrepreneurship is best learned experientially, therefore the principal investigator of this research decided to interview an experienced intrapreneur and examine corporate entrepreneurship from his/her perspective. Mr. Kenneth Proudfoot, former founding Director of the Larry Friedman International Center for Entrepreneurship at Johnson & Wales University and 2006 recipient of the Leahey Award for Excellence in Private Enterprise Education, was selected for this paper’s research and interview. Mr. Kenneth Proudfoot kindly agreed to an interview and his thoughts on entrepreneurship are presented. Academia has been especially reticent to embrace entrepreneurial initiatives (Grant, 1998), thus understanding the challenges associated with corporate entrepreneurship in an academic setting would be especially helpful to innovative academicians pondering spinning out new venture, while leveraging the college’s brand and resources. Mr. Proudfoot shared his recollections of launching an on-campus entrepreneurship center (with a business incubator) while working for an established accredited university. Ten questions were selected by the principal investigator, and answered by Mr. Proudfoot during an interview conducted June 07, 2006:

*Question # 1: What do you feel is the biggest challenge facing corporate entrepreneurs?* The biggest challenge facing corporate entrepreneurs is the corporate culture itself. The corporation is a hard setting for entrepreneurs to create, although it is an inviting setting in which to create because there are so many undiscovered and untapped opportunities lurking in every corporation.

*Question # 2: Did your institution have an organizational commitment to foster corporate entrepreneurship?* The university originally had an entrepreneurial culture, but it was pushed aside as the suits took over the business. Re-creating it was fun. And the original stakeholder---an influential Trustee---thought it was cool and supported us. Unfortunately, the suits won and crushed the effort.

*Question # 3: Was your motivation to initiate this venture intrinsic, or influenced more by external factors?* The adventure we embarked on was totally internally generated, brought about by seeing the need and seeing the opportunity in the organization, that is, there was a vacuum. The students were there, but there was no support facility. It seemed obvious to me to propose an entrepreneurship center.

*Question # 4: What is the biggest benefit of launching a corporate entrepreneurial venture?* The biggest benefit was seeing the reaction of the students and
also being able to provide a physical place for outside entrepreneurs to come in and work on their projects and also be mentors to our college students.

Question #5: What role can Corporate Entrepreneurship play in retaining high performing, committed employees? Corporate entrepreneurship is a great tool for retaining entrepreneurial employees who want to deviate from the corporate program and develop new ideas, new business models, and new products. Just making such opportunities available will attract and hold committed employees.

Question #6: What role, based on your experience, should training play in Corporate Entrepreneurship development? Training, learning, whatever you want to call it should be promoted, especially if it is training in something new, different or revolutionary (that is, different) from the normal path of the existing employee (i.e., send corporate scientist to training program for aeronautics (flying). Shake her/him up!

Question #7: Would certain human resource recruitment-related selection tests be helpful in identifying potential intrapreneurs? Not familiar with such tests, but doubt any sort of test can identify the characteristics that come out naturally as a person works in a business. That person will self-identify.

Question #8: In an organizational behavior context, what are the risks associated with Intrapreneurship? Intrapreneurship shakes up the status quo. It makes people crazy. It makes non-creative bosses insecure. It makes others in the organization, if person has successes, very jealous and angry and motivates them to interfere and undercut the entrepreneur’s activities.

Question #9: Do you think it is better to keep new ventures in-house, or set them up separate from the influences of the parent company? New ventures should be set up in-house. Some determination should be made later to decide if the activity or business should become part of the business, be moved outside the firm’s normal operations to another location or site, be sold to another company, or sold to the creators.

Question #10: What lessons did you learn from this venture that you will apply to your next corporate entrepreneurship venture? First, do not try to change a non-entrepreneurial corporation into an entrepreneur-loving business, especially when founders have moved on and only bureaucrats are minding the shop. Pursue new ideas below the radar. Second, if you need the corporation’s money, research, and/or patents to succeed with your idea, bring the project fully formed with financing/funds attached before ingratiating oneself to a partnering corporation.

Mr. Proudfoot’s experiences seem to reinforce the research findings that it is essential for all levels of management to buy into the concept of corporate entrepreneurship. Most of the challenges he faced involved dealing with middle managers. Thus, companies hoping to nurture corporate entrepreneurship should clearly articulate goals and objectives. A project management approach to start-ups might be effective. The interview also reinforces that organizational commitment is as important as
an employee’s commitment when launching new ventures. There must be congruence between the company’s goals and the intrinsic motives of the intrapreneur.

Training should be unstructured and innovative, which reinforces the beliefs of scholars. A structured approach to entrepreneurship training might actually douse the innovative spark that is the essence of entrepreneurship. Rather than training all aspiring intrapreneurs within an organization, it may be more appropriate to identify intrapreneur candidates and provide on-going, yet unstructured training that will nurture their talents. Essentially, creating a culture that nurtures the holistic development of intrapreneurship, rather than expecting new venture creation as a result of formal training.

Selection tests developed to identify prospects with intrapreneurial qualities would not be especially helpful when looking for entrepreneurial traits in workers, as entrepreneurial aptitude is generally self-identified. Overall, it takes a team of people to create an intrapreneurial organization; consequently, senior leaders must rely to all managers to cooperate in the realization of such a culture. Organizational leaders, just like independent entrepreneurs, must involve many formal and informal leaders throughout the firm to pursue the dream of an intrapreneurial firm and to sustain such a culture (Bouckenoooge, Cools, Vanderheyden, and Van den Broeck, 2005). Of course, as many scholars have devoted themselves on the quest for finding who is an entrepreneur, many more will continue to devote much time to finding what traits are necessary to be an intrapreneur? Whether one is a practitioner or academician, with regard to new research and the discovery of best practices, all parties must collaborate as do all successful entrepreneurs.

A colleague and a great intrapreneur by the name of Rick Pinelli once stated that he sees entrepreneurial organizations as having a diversity of people, change agents, and managers that can be categorized as shakers, movers, housekeepers, and lifers. According to Pinelli, such a categorization process can be logical, rational, and an efficient organizational structure. The following are a skeleton of Rick’s initial thoughts and overall concept regarding shakers, movers, housekeepers, and lifers which can be further developed and researched in the future (Mujtaba, 2006a).

**Shakers.** Shakers are high profile individuals with great vision, ability and desire to take risks in order to make effective and innovative organizational changes. About 10% of an organization should be Shakers and life expectancy is 3 to 5 years. Change is "created" as a result of new ideas and innovative ideas that are risky but have clear opportunity for the future improvement and growth. Shakers’ priorities are directly tied into the established mission/vision statement. Shakers work “out of the box” and oftentimes require having the reigns pulled in to structure the drive. Chaos will result if a company is run by shakers but they are necessary in order to succeed and grow. There is no thinking “inside the box”; as a matter of fact, for shakers there is no box at all and the paradigms are few and far between.

**Movers.** Movers are the Upper Management Individuals that "organize" and control the ideas created by the Shakers. The organization of Shakers, sometimes radical
ideas, is imperative to make them feasible and rational. Movers are more stable with the company and are considered long term employees. Change is "evaluated" and "organized" into a working set of processes and procedures while keeping sight of the Mission and Vision Statement of the organization. About 30% of an organization should be Movers and life expectancy is approximately 5 to 10 years. Movers are the strength and practical side of the organization, with the Shareholders and Stakeholders in mind at all times. Long term goals are first and foremost and the mission and vision statements are kept in check with the application of existing business practices of those that they manage, as well as the ideas that are presented by the Shakers. Change is "invited" and organized into a working manner for future success and growth.

**Housekeepers.** Housekeepers are Middle Managers and Staff. Middle managers who follow the directives set forth by the Movers or Upper Management. They offer ideas for process and procedure improvement but generally are the mainline company backbone of getting the job done. About 50% of an organization should be Housekeepers and life expectancy is 10 to 15 years. Change is "accepted" and the proper steps taken to enforce it might be the main task. Innovation and more radical thought processes are left up to the Shakers - who are then "prioritized" by the Movers - who then establish guidelines for Middle Managers to follow, implement, and enforce with the staff. Housekeepers are very long term employees who manage the goals and directives, keep the processes in check, and enforce established procedures in order to meet the goals and objectives set by the Movers.

**Lifers.** Lifers are those individuals who are complacent and generally short-term to a great degree. They follow orders but are not receptive to change, nor do they recognize the long-term goals or objectives of the organization. They are "workers" who have limited input and in fact prefer not being involved in any risk. Approximately 10% of an organization should be Lifers and life expectancy can range from 1 to 3 years. Change is "not recognized" and oftentimes considered disruptive for Lifers. Change requires a retooling of existing processes and procedures, which take more effort than they are willing to make. There is an expected turnover that exceeds all other organizational levels but this is important to have. The exit and entry of these short-term employees or "lifers" is designed to introduce new entry level employees who can offer the organization new ideas and possibly move into the Housekeeper level and then on to the Movers level with guidance and direction from the movers who act as mentors.

Today’s organizations need shakers, housekeepers, movers, and lifers if they are to benefit from a diversity of different ideas to remain competitive. While having different personalities can provide an organization a competitive advantage in today’s global environment of business, such diversity can best be encouraged and nourished through a collaborative entrepreneurship culture where people communicate and innovate collectively as a network of complex strands scattered strategically in various markets closest to their customers.
Collaborative Entrepreneurship

Entrepreneurship, defined as the identification and exploitation of unexploited opportunities (Gundry and Kickul, 2007), tend to require cooperation and collaboration among many parties (i.e. manufacturers, retailers, vendors, and consumers). Collaboration is an important aspect of success in life as well as in public and private sector transaction. Collaborative entrepreneurship is a critical aspect of leadership and management in the creation of a culture that develops intrapreneurs (Mujtaba, 2006b). As previously discussed by Mr. Proudfoot, the biggest challenge for today’s corporations is the creation of an entrepreneurial culture. Thus, a review of collaborative entrepreneurship becomes important for all scholars and practitioners. Firms live on and survive due to the creativity of unique intrapreneurs and their innovations tend to be important for small and big organizations alike. Miles, Miles and Snow (2005), in their Stanford Business Books publication entitled “Collaborative Entrepreneurship: How Communities of Networked Firms Use Continuous Innovation to Create Economic Wealth,” state that the “advanced economies will compete in the twenty-first century at the downstream end of industry value chains.” That is, the advanced economies “across many different types of industries, firms will succeed to the extent that they can use superior know-how and capabilities to create a continuous stream of innovative products and services for both existing and new customers.” Unfortunately, most firms in the twenty-first century environment in advanced economies seem to be using only a fraction of their innovation potential.

Collaboration, like cooperation, can be defined as a process whereby two or more parties work with each other to achieve mutually beneficial outcomes (Miles, Miles and Snow, 2005). Collaboration can be directed toward any mutually desired objective: solving a problem, resolving a conflict, creating a new business, and so on. The concept of collaborative entrepreneurship is that of a joint enterprise—the creation of something of economic value based on new, jointly created ideas or knowledge. Collaboration is not, as of this time, well-developed or widespread capability in most organizations. It is an essential element, however, in the free sharing of ideas necessary for continuous innovation across a multi-firm network. It is believed that within the next several years, an organization of the future will pursue collaborative relationships throughout a worldwide network of firms, and it will pursue a business strategy of continuous innovation. Miles, Miles and Snow (2005) believe that small-and medium-size firms primarily will be interested in joining a multi-firm network because they do not have the resources to engage in continuous innovation by themselves. These authors expect that the leaders of the new organizational form to be pioneers and risk takers. And they expect that pioneering firms will view the collaborative network as an essential means of doing business. Their model challenges current business practice in several important ways – it is based on positive human characteristics such as trust and collaboration, it is socially responsible, and it serves all stakeholders because it is so versatile. The authors’ strategy rest on three basic principles: investing in people; supporting a collaborative, entrepreneurial culture; and finding and growing new markets around the world.

Miles, Miles and Snow claim that to an outsider the network can appear to be uncontrolled, even chaotic at times. But viewed from the inside, it is actually a shifting
collection of talent applied to a free-flowing stream of ideas. Both small and large member firms group and regroup as needed to bring products and services to an array of markets that is constantly expanding. The entire network is a continuous search engine with the capacity to not only design and place a product anywhere in the world, but to quickly find a way to modify it to make it more useful. The firm that originally designed the product may have little if anything to do with its final form or price, but it is confident that it will receive full internal recognition and an equitable financial return. One can’t manage this type of operation centrally or even regionally. It’s up to the member firms to collectively manage their own interactions.

Most organizations stifle innovation by forcing it into specific product or service channels – every invention or improvement has to target a specific market. At successful organizations, every firm has a standing invitation to adapt any new idea to its own market or to collaborate with another firm, inside or outside the network, to fit it to a jointly developed new market segment. Because everyone knows that ideas are “generative” rather than competitive, people share ideas across firms, and often innovation seems to breed more as stated by Miles, Miles and Snow. What the authors have tried to build is a work environment in which people are just as concerned with other people’s recognition and rewards as they are with their own. While this sounds idealistic, collaborative behavior can be taught and learned just like competitive behavior is taught and learned. Of course, it is a fact that jointly developed ideas are more powerful than individual ideas. As much as possible, experts want entrepreneurial leaders to give credit to their colleagues where appropriate, and they try to explicitly show and communicate how each firm has contributed to a new product at every point along the way. Frequently, a new product or service idea has much greater potential return than is apparent from its immediate application. But such returns usually cannot be identified unless their partner firms trust each other and explore the possible benefits of the new idea together. Lastly, even though the firms in their global network offer highly competitive salaries and benefits based on local market conditions, no individual is going to get rich simply by receiving his or her paycheck. Everybody has to be entrepreneurial – to come up with new ideas and to work with other member firms to find customers to buy the new products and services. Each new project is almost like starting a new business – except that the organization and other resources are already in place waiting to be configured and activated. And when the new business eventually begins to pay off, everybody who has been involved must share the rewards equitably.”

Miles, Miles and Snow (2005) foresee that, in advanced economies, investment across firms and over time will eventually create a “metacapability” of collaboration – a widely distributed social asset that will drive continuous innovation. A final conceptual challenge is that of describing an expanded theory of the firm. The entrepreneurial firm imagines a multi-firm network that shares common resources (primarily knowledge) and which, as a total entity, both creates and appropriates economic wealth. Beyond the conception of a new type of strategy and organization, Miles, Miles and Snow’s book is about the practice of wealth creation and distribution. Successful firms will put their collaborative entrepreneurship model together with care – they will pay attention to achieving fit among the elements of the model, and they will make heavy investments in
the development of essential capabilities. Successful firms, that want to create an entrepreneurial culture, will also understand how and why they are successful – they will be learning organizations. Unless an organization learns, it cannot teach, and teaching will be a major means of holding a knowledge-based multi-firm network organization together.

To some extent, every strategic approach is entrepreneurial, and historically innovation has always played a central role in wealth creation. For example, Henry Ford was behaving entrepreneurially in envisioning an automobile produced at a cost low enough that most people could afford to buy one. Moreover, his Model T car was innovative in its design simplicity, and the assembly-line process that was developed to mass-produce it was innovative. However, Ford’s creative vision and innovative ideas pertained to one product within one market. In contrast to Ford Motor Company, firms such as General Motors, Hewlett-Packard, and Johnson & Johnson organized themselves to address multiple market segments and periodic entry into related markets. Because each market segment (or entirely new market) demanded unique treatment in this strategic approach, each required a set of resources that could be focused on its particular needs, and which could be flexibly and almost independently maneuvered. Overall, Miles, Miles and Snow (2005) believe that most collaboratively skilled organizations, even the pioneers discover the power and versatility of collaboration only after they develop and use it for some limited purpose. Generally speaking, firms begin to collaborate with their suppliers and customers in order to improve their existing operations, such as reducing costs, increasing the speed of design and delivery, and enhancing flexibility along the value chain. They also believe that in the future collaborative capability is more likely to diffuse among organizations only after appropriate investments are made. The reason that collaboration, particularly among supply chain partners, is usually fragmented and short-lived is because all of the investments needed to grow and sustain it are seldom made.

Today, virtually all managers recognize that healthy markets thrive on a mix of complementary strategies pursued by firms with capabilities and structures properly fitted to their chosen strategy for corporate entrepreneurship and intrapreneurship. It is a fact that most professionals recognize that hierarchical control usually slows decision times and distorts problem-solving information. Experts’ (for example, Miles, Miles and Snow’s) experiences with managers suggest that indeed their attitudes are changing. While most managers and firms are not yet ready to aggressively pursue the potential benefits of networks of firms that collaborate to both generate and share knowledge, supportive thoughts are gaining public attention. Therefore, it is only a matter of time before a critical mass of managers, scholars, and organizational leaders fully embraces collaborative entrepreneurship and intrapreneurship concepts in today’s diverse work environment and ideas presented in this article.

Recommendations for Future Research

The development of customized selection tests that measure the entrepreneurial aptitude of job applicants, compared with an analysis of a company’s unique entrepreneurial orientation, would be beneficial in increasing the potential job fit between
potential intrapreneurs and employers. Possibly, existing selection tests could be modified, or a new instrument could be designed.

Additional qualitative research could be conducted to record the experiences of experienced corporate entrepreneurs. Academic literature in the area of corporate entrepreneurship tends to weigh the benefits and risks of new ventures in terms of stakeholder wealth creation. A mixed methodology research study could explore the emotional components of intrapreneurship qualitatively, and measure its impact on employee performance and turnover quantitatively.

**Summary**

Corporate entrepreneurship can be a valuable tool in fostering a corporate culture that results in committed employees and long-term success. However, before corporate entrepreneurs can be recruited and nurtured managers must conduct a forensic analysis of the company’s culture to determine if it has an entrepreneurial orientation (Dess & Lumpkin, 2005). There are five dimensions of an entrepreneurial orientation: autonomy; innovativeness; proactiveness; competitive aggressiveness; and risk taking. By nurturing these qualities organizations can remain competitive and innovative by fostering an entrepreneurial culture.

While it is generally agreed that entrepreneurial skills can be taught (Erkkila, 2000), research has yet to demonstrate that a majority of a firm’s employees can be trained to recognize and seize entrepreneurial opportunities. Rather than launching a training program expecting specific results, it may be better for organizations to provide continuous, unstructured and on-going support for aspiring corporate entrepreneurs.

Employees should feel empowered to propose new intrapreneurial ventures for collaboration, but the organization should have a carefully designed process for identifying and selecting the opportunities it pursues. Allowing corporate entrepreneurs to launch the venture off-site, and develop a culture free from that of its parent company will result in increased employee commitment for the new venture. Lastly, there must be congruence between the mission of the organization and the intrinsic motivation of the aspiring corporate entrepreneur.

**References**


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